



# Davis Funds SICAV

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March 2023

PROSPECTUS

Davis Value Fund

Davis Global Fund

*Over 50 Years of Reliable Investing<sup>SM</sup>*

# DAVIS FUNDS SICAV PROSPECTUS

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# CORPORATE INFORMATION

Société d'investissement à capital variable, Luxembourg  
Registered office: 49, Avenue J.F. Kennedy, L-1855, Luxembourg, Luxembourg  
R.C.S. Luxembourg B 49537

## **Board of Directors – Chairman**

Kenneth C. Eich, Chief Operating Officer, Davis Selected Advisers, L.P., Tucson, Arizona 85756, USA

## **Directors**

Cornelius Theiss, Director, Noramco, Wecker, Luxembourg  
Thomas Tays, Director, USA

## **Management Company**

FundRock Management Company S.A., 33, rue de Gasperich, L-5826 Hesperange, Luxembourg

## **Investment Adviser**

Davis Selected Advisers, L.P. ("**Davis Advisors**"), 2949 East Elvira Road, Suite 101, Tucson, Arizona 85756, USA

## **Depositary, Corporate and Domiciliary Agent**

State Street Bank International GmbH, Luxembourg Branch, 49, Avenue J.F. Kennedy, L-1855, Luxembourg, Luxembourg

## **Registrar and Transfer Agent**

State Street Bank International GmbH, Luxembourg Branch, 49, Avenue J.F. Kennedy, L-1855, Luxembourg, Luxembourg

## **Approved Statutory Auditor**

Deloitte Audit, *Société à responsabilité limitée*, Cabinet de Révision agréé 20, Boulevard de Kockelscheuer, L-1821 Luxembourg

## **Legal Advisers in Luxembourg**

Elvinger Hoss Prussen, *société anonyme*, 2, Place Winston Churchill, B.P. 425, L-2014, Luxembourg, Luxembourg

## **Distributor**

Davis Distributors, LLC, 2949 East Elvira Road, Suite 101, Tucson, Arizona 85756, USA

## **Information Agent**

NORAMCO Asset Management S.A., 1 Hauptstrooss, L-6869 Wecker, Grand Duchy of Luxembourg  
Tel: +352-727-444-0

## **Supervisory Authority**

Commission de Surveillance du Secteur Financier (CSSF), 283, route d'Arlon, L-1150 Luxembourg

## NOTICE

Davis Funds SICAV (the "**Fund**") is a collective investment undertaking under the form of an umbrella fund, organised as a "*société d'investissement à capital variable*" ("**SICAV**") under the laws of the Grand Duchy of Luxembourg, and qualifies as an "Undertaking for Collective Investment in Transferable Securities" ("**UCITS**") under Part I of the Luxembourg law dated 17 December 2010, relating to undertakings for collective investment (the "**2010 Law**"). FundRock Management Company S.A. (the "**Management Company**") serves as the Fund's third-party management company in accordance with Part I of the 2010 Law.

This prospectus (the "**Prospectus**"), which should be retained for future reference, contains important information that prospective investors should know before investing. Subscriptions for shares in the Fund will be accepted on the basis of the current Prospectus of the Fund, together with (i) the latest available annual report of the Fund containing its audited annual accounts and the latest available semi-annual report of the Fund, if later than such annual report; and (ii) the relevant Key Information Documents ("**KID**") for Packaged Retail and Insurance-based Investment Products ("**PRIIPs**"). These documents shall be deemed to form part of this Prospectus and are

available together with the subscription forms and information regarding purchases or redemptions at the registered office of the Fund and will be sent to investors upon request.

No person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of the Fund's shares and, if given or made, such information or representations must not be relied upon as having been authorized by the Fund. Neither the delivery of this Prospectus nor the issuance of shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Fund since the date hereof.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such an offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The Fund's shares have not been registered under the United States Securities Act of 1933, as amended, nor has the Fund been registered under the United States Investment Company Act of 1940, as amended (the "**1940 Act**"), and may not be directly or indirectly offered or sold in the United States of America, any of its territories or possessions, or areas subject to its jurisdiction (the "**United States**"), or to or for the benefit of a United States person. For this purpose, "**United States person**" includes a citizen or resident of the United States, a partnership organised or existing in any state, territory, or possession of the United States, a corporation organised under the laws of the United States or of any state, territory, or possession thereof or areas subject to its jurisdiction, or formed by a United States person principally for the purpose of investing in securities not registered under the 1933 Act, or any estate or trust, other than an estate or trust the income of which arises from sources outside the United States (which is not effectively connected with the conduct of a trade or business within the United States) and is not included in gross income for the purposes of computing United States federal income tax, or any agency or branch of a foreign entity located in the United States. Prospective investors shall be required to declare that they are not a United States person. Shareholders are required to notify the Transfer Agent immediately in the event that they become a United States person. The investor is not subscribing for shares or units for the account or benefit of a United States person. The investor is required to notify the Fund's management immediately if the investor either becomes a United States person or holds the account for the benefit of a United States person. Any United States person who becomes a shareholder should be aware that each fund may have to impose 30% withholding tax on any income it pays, and on redemption proceeds. No holder of Shares will be permitted to transfer, assign or sell directly or indirectly their shares to a United States person. Any such transfer, assignment or sale shall be void. Persons into whose possession this prospectus or any Shares may come must inform themselves about, and observe any such restrictions. Shares will only be offered outside the United States. Davis Funds SICAV will not knowingly offer or sell Shares to any investor to whom such offer or sale would be unlawful, or might result in the Fund incurring any liability to taxation or suffering other pecuniary disadvantages, which includes the Fund being required to register under the 1940 Act or under the Commodities Exchange Act.

The Fund is not regulated in the United Kingdom as a collective investment scheme. Potential investors should be aware that the Fund is not subject to the rules and regulations made under FSMA for the protection of investors. Investors will not have any protection under the United Kingdom Financial Services Compensation Scheme. Subscriptions for shares are subject to acceptance by or on behalf of the Fund.

The information contained in the Prospectus is supplemented by the most recent Key Information Documents (KID) for Packaged Retail and Insurance-based Investment Products (PRIIPs), annual report and accounts of the Fund and any subsequent semi-annual report and accounts, if available, copies of which can be obtained free of charge from the registered office of the Fund.

Prospective investors should inform themselves as to the legal requirements of purchasing shares of the Fund and any applicable exchange control regulations and tax consequences of purchase, conversion and redemption of shares in the country of their respective citizenship, residence, or domicile.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes in such law and practice.

*References in this Prospectus to "USD" or "US\$" refer to dollars of the United States.*

### **Fight against Money Laundering and Financing of Terrorism**

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 relating to money laundering and counter terrorist financing (as amended), the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation No. 12-02 of 14 December 2012 as amended by CSSF Regulation

20/05 of 14 August 2020 and CSSF Circular 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements and circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to take measures to prevent the use of undertakings for collective investment such as the Fund for money laundering and terrorist financing purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment shall ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Transfer Agent will require subscribers to provide any document it deems necessary to effect such identification pursuant to ongoing client due diligence requirements under relevant laws and regulations. The identification requested may include:

- (i) natural persons: a passport or similar government issued identity card copy duly certified by an independent notary, independent accountant or independent solicitor (must be a non-family member and/ or employee of company) to be a true copy by an authorised body in their resident country;
- (ii) legal persons: documents such as proof of registration, membership to a recognised stock exchange, or certificate of incorporation, or company articles of incorporation/by-laws or other constitutive documents as applicable plus, for the entity's owner or other beneficial owners, the documents required for a natural person.

In addition, the Transfer Agent, as delegate of the Fund, will require any other information that the Fund will require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law.

In case of delay or failure by an applicant to provide the documents required, the application for subscription will not be accepted and payment of redemption proceeds delayed. Neither the undertakings for collective investment nor the registrar agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders ("**Shareholders**") may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

#### **Luxembourg Register of Beneficial Owners**

The Luxembourg law of 13 January 2019 creating a register of beneficial owners (the "**RBO Law**") entered into force on 1 March 2019. According to the provisions of the RBO Law, each entity registered in Luxembourg with the Luxembourg companies register (*Registre de Commerce et des Sociétés*), including the Company, has to identify its beneficial owners ("**Beneficial Owners**"). The Company must register Beneficial Owner-related information with the Luxembourg register of beneficial owners, which is established under the authority of the Luxembourg Ministry of Justice.

The RBO Law broadly defines a Beneficial Owner as any natural person(s) who ultimately owns or controls the relevant entity through direct or indirect ownership of a sufficient percentage of the units (more than 25%) or voting rights or ownership interests in the entity (as applicable), or through control via other means, other than a company listed on a regulated market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

In case the Beneficial Owner criteria are fulfilled by an investor with regard to the Company, this investor and/or nominee is obliged by the RBO Law to provide the required supporting documentation and information necessary for the Company to fulfil its obligations under the RBO Law.

Failure by the Company and the relevant Beneficial Owners to comply with their respective obligations deriving from the RBO Law will be subject to criminal fines.

#### **Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**")**

The Investment Adviser identifies, analyses and integrates sustainability risks as part of its investment decision process.

Sustainability risks are considered throughout the investment process of the Investment Adviser by considering certain sectors and companies that may have increased exposure to environmental and social challenges. The Investment Adviser's policy for responsible investments incorporates these risks and opportunities into its investment models thus contributing to society's response by influencing capital flows.

Sustainability risks mean an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment.

Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Consequent impacts to the occurrence of a sustainability risk can be many and varied according to a specific risk, region or asset class. Generally, when a sustainability risk occurs for an asset, there will be a sudden material negative impact and potentially a total loss of its value and therefore an impact on the net asset value of the concerned Sub-Fund.

Although the integration of this risk analysis could help to enhance long-term risk adjusted returns, the Investment Adviser, has determined that its focus on long term investing inherently incorporates a view that companies cannot succeed over the long term by acting irresponsibly. With over 50 years of investing experience, the view of the Investment Adviser is that companies that succeed over a long period of time do so because they serve their constituencies well.

As at the date of this Prospectus, the Sub-Funds (within the meaning of article 6 of SFDR) do not consider principal adverse impacts of investment decisions on sustainability factors as the investment policies of those Sub-Funds do not promote environmental or social characteristics, and do not have as objective sustainable investment (as provided by articles 8 or 9 of SFDR). The situation may however be reviewed going forward.

Unless otherwise stated in a Sub-Fund's specific information sub-section below, the investments underlying a Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities, including enabling or transitional activities, within the meaning of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

### **Data Protection Notice**

In accordance with the provisions of the Luxembourg Law of 1 August 2018 concerning the organization of the CNPD and the General Data Protection Regulation, and as of 25 May 2018, with the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**Data Protection Laws**"), the Fund, acting as data controller or processor as applicable, collects, stores and processes, by electronic or other means, the data supplied by the investor(s) or prospective investor(s) ("**Applicant(s)**") for the purposes of fulfilling the services required by them and complying with its legal and regulatory obligations. Such data may include: the name, age, e-mail address, phone number, address, account numbers, any information regarding the dealing in units (subscription, conversion, redemption and transfer), any account statement where Applicants' data may be used or shareholders' convening notices ("**Personal Data**"). This Personal Data will be processed by the Fund in order to enter into and execute the contract with the Applicants for the legitimate interests of the Fund and to comply with the legal and regulatory obligations imposed on the Fund. In this regard, Personal Data is processed in particular for any one of the following purposes:

- opening accounts, including the processing and maintenance of anti-money laundering/counterterrorism financing/know-your-client records;
- to manage and administer the Applicant's holding in the Fund and any related accounts on an ongoing basis;
- processing subscriptions, payments, and redemptions made by or on behalf of the Applicant;
- maintaining the account records of the Applicant and providing and maintaining the Fund's register;
- to carry out statistical analysis; and
- to comply with legal, record-keeping, and regulatory obligations applicable to the Applicant or the Fund.

The Applicants are hereby informed that Personal Data may also be transferred to and processed by third parties acting as data processors (the "**Processors**") which, in the context of the above mentioned purposes, refer to the Management Company, the Distributor, the Investment Adviser, the Central Administration, the Depositary, the Registrar, the Transfer Agent, the Auditor, the Legal Adviser, or the Fund's delegates and its or their duly authorized agents and any of their respective related, associated or affiliated companies. Applicants acknowledge that the transfer of their personal data to these parties may occur via, and/or their personal data may be processed by, parties in countries (such as, but not limited to, the United States) which may not have data protection requirements deemed equivalent to those prevailing in the European Union; where data is processed outside of the EEA measures

will be implemented to ensure an adequate level of data protection as provided by the Data Protection Laws. The Personal Data may also be transferred to third-parties such as governmental or regulatory agencies, including tax authorities, in accordance with applicable laws and regulations. In particular, Personal Data may be disclosed to the Luxembourg tax authorities which in turn may, acting as data controller, disclose the same to foreign tax authorities (including for compliance with the FATCA/CRS obligations).

In accordance with the conditions laid down by the Data Protection Laws, the Applicant acknowledges his/her/its right to:

- access his/her/its Personal Data;
- correct his/her/its Personal Data where it is inaccurate or incomplete;
- object to the processing of his/her/its Personal Data;
- ask for erasure of his/her/its Personal Data; and
- ask for Personal Data portability.

The Applicant acknowledges the existence of his/her/its right to lodge a complaint with the National Commission for Data Protection (“**CNPD**”).

The Applicants may exercise their above rights by writing to the Fund at the following address: 49, Avenue J.F. Kennedy, L-1855, Luxembourg, Luxembourg.

Personal Data shall not be retained for periods longer than those required for the purpose of their processing subject to any limitation periods imposed by laws. Personal data will only be processed for the Purposes for which it was collected.

### **Rights of Investors**

The Fund draws the investors’ attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund, notably the right to participate in general Shareholders’ meetings, if the investor is registered himself and in his own name in the Shareholders’ register. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

## **PRINCIPAL FEATURES OF THE FUND**

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

The Fund is an investment company organised under Luxembourg law as a *société anonyme* qualifying as a *société d’investissement à capital variable*.

### **The Sub-Funds**

Davis Funds SICAV offers two separate Sub-Funds (the “**Sub-Funds**”):

- Davis Value Fund
- Davis Global Fund

Each Sub-Fund represents a separate pool of assets and may issue separate classes of shares. The assets of each Sub-Fund are invested in accordance with the specific investment policy applicable to such Sub-Fund.

The Board of Directors has the power to create new Sub-Funds and/or to create additional classes of shares.

### **Profile of the Typical Investor**

The Fund is particularly suitable for investors seeking long-term capital growth.

### **Investment Objectives**

Davis Value Fund and Davis Global Fund both pursue long-term growth of capital. Any income which they generate will be incidental to their objective. The specific investment objective and policy of each Sub-Fund is set forth in this Prospectus.

### **The Investment Adviser**

Davis Selected Advisers, L.P. (the “**Investment Adviser**”) is the Fund’s Investment Adviser and manages the assets of each of the Sub-Funds.

### **The Distributor**

Davis Distributors, LLC (the “**Distributor**”) is the Fund’s Distributor. The Distributor may appoint authorized distribution agents to distribute shares of the Fund. In order to compensate distribution agents for services provided in connection with sales of shares and the maintenance of shareholder accounts, the Distributor may make payments to distribution agents at negotiated rates based on the average net asset value of shares attributable to Shareholders for whom the distribution agent is designated as the distribution agent of record. Shareholders should consult their financial intermediary regarding the details of the payments they receive in connection with the sale of Fund shares. The Distributor may also act as a distribution agent and receive compensation as such.

### **The Depositary**

The assets of the Fund are held under the custody or control of State Street Bank International GmbH, Luxembourg Branch (the “**Depositary**” or “**State Street Bank**”).

