

# Davis Real Estate Portfolio

(Portfolio of Davis Variable Account Fund, Inc.)

June 30, 2011

Semi-Annual Report

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This Semi-Annual Report is authorized for use by existing shareholders. Prospective shareholders must receive a current Davis Real Estate Portfolio prospectus, which contains more information about investment strategies, risks, charges, and expenses. Please read the prospectus carefully before investing or sending money.

Shares of the Davis Real Estate Portfolio are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including possible loss of the principal amount invested.

## Performance Overview

Davis Real Estate Portfolio delivered a total return on net asset value of 10.14% for the six-month period ended June 30, 2011. Over the same time period, the Wilshire U.S. Real Estate Securities Index ("Index") returned 10.77%. Diversified real estate activities and hotels, resorts & cruise lines were the only sub-industries<sup>1</sup> within the Index to deliver negative returns, while office REITs and residential REITs turned in the strongest performances.

## Factors Impacting the Portfolio's Performance

The Portfolio had more invested in office REITs than in any other sub-industry and they were the most important contributor<sup>2</sup> to the Portfolio's absolute performance. The Portfolio's office REITs under-performed the corresponding sub-industry within the Index (up 12% versus up 14% for the Index), but had a higher relative average weighting (31% versus 17% for the Index) in this stronger performing sub-industry. DuPont Fabros Technology<sup>3</sup>, Coresite Realty, Digital Realty, Boston Properties, and Douglas Emmett were among the most important contributors to performance. Corporate Office Properties was among the most important detractors from performance.

Residential REITs were the second most important contributor to the Portfolio's absolute performance. The Portfolio's residential REITs performed in-line with the corresponding sub-industry within the Index (both up 14%), but had a lower relative average weighting (12% versus 17% for the Index). American Campus and Essex Property Trust were among the most important contributors to performance.

Other important contributors to the Portfolio's performance included Simon Property Group and Forest City Enterprises. Crown Castle International was the single most important detractor from the Portfolio's performance. This single holding accounted for the majority of the Portfolio's under-performance relative to the Index. The Portfolio's cash position earned very little in today's low interest rate environment and contributed to the Portfolio's performance lagging the Index. The Portfolio no longer owns Crown Castle International.

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Davis Real Estate Portfolio's investment objective is total return through a combination of growth and income. There can be no assurance that the Portfolio will achieve its objective. Davis Real Estate Portfolio's principal risks are: stock market risk, manager risk, common stock risk, concentrated portfolio risk, real estate portfolio risk, focused portfolio risk, under \$10 billion market capitalization risk, foreign country risk, variable current income risk, headline risk, and fees and expenses risk. See the prospectus for a full description of each risk.

Davis Real Estate Portfolio concentrates its investments in the real estate sector, and it may be subject to greater risks than a portfolio that does not concentrate its investments in a particular sector. The Portfolio's investment performance, both good and bad, is expected to reflect the economic performance of the real estate sector much more than a portfolio that does not concentrate its portfolio.

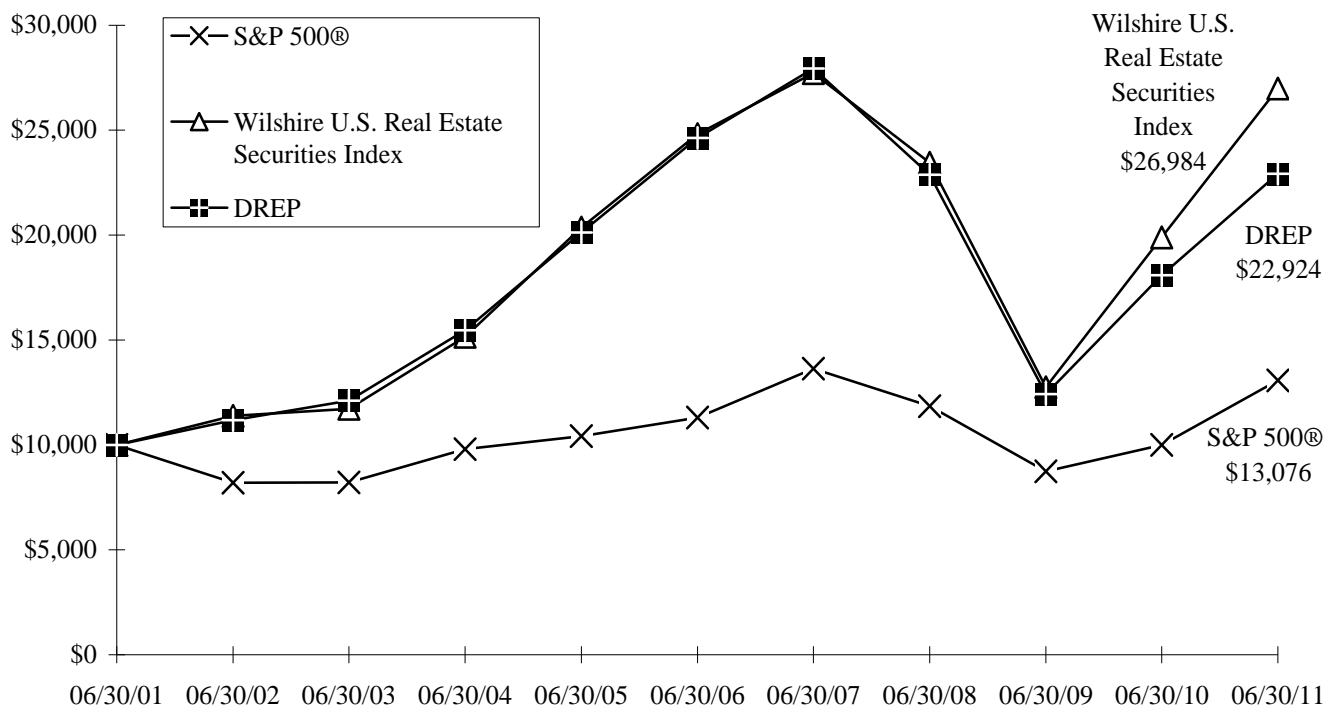
Davis Real Estate Portfolio is allowed to focus its investments in fewer companies, and it may be subject to greater risks than a more diversified portfolio that is not allowed to focus its investments in a few companies. Should the portfolio manager determine that it is prudent to focus the Portfolio's portfolio in a few companies, the Portfolio's investment performance, both good and bad, is expected to reflect the economic performance of its more focused portfolio.

<sup>1</sup> The companies included in the Wilshire U.S. Real Estate Securities Index are divided into nine sub-industries.

