

*This statement provides you with key information about the Davis Value Fund.  
This statement is a part of the Prospectus.  
You should not invest in the Davis Value Fund based on this statement alone.*

### Quick facts

<b>Fund Manager:</b>	Davis Selected Advisers, L.P.
<b>Custodian:</b>	State Street Bank Luxembourg, S.A.
<b>Base currency:</b>	U.S. Dollars
<b>Financial year end:</b>	July 31
<b>Dealing frequency:</b>	Any business day in both Luxembourg and the United States.
<b>Dividend policy:</b>	Dividends will be declared and reinvested unless a shareholder elects otherwise.
<b>Min. initial:</b>	Class A: \$3,000      Class I: \$3 million
<b>Subsequent investment:</b>	N/A

### What is this product?

- Davis Value Fund is a sub-fund of Davis Funds SICAV and is structured in the form of a mutual fund. The Fund is domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier (CSSF).

### Objective and Investment Strategy

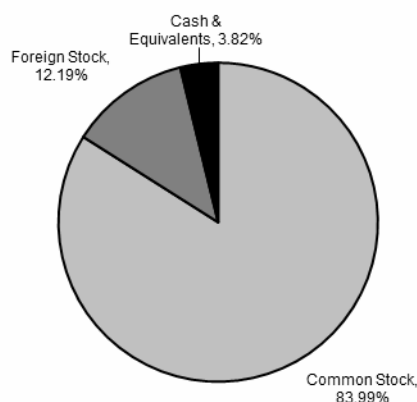
#### Objectives

Davis Value Fund's investment objective is long-term growth of capital.

#### Strategies

The Fund invests primarily in equity securities of U.S. companies with market capitalizations of at least 10 billion USD. The Fund may also invest in non-U.S. companies and in companies with smaller market capitalizations. The Fund may invest a significant portion of assets in financial services sector companies.

Investment Mix as at 31 July 2013



### What are the key risks?

**Investment involves risks. Please refer to the Prospectus for details including risk factors.**

The key risks of an investment in Davis Value Fund are:

- Market risk:** stock markets tend to move in cycles, with periods of rising prices and

periods of falling prices, including the possibility of sharp declines;

- *Company risk:* common stock represents an ownership position in a company. An adverse event may have a negative impact on a company and could result in a decline in the price of its common stock. Common stocks are generally subordinate to an issuers' other securities including convertible and preferred securities;
- *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;
- *Non-U.S. Country risk:* non-U.S. companies may be subject to greater risk as non-U.S. economies may not be as strong or diversified, non-U.S. political systems may not be as stable, and foreign financial reporting standards may not be as rigorous as they are in the United States;
- *Fees and Expenses risk:* fees and expenses reduce the return which a shareholder may earn by investing in a fund;
- *Headline risk:* the Fund manager seeks to acquire companies with durable business models that can be purchased at attractive valuations relative to what it believes to be the companies' intrinsic values. Such investments may be in companies that may be the subject of controversy; and
- *Selection risk:* poor security selection or focus on securities in a particular sector, category, or group of companies may cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective.

### **Is there any guarantee?**

Like most funds, this fund does not have any guarantees. You may not get back the full amount of money you invest.

### **What are the fees and charges?**

#### **Charges which may be payable by you**

You may have to pay the following fees when you purchase units of the fund.

#### **Fee**

#### **Maximum amount payable**

#### **Subscription Fee**

Class A	5.75% (6.1% of net asset value)
Class I	nil

#### **Switching Fee**

Class A	nil (for frequent exchanges, 1%)
Class I	nil

### *Redemption Fee*

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Class A	nil
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Class I	nil
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### **Ongoing fees payable by the fund**

The following expense will be paid out of the fund. They affect you because they reduce the return you get on your investments.

<b>Management Fee</b>	1.50% (Class A)
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The fund pays a management fee to the fund manager	0.55% (Class I)
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<b>Custodian Fee</b>	0.02%
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The fund pays a custodian fee to the custodian up to the maximum above	
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<b>Performance Fee</b>	nil
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The fund does not pay a performance fee	
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<b>Administration Fee</b>	0.10%
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The fund pays an administration fee to the fund administrator up to the maximum above	
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### **Other fees**

You may have to pay other fees when dealing in the units of the fund.

### **Additional Information**

- Trade orders must be received in proper form by 5.00 p.m. CET on the Business Day preceding the Valuation Date.
- The net asset value per share is determined at 9.00 a.m. CET on each Business Day ("Valuation Date") by dividing the net assets attributable to each Fund allocable to such class of shares by the number of shares of such class outstanding.
- The price is published each Business Day.
- Please note that some financial intermediaries may have a cut-off time that is earlier than the cut-off time of the Fund.

