



*Over 40 Years of Reliable Investing™*

# Davis Series, Inc.

Davis Opportunity Fund  
Davis Financial Fund  
Davis Real Estate Fund  
Davis Appreciation & Income Fund  
Davis Government Bond Fund  
Davis Government Money Market Fund

May 1, 2009

PROSPECTUS  
Class Y shares

*Tickers:*

*Davis Opportunity Fund–DGOYX*

*Davis Financial Fund–DVFYX*

*Davis Real Estate Fund–DREYX*

*Davis Appreciation & Income Fund–DCSYX*

*Davis Government Bond Fund–DGVYX*

*Davis Government Money Market Fund–RPGXX*

The Securities and Exchange Commission has neither approved nor disapproved of these securities, nor has it determined whether this prospectus is accurate or complete. Anyone who tells you otherwise is committing a crime.

---

This prospectus contains important information. Please read it carefully before investing and keep it for future reference.

No financial adviser, dealer, salesperson or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer contained in this Prospectus and, if given or made, such other information or representations must not be relied on as having been authorized by the Funds, the Funds' investment adviser or the Funds' distributor. This Prospectus does not constitute an offer by the Funds or by the Funds' distributor to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful for the Funds to make such an offer.

---

# TABLE OF CONTENTS

---

## *Overview of the Davis Series Funds:*

- 5**      **Davis Opportunity Fund**  
*Investment Objective and Principal Investment Strategies*  
*Determining If This Fund Is Right for You*  
*Principal Risks of Investing in the Fund*  
*Performance Information*  
*Fees and Expenses of the Fund*
- 9**      **Davis Financial Fund**  
*Investment Objective and Principal Investment Strategies*  
*Determining If This Fund Is Right for You*  
*Principal Risks of Investing in the Fund*  
*Performance Information*  
*Fees and Expenses of the Fund*
- 13**     **Davis Real Estate Fund**  
*Investment Objective and Principal Investment Strategies*  
*Determining If This Fund Is Right for You*  
*Principal Risks of Investing in the Fund*  
*Performance Information*  
*Fees and Expenses of the Fund*
- 18**     **Davis Appreciation & Income Fund**  
*Investment Objective and Principal Investment Strategies*  
*Determining If This Fund Is Right for You*  
*Principal Risks of Investing in the Fund*  
*Performance Information*  
*Fees and Expenses of the Fund*
- 24**     **Davis Government Bond Fund**  
*Investment Objective and Principal Investment Strategies*  
*Determining If This Fund Is Right for You*  
*Principal Risks of Investing in the Fund*  
*Performance Information*  
*Fees and Expenses of the Fund*
- 30**     **Davis Government Money Market Fund**  
*Investment Objective and Principal Investment Strategies*  
*Determining If This Fund Is Right for You*  
*Principal Risks of Investing in the Fund*  
*Performance Information*  
*Fees and Expenses of the Fund*
- 34**     **Davis Management**  
*Davis Advisors*  
*Investment Professionals*  
*The Davis Investment Discipline*  
*Additional Information About Investments*
- 38**     **Once You Invest in Davis Funds**  
*How Your Shares Are Valued*  
*Portfolio Holdings*  
*How We Pay Earnings*  
*Federal Income Taxes*  
*Fees and Expenses of the Funds*  
*Fees Paid to Dealers and Other Financial Intermediaries*

## TABLE OF CONTENTS (CONTINUED)

---

- 43**     **How to Open An Account**  
*Two Ways You Can Open An Account*  
*Anti-Money Laundering Compliance*
- 44**     **How to Buy, Sell and Exchange Shares**  
*Right to Reject or Restrict any Purchase or Exchange Order*  
*Four Ways to Buy, Sell and Exchange Shares*  
*When Your Transactions Are Processed*  
*Buying More Shares*  
*Selling Shares*  
*Exchanging Shares*  
*Market Timing*  
*Telephone Transactions*  
*Internet Transactions*
- 49**     **Other Information**  
*Disclosure Documents and Not a Contract*  
*Dividends and Distributions*  
*Financial Highlights*  
*Privacy Notice*
- B/C**    **Obtaining Additional Information**

## OVERVIEW OF DAVIS OPPORTUNITY FUND

---

### Investment Objective and Principal Investment Strategies

Davis Opportunity Fund's investment objective is long-term growth of capital. Davis Selected Advisers, L.P., ("Davis Advisors" or the "Adviser") the Fund's investment adviser uses the Davis Investment Discipline to invest in a diversified portfolio of small, mid and large capitalization companies. See "The Davis Investment Discipline" in this prospectus.

The Fund has the flexibility to invest in companies of any size, invest in companies whose shares may be subject to controversy, invest in foreign securities, and invest in non-equity securities. See "Additional Information About Investments" in this prospectus.

### Determining If This Fund Is Right For You

You should consider investing in this Fund if:

- You are seeking long-term growth of capital.
- You want to invest in a mixture of large, medium, and small capitalization companies.
- You are willing to accept higher risk for the opportunity to pursue higher returns.
- You are investing for the long term.

You should not invest in this Fund if:

- You are worried about the possibility of sharp price swings and dramatic market declines.
- You prefer to invest primarily in larger, more established companies.
- You are interested in earning current income.
- You are investing for the short term.

### Principal Risks of Investing in the Fund

If you buy shares of Davis Opportunity Fund, you may lose some or all of the money that you invest. The investment return and principal value of an investment in the 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 we think are the most significant factors (but not the only factors) that could cause the value of your investment in the Fund to decline, and which could prevent the Fund from achieving its stated objective.

- **Market risk.** 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 in which we invest.
- **Company risk.** The market values of corporate securities vary with the success or failure of the company issuing the stock. Many factors can negatively affect a particular company's stock price, such as poor earnings reports, loss of major customers, major litigation against the company or changes in government regulations affecting the company or its industry. The success of the companies in which the Fund invests largely determines the Fund's long-term performance.

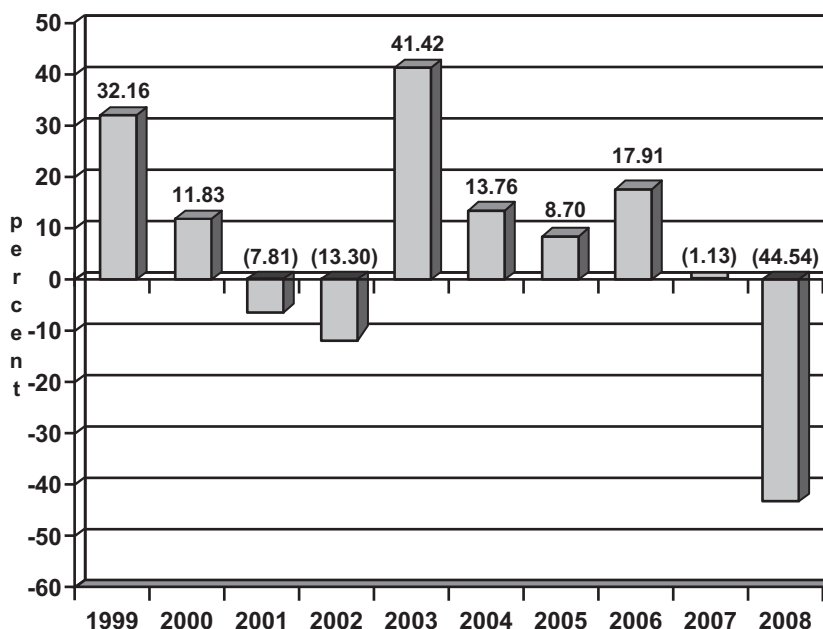
- **Small- and medium-capitalization risk.** Investing in small- and medium-capitalization companies may be more risky than investing in large-capitalization companies. Small and mid-size companies typically have more limited product lines, markets and financial resources than larger companies, and their securities may trade less frequently and in more limited volume than those of larger, more mature companies.
- **Foreign country risk.** The Fund may invest a portion of its assets in companies operating, incorporated, or principally traded in foreign countries. Investing in foreign countries involves risks that may cause the Fund's performance to be more volatile than it would be if the Fund invested solely in the United States. Foreign economies may not be as strong or as 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. In addition, foreign 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 or less government regulation. Securities issued by foreign companies are frequently denominated in foreign currencies. The change in value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency. The Fund generally does not hedge its currency risk. When the value of a foreign currency declines against the U.S. dollar, the value of the Fund's shares will tend to decline.
- **Headline risk.** We seek to acquire companies with durable business models that can be purchased at attractive valuations relative to what Davis Advisors believes to be the companies' intrinsic values. We may make such investments when a company becomes the center 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 we research companies subject to such contingencies, we cannot be correct every time, and the company's stock may never recover.
- **Selection risk.** The securities we select for the Fund may underperform the Russell 3000® Index or other funds with similar investment objectives and strategies.

The Fund's shares 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 Information

The bar chart and table that follow provide an indication of the risks of investing in Davis Opportunity Fund by showing changes in the Fund's year-to-year performance and by showing how the Fund's average annual returns compare to those of the Russell 3000® Index, a widely recognized unmanaged index of stock performance. The Fund is not managed to track any particular index and, consequently, the performance of the Fund may deviate significantly from the performance of the Index. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future.

**Davis Opportunity Fund**  
**Calendar Year Total Returns for Class Y Shares**



During the period shown above, the Fund's highest quarterly return was 26.63% for the quarter ended December 31, 1999, and the lowest quarterly return was (24.29)% for the quarter ended December 31, 2008. Total return for the three months ended March 31, 2009 (not annualized) was (4.19)%.

Investments in initial public offerings (IPOs) had a favorable impact on Davis Opportunity Fund's performance in 1999 and 2000. This was a time when the IPO market was very active. No assurance can be given that Davis Opportunity Fund will continue to invest in IPOs to the same extent in the future or that such investments would be profitable.

**Davis Opportunity Fund Average Annual Total Returns**  
for the periods ended December 31, 2008

	Past 1 Year	Past 5 Years	Past 10 Years	Life of Class*
Class Y shares return before taxes	(44.54)%	(4.38)%	2.94%	1.74%
Class Y shares return after taxes on distributions	(44.54)%	(4.84)%	1.44%	N/A
Class Y shares return after taxes on distributions and sale of fund shares	(28.95)%	(3.46)%	2.15%	N/A
Russell 3000® Index Reflects no deduction for fees, expenses or taxes	(37.31)%	(1.95)%	(0.80)%	1.45%

\*The inception of Class Y shares was 09/18/97.

After-tax returns are calculated using the highest historical individual federal marginal income tax rates for each year and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax

situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

If returns are negative, returns after taxes on distributions and sale of fund shares may be higher than returns before taxes as the resulting capital losses from the sale of fund shares would be available to offset capital gains from other investments.

Russell 3000® Index returns do not reflect deductions for fees, expenses, or taxes. You cannot invest directly in an index.

## Fees and Expenses of the Fund

### *Fees You May Pay as a Davis Funds Shareholder*

*paid directly from your investment*

	Class Y shares
Maximum sales charge (load) imposed on purchases <i>as a percentage of offering price</i>	None
Maximum deferred sales charge (load) imposed on redemptions <i>as a percentage of the lesser of the net asset value of the shares redeemed or the total cost of such shares</i>	None
Maximum sales charge (load) imposed on reinvested dividends	None
Redemption Fee	None
Exchange Fee	None

*A Wire Fee of \$5 for domestic transfers may be deducted from sale proceeds. See "Wiring Sale Proceeds to Your Bank Account."*

### *Davis Opportunity Fund Annual Operating Expenses*

*deducted from the Fund's assets*

	Class Y shares
Management Fees	0.65%
Distribution (12b-1) Fees	0.00%
Other Expenses <sup>(1)</sup>	0.20%
Total Annual Operating Expenses	0.85%

<sup>(1)</sup> *Includes custodian fees, transfer agent fees, audit fees, legal fees, directors' fees and expenses, reports to shareholders, and various other expenses.*

*Expenses may vary in future years.*

### *Expense Example*

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the Fund for the time periods indicated. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same as shown above. Although your actual costs may be higher or lower, your costs based on these assumptions would be:

If you sell your shares in...	1 Year	3 Years	5 Years	10 Years
Class Y Shares	\$87	\$271	\$471	\$1,049

## OVERVIEW OF DAVIS FINANCIAL FUND

---

### Investment Objective and Principal Investment Strategies

Davis Financial Fund's investment objective is long-term growth of capital. Davis Advisors uses the Davis Investment Discipline to invest at least 80% of the Fund's net assets, plus any borrowing for investment purposes, in securities issued by companies principally engaged in the financial services sector. See "The Davis Investment Discipline" in this prospectus.

A company is principally engaged in financial services if it owns financial services-related assets that constitute at least 50% of the value of all of its assets, or if it derives at least 50% of its revenues from providing financial services. 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.

The Fund has the flexibility to invest up to 20% of its assets in non-financial companies. The Fund may invest in companies of any size, invest in companies whose shares may be subject to controversy, invest in foreign securities, and invest in non-equity securities. See "Additional Information About Investments" in this prospectus.

### Determining If This Fund Is Right For You

You should consider investing in this Fund if:

- You are seeking long-term growth of capital.
- You believe that the financial services sector offers attractive long-term growth opportunities.
- You are investing for the long term.

You should not invest in this Fund if:

- You are worried about the possibility of sharp price swings and dramatic market declines.
- You are interested in earning current income.
- You do not wish to invest in a concentrated portfolio of financial services companies.
- You are investing for the short term.

### Principal Risks of Investing in the Fund

If you buy shares of Davis Financial Fund, you may lose some or all of the money that you invest. The investment return and principal value of an investment in the 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 we think are the most significant factors (but not the only factors) that could cause the value of your investment in the Fund to decline, and which could prevent the Fund from achieving its stated objective.

- **Market risk.** 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 in which we invest.

