

June 30, 2010

## Portfolio of Davis Variable Account Fund, Inc.

### For Variable Annuity Investors Who Are Looking For Long-Term Capital Appreciation From Large Cap Companies<sup>1</sup>

#### Investment Management Team



Christopher C. Davis  
Portfolio Manager



Kenneth C. Feinberg  
Portfolio Manager

#### Investment Strategy

The Portfolio seeks companies that may offer opportunities for long-term capital appreciation.<sup>2</sup> The Portfolio's goal is to create wealth for shareholders over time.<sup>3</sup>

The Portfolio seeks to purchase durable, well-managed businesses at value prices and hold them for the long term. Time is spent meeting with the people who run the companies in which the Portfolio invests.

The portfolio managers focus on common stocks issued by America's larger companies, with market capitalizations of \$10 billion or more.

The Portfolio can be described as follows:

- Companies recognizable as *strong global leaders* represent the largest percentage of the Portfolio.
- Companies that are underfollowed or overlooked but have strong business fundamentals represent a smaller percentage of the Portfolio. These companies are often *quiet compounding machines* for the Portfolio.
- Companies that are *controversial and face negative headlines* represent yet another smaller percentage of the Portfolio. It is hoped that these companies may add significantly to the Portfolio's performance since their stock prices are frequently discounted from their intrinsic values.

#### Portfolio Data

Inception Date	7/1/99
Total Net Assets	\$457,975,815
Number of Securities	89
Beta (3 years)	1.1
Turnover as of most recent audited financial statement	20% <sup>4</sup>

#### Top 10 Holdings

Occidental Petroleum	4.9%
Costco Wholesale	4.7
Wells Fargo & Company	4.6
American Express	4.5
EOG Resources	4.2
Berkshire Hathaway—Class A	3.9
Devon Energy	3.1
CVS Caremark	3.1
Merck	3.0
Loews	2.8

#### Top 5 Industries

Energy	16.5%
Diversified Financials	11.7
Insurance	11.1
Pharmaceutical & Health Care	10.6
Food & Staples Retailing	7.7

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

<sup>1</sup>There is no guarantee that the investment goals/objectives will be met. <sup>2</sup>The portfolio managers attempt to identify companies which are market leaders with strong management. Davis Value Portfolio invests primarily in American companies. The Portfolio invests a limited amount of its assets in foreign companies. As of June 30, 2010, approximately 16.3% of the Portfolio's net assets were invested in foreign companies. <sup>3</sup>Davis Value Portfolio's investment objective is long-term growth of capital. There is no guarantee that the Portfolio's investments in these companies will be profitable. <sup>4</sup>Over the last five years, the high and low turnover ratio for Davis Value Portfolio was 20% and 9%, respectively.

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

Davis Value Portfolio's investment objective is long-term growth of capital. There can be no assurance that the Portfolio will achieve its objective. Davis Value Portfolio invests primarily in equity securities issued by large companies with market capitalizations of at least \$10 billion. Some important risks of an investment in the Portfolio are: market risk: the market value of shares of common stock can change rapidly and unpredictably; company risk: the market value of a common stock varies with the success or failure of the company issuing the stock; financial services risk: investing a significant portion of assets in the financial services sector may cause a portfolio to be more volatile as securities within the financial services sector are more prone to regulatory action in the financial services industry, more sensitive to interest rate fluctuations, and are the target of increased competition; and foreign country risk: companies operating, incorporated, or principally traded in foreign countries may have more fluctuation as foreign economies may not be as strong or diversified, foreign political systems may not be as stable, and foreign financial reporting standards may not be as rigorous as they are in the United States. See the prospectus for a complete listing of the principal risks.

Broker-dealers and other financial intermediaries may charge Davis Advisors substantial fees for selling its products and providing

continuing support to clients and shareholders. For example, broker-dealers and other financial intermediaries may charge: sales commissions; distribution and service fees; and record-keeping fees. In addition, payments or reimbursements may be requested for: marketing support concerning Davis Advisors' products; placement on a list of offered products; access to sales meetings, sales representatives and management representatives; and participation in conferences or seminars, sales or training programs for invited registered representatives and other employees, client and investor events and other dealer-sponsored events. Financial advisors should not consider Davis Advisors' payment(s) to a financial intermediary as a basis for recommending Davis Advisors.

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

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

The Portfolio generally uses Global Industry Classification Standard ("GICS") as developed by Morgan Stanley Capital International and Standard & Poor's Corporation to determine industry classification. GICS presents industry classification as a series of levels (i.e. sector, industry group, industry, and sub-industry). Allocations shown are at the Industry Group level except for the following industry groups which have been combined as indicated: Technology: Software & Services, Technology Hardware & Equipment, Semiconductors & Semiconductor Equipment; Pharmaceutical & Health Care: Pharmaceuticals, Biotechnology & Life Sciences, Health Care Equipment & Services. The Advisor may reclassify a company into an entirely different industry if it believes that the GICS classification for a specific company does not accurately describe the company. Industry Group weightings are subject to change.

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

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