### **Offering**

Each Sub-Fund offers Class A shares subject to an initial sales charge and Class I shares which are available only to institutional investors. See “How to Buy Shares.” The net asset value is calculated on the next Business Day after the Transfer Agent receives cleared funds. A Business Day means any day, other than a Saturday, Sunday, or legal holiday in Luxembourg, during which both the banking institutions in Luxembourg and the financial markets in the United States are open for business.

### **The Shares**

Each Sub-Fund offers registered shares in book entry form without a certificate (“**Registered Book Shares**”). All shares must be fully paid for. The Sub-Funds do not offer bearer shares.

### **Redemption of Shares**

Shareholders may at any time request repurchase of their shares at the redemption-price relating to their class of shares determined on the next Business Day after the redemption request is received by the Transfer Agent.

### **Exchange of Shares**

Shareholders may exchange their shares into shares of another Sub-Fund offered by the Fund on the basis of the relative net asset values of the shares of the Sub-Funds, at the time of the exchange.

No exchange charge is payable, except that for frequent exchanges a charge may be payable as more fully described under “How to Exchange or Transfer Shares”.

### **Net Asset Value per Share**

The net asset value per share per class of each Sub-Fund is expressed in U.S. dollars and is determined as of 9:00 a.m. CET on each Business Day (“**Valuation Date**”).

## **INVESTMENT POLICIES**

### **Davis Investment Discipline**

Davis Value Fund and Davis Global Fund are managed using the Davis Investment Discipline. The Investment Adviser conducts extensive research to try to identify businesses that possess characteristics which it believes foster the creation of long-term value, such as proven management, a durable franchise and business model, and sustainable competitive advantages. The Investment Adviser aims to invest in such businesses when they are trading at a discount to their intrinsic worth. The Investment Adviser emphasizes individual stock selection and believes that the ability to evaluate management is critical. The Investment Adviser routinely visits managers at their places of business in order to gain insight into the relative value of different businesses. Such research, however rigorous, involves predictions and forecasts that are inherently uncertain.

Over the years, the Investment Adviser has developed a list of characteristics that it believes help companies to create shareholder value over the long term and manage risk. While few companies possess all of these characteristics at any given time, the Investment Adviser searches for companies that demonstrate a majority or an appropriate mix of these characteristics:



**First Class Management**

- Proven Track Record
- Significant Alignment of Interests in Business
- Intelligent Application of Capital

**Strong Financial Condition and Satisfactory Profitability**

- Strong Balance Sheet
- Low Cost Structure
- High Returns on Capital

**Strong Competitive Positioning**

- Non-Obsolescent Products / Services
- Dominant or Growing Market Share
- Global Presence and Brand Names

After determining which companies a Sub-Fund should place its assets in, it then turns its analysis to determining the intrinsic value of those companies' equity securities. The Investment Adviser seeks equity securities which can be purchased at attractive valuations relative to their intrinsic value. The Investment Adviser's goal is to invest in companies for the long term. The Investment Adviser considers selling a company's equity securities if the securities' market price exceeds the Investment Advisers' estimate of intrinsic value, or if the ratio of the risks and rewards of continuing to own the company's equity securities is no longer attractive.

## DAVIS VALUE FUND

The Sub-Fund's investment objective is long-term growth of capital. There can be no guarantee that this objective will be achieved. The Sub-Fund invests primarily in equity securities of U.S. companies with market capitalizations of at least 10 billion USD. The Sub-Fund may also invest in non-U.S. companies and in companies with smaller market capitalizations. Investment in Chinese companies will be made through American Depositary Receipts or Hong Kong listed Chinese companies (i.e. China H-shares). These investments will not exceed in aggregate up to 10% of the Sub-Fund's net assets. Current income is not a significant factor in selecting the Sub-Fund's investments. Davis Value Fund is managed using the Davis Investment Discipline.

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

**Principal Risks of Investing in Davis Value Fund**

If you buy shares of Davis Value Fund, you may lose some or all of the money that you invest. The investment return and principal value of an investment in the Sub-Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. This section describes what the Investment Adviser thinks are the most significant factors (principal risks) that could cause the value of your investment in the Sub-Fund to decline, and which could prevent the Sub-Fund from achieving its stated objective. Before investing in the Sub-Fund, you should understand its risks, costs, and terms of investment, and how well these characteristics align with your own financial circumstances and risk tolerance. We recommend that you consult an investment adviser, legal adviser and tax adviser before investing.

**China Risk – Generally.**

Investment in Chinese securities may subject the Sub-Fund to risks that are specific to China. China may be subject to significant amounts of instability, including, but not limited to, economic, political, and social instability. China's economy may differ from other national economies in certain respects, including, but not limited to, general development, level of government involvement, wealth distribution, and structure. The government of China has historically demonstrated its control over almost every sector of the Chinese economy through state ownership and/or administrative regulation. As an example, the Chinese government has taken certain actions that influence prices of goods and encouraged companies to invest in and has induced mergers in certain industries, and may take such actions or similar actions now or in the future. In addition, the Chinese government has taken actions which could materially impact the business operations of certain industries, which could impact underlying holdings. Non-U.S. and Chinese regulators have, and may in the future, impact the ability of Chinese companies to gain access to non-U.S. capital markets.

As of October 31, 2022, the Sub-Fund had significant exposure to shell companies with contractual arrangements with variable interest entities, as defined below. For purposes of raising capital offshore on exchanges outside of China, including on non-U.S. exchanges, many Chinese-based operating companies are structured as Variable

Interest Entities (“VIEs”). In this structure, the Chinese-based operating company establishes the VIE and establishes a shell company in a foreign jurisdiction, such as the Cayman Islands. The shell company lists on a non-U.S. exchange and enters into contractual arrangements with the VIE. This structure allows Chinese companies in which the government restricts foreign ownership to raise capital from foreign investors. While the shell company has no equity ownership of the VIE, these contractual arrangements permit the shell company to consolidate the VIE’s financial statements with its own for accounting purposes and provide for economic exposure to the performance of the underlying Chinese operating company. Therefore, an investor in the listed shell company, such as the Fund, will have exposure to the Chinese-based operating company only through contractual arrangements and has no ownership in the Chinese-based operating company. Furthermore, because the shell company only has specific rights provided for in these service agreements with the VIE, its abilities to control the activities at the Chinese-based operating company are limited and the operating company may engage in activities that negatively impact investment value.

While the VIE structure has been widely adopted, it is not formally recognized under Chinese law and therefore there is a risk that the Chinese government could prohibit the existence of such structures or negatively impact the VIE’s contractual arrangements with the listed shell company by making them invalid. If these contracts were found to be unenforceable under Chinese law, investors in the listed shell company, such as the Sub-Fund, may suffer significant losses with little or no recourse available. If the Chinese government determines that the agreements establishing the VIE structures do not comply with Chinese law and regulations, including those related to restrictions on foreign ownership, it could subject a Chinese-based issuer to penalties, revocation of business and operating licenses, or forfeiture of ownership interest. In addition, the listed shell company’s control over a VIE may also be jeopardized if a natural person who holds the equity interest in the VIE breaches the terms of the agreement, is subject to legal proceedings or if any physical instruments for authenticating documentation, such as chops and seals, are used without the Chinese-based issuer’s authorization to enter into contractual arrangements in China. Chops and seals, which are carved stamps used to sign documents, represent a legally binding commitment by the company. Moreover, any future regulatory action may prohibit the ability of the shell company to receive the economic benefits of the Chinese-based operating company, which may cause the value of the Sub-Fund’s investment in the listed shell company to suffer a significant loss. For example, in 2021, the Chinese government prohibited use of the VIE structure for investment in after-school tutoring companies. There is no guarantee that the government will not place similar restrictions on other industries.

Chinese law prohibits investments by foreign investors in certain companies in certain industries. Certain industries that impact minors may be at a higher risk of regulatory action. The Chinese government placed new regulations on the companies related to after-school tutoring and private educational services, one of which is mandating that it must now be registered as a non-profit organization.

#### **Common Stock Risk**

Common stock represents ownership positions in companies. The prices of common stock fluctuate based on changes in the financial condition of their issuers and on market and economic conditions. Events that have a negative impact on a business probably will be reflected in a decline in the price of its common stock. Furthermore, when the total value of the stock market declines, most common stocks, even those issued by strong companies, likely will decline in value. Common stock is generally subordinate to an issuer’s other securities, including preferred, convertible and debt securities.

#### **Depository Receipts Risk**

Securities of a non-U.S. company may involve investing in Depository Receipts, which include American Depository Receipts, European Depository Receipts, and Global Depository Receipts, which are certificates evidencing ownership of shares of a non-U.S. issuer. These certificates are issued by depository banks and generally trade on an established market in the United States or elsewhere. The underlying shares are held in trust by a custodian bank or similar financial institution in the issuer’s home country. The depository bank may not have physical custody of the underlying securities at all times and may charge fees for various services, including forwarding dividends, interest, and corporate actions. Depository receipts are alternatives to directly purchasing the underlying non-U.S. securities in their national markets and currencies. However, depository receipts continue to be subject to many of the risks associated with investing directly in non-U.S. securities. These risks include non-U.S. currency risk as well as the political and economic risks of the underlying issuer’s country. Depository 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 offer special investment opportunities, but present risks not found in more mature markets. Those securities may be more difficult to sell at an acceptable price and their prices may be more volatile than securities of issuers in more developed markets. Settlements of trades may be subject to greater delays so that the Fund might not receive the proceeds of a sale of a security on a timely basis. In unusual situations, it may not be possible to repatriate sales proceeds in a timely fashion. These investments may be very speculative. Emerging markets might have less developed trading markets and exchanges. These countries may have less developed legal and accounting systems and investments may be subject to greater risks of government restrictions on withdrawing the sale proceeds of securities from the country. Companies operating in emerging markets may not be subject to U.S. prohibitions against doing business with countries that are state sponsors of terrorism. Economies of developing countries may be more dependent on relatively few industries that may be highly vulnerable to local and global changes. Governments may be more unstable and present greater risks of nationalization, expropriation, or restrictions on foreign ownership of stocks of local companies.

### **Fees and Expenses Risk**

All mutual funds incur operating fees and expenses. Fees and expenses reduce the return which a shareholder may earn by investing in a fund. A low return environment, or a bear market, increases the risk that a shareholder may lose money.

### **Financial Services Risk**

A company is “principally engaged” in financial services if it owns financial services related assets constituting at least 50% of the total value of its assets, or if at least 50% of its revenues are derived from its provision of financial services. The financial services sector consists of several different industries that behave differently in different economic and market environments, including, for example: banking, insurance, and securities brokerage houses. Companies in the financial services sector include: commercial banks, industrial banks, savings institutions, finance companies, diversified financial services companies, investment banking firms, securities brokerage houses, investment advisory companies, leasing companies, insurance companies, and companies providing similar services. Due to the wide variety of companies in the financial services sector, they may react in different ways to changes in economic and market conditions.

Risks of investing in the financial services sector include: (i) Systemic risk: Factors outside the control of a particular financial institution—like the failure of another, significant financial institution or material disruptions to the credit markets—may adversely affect the ability of the financial institution to operate normally or may impair its financial condition; (ii) Regulatory actions: financial services companies may suffer setbacks if regulators change the rules under which they operate; (iii) Changes in interest rates: unstable and/or rising interest rates may have a disproportionate effect on companies in the financial services sector; (iv) Non-diversified loan portfolios: financial services companies, whose securities the Fund purchases, may themselves have concentrated portfolios, such as a high level of loans to real estate developers, which makes them vulnerable to economic conditions that affect that industry; (v) Credit: financial services companies may have exposure to investments or agreements which, under certain circumstances, may lead to losses, e.g., sub-prime loans; and (vi) Competition: the financial services sector has become increasingly competitive.

*Banking.* Commercial banks (including “money centre” regional and community banks), savings and loan associations, and holding companies of the foregoing are especially subject to adverse effects of volatile interest rates, concentrations of loans in particular industries or classifications (such as real estate, energy, or sub-prime mortgages), and significant competition. The profitability of these businesses is to a significant degree dependent on the availability and cost of capital funds. Economic conditions in the real estate market may have a particularly strong effect on certain banks and savings associations. Commercial banks and savings associations are subject to extensive federal and, in many instances, state regulation. Neither such extensive regulation nor the federal insurance of deposits ensures the solvency or profitability of companies in this industry, and there is no assurance against losses in securities issued by such companies.

*Insurance.* Insurance companies are particularly subject to government regulation and rate setting, potential anti-trust and tax law changes, and industry-wide pricing and competition cycles. Property and casualty insurance companies also may be affected by weather, terrorism, long-term climate changes, and other catastrophes. Life and health insurance companies may be affected by mortality and morbidity rates, including the effects of epidemics. Individual insurance companies may be exposed to reserve inadequacies, problems in investment portfolios (for example, real estate or “junk” bond holdings) and failures of reinsurance carriers.

*Other Financial Services Companies.* Many of the investment considerations discussed in connection with banks and insurance companies also apply to other financial services companies. These companies are subject to extensive regulation, rapid business changes, and volatile performance dependent on the availability and cost of capital and prevailing interest rates and significant competition. General economic conditions significantly affect these companies. Credit and other losses resulting from the financial difficulty of borrowers or other third parties have a potentially adverse effect on companies in this industry. Investment banking, securities brokerage and investment advisory companies are particularly subject to government regulation and the risks inherent in securities trading and underwriting activities.

#### **Headline Risk**

The Investment Adviser seeks to acquire companies with durable business models that can be purchased at attractive valuations relative to what it believes to be the companies' intrinsic values. The Investment Adviser may make such investments when a company becomes the centre of controversy after receiving adverse media attention. The company may be involved in litigation, the company's financial reports or corporate governance may be challenged, the company's public filings may disclose a weakness in internal controls, greater government regulation may be contemplated, or other adverse events may threaten the company's future. While the Investment Adviser researches companies subject to such contingencies, the Investment Adviser cannot be correct every time, and the company's stock may never recover or may become worthless.

#### **Large-Capitalization Companies Risk**

Companies with US\$10 billion or more in market capitalization are considered by the Investment Adviser to be large-capitalization companies. Large-capitalization companies generally experience slower rates of growth in earnings per share than do mid- and small-capitalization companies.

#### **Manager Risk**

Poor security selection or focus on securities in a particular sector, category, or group of companies may cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective.

#### **Mid- and Small-Capitalization Companies Risk**

Companies with less than US\$10 billion in market capitalization are considered by the Adviser to be mid- or small-capitalization companies. Investing in mid- and small-capitalization companies may be more risky than investing in large-capitalization companies. Smaller companies typically have more limited product lines, markets, and financial resources than larger companies, and their securities may trade less frequently and in more limited volume than those of larger, more mature companies. Securities of these companies may be subject to volatility in their prices. They may have a limited trading market, which may adversely affect the Fund's ability to dispose of them and can reduce the price the Fund might be able to obtain for them. Other investors that own a security issued by a mid- or small-capitalization company for whom there is limited liquidity might trade the security when the Fund is attempting to dispose of its holdings in that security. In that case, the Fund might receive a lower price for its holdings than otherwise might be obtained. Mid- and small-capitalization companies also may be unseasoned. These include companies that have been in operation for less than three years, including the operations of any predecessors.

#### **Non-U.S. Country Risk**

The Sub-Fund may invest a significant portion of its assets in companies operating, incorporated, or principally traded in non-U.S. countries. Investing in non-U.S. countries involves risks that may cause the Sub-Fund's performance to be more volatile than it would be if the Sub-Fund invested primarily in the United States. Non-U.S. economies may not be as strong or as diversified, non-U.S. political systems may not be as stable, and non-U.S. financial reporting standards may not be as rigorous as they are in the United States. In addition, non-U.S. capital markets may not be as well developed, so securities may be less liquid, transaction costs may be higher, and investments may be subject to more government regulation.