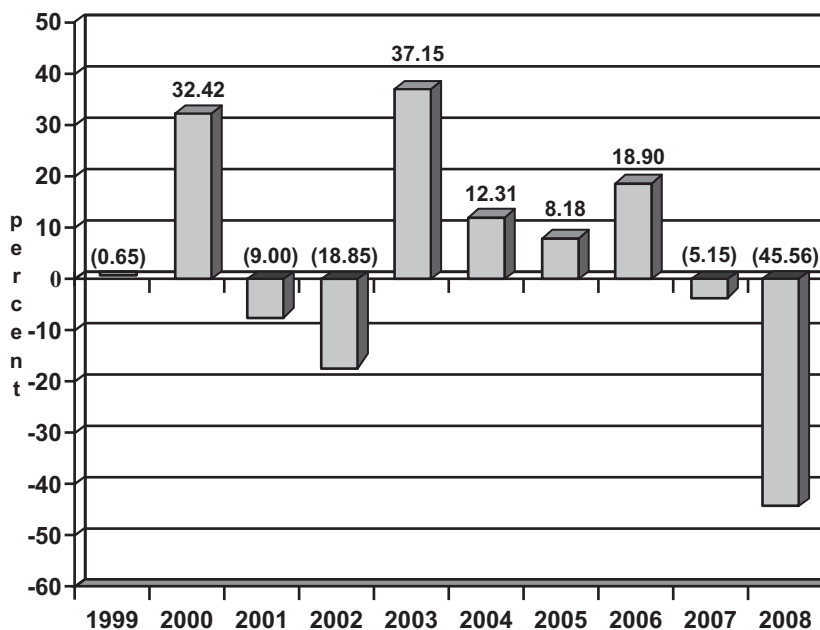
- **Company risk.** The market values of corporate securities vary with the success or failure of the company issuing the stock. Many factors can negatively affect a particular company's stock price, such as poor earnings reports, loss of major customers, major litigation against the company or changes in government regulations affecting the company or its industry. The success of the companies in which the Fund invests largely determines the Fund's long-term performance.
- **Concentrated financial services portfolio risk.** Davis Financial Fund invests principally in a single market sector, and any fund that has a concentrated portfolio is particularly vulnerable to the risks of its target sector. Risks of investing in the financial services sector include: (i) *Regulatory actions:* financial services companies may suffer setbacks if regulators change the rules under which they operate; (ii) *Changes in interest rates:* unstable and/or rising interest rates may have a disproportionate effect on companies in the financial services sector; (iii) *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; (iv) *Credit:* financial services companies may have exposure to investments or agreements which, under certain circumstances, may lead to losses, for example sub-prime loans; and (v) *Competition:* the financial services sector has become increasingly competitive.
- **Foreign country risk.** The Fund may invest a portion of its assets in companies operating, incorporated, or principally traded in foreign countries. Investing in foreign countries involves risks that may cause the Fund's performance to be more volatile than it would be if the Fund invested solely in the United States. Foreign economies may not be as strong or as 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. In addition, foreign 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 or less government regulation. Securities issued by foreign companies are frequently denominated in foreign currencies. The change in value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency. The Fund generally does not hedge its currency risk. When the value of a foreign currency declines against the U.S. dollar, the value of the Fund's shares will tend to decline.
- **Headline risk.** We seek to acquire companies with durable business models that can be purchased at attractive valuations relative to what Davis Advisors believes to be the companies' intrinsic values. We may make such investments when a company becomes the center 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 we research companies subject to such contingencies, we cannot be correct every time, and the company's stock may never recover.
- **Selection risk.** The securities we select for the Fund may underperform the S&P 500® Index or other funds with similar investment objectives and strategies.

The Fund's shares 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 Information

The bar chart and table that follow provide an indication of the risks of investing in Davis Financial Fund by showing changes in the Fund's year-to-year performance and by showing how the Fund's average annual returns compare to those of the S&P 500® Index, a widely recognized unmanaged index of stock performance. The Fund is not managed to track any particular index and, consequently, the performance of the Fund may deviate significantly from the performance of the S&P 500® Index. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future.

***Davis Financial Fund***  
***Calendar Year Total Returns for Class Y Shares***



During the period shown above, the Fund's highest quarterly return was 21.84% for the quarter ended June 30, 2003, and the lowest quarterly return was (27.07)% for the quarter ended December 31, 2008. Total return for the three months ended March 31, 2009 (not annualized) was (10.81)%.

### ***Davis Financial Fund Average Annual Total Returns***

*for the periods ended December 31, 2008*

	Past 1 Year	Past 5 Years	Past 10 Years	Life of Class*
Class Y shares <i>return before taxes</i>	(45.56)%	(5.69)%	(0.06)%	3.29%
Class Y shares <i>return after taxes on distributions</i>	(46.45)%	(6.54)%	(0.62)%	N/A
Class Y shares <i>return after taxes on distributions and sale of fund shares</i>	(28.64)%	(4.41)%	0.12%	N/A
S&P 500® Index <i>reflects no deduction for fees, expenses or taxes</i>	(37.00)%	(2.19)%	(1.38)%	2.60%

\*The inception of Class Y shares was 03/10/97.

After-tax returns are calculated using the highest historical individual federal marginal income tax rates for each year and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

If returns are negative, returns after taxes on distributions and sale of fund shares may be higher than returns before taxes, as the resulting capital losses from the sale of fund shares would be available to offset capital gains from other investments.

S&P 500® Index returns do not reflect deductions for fees, expenses, or taxes. You cannot invest directly in an index.

## Fees and Expenses of the Fund

### *Fees You May Pay as a Davis Funds Shareholder*

*paid directly from your investment*

	Class Y shares
Maximum sales charge (load) imposed on purchases <i>as a percentage of offering price</i>	None
Maximum deferred sales charge (load) imposed on redemptions <i>as a percentage of the lesser of the net asset value of the shares redeemed or the total cost of such shares</i>	None
Maximum sales charge (load) imposed on reinvested dividends	None
Redemption Fee	None
Exchange Fee	None

*A Wire Fee of \$5 for domestic transfers may be deducted from sale proceeds. See "Wiring Sale Proceeds to Your Bank Account."*

### *Davis Financial Fund Annual Operating Expenses*

*deducted from the Fund's assets*

	Class Y shares
Management Fees	0.65%
Distribution (12b-1) Fees	0.00%
Other Expenses <sup>(1)</sup>	0.32%
Total Annual Operating Expenses	0.97%

<sup>(1)</sup> *Includes custodian fees, transfer agent fees, audit fees, legal fees, directors' fees and expense reports to shareholders, and various other expenses. Expenses may vary in future years.*

### *Expense Example*

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the Fund for the time periods indicated. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same as shown above. Although your actual costs may be higher or lower, your costs based on these assumptions would be:

If you sell your shares in...	1 Year	3 Years	5 Years	10 Years
Class Y Shares	\$99	\$309	\$536	\$1,190

## OVERVIEW OF DAVIS REAL ESTATE FUND

---

### Investment Objective and Principal Investment Strategies

Davis Real Estate Fund's investment objective is total return through a combination of growth and income. Davis Advisors uses the Davis Investment Discipline to invest at least 80% of the Fund's net assets, plus any borrowing for investment purposes, in equity, convertible, and debt securities issued by companies principally engaged in the real estate industry. See "The Davis Investment Discipline" in this prospectus.

A company is principally engaged in the real estate industry if it owns real estate or real estate-related assets that constitute at least 50% of the value of all of its assets or if it derives at least 50% of its revenues or net profits from owning, financing, developing, managing or selling real estate, or from offering products or services that are related to real estate. Issuers of real estate securities include real estate investment trusts (REITs), brokers, developers, lenders, and companies with substantial real estate holdings such as paper, lumber, hotel, and entertainment companies. Most of Davis Real Estate Fund's real estate securities are, and will likely continue to be, interests in REITs. REITs pool investors' funds to make real estate-related investments, such as buying interests in income-producing property or making loans to real estate developers.

The Fund has the flexibility to invest up to 20% of its assets in non-real estate companies. The Fund may invest in companies of any size, invest in companies whose shares may be subject to controversy, invest in foreign securities, and invest in non-equity securities. See "Additional Information About Investments" in this prospectus.

### Determining If This Fund Is Right For You

You should consider investing in this Fund if:

- You are seeking total return through a combination of growth and income.
- You believe that the real estate sector offers attractive long-term growth opportunities.
- You want to diversify your traditional stock and bond portfolio with real estate securities.
- You are investing for the long term.

You should not invest in this Fund if:

- You are worried about the possibility of sharp price swings and dramatic market declines.
- You do not wish to invest in a concentrated portfolio of real estate companies.
- You are investing for the short term.

### Principal Risks of Investing in the Fund

If you buy shares of Davis Real Estate Fund, you may lose some or all of the money that you invest. The investment return and principal value of an investment in the 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 we think are the most significant factors (but not the only factors) that could cause the value of your investment in the Fund to decline, and which could prevent the Fund from achieving its stated objective.

- **Market risk.** 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 in which we invest.
- **Company risk.** The market values of corporate securities vary with the success or failure of the company issuing the stock. Many factors can negatively affect a particular company's stock price, such as poor earnings reports, loss of major customers, major litigation against the company or changes in government regulations affecting the company or its industry. The success of the companies in which the Fund invests largely determines the Fund's long-term performance.
- **Concentrated real estate portfolio risk.** Davis Real Estate Fund invests principally in a single market sector, and any fund that has a concentrated portfolio is particularly vulnerable to the risks of its selected industry. Real estate securities are susceptible to the many risks associated with the direct ownership of real estate, including: (i) declines in property values, because of changes in the economy or the surrounding area or because a particular region has become less appealing to tenants; (ii) increases in property taxes, operating expenses, interest rates or competition; (iii) overbuilding; (iv) changes in zoning laws; or (v) losses from casualty or condemnation.
- **Focused portfolio risk.** Davis Real Estate Fund is classified as a nondiversified fund and is allowed to focus its investments in fewer companies than a diversified fund. Should the portfolio managers determine that it is prudent to focus the Fund's portfolio in a few companies, the Fund may be subject to greater volatility and risk as the Fund's investment performance, both good and bad, is expected to reflect the economic performance of the few companies on which the Fund focuses.
- **Small- and medium-capitalization risk.** Many real estate companies are small- and medium-capitalization companies. Investing in these 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.
- **Foreign country risk.** The Fund may invest a portion of its assets in companies operating, incorporated, or principally traded in foreign countries. Investing in foreign countries involves risks that may cause the Fund's performance to be more volatile than it would be if the Fund invested solely in the United States. Foreign economies may not be as strong or as 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. In addition, foreign 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 or less government regulation. Securities issued by foreign companies are frequently denominated in foreign currencies. The change in value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency. The Fund generally does not hedge its currency risk. When the value of a foreign currency declines against the U.S. dollar, the value of the Fund's shares will tend to decline.
- **Headline risk.** We seek to acquire companies with durable business models that can be purchased at attractive valuations relative to what Davis Advisors believes to be the companies' intrinsic values. We may make such investments when a company becomes the center 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 we research companies subject to such contingencies, we cannot be correct every time, and the company's stock may never recover.

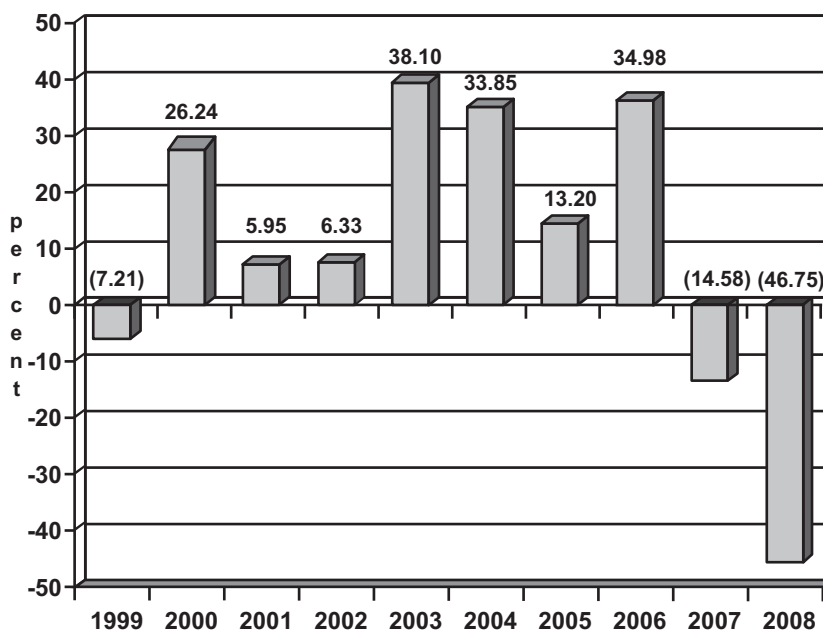
- **Selection risk.** The securities we select for the Fund may underperform the Wilshire U.S. Real Estate Securities Index or other funds with similar investment objectives and strategies.

The Fund's shares 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 Information

The bar chart and table that follow provide an indication of the risks of investing in Davis Real Estate Fund by showing changes in the Fund's year-to-year performance and by showing how the Fund's average annual returns compare to those of the S&P 500® Index and the Wilshire U.S. Real Estate Securities Index. The S&P 500® Index is a widely recognized, unmanaged index of stock performance. The Wilshire U.S. Real Estate Securities Index is a measure of the performance of publicly traded real estate securities. The Index was formerly named the "Dow Jones Wilshire Real Estate Securities Index." The Fund is not managed to track any particular index and, consequently, the performance of the Fund may deviate significantly from the performance of the Indices mentioned above. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future.

*Davis Real Estate Fund*  
*Calendar Year Total Returns for Class Y Shares*



During the period shown above, the Fund's highest quarterly return was 15.57% for the quarter ended March 31, 2006, and the lowest quarterly return was (42.28)% for the quarter ended December 31, 2008. Total return for the three months ended March 31, 2009 (not annualized) was (29.04)%.

### ***Davis Real Estate Fund Average Annual Total Returns***

*for the periods ended December 31, 2008*

	<b>Past 1 Year</b>	<b>Past 5 Years</b>	<b>Past 10 Years</b>	<b>Life of Class*</b>
Class Y shares <i>return before taxes</i>	(46.75)%	(1.43)%	5.42%	6.02%
Class Y shares <i>return after taxes on distributions</i>	(47.19)%	(3.45)%	3.50%	N/A
Class Y shares <i>return after taxes on distributions and sale of fund shares</i>	(30.10)%	(0.54)%	4.52%	N/A
S&P 500® Index <i>reflects no deduction for fees, expenses or taxes</i>	(37.00)%	(2.19)%	(1.38)%	3.49%
Wilshire Real Estate Securities Index <i>reflects no deduction for fees, expenses or taxes</i>	(39.83)%	0.62%	7.33%	6.92%

*\*The inception of Class Y shares was 11/08/96.*

After-tax returns are calculated using the highest historical individual federal marginal income tax rates for each year and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

If returns are negative, returns after taxes on distributions and sale of fund shares may be higher than returns before taxes as the resulting capital losses from the sale of fund shares would be available to offset capital gains from other investments.

S&P 500® Index and Wilshire U.S. Real Estate Securities Index returns do not reflect deductions for fees, expenses, or taxes. You cannot invest directly in an index.

### ***Davis Real Estate Fund Yield, Class Y Shares***

*as of December 31, 2008*

<b>30-Day SEC Yield</b>	<b>2.73%*</b>
-------------------------	---------------

*\*The SEC yield has been adjusted to reflect the estimated return of capital.*

You may obtain Davis Real Estate Fund's most recent 30-day SEC Yield by calling us toll-free at **1-800-279-0279**, Monday through Friday, 9 a.m. to 6 p.m. Eastern time.