<sup>2</sup> A company's or sector's contribution to or deduction from the Portfolio's performance is a product both of its appreciation or depreciation and its weighting within the Portfolio. For example, a 5% holding that rises 20% has twice as much impact as a 1% holding that rises 50%.

<sup>3</sup> This Management Discussion of Fund Performance discusses a number of individual companies. The information provided in this report does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to purchase or sell any particular security. The Schedule of Investments lists the Portfolio's holdings of each company discussed.

**COMPARISON OF A \$10,000 INVESTMENT IN DAVIS REAL ESTATE PORTFOLIO VERSUS THE STANDARD & POOR’S 500® INDEX AND THE WILSHIRE U.S. REAL ESTATE SECURITIES INDEX OVER 10 YEARS FOR AN INVESTMENT MADE ON JUNE 30, 2001**



**AVERAGE ANNUAL TOTAL RETURN FOR PERIODS ENDED JUNE 30, 2011**

FUND & BENCHMARK INDICES	1-YEAR	5-YEAR	10-YEAR	SINCE FUND’S INCEPTION (07/01/99)	GROSS EXPENSE RATIO	NET EXPENSE RATIO
Davis Real Estate Portfolio	26.73%	(1.43)%	8.65%	8.48%	0.76%	0.76%
Standard & Poor’s 500® Index	30.69%	2.94%	2.72%	1.44%		
Wilshire U.S. Real Estate Securities Index	35.69%	1.70%	10.44%	11.04%		

The Standard & Poor’s 500® Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is adjusted for dividends, weighted towards stocks with large market capitalizations, and represents approximately two-thirds of the total market value of all domestic common stocks. Investments cannot be made directly in the Index.

The Wilshire U.S. Real Estate Securities Index is a broad measure of the performance of publicly traded real estate securities. It reflects no deduction for fees or expenses. Investments cannot be made directly in the Index.

The performance data for Davis Real Estate Portfolio contained in this report represents past performance and assumes that all distributions were reinvested, and should not be considered as an indication of future performance from an investment in the Portfolio today. The investment return and principal value will fluctuate so that shares may be worth more or less than their original cost when redeemed. Portfolio performance changes over time and current performance may be higher or lower than stated. The operating expense ratio may vary in future years. For more current information please call Davis Funds Investor Services at 1-800-279-0279.

Portfolio performance numbers are net of all Portfolio operating expenses, but do not include any insurance charges imposed by your insurance company’s separate account. If performance included the effect of these additional charges, the return would be lower.

# DAVIS REAL ESTATE PORTFOLIO

Fund Overview  
June 30, 2011 (Unaudited)

Portfolio Composition (% of Fund's 06/30/11 Net Assets)		Industry Weightings (% of 06/30/11 Long-Term Portfolio)		
Common Stock	82.45%			<b>Wilshire U.S. Real Estate Securities Index</b>
Preferred Stock	5.97%		<b>Fund</b>	<b>Securities Index</b>
Convertible Bonds	2.87%	Office REITs	36.89%	17.04%
Short-Term Investments	8.47%	Residential REITs	16.47%	17.56%
Other Assets & Liabilities	0.24%	Specialized REITs	14.05%	25.47%
	<u>100.00%</u>	Retail REITs	11.76%	23.79%
		Industrial REITs	6.51%	5.89%
		Real Estate Operating Companies	5.72%	2.11%
		Other	4.47%	0.50%
		Diversified REITs	4.13%	7.64%
			<u>100.00%</u>	<u>100.00%</u>

### Top 10 Long-Term Holdings (% of Fund's 06/30/11 Net Assets)

Alexandria Real Estate Equities, Inc.	Office REITs	5.78%
Simon Property Group, Inc.	Retail REITs	5.76%
American Campus Communities, Inc.	Residential REITs	4.77%
DuPont Fabros Technology Inc.	Office REITs	4.61%
Forest City Enterprises, Inc., Class A	Real Estate Operating Companies	3.81%
Vornado Realty Trust	Diversified REITs	3.77%
Equity Residential	Residential REITs	3.56%
Alexandria Real Estate Equities, Inc., 7.00%, Series D, Conv. Pfd.	Office REITs	3.26%
Entertainment Properties Trust	Specialized REITs	3.25%
Digital Realty Trust, Inc.	Office REITs	3.17%

**Example**

As a shareholder of the Fund, you incur ongoing costs only, including advisory and administrative fees and other Fund expenses. The Expense Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Expense Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period indicated, which for the Fund is for the six-month period ended June 30, 2011. Please note that the Expense Example is general and does not reflect charges imposed by your insurance company’s separate account or account specific costs, which may increase your total costs of investing in the Fund. If these charges or account specific costs were included in the Expense Example, the expenses would have been higher.

**Actual Expenses**

The information represented in the row entitled “Actual” provides information about actual account values and actual expenses. You may use the information in this row, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then, multiply the result by the number under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

**Hypothetical Example for Comparison Purposes**

The information represented in the row entitled “Hypothetical” provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the information in the row entitled “Hypothetical” is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	<b>Beginning Account Value (01/01/11)</b>	<b>Ending Account Value (06/30/11)</b>	<b>Expenses Paid During Period* (01/01/11-06/30/11)</b>
Actual	\$1,000.00	\$1,101.36	\$3.96
Hypothetical	\$1,000.00	\$1,021.03	\$3.81

Hypothetical assumes 5% annual return before expenses.

\* Expenses are equal to the Fund’s annualized operating expense ratio (0.76%)\*\*, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

\*\* The expense ratio reflects the impact, if any, of the reduction of expenses paid indirectly and of certain reimbursements from the Adviser.