#### **Non-U.S. Currency Risk**

Securities issued by non-U.S. companies are frequently denominated in non-U.S. currencies. The change in value of a non-U.S. currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that non-U.S. currency. For example, when the Fund holds a security that is denominated in a non-U.S. currency, a decline of that foreign currency against the U.S. dollar would generally cause the value of the Fund's shares to decline.

**Stock Market Risk**

Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices, including the possibility of sharp declines. As an example, international markets have experienced volatility in recent months and years due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic, uncertainties regarding interest rates, rising inflation, trade tensions and the threat of tariffs imposed by the U.S. and other countries. The recovery from COVID-19 is proceeding at slower than expected rates and may last for a prolonged period of time. In addition, as a result of continuing political tensions and armed conflicts, including the war between Ukraine and Russia, the U.S. and the European Union imposed sanctions on certain Russian individuals and companies, including certain financial institutions, and have limited certain exports and imports to and from Russia. The war has contributed to recent market volatility and may continue to do so. These developments as well as other events could result in further market volatility and negatively affect financial asset prices, the liquidity of certain securities and the normal operations of securities exchanges and other markets. Continuing market volatility as a result of recent market conditions or other events may have an adverse effect on the performance of the Fund.

## DAVIS GLOBAL FUND

The Sub-Fund's investment objective is long-term growth of capital. There can be no guarantee that this objective will be achieved. The Sub-Fund invests the majority of the assets in equity securities selected on a worldwide basis, including countries with developing or emerging markets. The Sub-Fund may invest in large, medium or small companies without regard to market capitalization. Under normal market conditions, the Sub-Fund will invest at least 40% of its total assets in companies (i) organized or located outside of the U.S., (ii) whose primary trading market is located outside the U.S., or (iii) doing a substantial amount of business outside the U.S., which the Sub-Fund considers to be a company that derives at least 50% of its revenue from business outside the U.S. or has at least 50% of its assets outside the U.S.

Investment in Chinese companies will be made through American Depositary Receipts or Hong Kong listed Chinese companies (i.e. China H-shares). These investments will not exceed in aggregate up to 30% of the Sub-Fund's net assets.

The Investment Adviser manages equity funds using the Davis Investment Discipline. The Investment Adviser conducts extensive research to try to identify businesses that possess characteristics which it believes foster the creation of long-term value, such as proven management, a durable franchise and business model, and sustainable competitive advantages. The Investment Adviser aims to invest in such businesses when they are trading at discounts to their intrinsic worth. The Investment Adviser emphasizes individual stock selection and believes that the ability to evaluate management is critical. The Investment Adviser routinely visits managers at their places of business in order to gain insight into the relative value of different businesses. Such research, however rigorous, involves predictions and forecasts that are inherently uncertain.

After determining which companies a Sub-Fund should place its assets in, it then turns its analysis to determining the intrinsic value of those companies' equity securities. The Investment Adviser seeks equity securities which can be purchased at attractive valuations relative to their intrinsic value. The Investment Adviser's goal is to invest in companies for the long term. The Investment Adviser considers selling a company's equity securities if the securities' market price exceeds the Investment Advisers' estimate of intrinsic value, or if the ratio of the risks and rewards of continuing to own the company's equity securities is no longer attractive.

Davis Global Fund was previously Davis Opportunities Fund. The Sub-Fund's investment objective did not change as a result of the name change.

The Sub-Fund is actively managed. The Sub-Fund is not managed in reference to a benchmark.

**Principal Risks of Investing in Davis Global Fund**

If you buy shares of Davis Global Fund, you may lose some or all of the money that you invest. The investment return and principal value of an investment in the Sub-Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. This section describes what the Investment Adviser thinks are the most significant factors (principal risks) that could cause the value of your investment in the Sub-Fund to decline, and which could prevent the Sub-Fund from achieving its stated objective. Before investing in the Sub-Fund, you should understand its risks, costs, and terms of investment, and how well these characteristics align with your own financial circumstances and risk tolerance. We recommend that you consult an investment adviser, legal adviser and tax adviser before investing.

**China Risk – Generally.**

Investment in Chinese securities may subject the Fund to risks that are specific to China. China may be subject to significant amounts of instability, including, but not limited to, economic, political, and social instability. China's economy may differ from the U.S. economy in certain respects, including, but not limited to, general development, level of government involvement, wealth distribution, and structure. The government of China has historically demonstrated its control over almost every sector of the Chinese economy through state ownership and/or administrative regulation. As an example, the Chinese government has taken certain actions that influence prices of goods and encouraged companies to invest in and has induced mergers in certain industries, and may take such actions or similar actions now or in the future. In addition, the Chinese government has taken actions which could materially impact the business operations of certain industries, which could impact underlying holdings. U.S. and Chinese regulators have, and may in the future, impact the ability of Chinese companies to gain access to U.S. capital markets.

As of October 31, 2022, the Sub-Fund had significant exposure to shell companies with contractual arrangements with variable interest entities, as defined below. For purposes of raising capital offshore on exchanges outside of China, including on non-U.S. exchanges, many Chinese-based operating companies are structured as Variable Interest Entities ("VIEs"). In this structure, the Chinese-based operating company establishes the VIE and establishes a shell company in a foreign jurisdiction, such as the Cayman Islands. The shell company lists on a foreign exchange and enters into contractual arrangements with the VIE. This structure allows Chinese companies in which the government restricts foreign ownership to raise capital from foreign investors. While the shell company has no equity ownership of the VIE, these contractual arrangements permit the shell company to consolidate the VIE's financial statements with its own for accounting purposes and provide for economic exposure to the performance of the underlying Chinese operating company. Therefore, an investor in the listed shell company, such as the Sub-Fund, will have exposure to the Chinese-based operating company only through contractual arrangements and has no ownership in the Chinese-based operating company. Furthermore, because the shell company only has specific rights provided for in these service agreements with the VIE, its abilities to control the activities at the Chinese-based operating company are limited and the operating company may engage in activities that negatively impact investment value.

While the VIE structure has been widely adopted, it is not formally recognized under Chinese law and therefore there is a risk that the Chinese government could prohibit the existence of such structures or negatively impact the VIE's contractual arrangements with the listed shell company by making them invalid. If these contracts were found to be unenforceable under Chinese law, investors in the listed shell company, such as the Sub-Fund, may suffer significant losses with little or no recourse available. If the Chinese government determines that the agreements establishing the VIE structures do not comply with Chinese law and regulations, including those related to restrictions on foreign ownership, it could subject a Chinese-based issuer to penalties, revocation of business and operating licenses, or forfeiture of ownership interest. In addition, the listed shell company's control over a VIE may also be jeopardized if a natural person who holds the equity interest in the VIE breaches the terms of the agreement, is subject to legal proceedings or if any physical instruments for authenticating documentation, such as chops and seals, are used without the Chinese-based issuer's authorization to enter into contractual arrangements in China. Chops and seals, which are carved stamps used to sign documents, represent a legally binding commitment by the company. Moreover, any future regulatory action may prohibit the ability of the shell company to receive the economic benefits of the Chinese-based operating company, which may cause the value of the Sub-Fund's investment in the listed shell company to suffer a significant loss. For example, in 2021, the Chinese government prohibited use of the VIE structure for investment in after-school tutoring companies. There is no guarantee that the government will not place similar restrictions on other industries.

Chinese law prohibits investments by foreign investors in certain companies in certain industries. Certain industries that impact minors may be at a higher risk of regulatory action. The Chinese government placed new regulations on the companies related to after-school tutoring and private educational services, one of which is mandating that it must now be registered as a non-profit organization.

**Common Stock Risk**

Common stock represents ownership positions in companies. The prices of common stock fluctuate based on changes in the financial condition of their issuers and on market and economic conditions. Events that have a negative impact on a business probably will be reflected in a decline in the price of its common stock. Furthermore, when the total value of the stock market declines, most common stocks, even those issued by strong companies, likely will decline in value. Common stock is generally subordinate to an issuer's other securities, including preferred, convertible and debt securities.

**Depository Receipts Risk**

Securities of a non-U.S. company may involve investing in Depository Receipts, which include American Depository Receipts, European Depository Receipts, and Global Depository Receipts, which are certificates evidencing ownership of shares of a non-U.S. issuer. These certificates are issued by depository banks and generally trade on an established market in the United States or elsewhere. The underlying shares are held in trust by a custodian bank or similar financial institution in the issuer's home country. The depository bank may not have physical custody of the underlying securities at all times and may charge fees for various services, including forwarding dividends, interest, and corporate actions. Depository receipts are alternatives to directly purchasing the underlying non-US securities in their national markets and currencies. However, depository receipts continue to be subject to many of the risks associated with investing directly in non-U.S. securities. These risks include non-U.S. currency risk as well as the political and economic risks of the underlying issuer's country. Depository 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.

**Exposure to Industry or Sector Risk.**

The Sub-Fund may have significant exposure to a particular industry or sector. Such exposure may cause the Sub-Fund to be more impacted by risks relating to and developments affecting the industry or sector, and thus its net asset value may be more volatile than a fund without such levels of exposure. For example, if the Sub-Fund has significant exposure in a particular industry, then economic, regulatory, or other issues that negatively affect that industry may have a greater impact on the Sub-Fund than on a fund that is more diversified. See the Schedule of Investments in the most recent shareholder report for a complete industry or sector breakdown.

**Emerging Market Risk**

Securities of issuers in emerging and developing markets may offer special investment opportunities, but present risks not found in more mature markets. Those securities may be more difficult to sell at an acceptable price and their prices may be more volatile than securities of issuers in more developed markets. Settlements of trades may be subject to greater delays so that the Fund might not receive the proceeds of a sale of a security on a timely basis. In unusual situations, it may not be possible to repatriate sales proceeds in a timely fashion. These investments may be very speculative. Emerging markets might have less developed trading markets and exchanges. These countries may have less developed legal and accounting systems and investments may be subject to greater risks of government restrictions on withdrawing the sale proceeds of securities from the country. Companies operating in emerging markets may not be subject to U.S. prohibitions against doing business with countries that are state sponsors of terrorism. Economies of developing countries may be more dependent on relatively few industries that may be highly vulnerable to local and global changes. Governments may be more unstable and present greater risks of nationalization, expropriation, or restrictions on foreign ownership of stocks of local companies.

**Fees and Expenses Risk**

All mutual funds incur operating fees and expenses. Fees and expenses reduce the return which a shareholder may earn by investing in a fund. A low return environment, or a bear market, increases the risk that a shareholder may lose money.

**Headline Risk**

The Investment Adviser seeks to acquire companies with durable business models that can be purchased at attractive valuations relative to what it believes to be the companies' intrinsic values. The Investment Adviser may make such investments when a company becomes the centre of controversy after receiving adverse media attention. The company may be involved in litigation, the company's financial reports or corporate governance may be challenged, the company's public filings may disclose a weakness in internal controls, greater government regulation may be contemplated, or other adverse events may threaten the company's future. While the Investment Adviser researches companies subject to such contingencies, the Investment Adviser cannot be correct every time, and the company's stock may never recover or may become worthless.

**Large-Capitalization Companies Risk**

Companies with US\$10 billion or more in market capitalization are considered by the Investment Adviser to be large-capitalization companies. Large-capitalization companies generally experience slower rates of growth in earnings per share than do mid- and small-capitalization companies.

**Manager Risk**

Poor security selection or focus on securities in a particular sector, category, or group of companies may cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective.

### **Mid- and Small-Capitalization Companies Risk**

Companies with less than US\$10 billion in market capitalization are considered by the Adviser to be mid- or small-capitalization companies. Investing in mid- and small-capitalization companies may be more risky than investing in large-capitalization companies. Smaller companies typically have more limited product lines, markets, and financial resources than larger companies, and their securities may trade less frequently and in more limited volume than those of larger, more mature companies. Securities of these companies may be subject to volatility in their prices. They may have a limited trading market, which may adversely affect the Fund's ability to dispose of them and can reduce the price the Fund might be able to obtain for them. Other investors that own a security issued by a mid- or small-capitalization company for whom there is limited liquidity might trade the security when the Fund is attempting to dispose of its holdings in that security. In that case, the Fund might receive a lower price for its holdings than otherwise might be obtained. Mid- and small-capitalization companies also may be unseasoned. These include companies that have been in operation for less than three years, including the operations of any predecessors.

### **Non-U.S. Country Risk**

The Sub-Fund may invest a significant portion of its assets in companies operating, incorporated, or principally traded in non-U.S. countries. Investing in non-U.S. countries involves risks that may cause the Sub-Fund's performance to be more volatile than it would be if the Sub-Fund invested primarily in the United States. Non-U.S. economies may not be as strong or as diversified, non-U.S. political systems may not be as stable, and non-U.S. financial reporting standards may not be as rigorous as they are in the United States. In addition, non-U.S. capital markets may not be as well developed, so securities may be less liquid, transaction costs may be higher, and investments may be subject to more government regulation.

### **Non-U.S. Currency Risk**

Securities issued by non-U.S. companies are frequently denominated in non-U.S. currencies. The change in value of a non-U.S. currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that non-U.S. currency. For example, when the Fund holds a security that is denominated in a non-U.S. currency, a decline of that foreign currency against the U.S. dollar would generally cause the value of the Fund's shares to decline.

### **Stock Market Risk**

Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices, including the possibility of sharp declines. As an example, U.S. and international markets have experienced volatility in recent months and years due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic, uncertainties regarding interest rates, rising inflation, trade tensions and the threat of tariffs imposed by the U.S. and other countries. The recovery from COVID-19 is proceeding at slower than expected rates and may last for a prolonged period of time. In addition, as a result of continuing political tensions and armed conflicts, including the war between Ukraine and Russia, the U.S. and the European Union imposed sanctions on certain Russian individuals and companies, including certain financial institutions, and have limited certain exports and imports to and from Russia. The war has contributed to recent market volatility and may continue to do so. These developments as well as other events could result in further market volatility and negatively affect financial asset prices, the liquidity of certain securities and the normal operations of securities exchanges and other markets. Continuing market volatility as a result of recent market conditions or other events may have an adverse effect on the performance of the Fund.

**No assurance can thus be given that the either of the Sub-Funds' investment objectives will be met.**

## **GENERAL CONSIDERATIONS APPLICABLE TO ALL SUB-FUNDS**

Each of the Sub-Funds' shares will fluctuate in price as the value of the common stock and other equity securities in which they invest change in value, and there is a risk for an investor to eventually recover an amount lower than that invested. The market value of shares of common stock can change rapidly and unpredictably as a result of political or economic events having little or nothing to do with the performance of the companies owned by a Sub-Fund. The market values of common stock also vary with the success or failure of the company issuing the stock. The common stocks and other equity securities in which the Sub-Funds invest are generally traded on recognized exchanges or in other regulated markets open to the public.

Each Sub-Fund uses short-term investments, such as treasury bills and certificates of deposit, provided their remaining maturity is less than 12 months, to maintain flexibility while evaluating long-term opportunities. A Sub-



Fund may also use short-term investments for temporary defensive purposes. At such times, a Sub-Fund will not be pursuing its normal investment policies. In the event that our portfolio managers anticipate a decline in the market values of the companies in which a Sub-Fund invests (due to economic, political, or other factors), we may reduce a Sub-Fund's risk by investing in short-term securities until market conditions improve. Unlike equity securities, these investments will not appreciate in value when the market advances and will not contribute to long-term growth of capital.

The Sub-Funds will not make use of financial derivative instruments for any purpose whatsoever.

The Sub-Funds will not engage in securities lending nor enter into repurchase agreements, reverse repurchase agreements, and total return swaps.