## Fees and Expenses of the Fund

### *Fees You May Pay as a Davis Funds Shareholder*

*paid directly from your investment*

	Class Y shares
Maximum sales charge (load) imposed on purchases <i>as a percentage of offering price</i>	None
Maximum deferred sales charge (load) imposed on redemptions <i>as a percentage of the lesser of the net asset value of the shares redeemed or the total cost of such shares</i>	None
Maximum sales charge (load) imposed on reinvested dividends	None
Redemption Fee	None
Exchange Fee	None

*A Wire Fee of \$5 for domestic transfers may be deducted from sale proceeds. See "Wiring Sale Proceeds to Your Bank Account."*

### *Davis Real Estate Fund Annual Operating Expenses*

*deducted from the Fund's assets*

	Class Y shares
Management Fees	0.69%
Distribution (12b-1) Fees	0.00%
Other Expenses <sup>(1)</sup>	0.20%
Total Annual Operating Expenses	0.89%

<sup>(1)</sup> *Includes custodian fees, transfer agent fees, audit fees, legal fees, directors' fees and expenses reports to shareholders, and various other expenses.*

*Expenses may vary in future years.*

### *Expense Example*

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the Fund for the time periods indicated. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same as shown above. Although your actual costs may be higher or lower, your costs based on these assumptions would be:

If you sell your shares in...	1 Year	3 Years	5 Years	10 Years
Class Y Shares	\$91	\$284	\$493	\$1,096

## OVERVIEW OF DAVIS APPRECIATION & INCOME FUND

---

### Investment Objective and Principal Investment Strategies

Davis Appreciation & Income Fund's investment objective is total return through a combination of growth and income. Davis Advisors uses the Davis Investment Discipline to invest the Fund's assets in a diversified portfolio of convertible securities, common stock, and fixed income securities. See "The Davis Investment Discipline" in this prospectus. The portion of the Fund's assets invested in convertible securities, common stock, and fixed income securities will vary from time to time consistent with the Fund's investment objective, changes in equity prices and changes in interest rates and other economic and market factors.

Common stock issued by large-, medium-, and small-capitalization companies are purchased for their growth potential. Fixed income securities, including both investment grade and high-yield, high-risk debt securities, are purchased both for current income and to provide diversification. Convertible securities, which include both preferred stock and bonds may be "converted" into common stock if the company grows, offer both growth potential and downside protection. In the current market, our portfolio managers expect to continue investing a significant portion of the Fund's assets in convertible securities.

The Fund may use futures contracts to establish a position in the securities market as a temporary substitute for purchasing individual securities. The Adviser would then seek to purchase individual securities which Davis Advisors believes possess suitable risk/return characteristics and then terminate the futures contract. To prevent leveraging of the Fund's assets the futures contracts are fully collateralized by cash or cash equivalents. Investing in futures contracts requires different skills than investing in individual equity and debt securities, and the Fund may suffer a loss on its investments in futures contracts.

The Fund has the flexibility to invest in companies of any size, invest in companies whose shares may be subject to controversy, invest in foreign securities, and invest in non-equity securities. See "Additional Information About Investments" in this prospectus.

### Determining If This Fund Is Right For You

You should consider investing in this Fund if:

- You are seeking total return through a combination of growth and income.
- You want to diversify a common stock portfolio.
- You are principally interested in growth-oriented investments but want current income.
- You are investing for the long term.

You should not invest in this Fund if:

- You are worried about the possibility of sharp price swings and dramatic market declines.
- You do not wish to invest in a portfolio that has some of the characteristics of both common stocks and bonds.
- You are investing for the short term.

## Principal Risks of Investing in the Fund

If you buy shares of Davis Appreciation & Income Fund, you may lose some or all of the money that you invest. The investment return and principal value of an investment in the 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 we think are the most significant factors (but not the only factors) that could cause the value of your investment in the Fund to decline, and which could prevent the Fund from achieving its stated objective.

### *Equity Risks*

- **Market risk.** The market value of shares of equity securities, including common and preferred stock and convertible securities, 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 in which we invest.
- **Company risk.** The market values of corporate securities vary with the success or failure of the company issuing the security. Many factors can negatively affect a particular company's equity price, such as poor earnings reports, loss of major customers, major litigation against the company or changes in government regulations affecting the company or its industry. The success of the companies in which the Fund invests largely determines the Fund's long-term performance.
- **Small- and medium-capitalization risk.** Many convertible securities are issued by small- and medium-capitalization companies. Investing in these 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.
- **Foreign country risk.** The Fund may invest a portion of its assets in companies operating, incorporated, or principally traded in foreign countries. Investing in foreign countries involves risks that may cause the Fund's performance to be more volatile than it would be if the Fund invested solely in the United States. Foreign economies may not be as strong or as 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. In addition, foreign 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 or less government regulation. Securities issued by foreign companies are frequently denominated in foreign currencies. The change in value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency. The Fund generally does not hedge its currency risk. When the value of a foreign currency declines against the U.S. dollar, the value of the Fund's shares will tend to decline.
- **Headline risk.** We seek to acquire companies with durable business models that can be purchased at attractive valuations relative to what Davis Advisors believes to be the companies' intrinsic values. We may make such investments when a company becomes the center 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 we research companies subject to such contingencies, we cannot be correct every time, and the company's stock may never recover.
- **Selection risk.** The securities we select for the Fund may underperform the S&P 500® Index or other funds with similar investment objectives and strategies.

## ***Debt Risks***

- **Interest rate sensitivity.** If a security pays a fixed interest rate, and market rates increase, the value of the fixed-rate security should decline.
- **Changes in debt rating.** If a rating agency gives a fixed income security a low rating, the value of the security will decline because investors will demand a higher rate of return.
- **Credit risk.** Like any borrower, the issuer of a fixed income security may be unable to make its payments. The Fund is not limited as to the amount of its assets, which may be invested in high-yield, high-risk debt securities.

## ***High-Yield, High-Risk Debt Securities***

There are several agencies that evaluate and rate debt securities. Two of the most prominent are Standard & Poor's and Moody's Investors Service.

When evaluating the quality of a debt instrument, rating agencies look at factors like the issuer's current financial condition and business prospects, the value of any collateral that secures the debt and the issuer's history of paying other debt. Each agency has its own system for *grading* debt. Standard & Poor's has 11 ratings, ranging from "D" for securities that are in default to "AAA" for securities that are almost certain to be repaid. Moody's Investors Service has nine ratings, with "C" being the lowest and "Aaa" being the highest.

A debt security is called *investment-grade* if a respected agency assigns it a favorable credit rating ("BBB" or higher by Standard and Poor's, or "Baa" or higher by Moody's). In contrast, a debt security is considered *high-yield, high-risk* if it is rated "BB" or lower by Standard and Poor's or "Ba" or lower by Moody's Investors Service. Securities with these low ratings are also referred to as *junk bonds*. Many institutional investors, such as pension plans and municipal governments, are only permitted to buy investment-grade debt. The Fund may invest in investment grade, high-yield, high-risk debt securities, and unrated debt securities.

There are four principal risks of owning *high-yield, high-risk* debt securities:

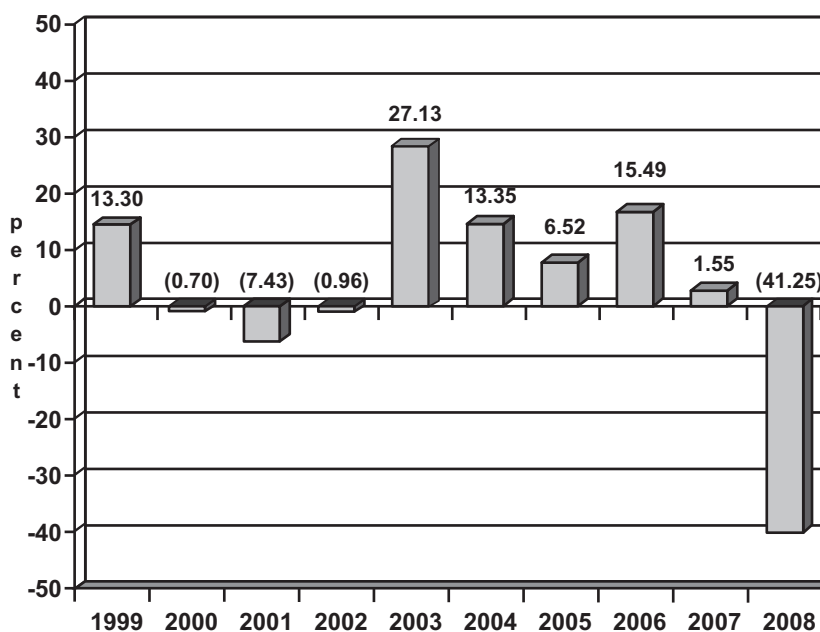
- **Overburdened issuers.** Many issuers only resort to offering *high-yield, high-risk* debt securities when they cannot get financing from more traditional sources, such as banks. These issuers are unlikely to have a cushion from which to make their payments when their earnings are poor or when the economy in general is in decline.
- **Priority.** Issuers of *high-yield, high-risk* debt securities are likely to have a substantial amount of other debt. Most, if not all, of this other debt will be *senior* to the high-yield, high-risk debt securities; an issuer must be current on its *senior* obligations before it can pay bondholders. In addition, some of the other debt may be secured by the issuer's primary operating assets. If the issuer defaults on those obligations, the lenders may seize their collateral — possibly forcing the issuer out of business and into bankruptcy.
- **Difficult to resell.** Many investors simply do not want *high-yield, high-risk* debt securities, and others are prohibited from buying them.
- **Volatile prices.** Prices of *high-yield, high-risk* debt securities are more volatile than prices of higher-rated securities. In periods of economic difficulty or rising interest rates, prices of *high-yield, high-risk* debt securities decline more than prices of investment-grade securities.

The Fund's shares 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 Information

The bar chart and table that follow provide an indication of the risks of investing in Davis Appreciation & Income Fund by showing changes in the Fund's year-to-year performance and by showing how the Fund's average annual returns compare to those of the S&P 500® Index, a widely recognized unmanaged index of stock performance. The Fund is not managed to track any particular index and, consequently, the performance of the Fund may deviate significantly from the performance of the Index. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future.

*Davis Appreciation & Income Fund*  
*Calendar Year Total Returns for Class Y Shares*



During the period shown above, the Fund's highest quarterly return was 11.27% for the quarter ended June 30, 1999, and the lowest quarterly return was (28.71)% for the quarter ended December 31, 2008. Total return for the three months ended March 31, 2009 (not annualized) was (2.84)%.

*Davis Appreciation & Income Fund Average Annual Total Returns*  
*for the periods ended December 31, 2008*

	Past 1 Year	Past 5 Years	Past 10 Years	Life of Class*
Class Y shares return before taxes	(41.25)%	(3.61)%	0.87%	3.29%
Class Y shares return after taxes on distributions	(41.60)%	(4.66)%	(0.47)%	N/A
Class Y shares return after taxes on distributions and sale of fund shares	(26.46)%	(3.03)%	0.28%	N/A
S&P 500® Index reflects no deduction for fees, expenses or taxes	(37.00)%	(2.19)%	(1.38)%	3.49%

\*The inception of Class Y shares was 11/13/96.

From inception (November 13, 1996) until July 1, 2003, Davis Appreciation & Income Fund was named Davis Convertible Securities Fund and invested primarily in convertible securities.

After-tax returns are calculated using the highest historical individual federal marginal income tax rates for each year and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

If returns are negative, returns after taxes on distributions and sale of fund shares may be higher than returns before taxes as the resulting capital losses from the sale of fund shares would be available to offset capital gains from other investments.

S&P 500® Index returns do not reflect deductions for fees, expenses, or taxes. You cannot invest directly in an index.

***Davis Appreciation & Income Fund Yield, Class Y Shares***  
*as of December 31, 2008*

30-Day SEC Yield	<b>4.38%*</b>
------------------	---------------

*\*The SEC yield has been adjusted to reflect the estimated return of capital.*

You may obtain Davis Appreciation & Income Fund's most recent 30-day SEC Yield by calling us toll-free at **1-800-279-0279**, Monday through Friday, 9 a.m. to 6 p.m. Eastern time.

**Fees and Expenses of the Fund**

***Fees You May Pay as a Davis Funds Shareholder***  
*paid directly from your investment*

	<b>Class Y shares</b>
Maximum sales charge (load) imposed on purchases <i>as a percentage of offering price</i>	None
Maximum deferred sales charge (load) imposed on redemptions <i>as a percentage of the lesser of the net asset value of the shares redeemed or the total cost of such shares</i>	None
Maximum sales charge (load) imposed on reinvested dividends	None
Redemption Fee	None
Exchange Fee	None

*A Wire Fee of \$5 for domestic transfers may be deducted from sale proceeds. See "Wiring Sale Proceeds to Your Bank Account."*

***Davis Appreciation & Income Fund Annual Operating Expenses***  
*deducted from the Fund's assets*

	<b>Class Y shares</b>
Management Fees	0.66%
Distribution (12b-1) Fees	0.00%
Other Expenses <sup>(1)</sup>	0.13%
<b>Total Annual Operating Expenses</b>	<b>0.79%</b>

<sup>(1)</sup> Includes custodian fees, transfer agent fees, audit fees, legal fees, directors' fees and expenses, reports to shareholders, and various other expenses.

*Expenses may vary in future years.*

***Expense Example***

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the Fund for the time periods indicated. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same as shown above. Although your actual costs may be higher or lower, your costs based on these assumptions would be:

<b>If you sell your shares in...</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Class Y Shares	\$81	\$252	\$439	\$978

## OVERVIEW OF DAVIS GOVERNMENT BOND FUND

---

### **Investment Objective and Principal Investment Strategies**

Davis Government Bond Fund's investment objective is current income. In order to achieve this objective while minimizing volatility and preserving capital, the Fund invests exclusively, under normal circumstances, in U.S. Government Securities and repurchase agreements collateralized by U.S. Government Securities with a weighted average maturity of three years or less.

#### ***Government Securities***

There are two basic types of U.S. Government Securities: (1) direct obligations of the U.S. Treasury; and (2) obligations issued or guaranteed by an agency or instrumentality of the U.S. Government. U.S. Government Securities represent debt obligations (unlike equity securities, which represent ownership of the issuer). Obligations that the U.S. Treasury issues or guarantees are generally considered to offer the highest credit quality available in any security. Many securities issued by government agencies are not fully guaranteed by the U.S. government and in unusual circumstances may present credit risk.