**DAVIS REAL ESTATE PORTFOLIO**

Schedule of Investments  
June 30, 2011 (Unaudited)

	Shares	Value (Note 1)
<b>COMMON STOCK – (82.45%)</b>		
<b>FINANCIALS – (80.16%)</b>		
<b>Real Estate – (80.16%)</b>		
<b>Real Estate Investment Trusts (REITs) – (73.63%)</b>		
<b>Diversified REITs – (3.77%)</b>		
Vornado Realty Trust	10,640	\$ 991,435
<b>Industrial REITs – (4.84%)</b>		
DCT Industrial Trust Inc.	120,000	627,600
EastGroup Properties, Inc.	15,140	643,602
		1,271,202
<b>Office REITs – (27.21%)</b>		
Alexandria Real Estate Equities, Inc.	19,600	1,517,432
BioMed Realty Trust, Inc.	21,070	405,387
Boston Properties, Inc.	7,250	769,660
Brandywine Realty Trust	65,550	759,724
Coresite Realty Corp.	39,200	642,880
Corporate Office Properties Trust	23,850	741,974
Digital Realty Trust, Inc.	13,500	834,030
Douglas Emmett, Inc.	13,400	266,526
DuPont Fabros Technology Inc.	48,100	1,212,120
		7,149,733
<b>Residential REITs – (15.03%)</b>		
American Campus Communities, Inc.	35,300	1,253,856
Education Realty Trust, Inc.	32,200	275,954
Equity Residential	15,570	934,200
Essex Property Trust, Inc.	5,710	772,506
Post Properties, Inc.	6,000	244,560
UDR, Inc.	19,100	468,905
		3,949,981
<b>Retail REITs – (9.95%)</b>		
CBL & Associates Properties, Inc.	18,330	332,323
Regency Centers Corp.	17,510	769,914
Simon Property Group, Inc.	13,012	1,512,385
		2,614,622
<b>Specialized REITs – (12.83%)</b>		
Cogdell Spencer, Inc.	69,583	416,802
Entertainment Properties Trust	18,280	853,676
LaSalle Hotel Properties	19,200	505,728
Plum Creek Timber Co., Inc.	7,200	291,888
Public Storage	4,720	538,127
U-Store-It Trust	18,870	198,513
Ventas, Inc.	10,720	565,051
		3,369,785
		19,346,758
<b>Real Estate Management &amp; Development – (6.53%)</b>		
<b>Real Estate Operating Companies – (4.74%)</b>		
Brookdale Senior Living Inc. *	10,030	243,227
Forest City Enterprises, Inc., Class A *	53,680	1,002,206
		1,245,433

**DAVIS REAL ESTATE PORTFOLIO**

Schedule of Investments – (Continued)  
June 30, 2011 (Unaudited)

	Shares/Principal	Value (Note 1)
<b>COMMON STOCK – (CONTINUED)</b>		
<b>FINANCIALS – (CONTINUED)</b>		
<b>Real Estate – (Continued)</b>		
<b>Real Estate Management &amp; Development – (Continued)</b>		
<b>Real Estate Services – (1.79%)</b>		
CB Richard Ellis Group, Inc., Class A *	18,700	\$ 469,557
		1,714,990
		21,061,748
<b>TOTAL FINANCIALS</b>		<b>21,061,748</b>
<b>TELECOMMUNICATION SERVICES – (2.29%)</b>		
American Tower Corp., Class A *	11,500	601,795
<b>TOTAL TELECOMMUNICATION SERVICES</b>		<b>601,795</b>
<b>TOTAL COMMON STOCK – (Identified cost \$17,538,744)</b>		<b>21,663,543</b>
<b>PREFERRED STOCK – (5.97%)</b>		
<b>FINANCIALS – (5.97%)</b>		
<b>Real Estate – (5.97%)</b>		
<b>Real Estate Investment Trusts (REITs) – (5.97%)</b>		
<b>Industrial REITs – (1.11%)</b>		
ProLogis, Inc., 6.75%, Series M	11,900	291,431
<b>Office REITs – (4.08%)</b>		
Alexandria Real Estate Equities, Inc., 7.00%, Series D, Conv. Pfd.	33,272	856,754
Digital Realty Trust, Inc., 5.50%, Series D, Cum. Conv. Pfd.	5,700	214,640
		1,071,394
<b>Retail REITs – (0.78%)</b>		
CBL & Associates Properties, Inc., 7.375%, Series D	8,280	204,930
<b>TOTAL FINANCIALS</b>		<b>1,567,755</b>
<b>TOTAL PREFERRED STOCK – (Identified cost \$727,490)</b>		<b>1,567,755</b>
<b>CONVERTIBLE BONDS – (2.87%)</b>		
<b>FINANCIALS – (2.87%)</b>		
<b>Real Estate – (2.87%)</b>		
<b>Real Estate Investment Trusts (REITs) – (2.39%)</b>		
<b>Office REITs – (2.39%)</b>		
Digital Realty Trust, L.P., 144A Conv. Sr. Notes, 5.50%, 04/15/29 (a) \$	344,000	521,805
SL Green Realty Corp., 144A Conv. Sr. Notes,, 3.00%, 03/30/27 (a)	104,000	104,520
		626,325
<b>Real Estate Management &amp; Development – (0.48%)</b>		
<b>Real Estate Operating Companies – (0.48%)</b>		
Forest City Enterprises, Inc., Conv. Sr. Notes, 5.00%, 10/15/16	80,000	126,600
<b>TOTAL FINANCIALS</b>		<b>752,925</b>
<b>TOTAL CONVERTIBLE BONDS – (Identified cost \$526,588)</b>		<b>752,925</b>

**DAVIS REAL ESTATE PORTFOLIO**

**Schedule of Investments – (Continued)  
June 30, 2011 (Unaudited)**

	Principal	Value (Note 1)
<b>SHORT-TERM INVESTMENTS – (8.47%)</b>		
Mizuho Securities USA Inc. Joint Repurchase Agreement, 0.07%, 07/01/11, dated 06/30/11, repurchase value of \$2,225,004 (collateralized by: U.S. Government agency mortgages and obligations in a pooled cash account, 0.00%-11.25%, 08/15/11-04/01/40, total market value \$2,269,500)	\$ 2,225,000	\$ 2,225,000
<b>TOTAL SHORT-TERM INVESTMENTS – (Identified cost \$2,225,000)</b>		<b>2,225,000</b>
Total Investments – (99.76%) – (Identified cost \$21,017,822) – (b)		26,209,223
Other Assets Less Liabilities – (0.24%)		64,237
Net Assets – (100.00%)		<u>\$ 26,273,460</u>
* Non-Income producing security.		
(a) These securities are subject to Rule 144A. The Board of Directors of the Fund has determined that there is sufficient liquidity in these securities to realize current valuations. These securities amounted to \$626,325 or 2.39% of the Fund's net assets as of June 30, 2011.		
(b) Aggregate cost for federal income tax purposes is \$22,412,908. At June 30, 2011 unrealized appreciation (depreciation) of securities for federal income tax purposes is as follows:		
Unrealized appreciation		\$ 5,008,683
Unrealized depreciation		(1,212,368)
Net unrealized appreciation		<u>\$ 3,796,315</u>