When purchasing non-U.S. securities, a Sub-Fund may purchase the companies' common stock directly through trades of individual securities on recognised exchanges and recognised over-the-counter markets (qualifying as regulated markets, operating regularly and being recognised and open to the public) or may purchase American Depository Receipts (ADRs) covering such securities. The Sub-Funds may also invest in the securities of non-U.S. companies directly or through registered closed-end investment companies that invest primarily in foreign securities. A closed-end investment company will be considered to invest primarily in foreign securities if it normally invests more than 50% of its assets in non-U.S. securities. The Sub-Funds will not invest more than 10% of their total assets in closed-end investment companies. It may be less expensive to purchase non-U.S. securities directly rather than to invest in closed-end investment companies. Closed-end investment companies must pay their own operating expenses, including management fees. The Sub-Funds will not invest in any investment company promoted by the same company promoting the Sub-Funds.

## INVESTMENT ADVISER

The Management Company, with the approval of the directors of the Fund, has appointed Davis Selected Advisers, L.P. as Investment Manager and Adviser (the "**Investment Adviser**"). The Investment Adviser manages and invests each of the Sub-Funds' assets and will provide day-to-day management in respect of the investment and reinvestment of the assets of each of the Sub-Funds. The Investment Adviser is an independent money management firm that was founded in 1969. The Investment Adviser manages money on behalf of both individual and institutional investors.

## DIVIDEND POLICY

The assets of the Sub-Funds are managed to seek growth of capital and will not earn significant current income. Accordingly, no dividend distributions are expected to be paid.

## PURCHASING, REDEEMING, AND EXCHANGING SHARES

### How to Buy Shares

#### Class A Shares

Class A shares are offered at net asset value, subject to an initial sales charge of up to 6.1% of the net asset value of such shares. All or a portion of the sales charge may be paid as a commission. Under certain circumstances all or a portion of the sales charge may be waived at the discretion of the Distributor. If in any country in which the Class A shares are offered, local law or practices require or permit a lower initial sales charge than that shown above for any individual purchase order, the Distributor may sell shares and may authorize distribution agents to sell shares within such country at a total price less than the applicable price set forth above, but in accordance with the maximum amount permitted by the law or practice of such country.

#### Class I Shares

Class I shares are only available to institutional investors subject to a USD 3 million minimum initial investment and minimum amount to be held at any time (unless a lower amount is approved by the Fund's Board of Directors or results from market action). Class I shares are offered at net asset value without an initial sales charge or Contingent Deferred Sales Charge ("**CDSC**"). In considering the qualification of a subscriber as an institutional investor, the Fund will respect any guidelines or recommendations issued by Luxembourg authorities. Institutional investors subscribing for Class I shares in their own name, but on behalf of a third-party, must certify to the Fund that the subscription is made on behalf of institutional investors and the Fund may require, at its sole discretion, evidence that the beneficial owners of the shares are institutional investors.

The offering price per share will be the net asset value per share of the relevant class plus, in the case of Class A shares, a sales charge.

Investors may purchase shares in any of the Sub-Funds by sending an application form and payment to the Distributor or the registered office of the Fund. An application form is only valid when accompanied by a complete set of appropriate investor identification documents, in the form and content as prescribed by Luxembourg laws and regulations. The Fund may ask the applicant investor and/or the Distributor or other Intermediary, as the case may be, to supply any relevant eligibility information. A request to purchase shares will not be processed until the application form is completed and payment for the shares has been received and cleared. The Fund reserves the right to accept or refuse any application in whole or in part and for any reason. The Fund may also limit the distribution of shares of the Sub-Funds to specific countries. The Fund may at any time suspend the issuance of additional shares. Investors buying shares through certain distribution agents will need to complete the required forms of the distribution agent. In this case, the investor's account will be opened in the name of the distribution agent or its nominee, the shares will be registered in the name of the distribution agent or its nominee, and any subsequent purchase, redemption, exchange, transfer, or other instruction will need to be given through the distribution agent.

All purchases must be paid for in USD. Purchase orders must be received in proper form by the Transfer Agent on the Business Day preceding the Valuation Date the shares are to be purchased. Purchase orders received after the Business Day preceding the Valuation Date will be deferred to the next following Valuation Date.

**Payment should be made by FED WIRE to:**

Bank:	Bank of America N.A.
ABA:	026009593
SWIFT Code:	BOFAUS3N
Account Name:	Davis Funds SICAV
Account Number:	6550468079
Ref:	Name of the Sub-Fund and class of shares, followed by the application or account number; e.g., Ref: Davis Value Fund A (Or I), mentioning also the application number. If no share class is indicated, Class A shares will be purchased.

Sub-Fund	Class	SIN
Davis Value Fund	A	LU0067888072
	I	LU0762956976
Davis Global Fund	A	LU0067889476
	I	LU0762956208

The Distributor is responsible for oversight of purchases, redemptions, and conversion charges, as applicable.

The Fund will register Shareholders' shares on its books ("**Registered Book Shares**") and send the shareholder a confirmation statement. Registered Book Shares may be issued in fractions up to three decimal places.

Confirmation of purchases will be mailed at the risk of the shareholder, to the address indicated in the purchase form within 14 Business Days following receipt of the payment and any required documents.

Purchase requests will not be processed whenever the calculation of the net asset value per share is suspended (See "**Temporary Suspension of Purchases and Redemptions**").

If the Fund determines that an investor is not eligible for Class I shares, it will process the purchase in Class A shares.

**Calculating the Sales Charge – Class A Shares**

Each of the Sub-Funds continuously offers its Class A shares to the public at net asset value plus an initial sales charge up to 5.75% of the amount invested (equivalent to a sales charge per share of not more than 6.1% of the net asset value per share). The Distributor may, in its sole discretion, reduce the initial sales charge payable by an investor. If in any country in which the Class A shares are offered, local law or practices require or permit a lower initial sales charge than that shown above for any individual purchase order, the Distributor may sell shares and may authorize distribution agents to sell shares within such country at a total price less than the applicable price set forth above, but in accordance with the maximum amount permitted by the law or practice of such country. Shares in each of the Sub-Funds may be purchased on each Business Day (each a "**Valuation Date**"). The appropriate

net asset value is determined on each Valuation Date following the day on which cleared subscription monies are received.

### **How to Redeem Shares**

A shareholder may redeem part or all of his/her/its shares on any Business Day. Shares are redeemed at their net asset value determined on each Valuation Date following the day of receipt by the Transfer Agent of the redemption application. Redemption requests may be made by writing to the Transfer Agent. Telephone instructions will not be accepted; all instructions must be in writing.

All requests must provide the following information:

- The full names in which the shares are registered.
- The shareholder(s) personal customer number, if known.
- The number of shares or USD amount to be redeemed.
- Details of the shareholder's bank account to which payment shall be made.

Redemption proceeds will normally be paid by swift / telegraphic transfer to the shareholder's bank account in USD.

Redemption proceeds are sent to the shareholder (or to the first named of joint Shareholders) at the address on the register.

Investors redeeming shares purchased through certain distribution agents and registered in the name of the distribution agent or its nominee must instruct the distribution agent to redeem the shares, and only the distribution agent is permitted to instruct the Transfer Agent to redeem those shares as long as the agreement between the shareholder and the distribution agent or nominee exists.

If, as a result of a redemption request or a transfer of shares, a shareholder's investment in any Sub-Fund would be less than 3,000 USD (3,000,000 USD for Class I shares), then the Fund may redeem all of the shareholder's investment in such Sub-Fund and pay the proceeds to the shareholder. Shares redeemed by the Fund may be cancelled or held by the Fund as further described in the articles of incorporation (the "**Articles of Incorporation**") of the Fund.

Redemption requests will not be processed whenever the calculation of the net asset value per share is suspended (See "Temporary Suspension of Purchases and Redemptions"). Redemption requests received during the suspension will be processed at the next net asset value per share calculated after the suspension has ended. Under normal circumstances a shareholder may not withdraw a redemption request. However, in the event redemption requests are not processed because calculation of the net asset value per share is suspended, a shareholder may withdraw his/her/its redemption request. To withdraw his/her/its redemption request, a shareholder must provide written notification of the withdrawal to the Transfer Agent. To be effective, the notification of withdrawal must be received by the Transfer Agent before calculation of net asset value per share is resumed. If the redemption request is not withdrawn, the shares shall be redeemed on the first Valuation Date following the termination of the suspension period.

Shareholders should note that any redemption of shares by the Fund may take place at a price that may be higher or lower than the original acquisition cost, depending upon the value of the shares of the Sub-Fund at the time of redemption.

### **Reinvestment Application**

After a shareholder has redeemed some or all of his/her/its shares, the redemption proceeds may be reinvested back into a Sub-Fund at net asset value for a limited period of time. Class A shares will not be charged a sales charge. The written reinvestment application, together with a payment, must be received by the Transfer Agent within 120 days of the redemption. The reinvestment purchase will be processed at the net asset value determined on the Business Day following the day of receipt of cleared funds. A shareholder may only use this reinvestment privilege once. Certain distribution agents may not offer this privilege.

### **Periodic Withdrawal Plan**

By participating in a Periodic Withdrawal Plan, a shareholder may receive funds from the Fund in a specified dollar amount once each month, quarter, or year. Participation in the Periodic Withdrawal Plan is offered free of charge. Periodic withdrawals may only be made in Sub-Funds in which the value of the shareholder's investments is at least 25,000 USD. Each periodic withdrawal must be for at least 125 USD per Sub-Fund.

Each period (monthly, quarterly, or yearly) a Sub-Fund will redeem a sufficient number of shares at net asset value in order to send the shareholder the specified amount. The redemption will be processed on the first Business Day

in the relevant monthly, quarterly, or yearly period. In the event that the periodic payment is greater than the increase in the Sub-Fund due to the increase in net asset value per share, then the shareholder's investment in the Sub-Fund will be reduced and may be reduced to zero. Withdrawals may therefore not be considered as returns from the investment in a Sub-Fund.

A shareholder may terminate his/her/its participation in a Periodic Withdrawal Plan at any time. The Periodic Withdrawal Plan will terminate automatically when all shares have been redeemed or when the Fund is informed about the death or incapacity of the shareholder. Certain distribution agents may not offer this privilege.

### **How to Exchange or Transfer Shares**

A shareholder may exchange a portion or all of his/her/its shares in one Sub-Fund for shares of the same class of another Sub-Fund. Shares are exchanged at their relative net asset value on the Valuation Date following the Business Day the exchange is processed. Class A shares may be exchanged for Class A shares of another Sub-Fund and Class I shares may be exchanged for Class I shares of another Sub-Fund. No exchange charge or initial sales charge or CDSC is imposed on exchanges of shares for four or fewer exchanges per year; however, certain distribution agents may charge a shareholder up to 2% of the value of the shares for exchanges involving Class A shares. Thereafter, the Fund may charge an exchange fee of up to 1% of the value of the shares for each exchange. If an exchange would cause a shareholder account in the Sub-Fund being exchanged out of to be worth less than 3,000 USD (3,000,000 USD for Class I shares) in value of shares, the shareholder is deemed to have requested the exchange of his/her/its total holding in that account, and then the Fund may close that account and place all the proceeds in the Sub-Fund being exchanged into.

Exchange requests may be made in writing to the Transfer Agent. Telephone instructions will not be accepted; all instructions must be in writing.

Exchanges are considered to be both a redemption and a purchase of shares. Exchanges will not be processed whenever the calculation of the net asset value per share is suspended (See "Temporary Suspension of Purchases and Redemptions").

Any request to exchange shares may not be executed until any previous transaction involving the shares to be exchanged has been completed and full settlement on those shares received.

### **Transferring Shares**

A shareholder may transfer ownership of shares to a third-party by sending an instrument of transfer in appropriate form to the Transfer Agent.

For the transfer request to be honoured, both the account from which shares are being transferred and the account into which shares are being transferred must have values of 3,000 USD (3,000,000 USD for Class I shares) or more after giving effect to the transfer. If the shares are being transferred to a new shareholder, that shareholder must complete an application form with a complete set of appropriate investor identification documents. Class I shares may only be transferred to another shareholder qualifying as an institutional investor.

The Transfer Agent may require that the signature(s) be guaranteed by an approved Bank, Stock Broker, or Notary Public.

Shareholders should contact the Transfer Agent prior to requesting a transfer to ensure that they have all the correct documentation for the transactions. Shareholders holding shares in the name of their distribution agent or its nominee should contact their distribution agent concerning transferring of shares.

## **MARKET TIMING**

The Fund is not designed for professional market timing organizations or other organizations or individuals engaged in market timing strategies, programmed exchanges, frequent exchanges, or exchanges that are large in relation to the total assets of the Sub-Fund. Market timing strategies are disruptive to the Sub-Fund. If the Fund determines that your exchange patterns reflect a market timing strategy, the Fund reserves the right to take any action permitted under applicable rules and standards, including but not limited to, (i) refusing to accept your orders to purchase Sub-Fund shares, and/or (ii) restricting the availability of exchanges through telephone requests, facsimile transmissions, automated telephone services, internet services, or any electronic transfer services.

The Fund receives purchase exchange and redemption orders from many distribution agents which maintain omnibus accounts with the Fund. Omnibus account arrangements permit distribution agents to aggregate their clients' transaction and ownership positions. In these circumstances, the identity of the particular shareholder(s) is

not known to the Fund. While the Fund encourages distribution agents to apply the Fund's market timing policy to their customers who invest indirectly in the Funds, the Fund is limited in its ability to monitor the trading activity or enforce the Fund's market timing policy with respect to customers of distribution agents. Shareholders seeking to engage in excessive trading practices may employ a variety of strategies to avoid detection. The ability of the Fund to detect and curtail excessive trading practices may also be limited by operational systems and technological limitations.

## LATE TRADING

Any order received by the Fund or other financial intermediary on behalf of the Fund after 5:00 p.m. CET will be held until the next Valuation Date. The processing of transactions is to protect the Fund against arbitrage opportunities.

## PROCESSING OF TRANSACTIONS

Trade orders must be received in proper form by 5:00 p.m. CET on the Business Day preceding the Valuation Date. Trade orders received after the Business Day preceding the Valuation Date will be deferred to the next following Valuation Date. For broker dealers trading through National Securities Clearing Corporation, they must receive such orders prior to the close of the New York Stock Exchange and transmit them promptly in order to be processed on the next Valuation Date.

## MANAGEMENT COMPANY

The Fund has appointed by an agreement dated as of 17 February 2017 FundRock Management Company S.A., a *société anonyme* incorporated under the laws of the Grand Duchy of Luxembourg and having its registered office at 33, rue de Gasperich, L-5826 Hesperange, as its management company in accordance with the provisions of the 2010 Law (the "**Management Company**").

The Management Company was incorporated in the form of a *société anonyme* on 10 November 2004 for an unlimited duration. The Management Company is approved as management company in accordance with chapter 15 of the 2010 Law. The Management Company has a subscribed and paid-up capital of € 10,000,000-.

The Management Company will monitor the activities of the third parties to which it has delegated functions on a continued basis. The agreements entered between the Management Company and the relevant third parties provide that the Management Company can give further instructions to such third parties, and that it can withdraw their mandate with immediate effect if this is in the interest of the Shareholders at any time. The Management Company's liability towards the Fund is not affected by the fact that it has delegated certain functions to third parties.

The Management Company also acts as management company for other investment funds. The names of these other funds are available upon request at the registered office of the Management Company.

The Management Company has established and applies a remuneration policy in accordance with principles laid out under the Directive 2009/65/EC (the "UCITS Directive") and any related legal and regulatory provisions applicable in Luxembourg.

The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company and the UCITS that it manages and of the investors in such UCITS, and which includes, inter alia, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the Management Company manages.

As an independent management company relying on a full-delegation model (i.e., delegation of the collective portfolio management function), the Management Company ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that the Management Company's employees who are identified as risk-takers under the UCITS Directive are not remunerated based on the performance of the UCITS under management.