U.S. Government Securities include mortgage-related securities issued by an agency or instrumentality of the U.S. Government. At times, a significant portion of Davis Government Bond Fund's securities are mortgage-backed securities and collateralized mortgage obligations. A mortgage-backed security represents ownership of a pool of mortgage loans. As the mortgages are paid off, a portion of the principal and interest payments are passed through to the owners of the securities. Davis Government Bond Fund buys only mortgage-backed securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. A collateralized mortgage obligation is a debt security that is secured by a pool of mortgages, mortgage-backed securities, U.S. Government Securities or corporate debt obligations. Davis Government Bond Fund only invests in collateralized mortgage obligations that are issued or guaranteed by the U.S. Government or its agencies or instrumentalities.

#### ***Investment Strategy***

In selecting U.S. Government Securities for the Fund, Davis Advisors uses fundamental research to attempt to achieve competitive returns over the long term. Unlike many government bond funds that invest a portion of their assets in riskier corporate paper, Davis Government Bond Fund invests only in U.S. Treasury securities, U.S. Government agency securities and U.S. Government agency mortgage securities. The Fund emphasizes undervalued sectors of the market which our research leads us to believe offer the potential for superior returns. The Fund seeks to maintain a weighted average maturity of three years or less. In general, longer weighted average maturities result in greater changes in the price of the Fund's shares when prevailing interest rates change.

#### ***Buy Strategy***

Davis Advisors continuously analyzes how interest rates, movements in various market sectors and the economy as a whole could impact the types of debt instruments the Fund targets.

- The Fund buys securities based on their price, coupon and yield spreads relative to other securities.
- Treasuries are included for their high credit quality.
- Government and agency mortgage-backed securities are included when they offer adequate premiums to compensate for additional risk.

- Davis Advisors assesses the short- and long-term interest-rate environment to properly position the Fund's portfolio along the yield curve.

### ***Sell Strategy***

Although the Fund often holds securities until their date of maturity, it will sell a security before it matures when:

- Davis Advisors determines that future interest-rate moves could significantly diminish its value.
- Its risk-reward tradeoff is no longer attractive.
- Davis Advisors finds other securities that appear to offer better value.

### **Determining If This Fund Is Right For You**

You should consider investing in this Fund if:

- You are seeking current income.
- You are more comfortable investing in high-quality U.S. Government Securities.
- You want to diversify a common stock portfolio.

You should not invest in this Fund if:

- You cannot accept moderate price swings or market declines.
- You are seeking the higher, but more volatile, returns historically achieved by stocks.

### **Principal Risks of Investing in the Fund**

If you buy shares of Davis Government Bond Fund, you may lose some or all of the money that you invest. The investment return and principal value of an investment in the 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 we think are the most significant factors (but not the only factors) that could cause the value of your investment in the Fund to decline, and which could prevent the Fund from achieving its stated objective.

- **Price volatility risk.** Most of the Fund's U.S. Government Securities pay a fixed interest rate. When interest rates increase, the value and price of U.S. Government Securities usually decline. When interest rates are falling, the value and price of U.S. Government Securities usually increase. As a result, an increase in market rates should reduce the value of the Fund's portfolio and a decrease in rates should have the opposite effect.
- **Extension and prepayment risk.** Market prices of the mortgage-backed securities and collateralized mortgage obligations that Davis Government Bond Fund owns are affected by how quickly borrowers elect to prepay the mortgages underlying the securities. Changes in market interest rates affect borrowers' decisions about whether to prepay their mortgages. Rising interest rates lead to extension risk, which occurs when borrowers maintain their existing mortgages until they come due instead of choosing to prepay them. Falling interest rates lead to prepayment risk, which occurs when borrowers prepay their mortgages more quickly than usual so that they can refinance at a lower rate. A government agency that has the right to call (prepay) a fixed-rate security may respond the same way. The pace at which borrowers prepay affects the yield and the cash flow to holders of securities and the market value of those securities.

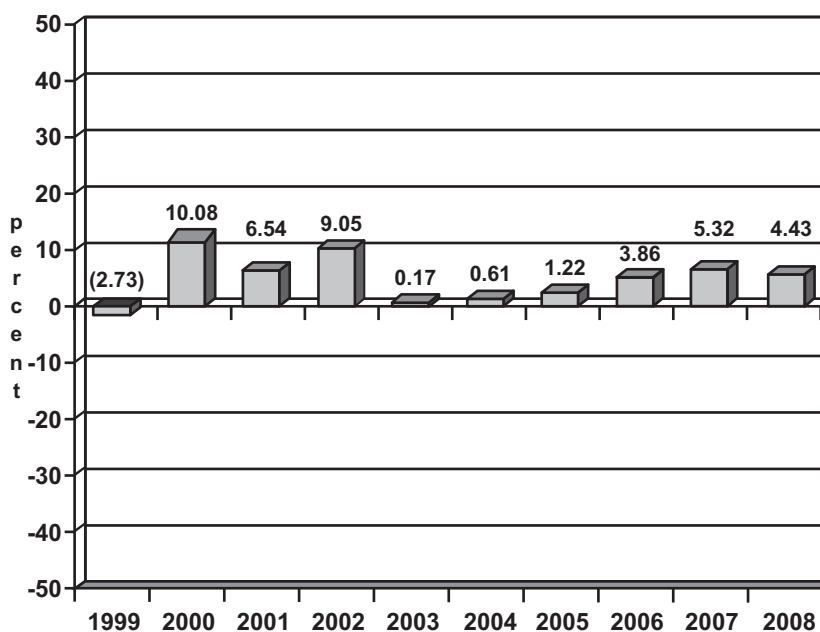
- **Credit risk.** Davis Government Bond Fund seeks to manage credit risk by investing exclusively, under normal circumstances, in U.S. Government Securities and repurchase agreements collateralized by U.S. Government Securities. Many of the agency-issued securities in the Fund's portfolio (as opposed to the Treasury-issued securities) are not guaranteed by the U.S. Government and in unusual circumstances may present credit risk. Although an issuer may be chartered or sponsored by Acts of Congress, their securities are neither issued nor guaranteed by the United States Treasury. These include direct obligations and mortgage-related securities that have different levels of credit support from the U.S. Government. Some are supported by the full faith and credit of the U.S. Government, such as Government National Mortgage Association ("Ginnie Mae") pass-through mortgage certificates. Some are supported by the right of the issuer to borrow from the U.S. Treasury under certain circumstances, such as Federal National Mortgage Association ("Fannie Mae") bonds. Others are supported only by the credit of the entity that issued them, such as Federal Home Loan Mortgage Corporation ("Freddie Mac") obligations. There is always some risk, even for U.S. Government Securities that the issuer of a security held by the Fund will fail to make a payment when it is due.

The Fund's shares are not deposits or obligations of any bank, are not guaranteed by the U.S. Government or any bank, and are not insured by the FDIC or any other agency and involve investment risks, including possible loss of the principal amount invested.

## Performance Information

The bar chart and table that follow provide an indication of the risks of investing in Davis Government Bond Fund by showing changes in the Fund's year-to-year performance and by showing how the Fund's average annual returns compare to those of the Citigroup U.S. Treasury/Agency 1-3 Year Index, a widely recognized unmanaged index of U.S. Government Securities performance. The Fund is not managed to track any particular index and, consequently, the performance of the Fund may deviate significantly from the performance of the Index. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future.

***Davis Government Bond Fund  
Calendar Year Total Returns for Class Y Shares***



During the period shown above, the Fund's highest quarterly return was 4.55% for the quarter ended September 30, 2001, and the lowest quarterly return was (2.51)% for the quarter ended June 30, 2004. Total return for the three months ended March 31, 2009 (not annualized) was 1.18%.

***Davis Government Bond Fund Average Annual Total Returns  
for the periods ended December 31, 2008***

	Past 1 Year	Past 5 Years	Past 10 Years	Life of Class*
Class Y shares return before taxes	4.43%	3.07%	3.78%	3.81%
Class Y shares return after taxes on distributions	3.18%	1.88%	2.26%	N/A
Class Y shares return after taxes on distributions and sale of fund shares	2.86%	1.92%	2.28%	N/A
Citigroup U.S. Treasury/Agency 1-3 Year Index reflects no deduction for fees, expenses or taxes	6.78%	4.13%	4.83%	4.88%

\*The inception of Class Y shares was 09/01/98.

After-tax returns are calculated using the highest historical individual federal marginal income tax rates for each year and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

If returns are negative, returns after taxes on distributions and sale of fund shares may be higher than returns before taxes as the resulting capital losses from the sale of fund shares would be available to offset capital gains from other investments.

Citigroup US Treasury/Agency 1-3 year Index returns do not reflect deductions for fees, expenses, or taxes. You cannot invest directly in an index.

***Davis Government Bond Fund Yield, Class Y Shares***

*as of December 31, 2008*

30-Day SEC Yield	<b>3.57%</b>
------------------	--------------

You can obtain Davis Government Bond Fund's most recent 30-day SEC Yield by calling us toll-free at **1-800-279-0279**, Monday through Friday, 9 a.m. to 6 p.m. Eastern time.

**Fees and Expenses of the Fund**

***Fees You May Pay as a Davis Funds Shareholder***

*paid directly from your investment*

	<b>Class Y shares</b>
Maximum sales charge (load) imposed on purchases <i>as a percentage of offering price</i>	None
Maximum deferred sales charge (load) imposed on redemptions <i>as a percentage of the lesser of the net asset value of the shares redeemed or the total cost of such shares</i>	None
Maximum sales charge (load) imposed on reinvested dividends	None
Redemption Fee	None
Exchange Fee	None

*A Wire Fee of \$5 for domestic transfers may be deducted from sale proceeds. See "Wiring Sale Proceeds to Your Bank Account."*

***Davis Government Bond Fund Annual Operating Expenses***

*deducted from the Fund's assets*

	<b>Class Y shares</b>
Management Fees	0.30%
Distribution (12b-1) Fees	0.00%
Other Expenses <sup>(1)</sup>	0.52%
Total Annual Operating Expenses	0.82%

<sup>(1)</sup> *Includes custodian fees, transfer agent fees, audit fees, legal fees, directors' fees and expenses, reports to shareholders, and various other expenses.*

*Expenses may vary in future years.*

***Expense Example***

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the Fund for the time periods indicated. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same as shown above. Although your actual costs may be higher or lower, your costs based on these assumptions would be:

<b>If you sell your shares in...</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Class Y Shares	\$84	\$262	\$455	\$1,014

## OVERVIEW OF DAVIS GOVERNMENT MONEY MARKET FUND

---

### Investment Objective and Principal Investment Strategies

Davis Government Money Market Fund is a money market fund. Its investment objective is to achieve as high a level of current income as is consistent with the principle of preservation of capital and maintenance of liquidity. The Fund seeks to maintain liquidity and preserve capital by carefully monitoring the maturity of our investments. The Fund's portfolio has a dollar-weighted average maturity of ninety days or less. Under normal circumstances, the Fund invests exclusively in U.S. Government Securities and repurchase agreements collateralized by U.S. Government Securities.

#### *Government Securities*

There are two basic types of U.S. Government Securities: (1) direct obligations of the U.S. Treasury; and (2) obligations issued or guaranteed by an agency or instrumentality of the U.S. Government. U.S. Government Securities represent debt obligations (unlike equity securities, which represent ownership of the issuer). Obligations that the U.S. Treasury issues or guarantees are generally considered to offer the highest credit quality available in any security. Many securities issued by government agencies are not fully guaranteed by the U.S. Government and in unusual circumstances may present credit risk.

A repurchase agreement is a type of short-term investment that uses securities as collateral. Like a short-term loan, the borrower sells securities to the lender. The borrower agrees to buy back the securities at a certain time—at a higher price that incorporates an interest payment.

### Determining If This Fund Is Right For You

You should consider investing in this Fund if:

- You are seeking current income.
- You are most comfortable investing in high-quality U.S. Government Securities.
- You want a safe haven in times of market turmoil.
- You want easy access to your money.

You should not invest in this Fund if:

- You need a high total return to achieve your investment goals.
- Your primary investment goal is capital growth.

### Principal Risks of Investing in the Fund

This section describes what we think are the most significant factors (but not the only factors) that could prevent the Fund from achieving its stated objective.

- **Variable current income.** The income which Davis Government Money Market Fund pays to investors is not stable. When interest rates increase, the Fund's income distributions are likely to increase. When interest rates decrease, the Fund's income distributions are likely to decrease.
- **Credit risk.** Davis Government Money Market Fund seeks to manage credit risk by investing exclusively, under normal circumstances, in U.S. Government Securities and repurchase agreements collateralized by U.S. Government Securities. Many of the agency-issued securities in the Fund's portfolio (as opposed to the

Treasury-issued securities) are not guaranteed by the U.S. Government and in unusual circumstances may present credit risk. Although an issuer may be chartered or sponsored by Acts of Congress, their securities are neither issued nor guaranteed by the United States Treasury. These include direct obligations and mortgage-related securities that have different levels of credit support from the U.S. Government. Some are supported by the full faith and credit of the U.S. Government, such as Government National Mortgage Association (“Ginnie Mae”) pass-through mortgage certificates. Some are supported by the right of the issuer to borrow from the U.S. Treasury under certain circumstances, such as Federal National Mortgage Association (“Fannie Mae”) bonds. Others are supported only by the credit of the entity that issued them, such as Federal Home Loan Mortgage Corporation (“Freddie Mac”) obligations. There is always some risk, even for U.S. Government Securities that the issuer of a security held by the Fund will fail to make a payment when it is due.

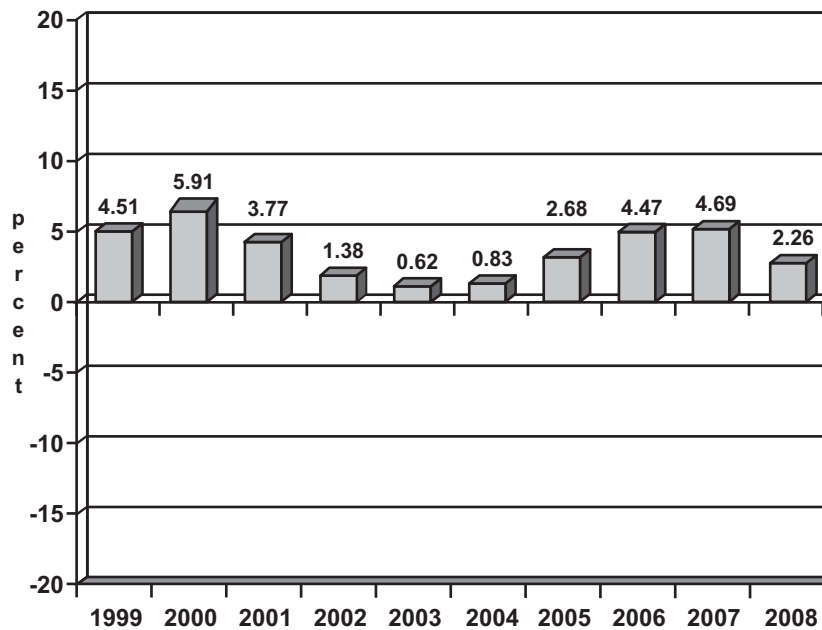
Although Davis Government Money Market Fund seeks to preserve the value of your investment at \$1 per share, investors can lose money. Shares of Davis Government Money Market Fund are not deposits or obligations of any bank, are not guaranteed by the U.S. government or any bank, and are not insured by the FDIC or any other agency and involve investment risks, including possible loss of the principal amount invested.