### **Important**

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

**APPENDIX**  
**ADDITIONAL INFORMATION FOR HONG KONG INVESTORS**

The following information has been included in order to comply with the provisions of the Hong Kong Securities and Futures Commission's (the "**SFC**") Code on Unit Trusts and Mutual Funds (the "**Code**"). **Important - If you are in any doubt about the contents of this document or any of the documents accompanying it, you should seek independent professional financial advice.**

Capitalized terms not defined herein shall have the same meaning as defined in the Prospectus.

Share purchases can be accepted only on the basis of the current prospectus dated April 2013 (the "**Prospectus**") and this additional information for Hong Kong investors ("**Additional Information**") which together form the offering document ("**Offering Documents**") for the Davis Funds SICAV (the "**Fund**") for the purpose of marketing the Fund in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**").

The following sub-funds of the Fund, having been authorised by the SFC pursuant to Section 104 of the Securities and Futures Ordinance of Hong Kong (the "**SFO**") (collectively the "**Sub-Funds**"):

- (i) Davis Value Fund; and
- (ii) Davis Global Fund.

SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

"WARNING": The Offering Documents contain information which is necessary for investors to form an informed decision in relation to the subscription for shares in the Fund and is the only document on which prospective investors should rely to make any investment decision. Investors should note that the distribution of the shares in the Fund is subject to restrictions and that the Offering Documents are available only in English. NO Chinese version of the Offering Documents is available. Prospective investors who are not fully conversant in the English language should seek independent professional financial advice before making any investment decision.

注意：本銷售文件載有投資者需要掌握用以作出投資決定的資料，同時亦是唯一一本投資者可依賴用以作出投資決定的文件。本基金的發售受若干限制，本銷售文件只有英文版本而沒有中文版本。如投資者不通曉英語，應於作出任何投資決定前尋求獨立及專業的財務意見。

Davis Funds SICAV's Key Fact Statement will only be made available to a Hong Kong investor upon request after receipt of this Additional Information for Hong Kong Investors. The Key Fact Statement may be accompanied by an additional full prospectus and personalized cover letter. All documents are sent from the fund's administrator in Luxembourg.

### **Conversion to UCITS III**

The Fund qualifies as an undertaking for collective investment in transferable securities under Part I of the Luxembourg law relating to collective investment undertakings of 20 December 2002 and amended 17 December 2010 ("**UCITS III**"). As a result, the eligible investments and investment restrictions have changed since the Fund previously qualified as an undertaking for collective investment under Part I of Luxembourg law of 30 March 1988 ("**UCITS I**"). The conversion of the Fund to UCITS III became effective on 13 February 2007.

As a result of the conversion to UCITS III, amended Articles of Association of the Fund ("**Articles**") were adopted at an extraordinary general meeting of shareholders on 12 January 2006. The Articles were further amended and adopted at an extraordinary general meeting of shareholders on 7 January 2011.

Copies of the restated Articles are available for inspection at the registered office of the Company and the Hong Kong Representative's office.

As a result of the conversion to UCITS III, Hong Kong shareholders should in particular note that the Company and its Sub-Funds may invest in a wider scope of transferable securities as defined under UCITS III than was previously permitted under UCITS I. In this regard particular attention should be made to the sections in the Prospectus headed "Investment Policies" and "Investment in Transferable Securities and Liquid Financial Assets".

Notwithstanding the conversion to UCITS III, the Fund continues to operate primarily under the general investment principles of UCITS I.

### **Hong Kong Shareholder Notice Requirement**

We will give you prior written notification of not less than 1 month and update this offering document should we intend to change the investment objectives, policy and/or restrictions applicable to the Fund in the future. Such revision would also be subject to the prior approval of the SFC.

A revision could include a change in the investment policy. For example, the Portfolio Managers may seek to make a significant amount of investments in securities involved in the same or a similar sector. The Fund does not currently have such a policy, however if such a policy were adopted the notice described above would be given, SFC approval would be sought and the disclosure documents would be revised.

## Risks Management System

The Fund will not utilize derivative products for investment purposes. The Fund may however, for the purpose of efficient portfolio management of its assets or for providing protection against exchange rate risks under the conditions and within the limits laid down by law, regulation and administrative practice as described in the Prospectus, employ techniques and instruments relating to transferable securities.