The Management Company's remuneration policy, in a multi-year framework, ensures a balanced regime where remuneration both drives and rewards the performance of its employees in a measured, fair and well-thought-out fashion, which relies on the following principles\*:

- Identification of the persons responsible for awarding remuneration and benefits (under the supervision of the remuneration committee and subject to the control of an independent internal audit committee);
  - Identification of the functions performed within the Management Company which may impact the performance of the entities under management;
  - Calculation of remuneration and benefits based on the combination of individual and company's performance assessment;
  - Determination of a balanced remuneration (fixed and variable);
  - Implementation of an appropriate retention policy with regards to financial instruments used as variable remuneration;
  - Deferral of variable remuneration over 3-year periods; and
  - Implementation of control procedures/adequate contractual arrangements on the remuneration guidelines set up by the Management Company's respective portfolio management delegates.
- \* It should be noted that, upon issuance of final regulatory guidelines, this remuneration policy may be subject to certain amendments and/or adjustments.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, where such committee exists, are available at <https://www.fundrock.com/uk-remuneration-policy/> and a paper copy will be made available free of charge upon request at the Management Company's registered office.

As of the date of the Prospectus, the Management Company's board of directors consists of the following members:

**Chairman**

Mr Michel Marcel Vareika  
Independent Non-Executive Director  
Luxembourg

**Members**

Mr Romain DENIS  
Executive Director – Managing Director  
FundRock Management Company S.A.  
Luxembourg

Mr Thibault Gregoire  
Executive Director – Chief Financial Officer  
FundRock Management Company S.A.  
Luxembourg

Mrs Carmel McGovern  
Independent Non-Executive Director  
FundRock Management Company S.A.  
Luxembourg

**Conducting Officers**

Mr Franck Caramelle, Head of Alternative Investments  
Mr Romain Denis, Executive Director – Managing Director  
Mr Khalil Haddad, Director – Head of Valuation  
Mr Emmanuel Nantas, Director – Compliance

The Management Company is, according to the Fund Management Agreement, entered into as of 17 February 2017 between the Management Company and the Fund, appointed to serve as the Fund's designated management company. The Management Company shall in particular be responsible for the following functions:

- portfolio management of the Fund;
- central administration, including inter alia, the calculation of the Net Asset Value, the procedure of registration, conversion and redemption of shares and the general administration of the Fund; and
- distribution and marketing of the shares; in this respect the Management Company may, with the consent of the Fund, appoint other distributors/nominees.

The rights and duties of the Management Company are governed by the 2010 Law and the Fund Management Agreement entered into for an unlimited period of time.

In accordance with applicable laws and regulations and with the prior consent of the Board of Directors, the Management Company is empowered to delegate, under its responsibility, all or part of its duties and powers to any person or entity, which it may consider appropriate.

It being understood that the Prospectus shall, the case being, be amended accordingly.

For the time being, the duties of portfolio management, central administrative agent, which include the registrar and transfer agent duties, have been delegated as further in this Prospectus.

## THE DISTRIBUTOR

Pursuant to a global distribution agreement dated as of 17 February 2017, the Management Company has appointed Davis Distributors, LLC as Distributor for the purpose of marketing, distributing and promoting the shares of the Fund. Pursuant to the global distribution agreement, the Distributor may act as a nominee for its clients and such clients may have a right to address themselves directly to the Fund and, as necessary, to terminate their agreement with the Distributor acting as nominee unless the nominee services are indispensable or even mandatory by law, regulations or binding practices.

## DEPOSITARY AND ADMINISTRATIVE AGENT

State Street Bank International GmbH, Luxembourg Branch ("**State Street Bank**") has been appointed as the Fund's depositary bank ("**the Depositary**").

The Depositary is a bank incorporated as a *société en commandité par actions* under the laws of Luxembourg, with its registered office at 49, Avenue J. F. Kennedy, L-1855 Luxembourg, Luxembourg.

State Street Bank has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with applicable law and the Articles of Incorporation;
- ensuring that the value of the shares is calculated in accordance with applicable AML law and the Articles of Incorporation;
- carrying out the instructions of the Fund or of the Management Company acting on behalf of the Fund unless they conflict with applicable law and the Articles of Incorporation;
- ensuring that in transactions involving the assets of the Fund any consideration is remitted within the usual time limits;
- ensuring that the income of the Fund is applied in accordance with applicable law and the Articles of Incorporation;
- monitoring of the Fund's cash and cash flows;
- safekeeping of the Fund's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 35 of the 2010 Law, State Street Bank shall return financial instruments of identical type or the corresponding amount to the Fund without undue delay.

State Street Bank shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the 2010 Law.

In case of a loss of financial instruments held in custody, the Shareholders may invoke the liability of State Street Bank directly or indirectly through the Fund provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

State Street Bank will be liable to the Fund for all other losses suffered by the Fund as a result of State Street Bank's negligent or intentional failure to properly fulfil its obligations pursuant to the 2010 Law.

State Street Bank shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by State Street Bank of its duties and obligations.

State Street Bank has full power to delegate the whole or any part of its safekeeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. State Street Bank's liability shall not be affected by any delegation of its safekeeping functions under the depositary agreement. In particular such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external public audit) for the custody of financial instruments. When selecting and appointing such delegates, the Depositary shall exercise all due skill, care and diligence as required by applicable law to ensure that it entrusts the Fund's assets only to delegates that may provide adequate standard of protection and must continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any correspondent to which it has delegated parts of its safekeeping duties as well as of the arrangements the correspondent has put in place in respect of the matters delegated to it.

State Street Bank has delegated those safekeeping duties set out in Article 34 (3) (a) of the 2010 Law to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-depositary custodians within the State Street Global Custody Network.

Information about the safekeeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Fund or at the following internet site:

<http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>

State Street Bank is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where State Street Bank or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Fund;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Fund either as principal and in the interests of itself, or for other clients.

In connection with the above activities State Street Bank or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Fund, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Fund;
- (iv) may provide the same or similar services to other clients including competitors of the Fund;
- (v) may be granted creditors' rights by the Fund which it may exercise.

The Fund may use an affiliate of State Street Bank to execute foreign exchange, spot or swap transactions for the account of the Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Fund. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Fund. The affiliate shall enter into such transactions on the terms and conditions agreed with the Fund.

Where cash belonging to the Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Investment Adviser and the Management Company may also be a client or counterparty of State Street Bank or its affiliates.

Potential conflicts that may arise in State Street Bank's use of sub-custodians include four broad categories:



- (1) conflicts from sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which State Street Bank may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- (2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- (3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to State Street Bank as its counterparty, which might create incentive for State Street Bank to act in its self-interest, or other clients' interests to the detriment of clients; and
- (4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties State Street Bank shall act honestly, fairly, professionally, independently, and solely in the interests of the Fund and its shareholder.

State Street Bank has functionally and hierarchically separated the performance of its depository tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depository issues to be properly identified, managed and monitored. Additionally, in the context of State Street Bank's use of sub-custodians, State Street Bank imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. State Street Bank further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, State Street Bank internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on State Street Bank, its duties, any conflicts that may arise, the safekeeping functions delegated by the Depository, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

State Street Bank also serves the Fund as its paying agent, domiciliary and corporate agent and administrative agent. State Street Bank is responsible for the central administration of the Fund, including the determination of the net asset value of the shares, and for keeping accounting records. A shareholder should consider that the assets of each sub-fund are concentrated at State Street Bank.

## REGISTRAR AND TRANSFER AGENT

State Street Bank serves as the Fund's Registrar and Transfer Agent (the "**Transfer Agent**") pursuant to a Registrar and Transfer Agency Agreement, dated as of 17 February 2017 (the "**Transfer Agent Agreement**"). In such capacity State Street Bank is responsible for processing the issuance and redemption of shares.

State Street Bank delegates at its own expense and under its own responsibility the transfer agent functions to its agent, International Financial Data Services (Luxembourg) S.A.

## MANAGEMENT COMPANY, INVESTMENT ADVISER, DEPOSITARY, ADMINISTRATION, AND TRANSFER AGENT FEES

In consideration for the management company services provided to the Company, the Management Company is entitled to receive a management company fee of a percentage of the net assets of the total Fund. Unless otherwise provided, this fee will be accrued daily and payable monthly in arrears out of the assets of the Fund. A minimum monthly fee of EUR 3,500 for Davis Funds SICAV will apply if the total basis point fee for all sub-funds does not reach the minimum fee applicable.

The Fund pays the Management Company up to 0.04% per annum for its services.

The Fund pays the Investment Adviser an annual fee for its services payable in monthly instalments. The advisory fee for Class A shares for each Sub-Fund is 1.5% p.a. calculated as a percentage of average net assets.

Out of such fee for Class A shares the Investment Adviser may make payments to the Distributor or to Financial Intermediaries on the basis of services provided to Shareholders or similar services in relation to investments made with the Distributor or Financial Intermediaries assistance. The amount of payments to Distributors and other Intermediaries is based on a number of factors including, but not limited to the assets held by the Distributor or other Intermediary or by Shareholders who are its clients. The Investment Adviser, Distributor and other Intermediaries may retrocede part of the fees received. The advisory fee for Class I shares for each Sub-Fund is 0.55% p.a. calculated as a percentage of average net assets.

The Investment Adviser places orders with broker dealers for Sub-Fund's portfolio transactions. The Investment Adviser seeks to place portfolio transactions with brokers or dealers who will execute transactions as efficiently as possible and at the most favourable net price. In placing executions and paying brokerage commissions or dealer mark-ups, the Investment Adviser considers price, commission, timing, competent block trading coverage, capital strength and stability, research resources, and other factors. Subject to best price and execution, the Investment Adviser may place orders for Sub-Fund's portfolio transactions with broker dealers who have sold shares of the Sub-Fund. In placing orders for Sub-Fund portfolio transactions, the Investment Adviser does not commit to any specific amount of business with any particular broker-dealer. Further, when the Investment Adviser places orders for the Sub-Fund's portfolio transactions, it does not give any consideration to whether a broker-dealer has sold shares of the Sub-Fund.

When you buy shares through a dealer, you may be charged service fees or commissions for these transactions.

The Investment Adviser does not use client commissions, "soft dollars", to pay for: (i) computer hardware or software, or other electronic communications facilities; (ii) publications, both paper based or electronic that are available to the general public; and (iii) third-party research services. If the Investment Adviser determines to purchase such services, it pays for them using its own resources. The Investment Adviser's portfolio managers may take into account the research resources, as well as the execution capacity, of a brokerage firm in selecting brokers. Thus, transactions may be directed to a brokerage firm which provides: (i) important information concerning a company; (ii) introductions to key company officers; (iii) industry and company conferences; and (iv) other value added research services. The Investment Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or services, rather than on its clients' interest in receiving most favourable execution. If the Investment Adviser were to direct brokerage to a firm providing these value added services the Investment Adviser may receive a benefit as it may not have to pay for the benefit it has received. The Investment Advisers' Head Trader exercises his professional judgment to determine which brokerage firm is best suited to execute any given portfolio transaction. This includes transactions executed through brokerage firms which provide the services listed above. The Investment Adviser does not attempt to allocate soft dollar benefits to client accounts proportionately to the commissions which the accounts pay to brokerage firms which provide research services. The Investment Adviser believes it is important to its investment decision-making to have access to independent research.

Although the Investment Adviser generally does not use soft commissions (as disclosed above), if it does decide to do so, these soft commission arrangements would be subject to the following conditions: (i) the Investment Adviser will act at all times in the best interest of the Fund and the Management Company when entering into soft commission arrangements; (ii) the research services provided will be in direct relationship to the activities of the Investment Adviser; (iii) brokerage commissions on portfolio transactions for the Fund will be directed by the Investment Adviser to broker-dealers that are entities and not to individuals; and (iv) the Investment Adviser will provide reports to the Management Company with respect to soft commission arrangements including the nature of the services it receives.

State Street Bank is entitled for its services as Depositary and Administrative Agent to a fee at such rate and/or amount as may be agreed from time to time with the Fund in accordance with customary banking practice in Luxembourg. The maximum fee payable to the Depositary is 0.02% per annum and to the Administrative Agent 0.10% per annum, in each case based on the net asset value of the relevant Sub-Fund, unless the net asset value of the Sub-Fund falls below certain levels, in which case agreed minimums will apply. In addition, State Street Bank is entitled, as the case may be, to a charge per transaction, a flat fee for certain services or products, reimbursement by the Sub-Fund for out-of-pocket expenses and disbursements and for charges of any correspondents.

The Sub-Fund pays State Street Bank, for its functions of transfer agent, a flat transaction fee, payable monthly, all in accordance with usual practice in Luxembourg. In addition, State Street Bank is entitled to be reimbursed by the Sub-Fund for its reasonable out-of-pocket expenses. The Sub-Fund also pays for administrative and shareholder servicing services necessary for the operation of the Sub-Fund to certain distributors.

The Sub-Fund pays its own operational expenses, including the cost of buying and selling portfolio securities, brokerage, bank charges, governmental fees, legal and auditing fees, interest, publishing and printing expenses, the cost of preparing the prospectus and explanatory memoranda, financial reports, and other documents for the Shareholders, translation, local advice, coordination, representation and other similar costs relating to the registration of shares in foreign jurisdictions, fees for listing on any stock exchange or registration of units for public sale in different countries, reporting expenses (including in particular tax filings in various jurisdictions) postage, telephone, and telex. Accruable expenses are taken into account daily in the determination of the net asset value of the shares.

The Fund paid its initial formation costs and pays the expenses of preparing and updating this Prospectus, inter alia, in case of the creation of new Sub-Funds.

## GENERAL INFORMATION ON THE FUND AND THE SUB-FUNDS

### Organisation

The Fund is an investment company organised as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable*. The Fund was incorporated in Luxembourg on 19 December 1994 for an unlimited period. The Articles of Incorporation of the Fund were published in the *Mémorial*, the official journal of the Grand Duchy of Luxembourg, on 1 February 1995. The Articles of Incorporation were amended for the last time on 7 January 2011, published in the *Mémorial* on 21 April 2011. The Fund is registered with the *Registre de Commerce et des Sociétés* of Luxembourg, under number B 49537. The Fund has appointed FundRock Management Company S.A. as its third-party management company in accordance with Part I of the 2010 law, as described above.

The Articles of Incorporation and a notice in respect of the issue and sale of the shares by the Fund have been filed with the *Registre de Commerce et des Sociétés* of Luxembourg.

The minimum capital of the Fund required by Luxembourg law is the equivalent in USD of 1,250,000 EUR.

### The Shares

Each Sub-Fund's shares are freely transferable and each share is entitled to participate equally in the profits and liquidation proceeds of its respective Sub-Fund. The shares have no par value and must be fully paid when issued. The shares carry no preferential or pre-emptive rights and each full share is entitled to one vote for each matter to which they are entitled to vote at all meetings of Shareholders. The Board of Directors may set forth a record date for any general meeting in accordance with Luxembourg laws. The Sub-Fund's shares are listed on the Luxembourg Stock Exchange.

Shares redeemed by the Fund may be cancelled or held by the Fund as further described in the Articles of Incorporation of the Fund.

The Fund may restrict or prevent a party from owning its shares if it finds that allowing such party to own shares may harm the interest of the Sub-Fund or the majority of its Shareholders. The Fund has the right to redeem all of a party's shares and close their account if it finds such actions to be in the best interest of the Sub-Fund and their Shareholders.

### Merger or Liquidation of Sub-Funds and Classes of Shares

Under certain circumstances, a Sub-Fund or share class of a Sub-Fund may be liquidated or merged into another investment company or another class of shares or Sub-Fund within the Fund (each a "**Merger Vehicle**"). Shareholders would exchange all of their shares of the relevant class or classes in the Sub-Fund for shares in the Merger Vehicle. The exchange would be based upon the relative net asset value of the Sub-Fund's shares and the Merger Vehicle's shares on the date of the merger. The Sub-Fund's assets will either be transferred directly to the Merger Vehicle or sold and the proceeds delivered to the Merger Vehicle. The Shareholders must receive a one-month prior notice before the coming into effect of such a merger. Shareholders who do not wish to participate in such merger may have their shares redeemed, free of charge. In case of liquidation, the Board of Directors may determine to suspend all redemptions and conversions in order to keep equal treatment of Shareholders.