## Performance Information

The bar chart and table that follow provide an indication of the risks of investing in Davis Government Money Market Fund by showing changes in the Fund's year-to-year performance. The Fund's past performance is not necessarily an indication of how the Fund will perform in the future.

The bar chart and table that follow present the returns for Class A shares (which are offered to the public in a separate prospectus) because Class Y shares were not continuously outstanding for a full calendar year prior to 2007. Class Y shares and Class A shares would have had substantially similar annual returns because both classes of shares are invested in the same portfolio of securities and pay the same expenses. In 2008 and 2007 Class A shares and Class Y shares had identical annual returns.

***Davis Government Money Market Fund  
Calendar Year Total Returns for Class A Shares***



During the period shown above, the Fund's highest quarterly return was 1.52% for the quarter ended September 30, 2000, and the lowest quarterly return was 0.12% for the quarter ended September 30, 2003. Total return for the three months ended March 31, 2009 (not annualized) was 0.18 %.

### ***Davis Government Money Market Fund Average Annual Total Returns for the periods ended December 31, 2008***

	Past 1 Year	Past 5 Years	Past 10 Years
Class A shares	2.26%	2.98%	3.11%

### ***Davis Government Money Market Fund Yield, Class A Shares as of December 31, 2008***

7-Day SEC Yield	<b>1.06%</b>
-----------------	--------------

You can obtain Davis Government Money Market Fund's most recent 7-day SEC Yield by calling us toll-free at **1-800-279-0279**, Monday through Friday, 9 a.m. to 6 p.m. Eastern time.

## Fees and Expenses of the Fund

### *Fees You May Pay as a Davis Funds Shareholder*

*paid directly from your investment*

	Class Y shares
Maximum sales charge (load) imposed on purchases <i>as a percentage of offering price</i>	None
Maximum deferred sales charge (load) imposed on redemptions <i>as a percentage of the lesser of the net asset value of the shares redeemed or the total cost of such shares</i>	None
Maximum sales charge (load) imposed on reinvested dividends	None
Redemption Fee	None
Exchange Fee	None

*A Wire Fee of \$5 for domestic transfers may be deducted from sale proceeds. See "Wiring Sale Proceeds to Your Bank Account."*

### *Davis Government Money Market Fund Annual Operating Expenses*

*deducted from the Fund's assets*

	Class Y shares
Management Fees	0.47%
Distribution (12b-1) Fees	0.00%
Other Expenses <sup>(1)</sup>	0.10%
Total Annual Operating Expenses	0.57%

<sup>(1)</sup> *Includes custodian fees, transfer agent fees, audit fees, legal fees, director's fees and expenses, reports to shareholders, and various other expenses.*

*Expenses may vary in future years. See "Fees and Expenses of the Fund" in this prospectus.*

### *Expense Example*

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the Fund for the time periods indicated. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same as shown above. Although your actual costs may be higher or lower, your costs, based on these assumptions, would be:

If you sell your shares in...	1 Year	3 Years	5 Years	10 Years
Class Y Shares	\$58	\$183	\$318	\$714

## DAVIS MANAGEMENT

---

### Davis Advisors

Davis Advisors serves as the investment adviser for each of the Davis Funds. Davis Advisors' offices are located at 2949 East Elvira Road, Suite 101, Tucson, Arizona 85756. Davis Advisors provides investment advice for the Davis Funds, manages their business affairs, and provides day-to-day administrative services. Davis Advisors also serves as investment adviser for other mutual funds and institutional and individual clients.

For the fiscal year ended December 31, 2008, Davis Advisors' compensation from the Funds for its services (based on average net assets) was: Davis Opportunity Fund, 0.65%; Davis Financial Fund, 0.65%; Davis Real Estate Fund, 0.69%; Davis Appreciation & Income Fund, 0.66%; Davis Government Bond Fund, 0.30%; and Davis Government Money Market Fund, 0.47%.

Davis Selected Advisers-NY, Inc., serves as the sub-adviser for each of the Davis Funds. Davis Selected Advisers-NY, Inc.'s offices are located at 609 Fifth Avenue, New York, New York 10017. Davis Selected Advisers-NY, Inc., provides investment management and research services for the Davis Funds and other institutional clients, and is a wholly owned subsidiary of Davis Advisors. Davis Selected Advisers-NY, Inc.'s fee is paid by Davis Advisors, not the Davis Funds.

Every year the Funds' Board of Directors considers whether to re-approve the Funds' advisory and sub-advisory agreements. The basis for the Board's decision is described in the Funds' most recent Semi-Annual Report.

### Investment Professionals

#### *Davis Opportunity Fund*

**Investment Team.** Davis Advisors uses a system of multiple research analysts to manage Davis Opportunity Fund. Under this approach, the portfolio of the Fund is divided into segments managed by individual research analysts. The research adviser and the four research analysts managing the largest portion of the Fund's assets as of the latest calendar quarter-end prior to the date of this prospectus are listed below. Research analysts decide how their respective segments will be invested. All investment decisions are made within the parameters established by the Fund's investment objectives, strategies, and restrictions.

- **Christopher Davis** has served as the research adviser of Davis Opportunity Fund since January 1999, and also manages other equity funds advised by Davis Advisors. Mr. Davis has served as an analyst and portfolio manager for Davis Advisors since 1989. As research adviser, Mr. Davis oversees the research analysts of Davis Opportunity Fund and allocates segments of the Fund to each of them to invest.
- **Dwight Blazin, Ph.D.**, has managed a segment of Davis Opportunity Fund since December 2001, manages other equity funds advised by Davis Advisors, and also serves as research analyst for Davis Advisors. Mr. Blazin joined Davis Advisors in August 1997.
- **Stephen Chen, CFA, CPA**, has managed a segment of Davis Opportunity Fund since February 2003, manages other equity funds advised by Davis Advisors, and also serves as research analyst for Davis Advisors. Mr. Chen joined Davis Advisors in December 2002.

- **Danton Goei** has managed a segment of Davis Opportunity Fund since December 2001, manages other equity funds advised by Davis Advisors, and also serves as research analyst for Davis Advisors. Mr. Goei joined Davis Advisors in November 1998.
- **Tania Pouschine** has managed a segment of Davis Opportunity Fund since July 2003, manages other equity funds advised by Davis Advisors, and also serves as research analyst for Davis Advisors. Ms. Pouschine joined Davis Advisors in July 2003. From 1993 to 2003, Ms. Pouschine worked as an analyst and portfolio manager at Ruane Cunniff.

#### ***Davis Financial Fund***

- **Kenneth Charles Feinberg** has served as a Portfolio Manager of Davis Financial Fund since May 1997, and also manages other equity funds advised by Davis Advisors. Mr. Feinberg started with Davis Advisors as a research analyst in December 1994.
- **Charles Cavanaugh** has served as Co-Portfolio Manager of Davis Financial Fund since May 2007, manages other equity funds advised by Davis Advisors, and also serves as research analyst for Davis Advisors. Mr. Cavanaugh joined Davis Advisors in March 2001.

#### ***Davis Real Estate Fund***

- **Andrew A. Davis** has served as a Portfolio Manager of Davis Real Estate Fund since January 1994, and also manages other equity funds advised by Davis Advisors. Mr. Davis has served as a portfolio manager for Davis Advisors since 1993.
- **Chandler Spears** has served as a Portfolio Manager of Davis Real Estate Fund since August 2002, and also manages other equity funds advised by Davis Advisors. Mr. Spears has served as a research analyst at Davis Advisors since November 2000.

#### ***Davis Appreciation & Income Fund***

- **Andrew A. Davis** has served as a Portfolio Manager of Davis Appreciation & Income Fund since February 1993, and also manages other equity funds advised by Davis Advisors. Mr. Davis has served as a portfolio manager for Davis Advisors since 1993.
- **Keith J. Sabol, CFA**, has served as a Portfolio Manager of Davis Appreciation & Income Fund since September 2005. Mr. Sabol has served as a research analyst at Davis Advisors since July 2005. Before joining Davis Advisors, Mr. Sabol was a principal with Quantanium, LLC where he served as a portfolio manager from June 2002 through June 2005. Prior to that he served as a portfolio manager for Federated Investors from 1996 to 2002.

#### ***Davis Government Bond Fund and Davis Government Money Market Fund***

- **Creston King, CFA**, has served as a Portfolio Manager of Davis Government Bond Fund and Davis Government Money Market Fund since August 1999. Mr. King also manages other government money market funds advised by Davis Advisors.

The Statement of Additional Information provides additional information about the investment professionals' compensation, other accounts managed by the investment professionals, and the investment professionals' ownership of securities in the Funds.

## **The Davis Investment Discipline**

Davis Advisors manages equity funds using the Davis Investment Discipline. Davis Advisors conducts extensive research to try to identify businesses that possess characteristics which we believe foster the creation of long-term value, such as proven management, a durable franchise and business model, and sustainable competitive advantages. We aim to invest in such businesses when they are trading at discounts to their intrinsic worth. We emphasize individual stock selection and believe that the ability to evaluate management is critical. We routinely visit 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, Davis Advisors has developed a list of characteristics that we believe 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, Davis Advisors searches for companies that demonstrate a majority or an appropriate mix of these characteristics.

### ***First Class Management***

- Proven Track Record
- Significant Alignment of Interest in Business
- Smart Application of Technology to Improve Business and Lower Costs

### ***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 we wish to own, we then turn our analysis to determining the intrinsic value of those companies' common stock. We seek common stock which can be purchased at attractive valuations relative to their intrinsic value. Our goal is to invest in companies for the long term. We consider selling a company's stock if the stock's market price exceeds Davis Advisors' estimates of intrinsic value, or if the ratio of the risks and rewards of continuing to own the company's stock is no longer attractive.

## **Additional Information About Investments**

Each Fund's investment objectives are described in its respective Overview. The Funds' investment objectives are not fundamental policies and may be changed by the Fund's Board of Directors without a vote of shareholders. A Fund's prospectus would be amended before any change in investment objective, and shareholders would be promptly notified of the change.

The Funds are not limited to investing in the securities and using the principal investment strategies described in their Overviews. Each Fund may also purchase other kinds of securities, engage in active trading (which would increase portfolio turnover and commission expenses and could increase taxable distributions), or

employ other investment strategies that are not principal investment strategies if, in Davis Advisors' professional judgment, the securities, trading, or investment strategies are appropriate. Factors that Davis Advisors considers in pursuing these other strategies include whether the strategies: (i) would be consistent with shareholders' reasonable expectations; (ii) would assist the Fund in pursuing its investment objective; (iii) are consistent with the Fund's investment strategy; (iv) would cause the Fund to violate any of its investment restrictions; or (v) would materially change the Fund's risk profile as described in the Fund's prospectus and Statement of Additional Information, as amended from time to time. The Statement of Additional Information discusses these securities and investment strategies.

**Short-Term Investments.** Each Fund uses short-term investments, such as treasury bills and repurchase agreements, to maintain flexibility while evaluating long-term opportunities. A Fund may also use short-term investments for temporary defensive purposes. At such times a Fund will not be pursuing its normal investment policies. In the event that our investment professionals anticipate a decline in the market values of the companies in which a Fund invests (due to economic, political or other factors), a Fund may reduce its 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. For more details concerning current investments and market outlook, please see the Funds' most recent shareholder report.

**Execution of Portfolio Transactions.** Davis Advisors places orders with broker-dealers for Davis Funds' portfolio transactions. Davis Advisors seeks to place portfolio transactions with brokers or dealers who will execute transactions as efficiently as possible and at the most favorable net price. In placing executions and paying brokerage commissions or dealer markups, Davis Advisors considers price, commission, timing, competent block trading coverage, capital strength and stability, research resources, and other factors. Subject to best price and execution, Davis Advisors may place orders for Davis Funds' portfolio transactions with broker-dealers who have sold shares of Davis Funds. However, when Davis Advisors places orders for Davis Funds' portfolio transactions, it does not give any consideration to whether a broker-dealer has sold shares of Davis Funds. In placing orders for Davis Funds' portfolio transactions, the Adviser does not commit to any specific amount of business with any particular broker-dealer.

Over the last three years the Funds paid the following brokerage commissions:

	<i>For the Year ended December 31,</i>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Davis Opportunity Fund</b>			
Brokerage commissions paid:	\$593,490	\$865,678	\$814,838
Brokerage commissions as a percentage of average net assets:	0.08%	0.07%	0.09%
<b>Davis Financial Fund</b>			
Brokerage commissions paid:	\$156,426	\$157,739	\$ 36,235
Brokerage commissions as a percentage of average net assets:	0.02%	0.02%	0.00%
<b>Davis Real Estate Fund</b>			
Brokerage commissions paid:	\$322,282	\$508,994	\$353,630
Brokerage commissions as a percentage of average net assets:	0.06%	0.06%	0.05%
<b>Davis Appreciation &amp; Income Fund</b>			
Brokerage commissions paid:	\$121,210	\$202,944	\$124,931
Brokerage commissions as a percentage of average net assets:	0.02%	0.02%	0.03%
<b>Davis Government Bond Fund</b>			
	N/A	N/A	N/A
<b>Davis Government Money Market Fund</b>			
	N/A	N/A	N/A

## ONCE YOU INVEST IN DAVIS FUNDS

---

This section describes how your investment in a Fund is valued, how you earn money on your investment and how the government may tax these earnings.

### **How Your Shares Are Valued**

Once you open your Davis Funds account, you may buy or sell shares on any day that the Funds are open. The price of your shares in a Davis Fund is based upon the total value of the Fund's investments. Your account balance may change daily because the share price may change daily.

The value of one share of a Davis Fund, also known as the net asset value, or NAV, is calculated at 4 p.m. Eastern time on each day the New York Stock Exchange is open or as of the time the Exchange closes, if earlier.

The business sections of many, but not all, major newspapers publish Davis Funds' daily net asset values. If you have access to the Internet, you can also check the net asset value on our website [www.davisfunds.com](http://www.davisfunds.com).

### *Valuation of Portfolio Securities*

Your shares will be purchased or sold at the net asset value next determined after Davis Funds' transfer agent receives your request to purchase or sell shares in good order.

