



# Clipper Fund Receives Morningstar's Highest Stewardship Grade

**1,000 Funds**

Received Stewardship Grades from Morningstar

**3 Funds**

Received the Highest Overall Stewardship Grade of "A" and Also Received "A" Grades in All Five Components of the Score, Including: Quality of the Mutual Fund Board of Directors, Manager Incentives, Fees, Corporate Culture, and Regulatory Issues.

**1 of these funds is Clipper Fund**

At Davis Advisors, we have worked hard to develop a culture that is built on the Principles of Stewardship. Morningstar provides the industry an independent, objective Stewardship Grading System, which is a qualitative analysis related to how mutual funds are run, including the quality of the mutual fund board of directors, manager incentives, fees, corporate culture, and regulatory issues. As illustrated above, of the 1,000 mutual funds to receive a

Stewardship Grade from Morningstar, Clipper Fund is one of *only* three funds to receive both the highest overall Stewardship Grade of "A" and also receive "A" Grades in each individual component of the score. To us, this is a constant reminder of the responsibility we bear to clients and reinforces our determination to work hard each year to earn the right to manage clients' money, as we have done for more than 40 years.



*This piece is authorized for use by existing shareholders. A current Clipper Fund prospectus must accompany or precede this material if it is distributed to prospective shareholders. You should carefully consider the Fund's investment objectives, risks, fees, and expenses before investing. Read the prospectus carefully before you invest or send money.*

Morningstar assigns a stewardship grade to funds it covers. The overall stewardship grade is the sum of the following five components that are graded on a scale of A through F: Regulatory Issues, Board Quality, Manager Incentives, Fees, and Corporate Culture. The overall grade will range from an A to an F. Morningstar utilizes a fund's public filings, responses to a survey sent out by Morningstar to the fund company and the expertise of the Morningstar analysts to determine a fund grade. The grades are subject to change and are as of March 31, 2010. The methodology for the Morningstar Stewardship grade is completely different from the performance-based Morningstar star rating and has no impact on the star rating.

Clipper Fund's investment objective is long-term capital growth and capital preservation. There can be no assurance that the Fund will achieve its objective. The Fund 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 Fund 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; focused portfolio risk: concentrating a fund's portfolio in a select limited number of securities can increase the volatility of the portfolio; financial services risk: investing a significant portion of assets in the financial services sector may cause a fund 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.

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.

**Shares of the Clipper Fund 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.**