A merger of the Sub-Fund is to be governed by chapter 8 of the 2010 Law. A merger of a class of shares or Sub-Fund may be decided by the Board of Directors. The Board of Directors may (although they are not required to) submit the decision for a merger to a meeting of Shareholders of the class of shares or Sub-Fund concerned for which meeting no quorum is required and decisions are taken at the simple majority of the votes cast. In case of a

merger of a Sub-Fund where, as a result the Sub-Fund ceases to exist, the merger needs to be decided by a meeting of Shareholders where the quorum and majority requirements for changing the Articles of Incorporation are required.

The Board of Directors may decide to liquidate or merge a class of shares or a Sub-Fund if the net assets of such share class or Sub-Fund fall below 10,000,000 USD or if a change in the economic or political situation relating to the class of share or the Sub-Fund would justify the liquidation or merger. After notice of the liquidation or merger, each shareholder's shares would be redeemed. Notices would be sent to the registered Shareholders by mail and would be published, if required by law, in newspapers issued in the countries where the Sub-Fund's shares are sold. If a Sub-Fund is liquidated, the redemption price would be the net asset value per share of the Sub-Fund after all of its assets have been sold and all of its liabilities satisfied.

Under any circumstances a Sub-Fund or share class of a Sub-Fund may be liquidated or merged pursuant to the provisions of the Articles of Incorporation of the Sub-Fund, such liquidation or merger provisions must be permitted by applicable Luxembourg law.

### **Liquidation of the Fund**

The Fund is incorporated for an unlimited period and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders. In case the net assets of the Fund become less than 2/3 or 1/4 of the minimum capital required by law, a meeting to consider dissolution of the Fund must be convened by the Board of Directors as required by the 2010 Law.

In the event of dissolution of the Fund, the liquidation would be carried out in accordance with the Articles of Incorporation of the Fund and the provisions of the 2010 Law. The net liquidation proceeds of each Sub-Fund would be distributed to the Shareholders of each Sub-Fund in proportion of their holding of shares in such Sub-Fund. The Luxembourg law specifies the steps to be taken to enable Shareholders to participate in the distribution of net assets. The Luxembourg law also provides that any amounts which have not been distributed to Shareholders in liquidation shall be deposited in escrow at the *Caisse de Consignation* in Luxembourg. Amounts not claimed within the prescribed period may be forfeited in accordance with the provisions of Luxembourg law.

### **Meetings and Reports**

The annual general meeting of Shareholders is held on the last Thursday of November of each year at 11.00 a.m. CET at the registered office of the Fund in Luxembourg. If the last Thursday of November is not a bank business day in Luxembourg, then the meeting will be held on the next following bank business day in Luxembourg. Notices of general meetings including the agenda, time and place as well as the applicable quorum and majority requirements, will be sent to holders of registered shares in accordance with Luxembourg law and the Articles of Incorporation.

If permitted by Luxembourg law the annual general meeting may be held at another date, time or place as decided by the Board of Directors in conformation with Luxembourg law and regulations.

Each full share confers the right to one vote on each matter for which a shareholder is entitled to vote. Votes to pay dividends must be approved by a majority of the shares of a given Sub-Fund. Any change in the articles affecting the rights of a Sub-Fund must be approved by a resolution of both the general meeting of the Fund and the Shareholders of the specific Sub-Fund concerned.

However, if the decisions are only concerning the particular rights of the Shareholders of one Sub-Fund or class of shares or if the possibility exists of a conflict of interest between different Sub-Funds or class of shares, such decisions are also to be taken by a general meeting representing the Shareholders of such Sub-Fund or class of shares.

Audited annual reports are published within four months following the end of the accounting year and unaudited semi-annual reports are published within two months following the semi-annual period. Annual and semi-annual reports are made available at the registered office of the Fund and State Street Bank during ordinary office hours. The Fund's accounting year begins on 1 August in each year and ends on 31 July of the following year.

### **Allocation of Assets and Liabilities Among the Sub-Funds**

The Fund has currently established two Sub-Funds. Each Sub-Fund represents a separate pool of assets. The Board of Directors established each pool of assets in the following manner:

The proceeds from the issue of each share of each Sub-Fund are applied to the pool of assets established for that Sub-Fund. The assets, liabilities, income, and expenditures attributable to a Sub-Fund are applied to that pool of assets, subject to the provisions set forth hereafter;

When any asset is derived from another asset, such derivative asset is allocated to the pool of assets which holds the asset from which it was derived. On each revaluation of an asset, the increase or decrease in value is applied to the same pool of assets;

When the Fund incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool of assets;

In the case where any asset or liability of the Fund cannot be considered as being attributable to a particular pool of assets, such asset or liability is allocated to all the pools of assets pro rata to the net asset values of the Sub-Funds; and

#### **Determination of the Net Asset Value of Shares**

The net asset value per share is determined at 9.00 a.m. CET on each Business Day (“**Valuation Date**”) by dividing the net assets attributable to each Sub-Fund allocable to such class of shares by the number of shares of such class outstanding. A Business Day means any day, other than a Saturday, Sunday, or legal holiday in Luxembourg, during which both, the banking institutions in Luxembourg and the financial markets in the United States are open for business. The net assets of each Sub-Fund are made up of the value of the assets attributable to such Sub-Fund less the total liabilities attributable to such Sub-Fund.

The net asset value is calculated in a USD amount up to two decimal places. The net asset value per share of each class of shares may differ as a result of the different fees assessed on each class of shares.

The value of the assets of the Fund and the Sub-Funds are determined as follows:

- (i) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received, are deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Fund may consider appropriate to reflect the true value of the asset.
- (ii) The value of securities and/or financial derivative instruments which are quoted on any stock exchange shall be based on the last available price on the stock exchange or market on which such securities and/or financial derivative instruments are traded which is normally the principal market for such securities and/or financial derivative instruments. Securities which are not quoted and do not trade on any stock exchanges, but for which an active trading market exists, shall be valued in a similar manner to that provided for securities which are quoted or dealt on any stock exchange.
- (iii) Where investments of the Fund are both listed on a stock exchange or traded on any other regulated market, which operates regularly and is recognised and open to the public, and dealt in by market makers outside the stock exchange on which the investments are listed or market on which they are traded, then the Board of Directors will determine the principal market for the investments in question and they will be valued at the latest available price in that market.
- (iv) Financial derivative instruments which are not listed on any official stock exchange or traded on any other regulated market, which operates regularly and recognised and open to the public, will be valued in accordance with market practice.
- (v) In the event that any of the securities and/or financial derivative instruments held in the Sub-Fund’s portfolio on the Valuation Date are not quoted or dealt on a stock exchange or another regulated market which operates regularly and is recognised and open to the public, or for any of such securities and/or financial derivative instruments, no price quotation is available, or if the price as determined pursuant to sub-paragraphs 2) and/or 4) is not in the opinion of the Board of Directors representative of the fair market value of the relevant securities and/or financial derivative instruments, the value of such securities and/or financial derivative instruments shall be determined based on the reasonably foreseeable sales price determined prudently and in good faith.
- (vi) Shares or units in underlying open-ended investment funds shall be valued at their last available net asset value.
- (vii) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner; short-term investments that have a remaining maturity of one year or less may be valued (i) at market value, or (ii) where market value is not available or not representative, at amortised cost.

- (viii) If any of the aforesaid valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the Sub-Fund's assets, the Board of Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.
- (ix) Any assets or liabilities in currencies other than the base currency of the Sub-Funds will be converted using the relevant spot rate quoted by a bank or other responsible financial institution.
- (x) In circumstances where the interests of the Fund or its Shareholders so justify (avoidance of market timing practices, for example), the Board of Directors may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Fund's assets.
- (xi) The value of assets, denominated in a currency other than the USD, shall be determined by taking into account the rate of exchange prevailing at the time of the determination of the net asset value.
- (xii) Securities sold but not yet settled shall not be taken into account. Securities purchased but not yet settled shall be included at their market value.
- (xiii) The net asset value per share of each Sub-Fund and the purchase and redemption price of those shares are available at the registered office of the Fund. The Fund will publish the offering prices and net asset value per share for the Sub-Funds in selected newspapers of countries where the Fund is registered.

### **Temporary Suspension of Purchases and Redemptions**

The determination of the net asset value of shares of any or all of the Sub-Funds may be suspended when accurate Valuation of the Sub-Fund's assets becomes unreasonably difficult or impossible. For example:

- (i) If a stock exchange or other principal market (U.S. or foreign) should close or suspend trading (otherwise than for ordinary holidays) making it difficult or impossible to accurately value a substantial portion of a Sub-Fund's portfolio of securities; or
- (ii) When, as a result of political, economic, military or monetary events, or any circumstances outside the responsibility and the control of the Board of Directors, disposal of the assets of the Fund are not reasonable or normally practicable without being seriously detrimental to the interests of the Shareholders; or
- (iii) In the case of a breakdown in the normal means of communication used for the Valuation of any investment of the Fund or if, for any reason, the value of any asset of the Fund may not be determined as rapidly and accurately as required; or
- (iv) If, as a result of exchange restrictions or other restrictions effecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable or if purchases and sales of the Fund's assets cannot be effected at normal rates of exchange.

Shareholders' rights to redeem their shares from a Sub-Fund shall be suspended during any period the calculation of the net asset value per share of the concerned Sub-Fund is suspended. A redemption request made while redemption rights are suspended may be withdrawn by written notice to the Transfer Agent. To be effective, the withdrawal must be received by the Transfer Agent before the end of the suspension period. If the redemption request is not withdrawn, the shares in question shall be redeemed on the first Valuation Date following the termination of the suspension period. If redemption rights are suspended, notice shall be published in newspapers in the countries where the Sub-Funds' shares are sold. Shareholders attempting to purchase or redeem shares while these rights are suspended shall be informed of the suspension.

### **Taxation of the Fund and the Sub-Funds**

The Fund is not subject to taxation in Luxembourg on its income, profits or gains.

The Fund is not subject to net wealth tax in Luxembourg.

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the shares of the Fund.

The Fund is, however, subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% per annum based on its net asset value at the end of the relevant quarter, calculated and paid quarterly.

A reduced subscription tax rate of 0.01% per annum is applicable to Luxembourg UCITS whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% per annum is also applicable to UCITS, individual compartments thereof, as

well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more institutional investors.

Subscription tax exemption applies to:

- Investments in a Luxembourg UCI, as well as individual compartments thereof, subject itself to the subscription tax;
- UCITS, as well as individual compartments thereof, (i) whose securities are reserved for institutional investors, and (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions, and (iii) whose weighted residual portfolio maturity does not exceed 90 days, and (iv) that have obtained the highest possible rating from a recognised rating agency;
- UCITS, as well as individual compartments thereof, the shares of which are reserved to certain retirement pension schemes;
- UCITS, as well as individual compartments thereof, whose main objective is the investment in microfinance institutions; and
- UCITS, as well as individual compartments thereof, whose securities are listed or traded on a stock exchange and whose exclusive object is to replicate the performance of one or more indices.

### **Withholding tax**

Interest and dividend income received by the Fund may be subject to non-recoverable withholding tax in the source countries. The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Fund may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.

Distributions made by the Fund as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax in Luxembourg.

The Fund is not subject to net wealth tax.

### **Taxation of the Shareholders**

#### **Luxembourg resident individuals**

Capital gains realised on the sale of the shares by Luxembourg resident individual Investors who hold the shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (i) the shares are sold within 6 months from their subscription or purchase; or
- (ii) if the shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or has held, alone or with his/her/its spouse and underage children, has participated either directly or indirectly at any time during the five years preceding the date of the disposal in the ownership of more than 10% of the share capital or assets of the company.

Distributions received from the Fund will be subject to Luxembourg personal income tax.

Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*) giving an effective maximum marginal tax rate of 45.78%.

#### **Luxembourg-resident corporate**

Luxembourg-resident corporate investors will be subject to corporate taxation at the rate of 24.94% (in 2020 for entities having their registered office in Luxembourg-City) on capital gains realised upon disposal of shares and on the distributions received from the Fund.

Luxembourg-resident corporate investors who benefit from a special tax regime, such as, for example, (i) a UCI subject to the Law of 17 December 2010 on undertaking for collective investment, as amended (ii) a specialised investment fund subject to the Law of 13 February 2007 on specialised investment funds, as amended (iii) a reserved alternative investment fund subject to the Law of 23 July 2016 on reserved alternative investment funds or (iv) a family wealth management company subject to the Law of 11 May 2007 related to family wealth management companies, as amended, are exempt from income tax in Luxembourg, but are instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The shares shall be part of the taxable net wealth of the Luxembourg resident corporate Investors except if the holder of the shares is (i) a UCI subject to the Law of 17 December 2010 on undertaking for collective investment, as amended, (ii) a vehicle governed by the Law of 22 March 2004 on securitisation, as amended, (iii) an investment company in risk capital subject to the Law of 15 June 2004 on the investment company in risk capital, as amended, (iv) a specialised investment fund subject to the Law of 13 February 2007 on specialised investment funds, as amended, (v) a reserved alternative investment fund subject to the Law of 23 July 2016 on reserved alternative investment funds, or (vi) a family wealth management company subject to the Law of 11 May 2007 related to family wealth management companies, as amended. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth exceeding EUR 500 million.

#### **Non-Luxembourg residents**

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the shares are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the shares nor on the distribution received from the Fund and the shares will not be subject to net wealth tax.

#### **Automatic Exchange Information**

The Organisation for Economic Co-operation and Development (“**OECD**”) has developed automatic a common reporting standard (“**CRS**”) to achieve a comprehensive and multilateral exchange of financial account information (AEOI) on a global basis. On 29 October 2014, Luxembourg signed the OECD’s multilateral competent authority agreement (“**Multilateral Agreement**”) to automatically exchange information under the CRS. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field taxation (the “**DAC2**”) was adopted in order to implement the CRS among the EU Member States.

The CRS Law and the DAC2 were implemented into Luxembourg law by the Law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (“**CRS Law**”). The CRS Law requires Luxembourg financial institutions to identify their financial account holders and establish if they are fiscally resident in (i) an EU Member State other than Luxembourg or (ii) a jurisdiction which has signed the Multilateral Agreement and which is identified in the list of reportable jurisdictions published by Grand Ducal Decree (“**CRS Reportable Accounts**”). Luxembourg financial institutions will then report the financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Fund may require its investors to provide information or documentation in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated in the data protection section. Information regarding an Investor and his/her/its account will be reported to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such an account is deemed a CRS reportable account under the CRS Law. The Fund is responsible for the treatment of the personal data provided for in the CRS Law. The investors have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) which can be exercised by contacting the Fund at its registered office.