The Funds' portfolio securities are valued primarily on the basis of market quotations. However, Davis Funds have adopted procedures for making "fair value" determinations if market quotations are not readily available. The Funds use fair value prices any time Davis Advisors concludes that reliable market quotations for the Funds' portfolio securities are not readily available from an approved third party pricing service or from independent brokers. Examples of when fair value pricing may be used include when a Fund holds illiquid or thinly traded securities, and securities whose values have been affected by a significant event occurring after the close of their primary markets. Davis Funds use an independent vendor to assist in fair value pricing of foreign securities when deemed appropriate. The use of fair value pricing by the Funds may cause the net asset value of their shares to differ significantly from the net asset value that would be calculated using last reported prices.

Some of the Funds' securities may be traded in markets that close at a different time than when the Funds' shares are priced. Events affecting portfolio values that occur after the time that such markets close and the time the Funds' shares are priced may result in the use of fair value pricing, as described above. Likewise, because foreign securities trade in markets and exchanges that operate on U.S. holidays and weekends, the values of some of the Funds' foreign investments might change significantly on those days when investors cannot buy or redeem shares. Davis Funds have adopted procedures designed to identify and react to significant events in foreign markets that would have a material effect on a Fund's net asset value. Notwithstanding, the net asset value of a Fund's shares may change on days when shareholders will not be able to purchase or redeem Fund shares.

Securities denominated in foreign currencies and traded in foreign markets will have their values converted into U.S. dollar equivalents at the prevailing exchange rates as computed by State Street Bank and Trust. Fluctuation in the values of foreign currencies in relation to the U.S. dollar may affect the net asset value of a Fund's shares even if there has not been any change in the foreign currency prices of that Fund's investments.

Davis Government Money Market Fund typically values all of its securities at amortized cost. Normally, the share price of Davis Government Money Market Fund does not fluctuate. However, if there are unusually

rapid changes in interest rates that the Fund's Board of Directors believes will cause a material deviation between the amortized cost of the Fund's debt securities and the market value of those securities, the Board will consider taking temporary action to maintain a fixed price or to prevent material dilution or other unfavorable consequences to Fund shareholders. This temporary action could include withholding dividends, paying dividends out of surplus, realizing gains or losses, or using market valuation to calculate net asset value rather than amortized cost.

## **Portfolio Holdings**

A description of Davis Funds' policies and procedures with respect to the disclosure of the Funds' portfolio holdings is available in the Statement of Additional Information.

Davis Funds' portfolio holdings are published and mailed to shareholders twice a year in the Annual and Semi-Annual Reports which are mailed approximately 60 days after the end of the Fund's second and fourth fiscal quarters. In addition, each Fund publishes its portfolio holdings on the Davis Funds' website ([www.davisfunds.com](http://www.davisfunds.com)) and the SEC website ([www.sec.gov](http://www.sec.gov)) approximately 60 days after the end of each fiscal quarter. Other information concerning the Funds' portfolio holdings may also be published on the Davis Funds' website from time to time.

## **How We Pay Earnings**

There are two ways you can receive payments from the Davis Fund you invest in:

- **Dividends.** Dividends are distributions to shareholders of net investment income and short-term capital gains on investments.
- **Capital Gains.** Capital gains are profits received by a Fund from the sale of securities held for the long term, which are then distributed to shareholders.

If you would like information about when a particular Davis Fund pays dividends and distributes capital gains, please call **1-800-279-0279**. Unless you choose otherwise, the Davis Funds will automatically reinvest your dividends and capital gains in additional Fund shares.

You can request to have your dividends and capital gains paid to you by check or deposited directly into your bank account.

You will receive a statement each year detailing the amount of all dividends and capital gains paid to you during the previous year. To ensure that these distributions are reported properly to the U.S. Treasury, you must certify on your Davis Funds Application Form or on IRS Form W-9 that your Taxpayer Identification Number is correct and you are not subject to backup withholding. If you are subject to backup withholding, or you did not certify your Taxpayer Identification Number, the IRS requires the Davis Funds to withhold a percentage of any dividends paid and redemption or exchange proceeds received.

## **Federal Income Taxes**

### ***Taxes on Distributions***

Distributions you receive from a Fund may be subject to income tax and may also be subject to state or local taxes unless you are exempt from taxation.

For federal tax purposes, any taxable dividends and distributions of short-term capital gains are treated as ordinary income. The Funds' distributions of net long-term capital gains are taxable to you as long-term capital gains. Any taxable distributions you receive from the Funds will normally be taxable to you when made, regardless of whether you reinvest distributions or receive them in cash.

Davis Funds will send you a statement each year showing the tax status of your Fund distributions.

### ***Taxes on Transactions***

Your redemptions, including exchanges, may result in a capital gain or loss for federal tax purposes. A capital gain or loss on your investment is the difference between the cost of your shares and the price you receive when you sell them.

More information concerning federal taxes is available in the Statement of Additional Information. We recommend that you consult with a tax advisor about dividends and capital gains that you may receive from the Davis Funds.

### **Fees and Expenses of the Funds**

Each Fund must pay operating fees and expenses.

#### ***Management Fee***

The management fee covers the normal expenses of managing the Fund, including compensation, research costs, corporate overhead expenses and related expenses. Davis Funds offer different Classes of shares in other prospectuses. The difference in the fee structure between the Classes is primarily the result of fees and expenses paid by a Fund to dealers and financial institutions for providing services to shareholders. Accordingly, the core investment advisory expenses do not vary by Class. Different fees and expenses will affect performance.

#### ***Other Expenses***

Other expenses include miscellaneous fees from affiliated and outside service providers. These fees may include legal, audit, and custodial fees, the costs of printing and mailing of reports and statements, automatic reinvestment of distributions and other conveniences, and payments to third parties that provide recordkeeping services or administrative services for investors in the Fund.

#### ***Total Fund Operating Expenses***

The total cost of operating a mutual fund is reflected in its expense ratio. A shareholder does not pay operating costs directly; instead operating costs are deducted before the Fund's NAV is calculated and are expressed as a percentage of the Fund's average daily net assets. The effect of these fees is reflected in the performance results for that Class of shares. Investors should examine total operating expenses closely in the prospectus, especially when comparing one fund with another fund in the same investment category.

### **Fees Paid to Dealers and Other Financial Intermediaries**

Broker-dealers and other financial intermediaries ("Qualifying dealers") may charge Davis Distributors, LLC (the "Distributor") or the Adviser substantial fees for selling Davis Funds' shares and providing continuing support to shareholders. Qualifying dealers may charge: (i) sales commissions from sales charges paid by purchasing shareholders; (ii) distribution and service fees from the Funds' 12b-1 distribution plans; (iii) record-keeping fees from the Funds for providing record-keeping services to investors who hold Davis Funds shares through dealer-controlled omnibus accounts; and (iv) other fees, described below, paid by Davis Advisors or the Distributor from their own resources.

Qualifying dealers may, as a condition to distributing shares of the Davis Funds, request that the Distributor pay or reimburse the Qualifying dealer for: (i) marketing support payments including business planning assistance, educating personnel about the Davis Funds, and shareholder financial planning needs, placement on

the dealer's list of offered funds, and access to sales meetings, sales representatives and management representatives of the dealer; and (ii) financial assistance charged to allow the Distributor to participate in and/or present at conferences or seminars, sales or training programs for invited registered representatives and other employees, client and investor events and other dealer-sponsored events. These additional fees are sometimes referred to as "revenue sharing" payments. A number of factors are considered in determining fees paid to Qualifying dealers, including the dealer's sales and assets, and the quality of the dealer's relationship with the Distributor. Fees are generally based on the value of shares of the Fund held by the dealer or financial institution for its customers or based on sales of Fund shares by the dealer or financial institution, or a combination thereof. Davis Advisors may use its profits from the advisory fee it receives from the Fund to pay some or all of these fees. Some dealers may also choose to pay additional compensation to their registered representatives who sell the Funds. Such payments may be associated with the status of a Fund on a financial intermediary's preferred list of funds or otherwise associated with the financial intermediary's marketing and other support activities. The foregoing arrangements may create an incentive for the brokers, dealers or other financial institutions, as well as their registered representatives, to sell the Davis Funds rather than other funds.

In 2008 the Distributor was charged additional fees by the Qualifying dealers listed below. The Distributor paid these fees from its own resources. These Qualifying dealers may provide the Davis Funds enhanced sales and marketing support and financial advisers employed by the Qualifying dealers may recommend the Davis Funds rather than other funds. Qualifying dealers may be added or deleted at any time.

ADP Broker Dealer, Inc.; Charles Schwab & Co., Inc.; Citigroup Global Markets, Inc.; Citistreet Associates; Comerica Bank; Diversified Investment Advisors, Inc.; Fidelity Brokerage Services, LLC.; HSBC Bank USA; ING Life Insurance and Annuity Co.; ING Financial Advisers, LLC; John Hancock Life Insurance Company (U.S.A.); John Hancock Life Insurance Company of New York; Marshall & Ilsley Trust Company; Massachusetts Mutual Life Insurance Co.; Mercer HR Services LLC; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Merrill Lynch Life Insurance Co.; Morgan Stanley & Co., Inc.; National Financial Services, LLC.; Nationwide Financial Services, Inc.; New York Life Distribution; Piper Jaffray, Inc.; Prudential Investment Management Services, LLC.; Raymond James & Associates, Inc.; The Guardian Insurance & Annuity Company, Inc.; The Princeton Retirement Group, Inc.; The Vanguard Group, Inc.; TruSource, a division of Union Bank of California; UBS Financial Services, Inc.; Wachovia Bank N.A.; Wachovia Securities, Inc.; Wells Fargo Bank, N.A.; and Union Bank of California.

In addition, the Distributor may, from time to time, pay additional cash compensation or other promotional incentives to authorized dealers or agents who sell shares of the Davis Funds. In some instances, such cash compensation or other incentives may be offered only to certain dealers or agents who employ registered representatives who have sold or may sell significant amounts of shares of the Davis Funds during specified periods of time.

Although Davis Funds may use brokers who sell shares of the Funds to execute portfolio transactions, the Funds do not consider the sale of fund shares as a factor when selecting brokers to execute portfolio transactions.

Investors should consult their financial intermediaries regarding the details of payments they may receive in connection with the sale of Fund shares.

**Due Diligence Meetings.** The Distributor routinely sponsors due diligence meetings for registered representatives during which they receive updates on various Davis Funds and are afforded the opportunity to speak with the Adviser's investment professionals. Invitation to these meetings is not conditioned on selling a specific number of shares. Those who have shown an interest in Davis Funds, however, are more likely to be considered. To the extent permitted by their firm's policies and procedures, registered representatives' expenses in attending these meetings may be covered by the Distributor.

**Seminars and Educational Meetings.** The Distributor may defray certain expenses of Qualifying dealers incurred in connection with seminars and other educational efforts subject to the Distributor's policies and procedures governing payments for such seminars. The Distributor may share expenses with Qualifying dealers for costs incurred in conducting training and educational meetings about various aspects of the Funds for the employees of Qualifying dealers. In addition, the Distributor may share expenses with Qualifying dealers for costs incurred in hosting client seminars at which the Fund is discussed.

**Recordkeeping Fees.** Certain Qualifying dealers have chosen to maintain omnibus accounts with Davis Funds. In an "omnibus account" the Fund maintains a single account in the name of the dealer and the dealer maintains all of its clients' individual shareholder accounts. Likewise, for many retirement plans, a third party administrator may open an omnibus account with the Davis Funds and the administrator will then maintain all of the participant accounts. Davis Advisors, on behalf of the Funds, enters into agreements whereby the Funds are charged by the dealer or administrator for such recordkeeping services.

Recordkeeping services typically include: (i) establishing and maintaining shareholder accounts and records; (ii) recording shareholder account balances and changes thereto; (iii) arranging for the wiring of funds; (iv) providing statements to shareholders; (v) furnishing proxy materials, periodic Davis Funds reports, prospectuses and other communications to shareholders as required; (vi) transmitting shareholder transaction information; and (vii) providing information in order to assist Davis Funds in their compliance with state securities laws. Each Davis Fund typically would be paying these shareholder servicing fees directly if a Qualifying dealer did not hold all customer accounts in a single omnibus account with each Davis Fund.

**Other Compensation.** The Distributor may, from its own resources and not the Funds', pay additional fees to the extent not prohibited by state or federal laws, the Securities and Exchange Commission (SEC), or any self-regulatory agency, such as the Financial Industry Regulatory Authority (FINRA).

## HOW TO OPEN AN ACCOUNT

---

To open a Class Y shares account with Davis Funds you must meet the initial minimum investment for each fund you choose to invest in. The minimum investment amount is dependent on how you invest:

- At least \$5 million for an institution (trust company, bank trust, endowment, pension plan, foundation) acting on behalf of its own account or one or more clients.
- At least \$5 million for a government entity (a state, county, city, department, authority or similar government agency).
- With an account established under a “wrap account” or other fee-based program that is sponsored and maintained by a registered broker-dealer approved by the Distributor.
- At least \$500,000 for a 401(k) plan, 457 plan, employer sponsored 403(b) plan, profit sharing and money purchase pension plan, defined benefit plan, or non-qualified deferred compensation plan where plan level or omnibus accounts are held on the books of the Fund.

The Distributor may waive the investment minimums at its discretion. For purposes of the minimums, the Distributor may treat appropriately related investors (for example, trust funds of the same bank, separate accounts of the same insurance company, clients whose funds are managed by a single bank, insurance company, investment adviser, broker-dealer, or institutional clients of a financial intermediary that maintains an omnibus account with the fund) as a single investor.

### Two Ways You Can Open an Account

- **By Mail.** Complete and sign the Application Form and mail it to our service provider, State Street Bank and Trust. Include a check made payable to **Davis Funds**. All purchases by check should be in U.S. dollars. **Davis Funds will not accept third-party checks, starter checks, traveler’s checks or money orders.**
- **By Dealer.** You may have your dealer order and pay for the shares. In this case, you must pay your dealer directly. Your dealer will then order the shares from the Distributor. Please note that your dealer may charge a service fee or commission for these transactions.

### Anti-Money Laundering Compliance

Davis Funds and the Distributor are required to comply with various anti-money laundering laws and regulations. Consequently, the Funds or the Distributor may request additional information from you to verify your identity and the source of your funds. If you do not provide the requested information the Davis Funds may not be able to open your account. If at any time the Funds believe an investor may be involved in suspicious activity or if certain account information matches information on government lists of suspicious persons, the Funds and the Distributor may choose not to establish a new account or may be required to “freeze” a shareholder’s account. They may also be required to provide a government agency or another financial institution with information about transactions that have occurred in a shareholder’s account or to transfer monies received to establish a new account, transfer an existing account or transfer the proceeds of an existing account to a governmental agency. In some circumstances, the law may not permit the Funds or the Distributor to inform the shareholder that it has taken the actions described above.