	Entity responsible for the carrying out of the risk management		“Dirigeants” of the UCITS		Board of Directors of the UCITS	
	Risk Management Process  (Name of the entity – Department / Type of risk-metrics guidelines monitored / Processes / Systems used)	Frequency of Control	Review by the Dirigeants of the Risks of the UCITS	Frequency of Control	Review by the Board of the risks of the UCITS	Frequency of Review
<b>Market risk</b>	Persons responsible for market risk: Davis Selected Advisers L.P. – Director of Fund Accounting  SAS 70	Daily	Mrs Reed	Daily	Yes	Quarterly
<b>Interest Rate Risk</b>	N/A					
<b>Credit Risk and Counter-party Risk</b>	Persons responsible for Credit Risk and Counter-party risk: Davis Selected Advisers L.P. – Portfolio Manager  SAS 70	Daily	Mrs Reed	Daily	Yes	Quarterly
<b>Exchange Risk</b>	Persons responsible for the exchange risk management: Davis Selected Advisers L.P. – Director of Fund Accounting  SAS 70	Daily	Mrs Reed	Exception reporting	Yes	Quarterly
<b>Liquidity Risk</b>	Persons responsible for the liquidity risk management: Davis Selected Advisers L.P. – Chief Compliance Officer  SAS 70	Daily	Mrs Reed	Daily	Yes	Quarterly
<b>Settlement Risk (control)</b>	Persons responsible for the settlement risk management: Davis Selected Advisers L.P. – Fund Services Manager  SAS 70	Daily	Mrs Reed	Exception reporting	Yes	Quarterly

<b>Operational Risk</b>	The restrictions and guidelines vis-à-vis investment objectives and constraints are monitored by the Davis Selected Advisers L.P. compliance team.	Daily	Mrs Reed	Ad hoc as well as periodic reports in case of recurring problems	Yes	Quarterly
<b>Valuation Risk</b>	State Street Bank is responsible for the daily valuation. Pricing services utilized includes Reuters, Bloomberg, Bridge/Thompson, and FT Interactive Data. Pricing is monitored daily by Davis Selected Advisers L.P. – Director of Fund Accounting	Daily	Mrs Reed	Ad hoc as well as periodic reports in case of recurring problems.	Yes	Quarterly

### **The Hong Kong Representative**

Under the Hong Kong Representative Agreement, RBC Investor Services Trust Hong Kong Limited (the "**Hong Kong Representative**") whose registered office is at 51st Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong, (Phone: 852-2978-5656) has been appointed the Hong Kong Representative of the Fund and the Sub-Funds.

The Hong Kong Representative is paid out of the assets of the Fund an annual fee of such amount as may from time to time be agreed between the Fund and the Hong Kong Representative, together with reasonable out-of-pocket expenses properly incurred in carrying out its duties. Currently, the Hong Kong Representative is paid an annual fee of US\$1,500 per Sub-Fund plus a transaction fee of US\$25 per transaction.

### **Available Documents**

For so long as the Fund and any of the Sub-Funds remain so authorised by the SFC, copies of the documents listed in the Prospectus as being available for inspection together with the Hong Kong Representative Agreement, the undertakings and confirmations given to the SFC by the Fund and the Investment Adviser in connection with the authorisation of the Fund and each of the Sub-Funds in Hong Kong, may be inspected free of charge during usual business hours at the offices of the Hong Kong Representative and copies may be obtained at a reasonable charge. Investors wishing to keep a copy of the Prospectus may request a copy from the Fund's registered office outside Hong Kong. Copies will not be made available by the Hong Kong Representative.

The latest published audited annual report and unaudited semi-annual report of the Fund will be sent to Hong Kong investors at their respective registered addresses within four months and two months of the Fund's financial year or period to which they relate respectively, as required by the SFC and, in addition, are made available at the offices of the Hong Kong Representative. The audited annual report and unaudited semi-annual report of the Fund will be available in English language only.

**Publication of Information**

The latest Net Asset Value per Share of each class for each Sub-Fund is published monthly in the Hong Kong Standard in the base currency of the relevant Sub-Fund.

If the determination of the Net Asset Value per Share of one or more classes is suspended, notice of such suspension will be published the day following such decision to suspend is taken, and at least once a month during the period of suspension, in the Hong Kong Standard. Notification may, however, be effected by other means if permitted by the SFC.

**Hong Kong Intermediary**

No money should be paid in relation to the Fund or any of the Sub-Funds, to any intermediary who is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO.

**Procedures for Dealings**

The procedures for the purchase, redemption and exchange of shares are set out in the Prospectus. The minimum initial subscription and the minimum subsequent holding currently applicable to Class A shares of the Sub-Funds is US\$3,000 respectively. Class I shares current applicable minimum is US\$3,000,000.

Redemption proceeds will normally be paid by swift/telegraphic transfer to the shareholder's bank account in U.S. Dollars and may be paid, upon request of a shareholder, by cheque in U.S. Dollars within five bank business days (and in any case not exceeding one month) of the Valuation Date following the day of receipt by the Transfer Agent of the redemption application.