*See Notes to Financial Statements*

**DAVIS REAL ESTATE PORTFOLIO****Statement of Assets and Liabilities  
At June 30, 2011 (Unaudited)****ASSETS:**

Investments in securities at value* (see accompanying Schedule of Investments)	\$	26,209,223
Cash		2,585
Receivables:		
Capital stock sold		213
Dividends and interest		104,645
Prepaid expenses		222
<b>Total assets</b>		<b>26,316,888</b>

**LIABILITIES:**

Payables:		
Capital stock redeemed		14,154
Accrued audit fees		7,600
Accrued custodian fees		2,925
Accrued management fee		14,039
Other accrued expenses		4,710
<b>Total liabilities</b>		<b>43,428</b>

**NET ASSETS** **\$ 26,273,460**

**SHARES OUTSTANDING** **2,758,362**

**NET ASSET VALUE**, offering, and redemption price per share (Net assets ÷ Shares outstanding) **\$ 9.53**

**NET ASSETS CONSIST OF:**

Par value of shares of capital stock	\$	2,758
Additional paid-in capital		34,380,431
Undistributed net investment income		162,341
Accumulated net realized losses from investments		(13,463,157)
Net unrealized appreciation on investments and foreign currency transactions		5,191,087
<b>Net Assets</b>	<b>\$</b>	<b>26,273,460</b>

\*Including:

Cost of Investments	\$	21,017,822
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*See Notes to Financial Statements*

**DAVIS REAL ESTATE PORTFOLIO****Statement of Operations**  
**For the six months ended June 30, 2011 (Unaudited)****INVESTMENT INCOME:****Income:**

Dividends*		\$	361,054
Interest			14,381
<b>Total income</b>			<b>375,435</b>

**Expenses:**

Management fees (Note 3)	\$	71,495	
Custodian fees		8,648	
Transfer agent fees		1,984	
Audit fees		9,000	
Legal fees		150	
Accounting fees (Note 3)		1,002	
Reports to shareholders		358	
Directors' fees and expenses		3,008	
Registration and filing fees		10	
Miscellaneous		3,311	
<b>Total expenses</b>			<b>98,966</b>
Expenses paid indirectly (Note 4)			(1)
<b>Net expenses</b>			<b>98,965</b>
<b>Net investment income</b>			<b>276,470</b>

**REALIZED & UNREALIZED GAIN ON INVESTMENTS AND  
FOREIGN CURRENCY TRANSACTIONS:**

Net realized gain from investment transactions			2,040,761
Net increase in unrealized appreciation			189,261
<b>Net realized and unrealized gain on investments and foreign currency transactions</b>			<b>2,230,022</b>
<b>Net increase in net assets resulting from operations</b>		<b>\$</b>	<b>2,506,492</b>

*See Notes to Financial Statements*

**DAVIS REAL ESTATE PORTFOLIO**

**Statements of Changes in Net Assets**

	<b>Six months ended June 30, 2011 (Unaudited)</b>	<b>Year ended December 31, 2010</b>
<b>OPERATIONS:</b>		
Net investment income	\$ 276,470	\$ 390,900
Net realized gain from investments	2,040,761	167,089
Net increase in unrealized appreciation on investments and foreign currency transactions	189,261	3,843,814
<b>Net increase in net assets resulting from operations</b>	<b>2,506,492</b>	<b>4,401,803</b>
<b>DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:</b>		
Net investment income	(112,853)	(470,072)
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Net decrease in net assets resulting from capital share transactions (Note 5)	(1,389,465)	(2,228,798)
<b>Total increase in net assets</b>	<b>1,004,174</b>	<b>1,702,933</b>
<b>NET ASSETS:</b>		
Beginning of period	25,269,286	23,566,353
<b>End of period*</b>	<b>\$ 26,273,460</b>	<b>\$ 25,269,286</b>
 *Including undistributed (overdistributed) net investment income of	 \$ 162,341	 \$ (1,276)

*See Notes to Financial Statements*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fund is a separate series of Davis Variable Account Fund, Inc. (a Maryland corporation), which is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end management investment company. Only insurance companies, for the purpose of funding variable annuity or variable life insurance contracts, may purchase shares of the Fund. The following is a summary of significant accounting policies followed by the Fund in the preparation of financial statements.

**Security Valuation** - The Fund calculates the net asset value of its shares as of the close of the New York Stock Exchange (“Exchange”), normally 4:00 P.M. Eastern time, on each day the Exchange is open for business. Securities listed on the Exchange (and other national exchanges) are valued at the last reported sales price on the day of valuation. Securities traded in the over-the-counter market (e.g. NASDAQ) and listed securities for which no sale was reported on that date are stated at the average of closing bid and asked prices. Securities traded on foreign exchanges are valued based upon the last sales price on the principal exchange on which the security is traded prior to the time when the Fund’s assets are valued. Securities (including restricted securities) for which market quotations are not readily available are valued at their fair value. Securities whose values have been materially affected by what Davis Selected Advisers, L.P. (“Davis Advisors” or “Adviser”), the Fund’s investment adviser, identifies as a significant event occurring before the Fund’s assets are valued but after the close of their respective exchanges will be fair valued. Fair value is determined in good faith using consistently applied procedures under the supervision of the Board of Directors. Short-term securities purchased within 60 days to maturity are valued at amortized cost, which approximates market value. These valuation procedures are reviewed and subject to approval by the Board of Directors.

**Value Measurements** - Fair value is defined as the price that the Fund would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used to determine the fair value of the Fund’s investments. These inputs are summarized in the three broad levels listed below.

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including Fund’s own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2011 in valuing the Fund’s investments carried at value:

	<b>Investments in Securities at Value</b>			
	Valuation Inputs			
	<b>Level 1: Quoted Prices</b>	<b>Level 2: Other Significant Observable Inputs</b>	<b>Level 3: Significant Unobservable Inputs</b>	<b>Total</b>
<u>Equity securities:</u>				
Financials	\$ 22,414,863	\$ 214,640	\$ –	\$ 22,629,503
Telecommunication services	601,795	–	–	601,795
Convertible debt securities	–	752,925	–	752,925
Short-term securities	–	2,225,000	–	2,225,000
Total	<u>\$ 23,016,658</u>	<u>\$ 3,192,565</u>	<u>\$ –</u>	<u>\$ 26,209,223</u>

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Master Repurchase Agreements** - The Fund, along with other affiliated funds, may transfer uninvested cash balances into one or more master repurchase agreement accounts. These balances are invested in one or more repurchase agreements, secured by U.S. Government securities. A custodian bank holds securities pledged as collateral for repurchase agreements until the agreements mature. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal; however, in the event of default by the other party to the agreement, retention of the collateral may be subject to legal proceedings.