The Fund reserves the right to refuse any application for shares if the information, whether provided or not, does not satisfy the requirements under the CRS Law.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

#### **FATCA**

The US Foreign Account Tax Compliance Act (FATCA) imposes a 30% withholding tax on certain payments to foreign entities that originate in the US, unless an exception applies. The phase-in of this withholding tax is as follows:

- fixed or determinable annual or periodic income: 1 July 2014
- proceeds from the sale or other disposition of property that could produce US source income: 1 January 2019
- certain payments from one foreign financial institution to another, or to another foreign entity: 1 January 2019 or later

The SICAV and each Sub-Fund are each considered a “foreign financial institution” under FATCA, and each intends to comply with the Model I Intergovernmental Agreement between Luxembourg and the United States (“**IGA**”). It



is expected that neither the SICAV nor any fund will be subject to any FATCA withholding tax. However, because implementing legislation has not yet been issued, and because the scope and application of FATCA, including aspects of information reporting, remain subject to review and change by several governments, the actual FATCA withholding tax status of the SICAV, or of any fund or shareholder, is not yet known for certain. We suggest that you contact your tax advisor regarding the application of FATCA to your particular circumstances before investing. FATCA requires the SICAV and the funds to gather certain account information (including ownership details, holdings and distribution information) about certain US investors, US-controlled investors and non-US investors that do not comply with applicable FATCA rules or do not provide all required information under the IGA. In this regard, each shareholder agrees in the Application Form to provide any required information upon request from the SICAV, a fund, or its agent. Under the IGA, this information may be reported to the Luxembourg tax authorities, who in turn may share it with the US Internal Revenue Service.

Starting 1 January 2019, any Shareholders who do not provide all FATCA-related information requested may be subject to 30% withholding tax on all or a portion of any redemption or dividend payments.

### **Determination of Global Exposure**

The Fund will employ a risk-management process which enables it with Davis Advisors to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Sub-Funds calculate their global exposure using the commitment approach. The Sub-Funds do not invest in derivative instruments.

### **Investment Restrictions**

The Articles of Incorporation provide that the Board of Directors shall determine the corporate and investment policy of the Fund and the investment restrictions applicable to the Sub-Funds' investments.

In order for the Fund to qualify as a UCITS under the 2010 Law and the Directive of the European Parliament and of the Council of 13 July 2009 (the "Directive 2009/65/EC"), the Board of Directors has decided that the following restrictions shall apply to the investments of the Fund and to the investments of each of the Sub-Funds. Those restrictions in section I. (E) below are applicable to the Fund as a whole:

## **I. INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID FINANCIAL ASSETS**

(A) The Fund will invest in:

- (i) transferable securities and money market instruments admitted to an official listing on a stock exchange in any EU Member State, any Member State of the Organisation for Economic Cooperation and Development ("**OECD**") and any other States which the Board of Directors deems appropriate with regard to the investment objective of each Sub-Fund (an "**Eligible State**"); and/or
- (ii) transferable securities and money market instruments dealt in on another market which is regulated, operates regularly and is recognised and open to the public in an Eligible State (a "**Regulated Market**"); and/or
- (iii) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an official stock exchange or another Regulated Market (an "**Eligible Market**") and such admission is achieved within one year of the issue; and/or
- (iv) units of UCITS and/or of other undertakings for collective investment within the meaning of Article 1, paragraph (2) points a) and b) of Directive 2009/65/EC ("**other UCIs**"), whether or not established in an EU Member State, provided that:
  - such other UCIs have been authorised under the laws of any EU Member State or under the laws of Canada, Hong Kong, Japan, Norway, Switzerland or the United States,
  - the level of protection for unit holders in such other UCIs is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC,
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,

- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or
- (v) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a EU Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in Community law; and/or
- (vi) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs (i), (ii) and (iii) above, and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
- the underlying consists of securities covered by this section I. (A), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund’s initiative.

Unless specifically provided otherwise in the investment objective and policies for any specific Sub-Fund, the Fund will invest in financial derivative instruments for hedging purposes and for efficient portfolio management purposes, as more fully described in the section III. Derivatives, Techniques, and Other Instruments below; and/or

- (vii) money market instruments other than those dealt in on a Regulated Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law, or
  - issued by other bodies belonging to categories approved by Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down above in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 Euro) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

(B) In addition, the Fund may invest a maximum of 10% of the net asset value of any Sub-Fund in transferable securities and money market instruments other than those referred to under (A) above.

- (i) Each Sub-Fund may hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for ancillary liquidity and treasury purposes in normal market conditions. On a temporary basis and if justified by exceptionally unfavourable market conditions, each Sub-Fund may, in order to take measures to mitigate risks

- relative to such exceptional market conditions in the best interests of its shareholders, hold ancillary liquid assets up to 100% of its net assets.
- (ii) Each Sub-Fund may invest no more than 10% of its net asset value in transferable securities or money market instruments issued by the same issuing body (and in the case of credit-linked securities both the issuer of the credit-linked securities and the issuer of the underlying securities).
  - (iii) Each Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Sub-Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in (A)(v) above or 5% of its net assets in other cases.
  - (iv) Furthermore, where any Sub-Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the net asset value of such Sub-Fund, the total value of all such investments must not account for more than 40% of the net asset value of such Sub-Fund;
    - This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
  - (v) Notwithstanding the individual limits laid down in paragraph (C)(iii), a Sub-Fund may not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:
    - investments in transferable securities or money market instruments issued by that body,
    - deposits made with that body, or
    - exposures arising from OTC derivative transactions undertaken with that body.
  - (vi) The limit of 10% laid down in paragraph (C)(iii) above shall be of a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU Member State, its local authorities or by an Eligible State or by public international bodies of which one or more EU Member States are members.
  - (vii) The limit of 10% laid down in paragraph (C)(iii) above shall be of a maximum of 25% in respect of covered bonds as defined under article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "Directive (EU) 2019/2162"), and in respect of debt securities which are issued before 8 July 2022 by credit institutions having their registered office in an EU Member State and which are subject by law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities issued before 8 July 2022 are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.
  - (viii) If a Sub-Fund invests more than 5% of its assets in the debt securities referred to in the sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of such Sub-Fund.
  - (ix) The transferable securities and money market instruments referred to in paragraphs (C)(v) and (C)(vi) are not included in the calculation of the limit of 40% referred to in paragraph (C)(v).
  - (x) The limits set out in paragraphs (C)(iii), (C)(iv), (C)(v) and (C)(vi) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or derivative instruments made with this body, effected in accordance with paragraphs (C)(iii), (C)(iv), (C)(v) and (C)(vi) may not, in any event, exceed a total of 35% of each Sub-Fund's net asset value.
  - (xi) Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international

accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (C).

(xii) A Sub-Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

(xiii) Without prejudice to the limits laid down in paragraph (E), the limits laid down in this paragraph shall be raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of a Sub-Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

The limit laid down in the subparagraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

**(xiv) Where any Sub-Fund has invested in accordance with the principle of risk spreading in transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities or by an Eligible State which is an OECD member state, by Singapore, Brazil, Russia, Indonesia or South Africa, or by public international bodies of which one or more EU Member States are members, the Sub-Fund may invest 100% of the net asset value of any Sub-Fund in such securities and money market instruments provided that such Sub-Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the net asset value of the Sub-Fund.**

Subject to having due regard to the principle of risk spreading, a Sub-Fund need not comply with the limits set out in this paragraph (D) for a period of 6 months following the date of its authorisation and launch.

- (C) (i) The Fund may not normally acquire shares carrying voting rights which would enable the Fund to exercise significant influence over the management of the issuing body.
- (ii) The Fund may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body, and/or (c) 10% of the money market instruments of the same issuing body. However, the limits laid down in (b), (c) and (d) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (E) (i) and (ii) above shall not apply to:

- (iii) transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
- (iv) transferable securities and money market instruments issued or guaranteed by any other Eligible State;
- (v) transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members; or
- (vi) shares held in the capital of a company incorporated in a non-EU Member State which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such Sub-Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the 2010 Law.
- (D) (i) The Fund may acquire units of the UCITS and/or other UCIs referred to in paragraph (A) (iv), provided that no more than 10% of a Sub-Fund's net assets be invested in the units of UCITS or other UCI.

- (ii) The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under section I (D) above.
- (iii) The Fund may invest in the units of other UCITS and/or UCIs that are managed directly indirectly by the same management company or by any other company with which the management company is linked by common management or control or by direct or indirect holding of more than 10% of shares or voting rights. Should this occur, no subscriptions, redemption, management or advisory fee will be charged on account of the Fund's investments in the units of such UCITS and/or UCIs.
- (iv) The Fund may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.

## **II. INVESTMENT IN OTHER ASSETS**

- (A) The Fund will not make investments in precious metals or certificates representing these.
- (B) The Fund may not enter into transactions involving commodities or commodity contracts, except that the Fund may employ techniques and instruments relating to transferable securities within the limits set out in paragraph (C) below.
- (C) The Fund will not purchase or sell real estate or any option, right or interest therein, provided the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (D) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in section I. (A) (iv), (vi) and (vii).
- (E) The Fund may not borrow for the account of any Sub-Fund, other than amounts which do not in aggregate exceed 10% of the net asset value of the Sub-Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.
- (F) The Fund will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Sub-Fund, except as may be necessary in connection with the borrowings mentioned in (E) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the net asset value of each Sub-Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.
- (G) The Fund will not underwrite or sub-underwrite securities of other issuers.

## **III. DERIVATIVES, TECHNIQUES, AND OTHER INSTRUMENTS**

- (A) The Fund may employ techniques and instruments relating to transferable securities under the conditions and within the limits laid down by law, regulation, or administrative practice, provided that such techniques or instruments are used for the purpose of efficient portfolio management. With respect to options:
  - (i) The Fund may purchase or sell put or call options traded on a securities exchange, another regulated market, or traded over-the-counter; however, the Fund may not invest in put or call options on securities unless the acquisition price of such options does not exceed, in terms of premium, 15% of the total net assets of the relevant Sub-Fund;
  - (ii) The Fund may not write call options on transferable securities unless:
  - (iii) The Fund holds securities or other appropriate instruments capable of ensuring adequate coverage of the open positions; and
  - (iv) The aggregate of the exercise prices of uncovered call options may not exceed 25% of the net asset value of the Sub-Fund's assets and provided the Fund is at any time in the position to ensure the coverage.
  - (v) The Fund may not write put options on securities; unless the Fund holds, on behalf of the relevant Sub-Fund, sufficient liquid assets to cover the aggregate of the exercise prices of such options written.

- (B) The Fund may not enter into foreign currency contracts except that the Fund may, for the purpose of hedging currency risks, enter into forward currency contracts or write call options and purchase put options on currencies, provided, however, that the transactions made in one currency in respect of one Sub-Fund may not exceed the Valuation of the aggregate assets of such Sub-Fund denominated in that currency (or in currencies which are likely to fluctuate in the same manner) nor exceed the period during which such assets are held, provided, however, that the Fund may purchase the currency concerned through a cross transaction (entered into through the same counterparty) should the cost thereof be more advantageous to the Fund, provided that the Fund may only enter into forward currency contracts in cases where they constitute private agreements with highly-rated financial institutions specialized in these types of transactions. The call options written and the put options purchased by the Fund on currencies may be traded on a securities exchange or traded over-the-counter. Due to a lack of government regulation, options traded over-the-counter may be more risky than exchange-traded options.
- (C) The Fund may not deal in financial futures.
- (D) The Fund may not deal in index options.
- (E) The Fund may not engage in securities lending transactions unless this Prospectus is updated and only subject to the following conditions and restrictions:
  - (i) The Fund may only participate in securities lending transactions within a standardized lending system organised by a recognised securities clearing institution or by a highly-rated financial institution specialized in these types of transactions;
  - (ii) The Fund must receive collateral in cash and/or in the form of securities issued or guaranteed by Member States of the OECD or by their local authorities or by supranational institutions and organisations with EU, regional, or world-wide scope which is blocked in favour of the Fund until termination of the lending contract and the value of which must be at least equal to the value of the global Valuation of the securities lent;
  - (iii) Lending transactions may not be carried out on more than 50% of the aggregate market value of the securities in the portfolio of each Sub-Fund, provided, however, that this limitation is not applicable where the Fund has the right to terminate the contract at any time and obtain restitution of the securities lent; and
  - (iv) Lending transactions may not extend beyond the period of 30 days.
- (F) The Fund may not enter, as purchaser or seller, into repurchase agreements unless this Prospectus is updated and only under the following conditions. The agreement must be with highly-rated financial institutions specialized in these types of transactions. During the lifetime of a repurchase agreement, the Fund may not sell the securities which are the object of the agreement either:
  - (i) before the repurchase of the securities by the counter-party has been carried out, or
  - (ii) the repurchase period has expired.

The Fund must ensure to maintain the importance of purchased securities subject to a repurchase obligation at the level such that it is able, at all times, to meet its obligation to redeem its own shares.

The Fund needs not comply with the investment limit percentages when exercising subscription rights attaching to securities which form part of its assets.

If such percentages are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders. Except by the acquisition of debt securities or instruments, the Fund may not grant loans or act as guarantor on behalf of third-parties.

The Fund shall ensure that the global exposure of each Sub-Fund relating to financial derivative instruments does not exceed the total net assets of that Sub-Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in section II (E) above) so that it may not exceed 210% of any Sub-Fund's total net assets under any circumstances.

The global exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, counterparty risk, foreseeable market movements and the time available to liquidate the

positions. The exposure makes use of the simplified method of a commitment approach, not of a sophisticated method (e.g., by using a value-at-risk model).

While an exposure exceeding the net assets of a Sub-Fund owing to use of derivative financial instruments will increase the investment opportunities, it may also substantially increase investment risks and the potential of incurring losses.

While the Fund may make use of derivative financial instruments, its investment strategy will typically focus on direct investments in securities.

### **Material Contracts**

Copies of the following documents are available for inspection during usual business hours on any day which is a bank business day in Luxembourg at the registered office of the Fund:

- (i) Consolidated Articles of Incorporation and Prospectus of the Fund;
- (ii) Depositary Agreement;
- (iii) Registrar and Transfer Agent Agreement;
- (iv) Agreement between Central Administration, the Registrar and Transfer Agent, the Company and the Management Company;
- (v) Investment Management Agreement;
- (vi) Fund Management Agreement; and
- (vii) Global Distribution Agreement

The agreements referred to in (ii) through (viii) above may be amended by mutual consent of the parties to such agreements.

### **Documents**

Copies of the agreements mentioned above and the annual and semi-annual reports are available for inspection, and copies of the Articles of Incorporation of the Fund, the current prospectus, the latest financial reports and, as soon as available and Key Information Documents (“KID”) for Packaged Retail and Insurance-based Investment Products (“PRIIPs”), may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg.

### **Complaints**

Any investor wishing to make a complaint regarding any aspect of the Company or its operations may do so directly to the Company at its registered office.

## ADDITIONAL INFORMATION FOR INVESTORS IN GERMANY

### - Distribution in Germany

Davis Funds SICAV intends to publicly sell investment shares in the Federal Republic of Germany, notification of which was made to the Federal Financial Supervisory Authority (BaFin) according to § 310 Kapitalanlagegesetz (KAGB).

Davis Value Fund shares and Davis Global Fund (previously the Davis Opportunities Fund) shares may be publicly sold in Germany since 14 March 1995.

All sales documents are held at the disposal of the shareholder at the German paying and information agent, free of charge and if desired, printed out on paper; further documentation as well as subscription and redemption prices etc. must be readily accessible.

### - Taxation Information in Germany

The Sub-Funds will qualify as an “equity fund” for the purpose of the German Investment Tax Act 2018 (“GITA 2018”) in that at least 51% of the Sub-Funds’ Net Asset Value will at all times be invested in equity securities which are listed on a stock exchange or traded on an organized market. For avoidance of doubt, the term “equity securities” in this particular context does not include units or shares of investment funds or REITs (Real Estate Investment Trusts).

### - Information Agent in Germany

NORAMCO (Deutschland) GmbH  
Nagelstr. 14  
D-54290 Trier

serves as an information agent in the sense of § 309 item 2 KAGB, so that copies of the prospectus, Key Information Documents (KID) for Packaged Retail and Insurance-based Investment Products (PRIIPs), bylaws, account statements, annual and semi-annual reports, issue, repurchase and exchange prices, as well as interim earnings and distribution-like earnings from the investment shares, are available from it. During business hours, customers can also review the investment advisory agreement, depositary agreement, administration domiciliary and paying agency agreement, and registrar and transfer agent agreement.