## HOW TO BUY, SELL AND EXCHANGE SHARES

---

Once you have established an account with Davis Funds, you can add to or withdraw from your investment. This prospectus describes the types of transactions you can perform as a Davis Funds shareholder including how to initiate these transactions and the charges that you may incur (if any) when buying, selling or exchanging shares. A transaction will not be executed until all required documents have been received in a form meeting all legal requirements. Legal requirements vary depending upon the type of transaction and the type of account. Call Investor Services for instructions. These procedures and charges may change over time and the prospectus in effect at the time a transaction is initiated will describe the procedures and charges which will apply to the transaction.

### **Right to Reject or Restrict any Purchase or Exchange Order**

Purchases and exchanges should be made for long term investment purposes only. Davis Funds and the Distributor reserve the right to reject or restrict any purchase or exchange order for any reason. Davis Funds are not designed to serve as a vehicle for frequent trading in response to short-term fluctuations in the securities markets. Accordingly, purchases or exchanges that are part of activity that Davis Funds or the Distributor have determined may involve actual or potential harm to a Fund may be rejected.

### **Four Ways to Buy, Sell and Exchange Shares**

- **By Telephone.** Call 1-800-279-0279. You can speak directly with an Investor Services Professional during our business hours (9 a.m. to 6 p.m. Eastern time) or use our automated telephone system at any time, day or night.
- **By Online Account Access.** You may initiate most account transactions through online account access on our website, [www.davisfunds.com](http://www.davisfunds.com). Please note that certain account types may be restricted from online access.
- **By Mail.** Send the request to our service provider, State Street Bank and Trust Company.

*Regular mail:*

Davis Funds  
c/o State Street Bank and Trust Company  
P.O. Box 8406, Boston, MA 02266-8406

*Express shipping:*

Davis Funds  
c/o State Street Bank and Trust Company  
30 Dan Road, Canton, MA 02021-2809

- **By Dealer.** Contact a dealer who will execute the transaction through the Distributor. Please note that your dealer may charge service fees or commissions for these transactions.

The Davis Funds do not issue certificates for any class of shares. Instead, shares purchased are automatically credited to an account maintained for you on the books of the Davis Funds by State Street Bank and Trust. Transactions in the account, such as additional investments, will be reflected on regular confirmation statements from Davis Funds. Dividend and capital gain distributions, purchases through automatic investment plans and certain retirement plans, and automatic exchanges and withdrawals will be confirmed at least quarterly.

## When Your Transactions Are Processed

The per-share price for purchases or sales made through the Distributor will be processed on the same day if the order is received before 4 p.m. Eastern time. If State Street Bank and Trust or the Fund requires additional documents to complete the purchase or sale, the transaction price will be determined at the close of business after all required documents are received.

For your transaction to be counted on the day you place your order with your broker-dealer or other financial institution, it must:

- Receive your order before 4 p.m. Eastern time; and
- Promptly transmit the order to State Street Bank and Trust.

## Buying More Shares

- **By Mail.** When you purchase shares by mail, send a check made payable to **Davis Funds** for the amount of purchase to our service provider, State Street Bank and Trust. If you have the investment slip from your most recent statement, include it with the check. If you do not have an investment slip, include a letter with your check stating the name of the Fund, the class of shares you wish to buy and your account number.
- **Through a Dealer.** When you buy shares through a dealer, you may be charged service fees or commissions for these transactions.
- **By Wire.** You may wire federal funds directly to our service provider, State Street Bank and Trust. To ensure that the purchase is credited properly, follow these wire instructions:

State Street Bank and Trust Company  
Boston, MA 02210  
Attn: Mutual Fund Services  
**[Name of Davis Fund and Class of shares that you are buying]**  
*Shareholder Name*  
*Shareholder Account Number*  
Federal Routing Number 011000028  
DDA Number 9904-606-2

## Selling Shares

You may sell back all or part of your shares in any Davis Fund in which you invest (also known as redeeming your shares) on any day that the Fund is open, at net asset value. You can sell the shares by telephone, by internet, by mail or through a dealer.

When you sell shares by mail, indicate the number of shares or the dollar amount you wish to redeem and send the request to our service provider, State Street Bank and Trust. If more than one person owns the shares you wish to sell, all owners must sign the redemption request. You may be required to have the owners' signatures medallion-guaranteed (see "Medallion Signature Guarantee" below).

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

Redemption proceeds are usually paid to you by check within seven days after State Street Bank and Trust receives your proper redemption request. You may redeem shares on any day that the Fund is open. Redemption proceeds may be withheld until a sufficient period of time has passed for State Street Bank and

Trust to be reasonably sure that all checks or drafts (including certified or cashier's checks) for shares purchased have cleared, normally not exceeding fifteen calendar days.

### ***What You Need to Know Before You Sell Your Shares***

- You will always receive cash for sales that total less than \$250,000 or one percent of a Fund's net asset value during any ninety-day period. Any sales above the cash limit may be paid in securities and would mean you would have to pay brokerage fees if you sold the securities.
- You will need a medallion signature guarantee on a stock power or redemption request for sales paid by check totaling more than \$100,000. However, if your address of record has changed in the last 30 days, or if you wish to send redemption proceeds to a third party, you will need a medallion signature guarantee for all sales.
- In the past, the Davis Funds issued certificates for its shares. If a certificate was issued for the shares you wish to sell, the certificate must be sent by certified mail to State Street Bank and Trust and accompanied by a letter of instruction signed by the owner(s).
- A sale may produce a gain or loss. Gains may be subject to tax.
- The Securities and Exchange Commission may suspend redemption of shares under certain emergency circumstances if the New York Stock Exchange is closed for reasons other than customary closings and holidays.

### ***Medallion Signature Guarantee***

To protect you and the Davis Funds against fraud, certain redemption requests must be made in writing with your signature guaranteed. A medallion signature guarantee is a written endorsement from an eligible guarantor institution that the signature(s) on the written request is (are) valid. Certain commercial banks, trust companies, savings associations, credit unions and members of a United States stock exchange participate in the medallion signature guarantee program. No other form of signature verification will be accepted.

### ***Stock Power***

This is a letter of instruction signed by the owner of Fund shares that gives State Street Bank and Trust permission to transfer ownership of the shares to another person or group. Any transfer of ownership requires that all shareholders have their signatures medallion-guaranteed.

### ***Wiring Sale Proceeds to Your Bank Account***

You may be eligible to have your redemption proceeds electronically transferred to a commercial bank account by federal funds wire. There is a \$5 charge by State Street Bank and Trust for wire service, and receiving banks may also charge for this service. Proceeds of redemption by federal funds wire are usually credited to your bank account on the next business day after the sale. Alternatively, redemption through Automated Clearing House (ACH) will usually arrive at your bank two banking days after the sale. To have redemption proceeds sent by federal funds wire to your bank, you must first fill out the *Banking Instructions* section on the account application form and attach a voided check or deposit slip. If the account has already been established, an Account Service Form must be submitted with a medallion guarantee and a copy of a voided check.

## Exchanging Shares

You can sell Class Y shares of any Davis Fund to buy Class Y shares in any other Davis Fund. This is known as an exchange. You can only exchange shares from your account within the same class and under the same registration. You can exchange shares by telephone, by internet, by mail or through a dealer. The initial exchange must be for at least \$5 million for institutions or government entities or minimums set by wrap program sponsors. Class A shareholders who are eligible to buy Class Y shares may also exchange their shares for Class Y shares of the Fund. Exchanges are normally performed on the same day of the request if received in proper form (all necessary documents, signatures, etc.) by 4 p.m. Eastern time.

When you exchange shares by mail, you must send our service provider, State Street Bank and Trust, a written request for the exchange. In the past, the Davis Funds issued certificates. If you wish to exchange shares for which you hold share certificates, these certificates must be sent by certified mail to State Street Bank and Trust accompanied by a letter of instruction signed by the owner(s). If your shares are being sold for cash, this is known as a redemption. Please see “What You Need to Know Before You Sell Your Shares” in this prospectus for restrictions that might apply to this type of transaction.

When you exchange shares through a dealer, you may be charged a service fee or commission for each transaction.

Before you decide to make an exchange, you must obtain the current prospectus of the desired Davis Fund. For federal income tax purposes, exchanges between Davis Funds are treated as a sale and a purchase. Therefore, there will usually be a recognizable capital gain or loss due to an exchange.

## Market Timing

Davis Funds discourage short-term or excessive trading, often referred to as “market timing,” and intend to seek to restrict or reject such trading or take other action if in the judgment of Davis Advisors such trading may be detrimental to the interests of a Fund and its long-term shareholders. Market timing strategies may dilute the value of fund shares held by long-term shareholders, interfere with the efficient management of the Fund’s portfolio, and increase brokerage and administrative costs.

Davis Funds’ Board of Directors has adopted policies and procedures with respect to the frequent purchases and redemption of fund shares. Currently, four round-trip exchanges between Davis Funds are allowed during any twelve month period. You may make an unlimited number of exchanges out of Davis Government Money Market Fund. Automatic exchanges are excluded from this provision. Certain financial intermediaries, such as 401(k) plan administrators, may apply purchase and exchange limitations which are different than the limitations discussed above. These limitations may be more or less restrictive than the limitations imposed by the Davis Funds, but are designed to detect and prevent excessive trading. Shareholders should consult their financial intermediaries to determine what purchase and exchange limitations may be applicable to their transactions in the Davis Funds through those financial intermediaries. To the extent reasonably feasible, the Funds’ market timing procedures apply to all shareholder accounts and neither Davis Funds nor Davis Advisors have entered into agreements to exempt any shareholder from application of either the Davis Funds’ or a financial intermediary’s market-timing procedures, as applicable.

Davis Funds and Davis Advisors use several methods to reduce the risk of market timing. These methods include: (i) limiting annual exchange activity per fund account; and (ii) committing staff to selectively review on a continuing basis recent trading activity in order to identify trading activity that may be contrary to the Funds’ market timing policy. If Davis Funds determine that your purchase or exchange patterns reflect a market timing strategy, Davis Funds reserve 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 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.

Davis Funds receive purchase exchange and redemption orders from many financial intermediaries which maintain omnibus accounts with the Funds. Omnibus account arrangements permit financial intermediaries to aggregate their clients' transaction and ownership positions. Shareholders seeking to engage in excessive trading practices may employ a variety of strategies to avoid detection and there can be no assurance that Davis Funds will successfully prevent all instances of market timing.

### **Telephone Transactions**

A benefit of investing through Davis Funds is that you can use our automated telephone system to buy, sell or exchange shares. If you do not wish to have this option activated for your account, complete the appropriate section of the Application Form.

When you call Davis Funds you can perform a transaction in one of two ways:

- Speak directly with an Investor Services Professional during business hours (9 a.m. to 6 p.m. Eastern time).
- You can use Davis Funds' automated telephone system, 24 hours a day, seven days a week.

When you buy, sell or exchange shares by telephone instruction, you agree that the Davis Funds are not liable for following telephone instructions believed to be genuine (that is, directed by the account holder, registered representative or authorized trader whose name is on file). We use certain procedures to confirm that your instructions are genuine, including a request for personal identification and a tape recording of the conversation. If these procedures are not used, the Fund may be liable for any loss from unauthorized instructions.

Be aware that during unusual market conditions Davis Funds may not be able to accept all requests by telephone.

### **Internet Transactions**

You can use our website — [www.davisfunds.com](http://www.davisfunds.com) — to review your account balance and recent transactions. Your account may qualify for the privilege to purchase, sell or exchange shares online. You may also request confirmation statements and tax summary information to be mailed to the address on file. Please review our website for more complete information. If you do not wish to have this option activated for your account, please contact Investor Services.

To access your accounts, you will need the name of the Fund(s) in which you are invested, your account number and your Social Security Number. You must also establish a unique and confidential Personal Identification Number (PIN). This PIN is required each time you access your Davis account online.

When you buy, sell or exchange shares over the Internet, you agree that the Davis Funds are not liable for following instructions believed to be genuine (that is, directed by the account holder or registered representative on file). We use certain procedures to confirm that your instructions are genuine. If these procedures are not used, the Funds may be liable for any loss from unauthorized instructions.

## **OTHER INFORMATION**

---

### **Disclosure Documents and Not a Contract**

Davis Funds' prospectuses, Statement of Additional Information, Annual and Semi-Annual Reports, and other documents are disclosure documents and not contracts. These documents will be updated and amended from time to time to reflect changing laws, rules, and operations. An investor's rights as a shareholder in the Funds are governed by the most current documents as they are updated and amended from time to time.

### **Dividends and Distributions**

- The Davis long-term growth funds (i.e., Davis New York Venture Fund, Davis Opportunity Fund, Davis Financial Fund, and Davis Global Fund) ordinarily distribute their dividends and capital gains, if any, in December.
- The Davis growth & income funds (i.e., Davis Real Estate Fund and Davis Appreciation & Income Fund) ordinarily distribute dividends quarterly and capital gains, if any, in December.
- Davis Government Bond Fund and Davis Government Money Market Fund ordinarily distribute dividends monthly. Davis Government Bond Fund ordinarily distributes capital gains, if any, in December. Davis Government Money Market Fund does not ordinarily distribute capital gains.
- When a dividend or capital gain is distributed, the net asset value per share is reduced by the amount of the payment. Davis Government Bond Fund's and Davis Government Money Market Fund's net asset values are not affected by dividend payments.
- You may elect to reinvest dividend and/or capital gain distributions to purchase additional shares of any Davis Fund, or you may elect to receive them in cash. Many shareholders do not elect to take capital gain distributions in cash because these distributions reduce principal value.
- If a dividend or capital gain distribution is for an amount less than \$50 the Fund will not issue a check. Instead, the dividend or capital gain distribution will be automatically reinvested in additional shares of the Fund.
- If a dividend or capital gain distribution check remains uncashed for six months or is undeliverable by the United States Postal Service, we will reinvest the dividend or distribution in additional shares of the Fund promptly after making this determination; and future dividends and capital gains distributions will be automatically reinvested in additional shares of the Fund.

### **Financial Highlights**

These tables are designed to show you the financial performance of each of the Funds in this prospectus for the past five years, assuming that all dividends and capital gains have been reinvested. Some of the information reflects financial results for a single Fund share. The total returns represent the rate at which an investor would have earned (or lost) money on an investment in the Fund.

This information has been audited by KPMG LLP. KPMG LLP's report, along with each Fund's financial statements, is included in the Annual Report, which is available upon request.