**Currency Translation** - The market values of all assets and liabilities denominated in foreign currencies are recorded in the financial statements after translation to the U.S. Dollar based upon the mean between the bid and offered quotations of the currencies against U.S. Dollars on the date of valuation. The cost basis of such assets and liabilities is determined based upon historical exchange rates. Income and expenses are translated at average exchange rates in effect as accrued or incurred.

**Foreign Currency** - The Fund may enter into forward purchases or sales of foreign currencies to hedge certain foreign currency denominated assets and liabilities against declines in market value relative to the U.S. Dollar. Forward currency contracts are marked-to-market daily and the change in market value is recorded by the Fund as an unrealized gain or loss. When the forward currency contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the forward currency contract at the time it was opened and value at the time it was closed. Investments in forward currency contracts may expose the Fund to risks resulting from unanticipated movements in foreign currency exchange rates or failure of the counter-party to the agreement to perform in accordance with the terms of the contract.

Reported net realized foreign exchange gains or losses arise from the sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books, and the U.S. Dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at fiscal year end, resulting from changes in the exchange rate. The Fund includes foreign currency gains and losses realized on the sale of investments together with market gains and losses on such investments in the Statement of Operations.

**Federal Income Taxes** - It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies, and to distribute substantially all of its taxable income, including any net realized gains on investments not offset by loss carryovers, to shareholders. Therefore, no provision for federal income or excise tax is required. The Adviser has analyzed the Fund's tax positions taken on federal and state income tax returns for all open tax years and has concluded that as of June 30, 2011, no provision for income tax would be required in the Fund's financial statements related to these tax positions. The Fund's federal and state (Arizona and Maryland) income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue. The earliest tax year that remains subject to examination by these jurisdictions is 2007. At December 31, 2010 the Fund had available for federal income tax purposes unused capital loss carryforwards as follows:

	<b>Capital Loss Carryforwards</b>
<u>Expiring</u>	
12/31/2016	\$ 2,447,000
12/31/2017	11,662,000
Total	<u>\$ 14,109,000</u>

The Regulated Investment Company Modernization Act of 2010 (the "Act") was enacted on December 22, 2010. The Act makes changes to several tax rules impacting the Fund. In general, the provisions of the Act will be effective for the Fund's fiscal year ending December 31, 2011. Although the Act provides several benefits, including the unlimited carryforward of future capital losses, there may be a greater likelihood that all or a portion of the Fund's pre-enactment capital loss carryforwards may expire without being utilized due to the fact that post-enactment capital losses get utilized before pre-enactment capital loss carryforwards. Relevant information regarding the impact of the Act on the Fund, if any, will be contained within the "Federal Income Taxes" section of the Notes to Financial Statements for the fiscal year ending December 31, 2011.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Securities Transactions and Related Investment Income** - Securities transactions are accounted for on the trade date (date the order to buy or sell is executed) with realized gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-dividend date. Dividend income from REIT securities may include return of capital. Upon notification from the issuer, the amount of the return of capital is reclassified to adjust dividend income, reduce the cost basis, and/or adjust realized gain/loss. Interest income, which includes accretion of discount and amortization of premium, is accrued as earned.

**Dividends and Distributions to Shareholders** - Dividends and distributions to shareholders are recorded on the ex-dividend date. Net investment income (loss), net realized gains (losses), and net unrealized appreciation (depreciation) on investments may differ for financial statement and tax purposes primarily due to differing treatments of wash sales and foreign currency transactions. The character of dividends and distributions made during the fiscal year from net investment income and net realized securities gains may differ from their ultimate characterization for federal income tax purposes. Also, due to the timing of dividends and distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which income or realized gain was recorded by the Fund. The Fund adjusts certain components of capital to reflect permanent differences between financial statement amounts and net income and realized gains/losses determined in accordance with income tax rules.

**Indemnification** - Under the Fund's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, some of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined and the Fund has no historical basis for predicting the likelihood of any such claims.

**Use of Estimates in Financial Statements** - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.

**Directors Fees and Expenses** - The Fund set up a Rabbi Trust to provide for the deferred compensation plan for Independent Directors that enables them to elect to defer receipt of all or a portion of annual fees they are entitled to receive. The value of an eligible Director's account is based upon years of service and fees paid to each Director during the years of service. The amount paid to the Director by the Trust under the plan will be determined based upon the performance of the Davis Funds in which the amounts are invested.

**NOTE 2 - PURCHASES AND SALES OF SECURITIES**

The cost of purchases and proceeds from sales of investment securities (excluding short-term securities) during the six months ended June 30, 2011 were \$6,742,042 and \$9,127,371, respectively.

**NOTE 3 - INVESTMENT ADVISORY FEES AND OTHER TRANSACTIONS WITH AFFILIATES**

Advisory fees are paid monthly to the Adviser at an annual rate of 0.55% of the Fund's average net assets.

Boston Financial Data Services, Inc. ("BFDS") is the Fund's primary transfer agent. State Street Bank and Trust Company ("State Street Bank") is the Fund's primary accounting provider. Fees for such services are included in the custodian fee as State Street Bank also serves as the Fund's custodian. The Adviser is also paid for certain accounting services. The fee paid to the Adviser for these services for the six months ended June 30, 2011 amounted to \$1,002. Certain directors and officers of the Fund are also directors and officers of the general partner of the Adviser.

Davis Selected Advisers-NY, Inc. ("DSA-NY"), a wholly-owned subsidiary of the Adviser, acts as sub-adviser to the Fund. DSA-NY performs research and portfolio management services for the Fund under a Sub-Advisory Agreement with the Adviser. The Fund pays no fees directly to DSA-NY.

**NOTE 4 - EXPENSES PAID INDIRECTLY**

Under an agreement with State Street Bank, custodian fees are reduced for earnings on cash balances maintained at the custodian by the Fund. Such reductions amounted to \$1 during the six months ended June 30, 2011.