### - Paying Agent in the Federal Republic of Germany

The function of the German paying agent in the sense of § 309 item 1 KAGB has been assumed by Deutsche Bank AG. Their contact information is provided below:

Deutsche Bank AG  
TSS/Global Equity Services  
Post IPO Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

Repurchase and exchange orders for investment shares can be sent to the German paying agent in order to forward them to the investment firm.

Investors will receive repurchasing proceeds and distribution payments through the German paying agent.

The German paying agent can provide copies of the prospectus, Key Information Documents (“KID”) for Packaged Retail and Insurance-based Investment Products (“PRIIPs”), bylaws, account statements, annual and semi-annual reports, issue and repurchase and exchange prices, as well as interim earnings and distribution-like earnings from investment shares. During business hours, customers can also review the investment advisory agreement, depositary agreement, administration domiciliary and paying agency agreement, and registrar and transfer agent agreement.

### - Publication of Share Prices

On each stock exchange day, the Fund will publish the issue and repurchase prices of its Sub-Funds, as well as other information in the Börsen-Zeitung.

## ADDITIONAL INFORMATION FOR INVESTORS IN AUSTRIA

Paying agent in Austria for Sub-Fund shares marketed to the public in Austria:

Raiffeisen Bank International AG  
Am Stadtpark 9  
A-1030 Vienna, Austria

Repurchase orders for the above Sub-Funds may be placed with the Austrian paying agent, which will also process the paperwork and handle the redemption to pay out repurchase proceeds in collaboration with the Fund and the custodial bank.



Copies of the current sales prospectus, Key Information Documents (KID) for Packaged Retail and Insurance-based Investment Products (PRIIPs), bylaws, annual and semi-annual reports, as well as issue and repurchase prices, are also available from the Austrian paying agent. In addition, customers can review other information and documentation available there.

## ADDITIONAL INFORMATION FOR INVESTORS IN SWITZERLAND

### REPRESENTATIVE AND PAYING AGENT IN SWITZERLAND

Representative and paying agent in Switzerland:

BNP PARIBAS, Paris, Zurich branch, Selnaustrasse 16, 8002 Zurich

### LOCATION WHERE DOCUMENTS MAY BE OBTAINED

Copies of the prospectus, the Memorandum and Articles, the Key Information Documents (KID) for Packaged Retail and Insurance-based Investment Products (PRIIPs) and the annual and semi-annual reports can be obtained free of charge from the Swiss Representative and the Paying Agent.

### PUBLICATIONS

Publications concerning the Fund in Switzerland are made on the electronic platform “www.fundinfo.com.”

The issue and redemption prices, respectively, the net asset values with a reference stating “excluding commissions” of all classes of shares are published on the electronic platform [www.fundinfo.com](http://www.fundinfo.com) each time shares are issued or redeemed. Prices must be published at least twice a month and are presently published on a daily basis.

### PAYMENT OF RETROCESSIONS AND REBATES

1. The Fund and/or the Investment Adviser and their agents may pay retrocessions to remunerate distribution / offering activities relating to shares in or from Switzerland. This remuneration may be deemed, in particular, payment for the following services:
  - a. Providing information on the shares to potential investors;
  - b. Offering and sale of the shares (offering / sale);
  - c. Providing investors with ongoing information on the Sub-Funds, in particular annual and half-yearly reports. Retrocessions are not deemed to be rebates, even if they are ultimately passed on, in full or in part, to the investors.
  - d. The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution / offering.
  - e. On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing / offering shares in the Fund of the investors concerned.

Retrocessions do not count as rebates even if they are ultimately passed on to investors in whole or in part.

Recipients of retrocessions ensure transparent disclosure and inform investors on their own initiative and free of charge of the amount of compensation they could receive for distribution / offering.

On request, the recipients of retrocessions shall disclose the amounts actually received for the distribution / offering of these investor's funds.

2. In respect of distribution / offering in or from Switzerland, the Investment Advisor, the Fund and their agents do not pay any rebates for the purpose of reducing the fees and costs incurred by investors and charged to the Fund.

### PLACE OF PERFORMANCE AND JURISDICTION

In relation to shares distributed / offered in or from Switzerland, place of performance and place of jurisdiction is established at the registered offices of the Representative in Switzerland.

## ADDITIONAL INFORMATION FOR INVESTORS IN FRANCE

The Stock Exchange Operations Commission on 31 October 2001, authorised the public distribution in France of a Luxembourg-domiciled SICAV named Davis Funds SICAV, which consists of the two Sub-Funds listed below:

- Davis Value Fund
- Davis Global Fund

The depository of Davis Funds SICAV in France is State Street Bank International GmbH, Luxembourg Branch, headquartered at 49, Avenue J.F. Kennedy, L-1855, Luxembourg, Luxembourg.

The opening to the public commenced on 16 November 2001.

## ADDITIONAL INFORMATION FOR INVESTORS IN BELGIUM

If you have any questions as you read this document or the accompanying prospectus, we recommend you contact your financial institution, attorney, accountant or other adviser specializing in the field, particularly with regard to the tax-related information contained in this Addendum. These tax tips have been provided for informational purposes only, based on how Davis Funds SICAV, a SICAV under Luxembourg law, interprets the Belgian tax laws and regulations as of March 2013.

This Addendum is not intended to summarize the Prospectus, in that all of its provisions remain applicable unless otherwise indicated; however, it contains additional information specifically intended for residents of Belgium. Any decisions regarding the subscription of shares of Davis Funds SICAV (“the Shares”) should be made on the basis of information contained in the complete Prospectus, supplemented by this Addendum, the most recent annual report, as well as any semi-annual reports subsequently issued by Davis Funds SICAV.

This Attachment to the Prospectus dated as of March 2021 is drafted following FSMA’s circular letter FSMA 2013 05 dated 14/02/2013.

### Financial Services in Belgium

The Financial Agent in Belgium is CACEIS Belgium SA, a stock exchange company organized under Belgian law, with head offices at Avenue du Port, 86C b320 in B-1000 Brussels (legal.be@caceis.com), Registry No.: 0460 019 728.

The remuneration and expenses of the Belgian Financial Agent are paid by Davis Funds SICAV.

### Subscription, Conversion, and Redemption Fees (CACEIS Belgium)

Non-recurring remunerations, fees and costs paid by the investor (as a percentage of the net asset value per share)					
	Incoming Class A	Incoming Class I	Outgoing Class A	Outgoing Class I	Exchanging a Sub-Fund for one of the same Class
Investment Fee	5%	-	-	-	Nil
Acquisition/Sales Charge	-	-	-	-	(2)
Other Charges	-	-	-	-	-
TOB			Distribution Shares 0%		DIS→DIS Shares: 0.00%

(2) For up to 4 exchanges per year, no commission, fee or CDSC will be charged. Over and above this figure, the Fund may charge a fee of up to 1% per exchange, calculated on the value of the shares being exchanged.

### Sales Offered to the Public in Belgium

The Sub-Funds Davis Global Fund and Davis Value Fund and their class of shares A and I, described in the prospectus, are marketed in Belgium. The shares are “distribution” type shares.

### Taxation

#### 4.1. Tax on capital gains

Without prejudice to the tax regime described in point 4.2 below, natural persons are not taxed on capital gains realized from the repurchase or sale of units of UCITs or from the complete or partial distribution of the Fund’s assets if the investor is acting within the context of the normal management of his personal assets.

#### 4.2. Tax on the debt security interest component upon repurchase or upon distribution of the Fund’s assets.

The tax regime described below also applies to distribution shares issued by the Fund.

#### 4.3. Repurchases or distributions after 01/01/2019

The tax regime described under this point applies even if the investor does not realize any capital gains. The regime distinguishes according to whether:

- the Fund or the Sub-Fund invests less than 10% of its assets in debt securities. The investor will not be charged the withholding tax of 30%;
- the Fund or the Sub-Fund invests more than 10% of its assets in debt securities. The investor will be charged the withholding tax of 30% on the revenues, in the form of interest, capital gains or capital losses, from the return on assets invested in debt securities.
- the Fund or the Sub-Fund is likely to invest more than 10% of its assets in debt securities. The investor may be charged the withholding tax of 30% on the revenues, in the form of interest, capital gains or capital losses, from the return on assets invested in debt securities.

#### 4.4. Remarks:

Investors are invited to contact the intermediary entrusted with providing financial services in Belgium: CACEIS Belgium, Avenue du Port 86C b320, 1000 Brussels, Belgium to obtain information on the tax regime referred to in point 4.2 that applies to them depending on the investment they envisage making and, where applicable, on the Sub-Fund of the Fund in which they wish to invest.

#### 4.5. Tax on dividends

The dividends distributed by a Fund to Belgian natural person investors are subject to the Belgian withholding tax of 30%, if the dividends are distributed by a financial institution or an intermediary established in Belgium.

#### *4.6. Tax withheld*

Investors who are natural persons and who have had tax withheld of 30% are no longer required to mention the revenue referred to in points 4.2 and 4.3 above on their annual tax return. However, if the investors received the said revenues without having paid the withholding tax of 30%, they will have to declare these in their annual tax return.

#### **Information for Shareholders**

The company's bylaws, the management agreement, the agreements with the Depositary, the Administrative Agent and the Paying Agent, the agreement with the Registrar and the Transfer Agent, the annual and semi-annual reports of the firm, as well as any other information whose dissemination is required in Belgium, are available to the public free of charge and on request at the Belgian Financial Agent.

In addition to the information available from the Belgian Financial Agent, as indicated below, the Fund requires publication of the following information in L'Echo: (1) dividend payments; (2) changes in the sales commission or the consulting fee; (3) notifications of general shareholders meetings; (4) the decision to liquidate and the manner how the liquidation will be conducted; (5) suspension of calculating the net value of shares; (6) amendments of the bylaws.

The Issue price and net asset value is published on the BEAMA website ([www.beama.be](http://www.beama.be)).

The Fund shall also publish any information in Belgium that is published in the Grand Duchy of Luxembourg, where the company has its main office.

#### **About Subscriptions, Redemptions, Reinvestments, Exchanges, Conversions, Dividend Payments, and Monthly Withdrawal Plan**

##### *Mode of Payment*

Orders are placed by mailing in the subscription, redemption or conversion forms, as applicable, that are attached to the prospectus, copies of which are available from the Belgian paying agent (i.e., CACEIS Belgium). The subscription form contains a statement confirming that the purchaser has indeed received a copy of the prospectus and the Belgian addendum, and that the buy order is placed on the basis of the terms of the prospectus.

##### *Subscriptions*

Subscription orders must be sent to CACEIS Belgium. The net asset value taken into account shall be that of the first valuation day following receipt of the subscription form and the payment to the bank. These two items must arrive at CACEIS Belgium before 12:00 noon. If one of the two items fails to arrive at CACEIS Belgium on time, the subscription is delayed by as many days as the item is late. Subscriptions must be made by amount. The subscription form must state the amount to be subscribed, the name of the Fund, the Sub-Fund and the class of shares (A and I), and must contain all identifying information on the investor. All necessary documents to prevent money laundering must also be attached to the form. Any subscription form for which payment is not received by CACEIS Belgium within two weeks from the date the subscription form is received (beginning with the day on which the subscription form is received) will be considered null and void. If CACEIS Belgium receives only the payment without the subscription form (within the same two-week period from the date payment is received), the subscription order will also be deemed null and void, and payment will be returned to the account of the subscriber. Payment of the subscription amount must be in U.S. dollars, together with the name of the class of shares and the type of Sub-Fund shares desired. The full subscription amount must be paid by wire transfer to the account of CACEIS Belgium No. 001-3770404-90 before the order can be executed. The certificates are for registered shares. CACEIS Belgium will transmit the order to the Transfer Agent within the following periods: (i) the day the Paying Agent receives the order, if the day of receipt is before 4:00 p.m. of the day before a "valuation day" in the sense of the prospectus, (ii) no later than the day before the nearest "valuation day" in all other cases, and always by 4:00 p.m.

##### *Settlements*

A shareholder wishing to redeem all or part of his shares must notify CACEIS Belgium in writing by using the redemption form, on which the number of shares he wishes to redeem must be entered. The request must be irrevocable, except as regards the provisions contained in the prospectus in the event redemptions are temporarily suspended, and must state the shares to be redeemed and the name under which the registered shares in the account are registered. Redemptions must be made by number of shares and not by amount. The net asset value taken into account shall be that of the first valuation day following receipt of the form, if the form is received before 12:00 noon. CACEIS Belgium then forwards the redemption order to the Transfer Agent. Payment of the redeemed share price for all of the classes is made not later than 3 working days after the net asset value per share of the certificate class in question has been determined. Payment for all certificate categories will be made by bank transfer to the U.S. dollar account indicated by the requestor.

##### *Conversions*

If shares are to be converted, the number of new shares is rounded down, and the difference is returned to the account of the investor. The investor sends a form to CACEIS Belgium stating what shares he wishes to convert.

The difference owed by the Fund following such conversion, where applicable, will be paid only by wire transfer to the bank account indicated above for redemptions.

### *Dividends*

Dividends and other types of cash distributions (if applicable) will be paid by wire transfer to the bank account indicated by the shareholder on the subscription form.

*The opportunity to reinvest and make monthly withdrawals is not available in Belgium.*

## ADDITIONAL INFORMATION FOR INVESTORS IN THE NETHERLANDS

The following information is in accordance with Dutch law as published on our website:

- Dividends
- Changes to the statutes and the prospectus of Davis Funds SICAV
- Changes in the representation of Davis Funds SICAV in the Netherlands
- Decisions on requirements in case of liquidation, merger or split
- Notifications to stockholders

### **Other Available Information**

For shareholders and future investors in the capital of Davis Funds SICAV, information on net assets, annual and other reports, announcements, prospectuses, other materials and/or information regarding Davis Funds SICAV, as might be required as a result of some applicable right, regulation or based on the prospectus of Davis Funds SICAV, is available from the statutory office of Davis Funds SICAV in Luxembourg, as named in the prospectus, and in the Netherlands from Davis Funds SICAV's representative, namely: IQ EQ Financial Services B.V., Hoogoorddreef 15, 1101 BA Amsterdam.

## ADDITIONAL INFORMATION FOR INVESTORS IN SINGAPORE

Unless otherwise defined, all capitalized terms used herein shall bear the same meaning as in the prospectus issued by Davis Funds SICAV ("**Company**") from time to time ("**Prospectus**") in relation to the above-stated funds ("**Funds**") established by the Company.

The Funds are not authorized or recognized by the Monetary Authority of Singapore ("**MAS**") and are not allowed to be offered to the Singapore retail public. The Prospectus is not a prospectus as defined in the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply, and the offeree should consider carefully whether the investment is suitable for him.

This Prospectus has not been registered as a prospectus by the MAS, and the offer of the shares is made pursuant to the exemptions under Sections 304 and 305 of the SFA. Accordingly, the shares may not be offered or sold, nor may the shares be the subject of an invitation for subscription or purchase, nor may the Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made

- (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 304 of the SFA, (b) to a relevant person (as defined in Section 305(5) of the SFA), or any person pursuant to an offer referred to in Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Where the shares are acquired by persons who are relevant persons specified in Section 305A of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

The shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 305 of the SFA except:

- (i) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or which arises from an offer referred to in Section 275 (1A) of the SFA (in the case of that corporation) or Section 305A (3) (i) (B) of the SFA (in the case of that trust)
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 305A(5) of the SFA; or
- (v) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005.

The financial supervisory authority that regulates the Management Company, the Depositary, Corporate and Domiciliary Agent and the Funds is Commission de Surveillance du Secteur Financier (CSSF), and its contact details are as follows:

Address: 283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg

Tel: (352)-262511

Fax: (352)-2625-1601

None of the Funds have a policy of entering into side letters with investors, and no side letters have been entered into between a Fund and any investor.