

Portfolio Manager

Creston A. King III, CFA

Investment Strategy

The Fund seeks current income by investing in debt securities guaranteed or issued by the U.S. government or its agencies. These include mortgage-backed securities, which may comprise a large portion of the Fund.

The Fund can help create a strong foundation for any long-term investment portfolio—offering an excellent means of balancing equity holdings.

The Fund's strategy is to diversify among different types of government securities, maturity lengths, call provisions, and interest rate coupons. The Fund seeks to smooth out performance and reduce volatility in a variety of market climates.

Total Returns – A Shares

Year	Without sales charge		With 4.75% maximum sales charge	
	Avg. Annual	Cumulative	Avg. Annual	Cumulative
Life	4.64%	83.09%	4.26%	74.34%
10	3.75	44.44	3.25	37.65
5	2.26	11.82	1.28	6.58
3	4.07	12.70	2.37	7.28
1	5.96	5.96	0.86	0.86

Fund Facts

Inception Date (Class A)	12/1/94
Total Net Assets	\$81 million
Total Fund Holdings	49
CUSIP	Symbols
A Shares: 239103-708	A Shares: RFBAX
B Shares: 239103-807	B Shares: VRPFX
C Shares: 239103-757	C Shares: DGVCX
Y Shares: 239103-799	Y Shares: DGVYX

Portfolio Characteristics

Standard Deviation (5 year, A Shares)	2.5
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Turnover and Expenses

Turnover Rate as of most recent audited financial statement	60%
Expense Ratio (A Shares) as of most recent prospectus	1.03

Yields and Distributions – A Shares

12 Month Distribution Yield	3.78%
30 Day SEC Yield	3.40%
Dividend Paid	Monthly
Last Distribution (as of 3/31/08)	\$0.016658
Last 12 Month Distribution	\$0.213009

Portfolio Measurements

Average Credit Quality	AAA
Weighted Average Duration	1.41 Years
Weighted Average Maturity	1.78 Years

The data quoted represents past performance. Past performance is not a guarantee of future success. Fund performance changes over time and current performance may be higher or lower than stated. Investment return and principal value will vary so that an investor's shares, when redeemed, may be worth more or less than their original cost. For most recent month-end performance, visit davisfunds.com or call 800-279-0279. Returns and expenses for other share classes will vary.

This material is furnished to you by Davis Distributors, LLC, which acts as the distributor of Davis Government Bond Fund. You should carefully consider the Fund's investment objectives, risks, charges, and expenses before investing. You may obtain a prospectus containing this and other information about the Fund by calling Davis Funds Shareholder Services at 800-279-0279. Read it carefully before you invest or send money.

Average annual total returns as of March 31, 2008.

Davis Government Bond Fund	1 Year	5 Years	10 Years	Inception
Class A (with 4.75% sales charge)	0.86%	1.28%	3.25%	12/1/94
Class B (with deferred sales charge)	1.20	1.15	3.21	5/1/84
Class C (with deferred sales charge)	4.20	1.49	2.94	8/19/97
Class Y	6.02	2.40	3.83 [†]	9/1/98

[†]Class has not been available for 10 years; return is since inception.

Total return assumes reinvestment of dividends and capital gain distributions. **Past performance is not a guarantee of future results.** Class B shares automatically convert to Class A shares after seven years. Class B shares' performance for the 10 year period includes the first seven years of Class B share performance and Class A share performance thereafter.

Davis Funds has adopted a Portfolio Holdings Disclosure policy that governs the release of non-public portfolio holding information. This policy is described in detail in the applicable prospectus. Visit davisfunds.com or call 800-279-0279 for the most current public portfolio holdings information.

The maximum sales charge on a Class A share is 4.75%, on a Class B share the maximum contingent deferred sales charge is 4% and on a Class C share the maximum contingent deferred sales charge is 1%.

The purchase maximum for Class B shares is \$50,000 per transaction and for Class C shares is \$500,000 per transaction.

Turnover Rate is a measure of the trading activity in a mutual fund's investment portfolio that reflects how often securities are

bought and sold. These amounts are as of the most recent audited financial statement.

Expense Ratio is the cost of doing business for a mutual fund, expressed as a percentage of the fund's net assets. These amounts are as of the most recent prospectus.

Standard Deviation is a statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

The Davis Government Bond Fund invests in debt securities which are obligations of or which are guaranteed or issued by the U.S. Government and its agencies or instrumentalities. These guarantees relate to the timely payment of principal and interest of the Fund's portfolio securities and not to the shares of the Fund, which will fluctuate in value.

The SEC Yield is computed in accordance with SEC standards measuring the net investment income per share over a specified 30 day period expressed as a percentage of the maximum offering price of the Fund's shares at the end of the period. The 12 Month Distribution Yield is computed by dividing the income dividends for a stated period by the maximum offering price on the last day of such period.

After July 31, 2008, this material must be accompanied by a supplement containing performance and ranking data for the most recent calendar quarter.

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