**NOTE 5 - CAPITAL STOCK**

At June 30, 2011, there were 500 million shares of capital stock (\$0.001 par value per share) authorized. Transactions in capital stock were as follows:

	<b>Six months ended</b>		<b>Year ended</b>	
	<b>June 30, 2011 (Unaudited)</b>		<b>December 31, 2010</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
Shares sold	93,961	\$ 869,479	352,772	\$ 2,867,737
Shares issued in reinvestment of distributions	12,083	112,853	58,913	470,072
	106,044	982,332	411,685	3,337,809
Shares redeemed	(255,991)	(2,371,797)	(690,084)	(5,566,607)
Net decrease	(149,947)	\$ (1,389,465)	(278,399)	\$ (2,228,798)

**NOTE 6 - BANK BORROWINGS**

The Fund may borrow up to 5% of its assets from a bank to purchase portfolio securities, or for temporary and emergency purposes. The purchase of securities with borrowed funds creates leverage in the Fund. The Fund has entered into an agreement, which enables it to participate with certain other funds managed by the Adviser in an unsecured line of credit with a bank, which permits borrowings up to \$50 million, collectively. Interest is charged based on its borrowings, at a rate equal to the higher of the Federal Funds Rate or the Overnight Libor Rate, plus 1.25%. The Fund had no borrowings during the six months ended June 30, 2011.

The following financial information represents selected data for each share of capital stock outstanding throughout each period:

	Six months ended June 30, 2011 (Unaudited)	Year ended December 31,				
		2010	2009	2008	2007	2006
Net Asset Value, Beginning of Period	\$ 8.69	\$ 7.40	\$ 5.80	\$ 11.45	\$ 20.43	\$ 17.33
<b>Income (Loss) from Investment Operations:</b>						
Net Investment Income	0.10	0.13	0.16	0.19	0.42	0.34
Net Realized and Unrealized Gains (Losses)	0.78	1.31	1.60	(5.50)	(3.40)	5.58
<b>Total from Investment Operations</b>	<b>0.88</b>	<b>1.44</b>	<b>1.76</b>	<b>(5.31)</b>	<b>(2.98)</b>	<b>5.92</b>
<b>Dividends and Distributions:</b>						
Dividends from Net Investment Income	(0.04)	(0.15)	(0.16)	(0.22)	(0.64)	(0.60)
Distributions from Realized Gains	–	–	–	(0.11)	(5.36)	(2.22)
Return of Capital	–	–	–	(0.01)	–	–
<b>Total Dividends and Distributions</b>	<b>(0.04)</b>	<b>(0.15)</b>	<b>(0.16)</b>	<b>(0.34)</b>	<b>(6.00)</b>	<b>(2.82)</b>
<b>Net Asset Value, End of Period</b>	<b>\$ 9.53</b>	<b>\$ 8.69</b>	<b>\$ 7.40</b>	<b>\$ 5.80</b>	<b>\$ 11.45</b>	<b>\$ 20.43</b>
Total Return <sup>a</sup>	10.14%	19.70%	31.73%	(46.91)%	(15.48)%	34.37%
<b>Ratios/Supplemental Data:</b>						
Net Assets, End of Period (in thousands)	\$ 26,273	\$ 25,269	\$ 23,566	\$ 19,331	\$ 49,548	\$ 89,738
Ratio of Expenses to Average Net Assets:						
Gross	0.76% <sup>b</sup>	0.81%	0.98%	0.98%	0.88%	0.86%
Net <sup>c</sup>	0.76% <sup>b</sup>	0.81%	0.98%	0.98%	0.87%	0.86%
Ratio of Net Investment Income to Average						
Net Assets	2.13% <sup>b</sup>	1.58%	2.81%	1.84%	1.92%	1.63%
Portfolio Turnover Rate <sup>d</sup>	28%	43%	70%	41%	49%	38%

a Assumes hypothetical initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods of less than one year and do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

b Annualized.

c The Net Ratio of Expenses to Average Net Assets reflects the impact, if any, of the reduction of expenses paid indirectly and of certain reimbursements from the Adviser.

d The lesser of purchases or sales of portfolio securities for a period, divided by the monthly average of the market value of portfolio securities owned during the period. Securities with a maturity or expiration date at the time of acquisition of one year or less are excluded from the calculation.

*See Notes to Financial Statements*

**Process of Annual Review**

The Board of Directors of the Davis Funds oversees the management of each Davis Fund and, as required by law, determines annually whether to approve the continuance of each Davis Fund's advisory agreement with Davis Selected Advisers, L.P. and sub-advisory agreement with Davis Selected Advisers-NY, Inc. (jointly "Davis Advisors" and "Advisory Agreements").

As a part of this process the Independent Directors, with the assistance of counsel for the Independent Directors, prepared questions submitted to Davis Advisors in anticipation of the annual contract review. The Independent Directors were provided with responsive background material (including recent investment performance data), and their counsel provided guidance, prior to a separate contract review meeting held in March 2011 where the Independent Directors reviewed and evaluated all information which they deemed reasonably necessary in the circumstances. Upon completion of this review, the Independent Directors found that the terms of the Advisory Agreements are fair and reasonable and that continuation of the Advisory Agreements was in the best interest of Davis Real Estate Portfolio and its shareholders.

**Reasons the Independent Directors Approved Continuation of the Advisory Agreements**

The Independent Directors' determinations were based upon a comprehensive consideration of all information provided to the Independent Directors and were not the result of any single factor. The following facts and conclusions were important, but not exclusive, in the Independent Directors' recommendation to renew the Advisory Agreements.

The Independent Directors considered not only the investment performance of the Fund, but also the full range and quality of services provided by Davis Advisors to the Fund and its shareholders, including whether it:

1. Achieves satisfactory investment results over the long-term after all costs;
2. Handles shareholder transactions, inquiries, requests, and records efficiently and effectively, and provides quality accounting, legal, and compliance services, and oversight of third party service providers; and
3. Fosters healthy investor behavior.

Davis Advisors is reimbursed a portion of its costs in providing some, but not all, of these services.

A shareholder's ultimate return is the product of a fund's results as well as the shareholder's behavior, specifically in selecting when to invest or redeem. The Independent Directors concluded that, through its actions and communications, Davis Advisors has attempted to have a meaningful, positive impact on investor behavior.

The Independent Directors noted the importance of reviewing quantitative measures, but also recognized that qualitative factors are also important in assessing whether Davis Funds shareholders are likely to be well served by the renewal of the Advisory Agreements. They noted both the value and shortcomings of purely quantitative measures, including the data provided by independent service providers, and concluded that while such measures and data may be informative, the judgment of the Independent Directors must take many factors, including those listed below, into consideration in representing the shareholders of the Davis Funds. In connection with reviewing comparative performance information, the Independent Directors generally give greater weight to longer-term measurements.

The Independent Directors expect Davis Advisors to employ a disciplined, company-specific, research-driven, businesslike, long-term investment philosophy.

