

June 30, 2010

Portfolio of Davis Variable Account Fund, Inc.

For Variable Annuity Investors Who Are Looking For Growth and Income From Real Estate Securities¹

Investment Management Team



Andrew A. Davis
Portfolio Manager



Chandler Spears
Portfolio Manager

"We carefully select investments company by company. We concentrate on finding attractive valuations—looking for companies selling at a discount to their expected cash flow growth rate over the next several years."

Investment Strategy

Consistent with the signature Davis investment discipline, the Portfolio seeks companies with first-class management teams who view real estate as a means of producing steadily increasing income and strong returns on capital.

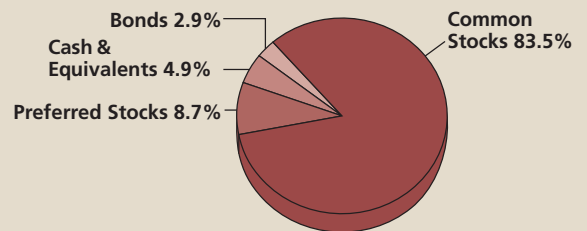
Portfolio Managers Andrew Davis and Chandler Spears view REITs as a significant asset class because they have historically lower price volatility than stocks and strong balance sheets.

The Portfolio provides investors with a good way to increase the diversification of their portfolios. Real estate securities have shown a lower sensitivity to price movements (Beta) than the broad stock market averages, and real estate returns over the long term have been comparable to those of equities, but are not correlated with them (R-squared).

Portfolio Data

Inception Date	7/1/99
Total Net Assets	\$23,584,239
Number of Securities	37
Beta (3 years)	1.0
R-squared (3 years)	1.0
Turnover as of most recent audited financial statement	70% ²

Asset Allocation



Top 10 Holdings

Corporate Office Properties Trust	5.6%
Digital Realty Trust	5.4
American Campus Communities	5.3
Alexandria Real Estate Equities	5.0
Forest City Enterprises—Class A	4.9
Essex Property Trust	4.1
Federal Realty Investment Trust	3.7
Douglas Emmett	3.7
Vornado Realty Trust	3.6
DCT Industrial Trust	3.5

Top 5 Industries

Office	33.9%
Retail	12.7
Residential	11.1
Specialized	8.5
Industrial	8.1

This material is furnished to you by Davis Distributors, LLC, which is the distributor of Davis Real Estate Portfolio.

¹There is no guarantee that the investment goals/objectives will be met. ²Over the last five years, the high and low turnover ratio for Davis Real Estate Portfolio was 70% and 28%, respectively.

This material is authorized for distribution only when accompanied or preceded by a current Davis Real Estate Portfolio prospectus, which contains more information about investment objectives, risks, fees, and expenses. Please read the prospectus carefully before investing or sending money.

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. Under normal circumstances the Portfolio invests at least 80% of its net assets, plus any borrowing for investment purposes, in equity, convertible, and debt securities issued by companies principally engaged in the real estate industry. Some important risks of an investment in the Portfolio are: market risk: the market value of shares of common stock can change rapidly and unpredictably; company risk: the market value of a common stock varies with the success or failure of the company issuing the stock; concentrated real estate portfolio risk: any portfolio that has a concentrated portfolio is particularly vulnerable to the risks of its selected industry; focused portfolio risk: the Portfolio is classified as a non-diversified portfolio and is allowed to focus its investments in fewer companies than a diversified portfolio; small- and medium-capitalization risk: small and mid-size 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; and foreign country risk: companies operating, incorporated, or principally traded in foreign countries may have more fluctuation as foreign economies may not be as strong or diversified, foreign political systems may not be as stable, and foreign financial reporting standards may not be as rigorous as they are in the United States. See the prospectus for a complete listing of the principal risks.

Broker-dealers and other financial intermediaries may charge Davis Advisors substantial fees for selling its products and providing continuing support to clients and shareholders. For example, broker-dealers and other financial intermediaries may charge: sales commissions; distribution and service fees; and record-keeping fees. In addition, payments or reimbursements may be requested for:

marketing support concerning Davis Advisors' products; placement on a list of offered products; access to sales meetings, sales representatives and management representatives; and participation in conferences or seminars, sales or training programs for invited registered representatives and other employees, client and investor events and other dealer-sponsored events. Financial advisors should not consider Davis Advisors' payment(s) to a financial intermediary as a basis for recommending Davis Advisors.

Beta is a measure of a portfolio's sensitivity to market movements in the last 36 months. The Portfolio's index as identified in the prospectus has a Beta of 1.00. While no single measurement can predict the future, a Beta of greater than 1.00 predicts greater volatility and a Beta of less than 1.00 predicts less volatility than the stock market as a whole.

R-squared is a measure of the percentage of a portfolio's change in net asset value in the last 36 months that is explained by movements in a benchmark index. An R-squared of 1.0 indicates that all of the change in a portfolio's asset value is completely explained by movements in the index.

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.

Industry Classifications: Source: Davis Advisors and Wilshire Atlas. The Portfolio generally uses Global Industry Classification Standards ("GICS") as developed by Morgan Stanley Capital International and Standard & Poor's Corporation to determine industry classification. GICS presents industry classification as a series of levels (i.e. sector, industry group, industry, and sub-industry). Allocations shown are at the sub-industry level for Real Estate securities. Non-Real Estate securities are shown at the industry group level. The Advisor may reclassify a company into an entirely different industry if it believes that the GICS classification for a specific company does not accurately describe the company. Industry Group weightings are subject to change.

An investment in the Portfolio is not a deposit of any bank and is not insured or guaranteed by any bank, the Federal Deposit Insurance Corporation or any other government agency.

There is no guarantee that the Portfolio's investments in these companies will be profitable.