**DAVIS SERIES, INC.,  
FINANCIAL HIGHLIGHTS  
DAVIS OPPORTUNITY FUND  
CLASS Y**

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

	<b>Year Ended December 31,</b>				
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Net Asset Value, Beginning of Period</b>	<u>\$25.94</u>	<u>\$28.29</u>	<u>\$24.95</u>	<u>\$23.81</u>	<u>\$20.93</u>
<b>Income (Loss) From Investment Operations</b>					
Net Investment Income	0.17 <sup>3</sup>	0.13 <sup>3</sup>	0.07 <sup>3</sup>	0.13 <sup>3</sup>	0.17
Net Realized and Unrealized Gains (Losses)	<u>(11.73)</u>	<u>(0.44)</u>	<u>4.37</u>	<u>1.93</u>	<u>2.71</u>
Total From Investment Operations	(11.56)	(0.31)	4.44	2.06	2.88
<b>Dividends and Distributions</b>					
Dividends from Net Investment Income	—	(0.27)	(0.31)	(0.32)	—
Distributions from Realized Gains	—	(1.77)	(0.79)	(0.60)	—
Return of Capital	<u>(0.07)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Dividends and Distributions	(0.07)	(2.04)	(1.10)	(0.92)	—
<b>Net Asset Value, End of Period</b>	<u>\$14.31</u>	<u>\$25.94</u>	<u>\$28.29</u>	<u>\$24.95</u>	<u>\$23.81</u>
<b>Total Return<sup>1</sup></b>	(44.54)%	(1.13)%	17.91%	8.70%	13.76%
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (000 omitted)	\$42,119	\$78,537	\$68,591	\$50,142	\$17,287
Ratio of Expenses to Average Net Assets:					
Gross	0.85%	0.78%	0.81%	0.85%	0.86%
Net <sup>4</sup>	0.85%	0.78%	0.81%	0.85%	0.86%
Ratio of Net Investment Income to Average Net Assets	0.77%	0.44%	0.27%	0.48%	0.73%
Portfolio Turnover Rate <sup>2</sup>	29.36%	37.05%	40.26%	35.77%	22.22%

<sup>1</sup> 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. Sales charges are not reflected in the total returns.

<sup>2</sup> 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.

<sup>3</sup> Per share calculations were based on average shares outstanding for the period.

<sup>4</sup> 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.

**DAVIS SERIES, INC.**  
**FINANCIAL HIGHLIGHTS**  
**DAVIS FINANCIAL FUND**  
**CLASS Y**

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

	Year Ended December 31,				
	2008	2007	2006	2005	2004
<b>Net Asset Value, Beginning of Period</b>	<u>\$41.57</u>	<u>\$48.38</u>	<u>\$43.10</u>	<u>\$41.59</u>	<u>\$37.03</u>
<b>Income (Loss) From Investment Operations</b>					
Net Investment Income	0.20 <sup>3</sup>	0.28	0.11	0.09	0.09
Net Realized and Unrealized Gains (Losses)	<u>(19.44)</u>	<u>(2.61)</u>	<u>7.94</u>	<u>3.33</u>	<u>4.47</u>
Total From Investment Operations	(19.24)	(2.33)	8.05	3.42	4.56
<b>Dividends and Distributions</b>					
Dividends from Net Investment Income	(0.20)	(0.17)	—	—	—
Distributions from Realized Gains	<u>(1.97)</u>	<u>(4.31)</u>	<u>(2.77)</u>	<u>(1.91)</u>	—
Total Dividends and Distributions	(2.17)	(4.48)	(2.77)	(1.91)	—
<b>Net Asset Value, End of Period</b>	<u>\$20.16</u>	<u>\$41.57</u>	<u>\$48.38</u>	<u>\$43.10</u>	<u>\$41.59</u>
<b>Total Return<sup>1</sup></b>	(45.56)%	(5.15)%	18.90%	8.18%	12.31%
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (000 omitted)	\$8,958	\$8,844	\$10,566	\$11,815	\$9,980
Ratio of Expenses to Average Net Assets:					
Gross	0.97%	0.84%	0.84%	0.85%	0.85%
Net <sup>4</sup>	0.97%	0.84%	0.84%	0.84%	0.85%
Ratio of Net Investment Income to Average Net Assets	0.59%	0.57%	0.23%	0.24%	0.21%
Portfolio Turnover Rate <sup>2</sup>	9.02%	15.11%	4.20%	5.17%	—

<sup>1</sup> 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. Sales charges are not reflected in the total returns.

<sup>2</sup> 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.

<sup>3</sup> Per share calculations were based on average shares outstanding for the period.

<sup>4</sup> 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.

**DAVIS SERIES, INC.**  
**FINANCIAL HIGHLIGHTS**  
**DAVIS REAL ESTATE FUND**  
**CLASS Y**

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

	Year Ended December 31,				
	2008	2007	2006	2005	2004
<b>Net Asset Value, Beginning of Period</b>	<u>\$30.82</u>	<u>\$46.81</u>	<u>\$40.53</u>	<u>\$39.78</u>	<u>\$30.51</u>
<b>Income (Loss) From Investment Operations</b>					
Net Investment Income	0.50 <sup>3</sup>	0.92 <sup>3</sup>	0.77	0.74	0.82
Net Realized and Unrealized Gains (Losses)	<u>(14.85)</u>	<u>(7.47)</u>	<u>13.37</u>	<u>4.42</u>	<u>9.37</u>
Total From Investment Operations	(14.35)	(6.55)	14.14	5.16	10.19
<b>Dividends and Distributions</b>					
Dividends from Net Investment Income	(0.10)	(0.74)	(1.04)	(0.99)	(0.92)
Distributions from Realized Gains	(0.51)	(8.70)	(6.82)	(3.42)	—
Return of Capital	<u>(0.40)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Dividends and Distributions	(1.01)	(9.44)	(7.86)	(4.41)	(0.92)
<b>Net Asset Value, End of Period</b>	<u>\$15.46</u>	<u>\$30.82</u>	<u>\$46.81</u>	<u>\$40.53</u>	<u>\$39.78</u>
<b>Total Return<sup>1</sup></b>	(46.75)%	(14.58)%	34.98%	13.20%	33.85%
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (000 omitted)	\$29,282	\$57,995	\$113,856	\$79,156	\$69,241
Ratio of Expenses to Average Net Assets:					
Gross	0.89%	0.75%	0.74%	0.77%	0.80%
Net <sup>4</sup>	0.89%	0.75%	0.74%	0.77%	0.80%
Ratio of Net Investment Income to Average Net Assets	1.96%	2.17%	1.72%	1.80%	2.39%
Portfolio Turnover Rate <sup>2</sup>	43.68%	46.37%	37.97%	24.86%	31.37%

<sup>1</sup> 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. Sales charges are not reflected in the total returns.

<sup>2</sup> 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.

<sup>3</sup> Per share calculations were based on average shares outstanding for the period.

<sup>4</sup> 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.

**DAVIS SERIES, INC.**  
**FINANCIAL HIGHLIGHTS**  
**DAVIS APPRECIATION & INCOME FUND**  
**CLASS Y**

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

	<b>Year Ended December 31,</b>				
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Net Asset Value, Beginning of Period</b>	<u>\$28.33</u>	<u>\$29.84</u>	<u>\$28.05</u>	<u>\$27.61</u>	<u>\$25.04</u>
<b>Income (Loss) From Investment Operations</b>					
Net Investment Income	0.61 <sup>3</sup>	0.72 <sup>3</sup>	0.76	0.66	0.71
Net Realized and Unrealized Gains (Losses)	<u>(12.11)</u>	<u>(0.22)</u>	<u>3.54</u>	<u>1.11</u>	<u>2.58</u>
Total From Investment Operations	(11.50)	0.50	4.30	1.77	3.29
<b>Dividends and Distributions</b>					
Dividends from Net Investment Income	(0.61)	(0.68)	(0.72)	(0.69)	(0.72)
Distributions from Realized Gains	<u>—</u>	<u>(1.33)</u>	<u>(1.79)</u>	<u>(0.64)</u>	<u>—</u>
Total Dividends and Distributions	(0.61)	(2.01)	(2.51)	(1.33)	(0.72)
<b>Net Asset Value, End of Period</b>	<u>\$16.22</u>	<u>\$28.33</u>	<u>\$29.84</u>	<u>\$28.05</u>	<u>\$27.61</u>
<b>Total Return<sup>1</sup></b>	(41.25)%	1.55%	15.49%	6.52%	13.35%
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (000 omitted)	\$49,314	\$105,327	\$50,052	\$37,110	\$30,260
Ratio of Expenses to Average Net Assets:					
Gross	0.79%	0.75%	0.80%	0.83%	0.86%
Net <sup>4</sup>	0.79%	0.74%	0.80%	0.83%	0.86%
Ratio of Net Investment Income to Average Net Assets	2.52%	2.31%	2.61%	2.36%	2.74%
Portfolio Turnover Rate <sup>2</sup>	27.60%	23.26%	25.33%	16.64%	21.26%

<sup>1</sup> 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. Sales charges are not reflected in the total returns.

<sup>2</sup> 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.

<sup>3</sup> Per share calculations were based on average shares outstanding for the period.

<sup>4</sup> 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.

**DAVIS SERIES, INC.**  
**FINANCIAL HIGHLIGHTS**  
**DAVIS GOVERNMENT BOND FUND**  
**CLASS Y**

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

	Year Ended December 31,				
	2008	2007	2006	2005	2004
<b>Net Asset Value, Beginning of Period</b>	<u>\$5.64</u>	<u>\$5.57</u>	<u>\$5.55</u>	<u>\$5.65</u>	<u>\$5.77</u>
<b>Income From Investment Operations</b>					
Net Investment Income	0.20	0.22	0.19	0.17	0.15
Net Realized and Unrealized Gains (Losses)	<u>0.05</u>	<u>0.07</u>	<u>0.02</u>	<u>(0.10)</u>	<u>(0.12)</u>
Total From Investment Operations	0.25	0.29	0.21	0.07	0.03
<b>Dividends and Distributions:</b>					
Dividends from Net Investment Income	(0.20)	(0.22)	(0.19)	(0.17)	(0.15)
Return of Capital	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u> <sup>3</sup>
Total Dividends and Distributions	(0.20)	(0.22)	(0.19)	(0.17)	(0.15)
<b>Net Asset Value, End of Period</b>	<u>\$5.69</u>	<u>\$5.64</u>	<u>\$5.57</u>	<u>\$5.55</u>	<u>\$5.65</u>
<b>Total Return<sup>1</sup></b>	4.43%	5.32%	3.86%	1.22%	0.61%
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (000 omitted)	\$1,626	\$410	\$302	\$115	\$219
Ratio of Expenses to Average Net Assets:					
Gross	0.82%	0.99%	0.93%	0.98%	1.02%
Net <sup>4</sup>	0.82%	0.99%	0.93%	0.97%	1.02%
Ratio of Net Investment Income to Average Net Assets	3.34%	3.99%	3.42%	2.63%	2.07%
Portfolio Turnover Rate <sup>2</sup>	66.56%	60.23%	64.94%	55.46%	165.17%

<sup>1</sup> 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. Sales charges are not reflected in the total returns.

<sup>2</sup> 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.

<sup>3</sup> Less than \$0.005 per share.

<sup>4</sup> 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.

**DAVIS SERIES, INC.**  
**FINANCIAL HIGHLIGHTS**  
**DAVIS GOVERNMENT MONEY MARKET FUND**  
**CLASS Y\***

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

	Year Ended December 31,				
	2008	2007	2006	2005	2004
<b>Net Asset Value, Beginning of Period</b>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>
<b>Income From Investment Operations:</b>					
Net Investment Income	0.022	0.046	0.044	0.026	0.008
<b>Dividends</b>					
Dividends from Net Investment Income	(0.022)	(0.046)	(0.044)	(0.026)	(0.008)
<b>Net Asset Value, End of Period</b>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>
<b>Total Return<sup>1</sup></b>	2.26%	4.69%	4.47%	2.68%	0.83%
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (000 omitted)	\$395,211	\$596,446	\$558,107	\$513,221	\$572,381
Ratio of Expenses to Average Net Assets:					
Gross	0.57%	0.55%	0.56%	0.57%	0.58%
Net <sup>2</sup>	0.57%	0.55%	0.56%	0.56%	0.58%
Ratio of Net Investment Income to Average Net Assets	2.30%	4.59%	4.41%	2.65%	0.83%

<sup>1</sup> 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. Sales charges are not reflected in the total returns.

<sup>2</sup> 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.

\* The financial highlights table presents the returns for Class A shares (which are offered to the public in a separate prospectus) because Class Y shares were not continuously outstanding for a full calendar year prior to 2007. Class Y shares and Class A shares would have had substantially similar annual returns because both classes of shares are invested in the same portfolio of securities and pay the same expenses. In 2008 and 2007 Class A shares and Class Y shares had identical annual returns.

## **Privacy Notice**

While you generally will be dealing with a broker-dealer or other financial adviser, we may collect information about you from your account application and other forms that you may deliver to us. We use this information to process your requests and transactions for example: to provide you with additional information about our funds, to open an account for you, or to process a transaction. In order to service your account and execute your transactions, we may provide your personal information to firms that assist us in servicing your account, such as our transfer agent. We may also provide your name and address to one of our agents for the purpose of mailing to you your account statement and other information about our products and services. We require these outside firms and agents to protect the confidentiality of your information and to use the information only for the purpose for which the disclosure is made. We do not provide customer names and addresses to outside firms, organizations or individuals except in furtherance of our business relationship with you or as otherwise allowed by law.

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your personal information.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]



## OBTAINING ADDITIONAL INFORMATION

Additional information about the Funds' investments is available in the Funds' **Annual and Semi-Annual Reports** to shareholders. In the Funds' Annual Report, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during its last fiscal year. The **Statement of Additional Information** provides more detailed information about Davis Funds and their management and operations. The Statement of Additional Information and the Funds' Annual and Semi-Annual Reports are available, without charge, upon request.

The Davis Funds' Statement of Additional Information and Annual Report have been filed with the Securities and Exchange Commission, are incorporated by reference, and are legally a part of this prospectus.

## HOW TO GET MORE INFORMATION

(Including Annual Report, Semi-Annual Report and Statement of Additional Information)

- **By Telephone.** Call Davis Funds toll-free at **1-800-279-0279**, Monday through Friday, 9 a.m. to 6 p.m. Eastern time. You may also call this number for account inquiries.
- **By Mail.** Write to Davis Funds, c/o State Street Bank and Trust Company, P.O. Box 8406, Boston, MA 02266-8406.
- **On the Internet.** [www.davisfunds.com](http://www.davisfunds.com).
- **From the SEC.** Additional copies of the registration statement can be obtained, for a duplicating fee, by writing the Public Reference Section of the SEC, Washington, DC 20549-0102, or by sending an electronic request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov). Reports and other information about the Funds are also available by visiting the SEC website ([www.sec.gov](http://www.sec.gov)). For more information on the operations of the Public Reference Room, call 1-202-942-8090.