The Independent Directors recognized Davis Advisors' (a) efforts to minimize transaction costs by generally having a long-term time horizon and low portfolio turnover; (b) record of generally producing satisfactory results over longer-term periods; (c) efforts towards fostering healthy investor behavior by, among other things, providing informative and substantial educational material; and (d) efforts to promote shareholder interests by actively speaking out on corporate governance issues.

**Reasons the Independent Directors Approved Continuation of the Advisory Agreements – (Continued)**

The Independent Directors reviewed (a) comparative fee and expense information for other funds, as selected and analyzed by a nationally recognized independent service provider; (b) information regarding fees charged by Davis Advisors to other advisory clients, including funds which it sub-advises and private accounts, as well as the differences in the services provided to such other clients; and (c) the fee schedule of the Fund, including an assessment of competitive fee schedules.

The Independent Directors reviewed the fixed management fee for the Fund and the profitability of the Fund to Davis Advisors, the extent to which economies of scale might be realized if the Fund's net assets increased, and whether the fixed fee reflected those potential economies of scale. The Independent Directors considered the nature, quality, and extent of the services being provided to the Fund and the costs incurred by Davis Advisors in providing such services. The Independent Directors considered various potential benefits that Davis Advisors may receive in connection with the services it provides under the Advisory Agreements with the Fund, including a review of portfolio brokerage practices. The Independent Directors noted that Davis Advisors does not use client commissions to pay for publications that are available to the general public or for third-party research services.

The Independent Directors compared the fees paid to Davis Advisors by the Davis Funds with those paid by Davis Advisor's sub-advised clients, private account clients, and managed money/wrap clients. To the extent sub-advised or private account fees were lower than fees paid by the Funds, the Independent Directors noted that the range of services provided to the Funds is more extensive and the risks associated with operating SEC registered, publicly traded mutual funds are greater. Serving as the primary adviser for mutual funds is more work because of the complex overlay of regulatory, tax and accounting issues which are unique to mutual funds. In addition, the work required to service shareholders is more extensive because of the significantly greater number of shareholders and managing trading is more complex because of more frequent fund flows, as well as IRS diversification compliance. With respect to risk, not only has regulation become more complex and burdensome, but the scrutiny of regulators and shareholders has gotten more intense.

The Independent Directors noted that Davis Real Estate Portfolio had under-performed its benchmark, the Wilshire U.S. Real Estate Securities Index, over the one-, three-, five-, and ten-year time periods ended February 28, 2011. The Fund had under-performed the average performance of its peer group as determined by an independent service provider over the one-, three-, five-, and ten-year time periods ended December 31, 2010. The Independent Directors noted that the Fund out-performed the Wilshire U.S. Real Estate Securities Index in 1 of the 7 rolling five-year time frames and its peer group in 4 of the 7 rolling five-year time frames ended December 31 for each year from 2004 through 2010. The Fund under-performed both the Index and its peer group in both of the rolling ten-year time frames ended December 31 for each year from 2009 through 2010.

The Independent Directors considered the contractual advisory fee, noting that it was below the asset-weighted average of funds with similar investment objectives as determined by an independent service provider. The Independent Directors also considered the total expense ratio for Davis Real Estate Portfolio, noting that the expenses were reasonable and below the average ratios of its peer group as determined by an independent service provider.

**Approval of Advisory Agreements**

The Independent Directors concluded that Davis Advisors had provided Davis Real Estate Portfolio and its shareholders a reasonable level of both investment and non-investment services. The Independent Directors further concluded that shareholders have received a significant benefit from Davis Advisors' shareholder oriented approach, as well as the execution of its investment discipline.

The Independent Directors determined that the advisory fee for Davis Real Estate Portfolio was reasonable in light of the nature, quality and extent of the services being provided to the Fund, the costs incurred by Davis Advisors in providing such service, and in comparison to the range of the average advisory fees of its peer group as determined by an independent service provider. The Independent Directors found that the terms of the Advisory Agreements are fair and reasonable and that continuation of the Advisory Agreements was in the best interest of the Fund and its shareholders. The Independent Directors and the full Board of Directors therefore voted to continue the Advisory Agreements.

**Portfolio Proxy Voting Policies and Procedures**

The Fund has adopted Portfolio Proxy Voting Policies and Procedures under which the Fund votes proxies relating to securities held by the Fund. A description of the Fund's Portfolio Proxy Voting Policies and Procedures is available (i) without charge, upon request, by calling the Fund toll-free at 1-800-279-0279, (ii) on the Fund's website at [www.davisfunds.com](http://www.davisfunds.com), and (iii) on the SEC's website at [www.sec.gov](http://www.sec.gov).

In addition, the Fund is required to file Form N-PX, with its complete proxy voting record for the 12 months ended June 30<sup>th</sup>, no later than August 31<sup>st</sup> of each year. The Fund's Form N-PX filing is available (i) without charge, upon request, by calling the Fund toll-free at 1-800-279-0279, (ii) on the Fund's website at [www.davisfunds.com](http://www.davisfunds.com), and (iii) on the SEC's website at [www.sec.gov](http://www.sec.gov).

**Form N-Q**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available without charge, upon request, by calling 1-800-279-0279, on the Fund's website at [www.davisfunds.com](http://www.davisfunds.com), or on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

## DAVIS REAL ESTATE PORTFOLIO

## Directors and Officers

For the purposes of their service as directors to the Davis Funds, the business address for each of the directors is 2949 E. Elvira Road, Suite 101, Tucson, AZ 85756. Each Director serves until their retirement, resignation, death or removal. Subject to exceptions and exemptions, which may be granted by the Independent Directors, Directors must retire at the close of business on the last day of the calendar year in which the Director attains age seventy-four (74).

