Timeless Strategies for the Successful Investor

Engage in Healthy Investor Behavior

Maintaining a long-term investment strategy is far easier said than done, especially in the face of disappointing short-term results.

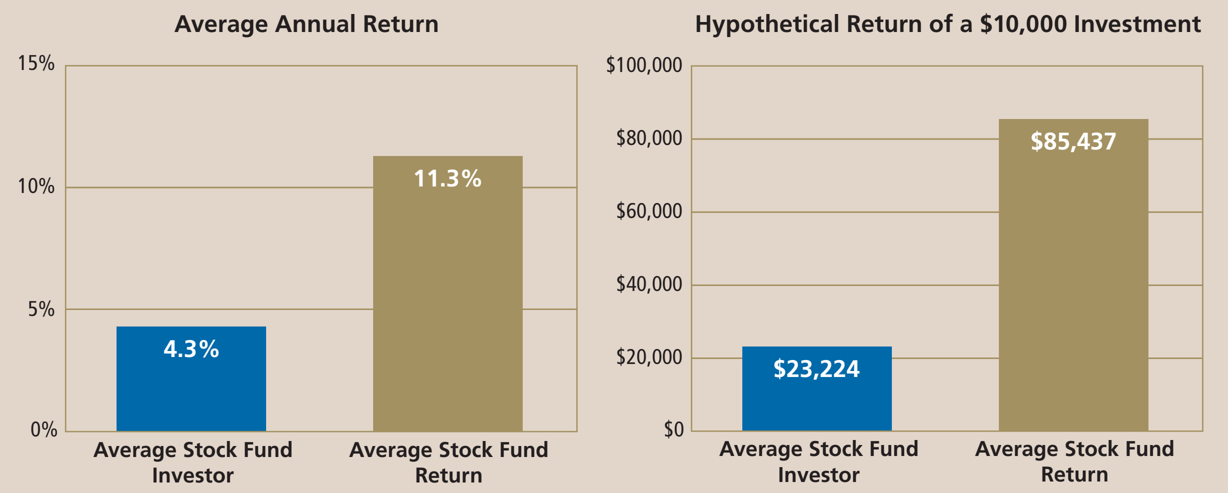
When faced with such situations, most investors tend to engage in unhealthy investor behavior and may abandon their long-term investment strategies, chase the hot performing categories or try to time the market in some fashion.

The impact of engaging in such unhealthy investor behavior is illustrated quite strikingly in the study results below. The study shows that while **the average stock fund delivered an average annual return of 11.3% per year from 1987 to 2006, the average stock fund investor received an average annualized return of only 4.3% per year.**

At Davis, we believe one way to encourage healthy investor behavior is to seek out those managers **1) Who have demonstrated an ability to deliver attractive results over the long term during many different market, economic and political environments, 2) Who have acted as stewards of clients' capital and 3) Who have communicated with clients openly and honestly.** Such managers will instill the conviction necessary to engage in healthy investor behavior.

Furthermore, financial professionals can help investors through the process of searching for the right managers and staying invested during the inevitable periods of underperformance. In our view, the cost of financial advice seems relatively modest when compared to the cost of self-inflicted underperformance that results from unhealthy investor behavior.

Average Stock Fund Investor Return vs. Average Stock Fund Return
(1987 – 2006)



Source: *Quantitative Analysis of Investor Behavior* by Dalbar, Inc. (July 2007) and Lipper. Dalbar computed the "average stock fund investor" returns by using industry cash flow reports from the Investment Company Institute. The "average stock fund return" figures represent the average return for all funds listed in Lipper's U.S. Diversified Equity fund classification model. Dalbar also measured the behavior of a "systematic investor" and "asset allocation investor." The annualized return for these investor types was 6.1% and 3.7% respectively over the time frame measured. All Dalbar returns were computed using the S&P 500® Index. Returns assume reinvestment of dividends and capital gain distributions. **Past performance is not a guarantee of future results.**

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Davis Advisors is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy and approach. Our views and opinions regarding the investment prospects of our portfolio holdings include "forward looking statements" which may or may not be accurate over the long term.

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. Clipper Fund invests primarily in common stock of large companies with market capitalizations of at least $10 billion or more at the time of purchase. Some important risks of an investment in Clipper Fund are: non-diversification risk: concentrating a fund's portfolio in a select limited number of securities can increase the volatility of the portfolio; 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; industry risk: investing a significant portion of assets in one sector may cause a fund to be more volatile; 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. As of March 31, 2008, Clipper Fund had approximately 10.4% of assets invested in foreign companies. See the prospectus for a complete listing of the principal risks.

Dalbar, a Boston-based financial research firm that is independent from Davis Advisors, researched the result of actively trading mutual funds in a report entitled *Quantitative Analysis of Investor Behavior (QAIB)*. The Dalbar report covered the time periods from 1987–2006. The Lipper Equity LANA Universe includes all U.S. registered equity and mixed equity mutual funds with data available through Lipper. The fact that buy and hold has been a successful strategy in the past does not guarantee that it will continue to be successful in the future.

The S&P 500® Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is adjusted for dividends, weighted towards stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. Investments cannot be made directly in the S&P 500® Index.

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.