<b>Name</b> (birthdate)	<b>Position(s)</b> <b>Held With</b> <b>Fund</b>	<b>Term of</b> <b>Office and</b> <b>Length of</b> <b>Time</b> <b>Served</b>	<b>Principal Occupation(s)</b> <b>During Past Five Years</b>	<b>Number of</b> <b>Portfolios in</b> <b>Fund</b> <b>Complex</b> <b>Overseen by</b> <b>Director</b>	<b>Other Directorships</b> <b>Held by Director</b>
<i>Independent Directors</i>					
<b>Marc P. Blum</b> (09/09/42)	Director	Director since 1986	Chief Executive Officer, World Total Return Fund, LLLP; of Counsel to Gordon, Feinblatt, Rothman, Hoffberger and Hollander, LLC (law firm).	13	Director, Legg Mason Investment Counsel & Trust Company N.A. (asset management company) and Rodney Trust Company (Delaware).
<b>John S. Gates, Jr.</b> (08/02/53)	Director	Director since 2007	Chairman and Chief Executive Officer of PortaeCo LLC, a private investment company (beginning in 2006); Co-founder of CenterPoint Properties Trust (REIT); Co-chairman and Chief Executive Officer for 22 years (until 2006).	13	Director, DCT Industrial Trust (REIT); Chairman, Regional Transportation Authority of Chicago.
<b>Thomas S. Gayner</b> (12/16/61)	Director/ Chairman	Director since 2004	President and Chief Investment Officer, Markel Corporation (insurance company).	13	Director, Washington Post Co. (publishing company); Director, Colfax Corp. (engineering and manufacturer of pumps and fluid handling equipment).
<b>G. Bernard Hamilton</b> (03/18/37)	Director	Director since 1978	Managing General Partner, Avanti Partners, L.P. (investment partnership), retired 2005.	13	none
<b>Samuel H. Iapalucci</b> (07/19/52)	Director	Director since 2006	Former Executive Vice President and Chief Financial Officer, CH2M-HILL Companies, Ltd. (engineering).	13	Director, Trow Global Holdings Inc. (engineering & consulting).
<b>Robert P. Morgenthau</b> (03/22/57)	Director	Director since 2002	Chairman, NorthRoad Capital Management, LLC (investment management firm) since June 2002.	13	none
<b>Marsha Williams</b> (03/28/51)	Director	Director since 1999	Retired; former Senior Vice President and Chief Financial Officer, Orbitz Worldwide, Inc. (travel-services provider) 2007-2010; former Executive Vice President and Chief Financial Officer, Equity Office Properties Trust (REIT).	13	Director, Modine Manufacturing, Inc. (heat transfer technology); Director, Chicago Bridge & Iron Company, NV (industrial construction and engineering); Director, Fifth Third Bancorp (diversified financial services).

**DAVIS REAL ESTATE PORTFOLIO**

**Directors and Officers – (Continued)**

<b>Name (birthdate)</b>	<b>Position(s) Held With Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships Held by Director</b>
<i>Inside Directors*</i>					
<b>Andrew A. Davis</b> (06/25/63)	Director	Director since 1997	President or Vice President of each Davis Fund and Selected Fund; President, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser.	16	Director, the Selected Funds (consisting of three portfolios) since 1998.
<b>Christopher C. Davis</b> (07/13/65)	Director	Director since 1997	President or Vice President of each Davis Fund, Selected Fund, and Clipper Fund; Chairman, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser, including sole member of the Adviser’s general partner, Davis Investments, LLC; Employee of Shelby Cullom Davis & Co. (registered broker/dealer).	16	Director, the Selected Funds (consisting of three portfolios) since 1998; Director, Washington Post Co. (publishing company).

\* Andrew A. Davis and Christopher C. Davis own partnership units (directly, indirectly, or both) of the Adviser and are considered to be “interested persons” of the Funds as defined in the Investment Company Act of 1940. Andrew A. Davis and Christopher C. Davis are brothers.

*Officers*

**Andrew A. Davis (born 06/25/63, Davis Funds officer since 1997).** See description in the section on Inside Directors.

**Christopher C. Davis (born 07/13/65, Davis Funds officer since 1997).** See description in the section on Inside Directors.

**Kenneth C. Eich (born 08/14/53, Davis Funds officer since 1997).** Executive Vice President and Principal Executive Officer of each of the Davis Funds (consisting of 13 portfolios), Selected Funds (consisting of three portfolios), and Clipper Fund, Inc. (consisting of one portfolio); Chief Operating Officer, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser.

**Douglas A. Haines (born 03/04/71, Davis Funds officer since 2004).** Vice President, Treasurer, Chief Financial Officer, Principal Financial Officer, and Principal Accounting Officer of each of the Davis Funds (consisting of 13 portfolios), Selected Funds (consisting of three portfolios), and Clipper Fund, Inc. (consisting of one portfolio); Vice President and Director of Fund Accounting, Davis Selected Advisers, L.P.

**Sharra L. Haynes (born 09/25/66, Davis Funds officer since 1997).** Vice President, Chief Compliance Officer of each of the Davis Funds (consisting of 13 portfolios), Selected Funds (consisting of three portfolios), and Clipper Fund, Inc. (consisting of one portfolio); Vice President and Chief Compliance Officer, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser.

**Thomas D. Tays (born 03/07/57, Davis Funds officer since 1997).** Vice President and Secretary of each of the Davis Funds (consisting of 13 portfolios), Selected Funds (consisting of three portfolios), and Clipper Fund, Inc. (consisting of one portfolio); Vice President, Chief Legal Officer and Secretary, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser.

**Arthur Don (born 09/24/53, Davis Funds officer since 1991).** Assistant Secretary (for clerical purposes only) of each of the Davis Funds and Selected Funds; Shareholder, Greenberg Traurig, LLP (law firm); counsel to the Independent Directors and the Davis Funds.

## **DAVIS REAL ESTATE PORTFOLIO**

### **Investment Adviser**

Davis Selected Advisers, L.P. (Doing business as “Davis Advisors”)  
2949 East Elvira Road, Suite 101  
Tucson, Arizona 85756  
(800) 279-0279

### **Distributor**

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

### **Transfer Agent**

Boston Financial Data Services, Inc.  
c/o The Davis Funds  
P.O. Box 8406  
Boston, Massachusetts 02266-8406

### **Custodian**

State Street Bank and Trust Co.  
One Lincoln Street  
Boston, Massachusetts 02111

### **Counsel**

Greenberg Traurig, LLP  
77 West Wacker Drive, Suite 3100  
Chicago, Illinois 60601

### **Independent Registered Public Accounting Firm**

KPMG LLP  
707 Seventeenth Street, Suite 2700  
Denver, Colorado 80202

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*For more information about Davis Real Estate Portfolio, including management fee, charges, and expenses, see the current prospectus, which must precede or accompany this report. The Fund's Statement of Additional Information contains additional information about the Fund's Directors and is available without charge upon request by calling 1-800-279-0279 and on the Fund's website at [www.davisfunds.com](http://www.davisfunds.com). Quarterly Fact sheets are available on the Fund's website at [www.davisfunds.com](http://www.davisfunds.com).*

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Davis Advisors  
2949 East Elvira Road, Suite 101  
Tucson, AZ 85756  
800-279-0279  
davisfunds.com