**Taxation**

Profits on the disposal of securities or interest received by the Fund in respect of any of the Sub-Funds will not be chargeable to Hong Kong profits tax. In addition, any dividends received by the Fund in respect of the Sub-Funds will not be subject to Hong Kong profits tax. Shareholders in Hong Kong will not be subject to any Hong Kong tax in respect of their acquisition, holding, conversion or disposal of shares in any of the Sub-Funds, except where transactions in those shares form part of a trade, profession or business carried on in Hong Kong, when the relevant gains may be subject to Hong Kong profits tax. Furthermore, it is the understanding of the Fund that no Hong Kong stamp duty will be payable on the issue or redemption of shares in any of the Sub-Funds. The foregoing is based on the Fund's understanding of present legislation and practice in Hong Kong. Potential applicants resident in Hong Kong should, however, consult their own financial advisers as to their tax position in relation to any investment in the shares of any Sub-Fund.

The Sub-Funds may be subject to certain foreign taxes.



## **Soft Commission and Cash Rebates**

Neither the Investment Adviser nor any of their connected persons have retained or are entitled to retain any cash rebates from any broker or dealer in consideration of directing transactions on behalf of a Sub-Fund to that broker or dealer. Any such cash rebates received shall be held for the account of the relevant Sub-Fund.

Davis Advisors follows procedures intended to provide reasonable assurance of best execution. However, there can be no assurance that best execution will in fact be achieved in any given transaction. Best execution can only be verified after the fact. 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, among other factors, price, commission, timing, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communication and settlement processing, use of automation, knowledge of other buyers or sellers, arbitrage skills, administrative ability, underwriting and provision of information on the particular security or market in which the transaction is to occur, research, the range and quality of the services made available to clients, and the payment of bona fide client expenses. Subject to best price and execution, the Investment Adviser may place orders for Fund portfolio transactions with broker dealers who have sold shares of the Fund. In placing orders for Fund portfolio transactions, the Investment Adviser does not commit to any specific amount of business with any particular broker-dealer. Further, when the Investment Adviser places orders for the Fund's portfolio transactions, it does not give any consideration to whether a broker-dealer has sold shares of the Fund.

Davis Advisors does not use client commission, "soft dollars," to pay for (i) computer hardware or software, or other electronic communications facilities, (ii) publications, both paper based or electronic, that are available to the general public; and (iii) third-party research services. If Davis Advisors determines to purchase such services, it pays for them using its own resources.

## **Investment Adviser, Custodian, Administration, and Transfer Agent Fees**

The Fund pays the Investment Adviser an annual fee for its services payable in monthly installments. The advisory fee of 1,5% p.a. for Class A shares and 0,55% p.a. for Class I shares for each Sub-Fund is calculated as a percentage of average net assets. Out of such fee, the Investment Adviser may make payments to Davis Distributors, LLC (the "**Distributor**") or to the financial intermediaries on the basis of services provided to shareholders or similar services in relation to investments made with the Distributor or Financial Intermediaries.

State Street Bank is entitled for its services as Custodian and Administrative Agent to a fee at such rate and/or amount as may be agreed from time to time with the Fund in accordance with customary banking practice in Luxembourg. The maximum fee payable to the Custodian is 0,02% per annum and to the Administrative Agent 0,10% per annum, in each case based on the net asset value of the relevant Fund, unless the net asset value of the Fund falls below certain levels, in which case agreed minimums will apply. In addition, State Street Bank is entitled, as the case may be, to a charge per transaction, a flat fee for certain services or products, reimbursement by the Fund for out-of-pocket expenses and disbursements and for charges of any correspondents.

The Fund pays The Bank of New York (Luxembourg) S.A (the "**Transfer Agent**") a flat transaction fee, payable monthly, all in accordance with usual practice in Luxembourg. In addition, the Transfer Agent is entitled to be reimbursed by the Fund for its reasonable out-of-pocket expenses. The Fund also pays for administrative and shareholder servicing services necessary for the operation of the Fund to certain distributors.

The Fund pays its own operational expenses, including the cost of buying and selling portfolio securities, brokerage, bank charges, governmental fees, legal and auditing fees, interest, publishing and printing expenses, the cost of preparing the Prospectus and explanatory memoranda, financial reports, and other documents for the shareholders, translation, local advice, coordination, representation and other similar costs relating to the registration of Shares in foreign jurisdiction, fees for listing on any stock exchange or registration of units for public sale in different countries, reporting expenses (including in particular tax filings in various jurisdiction), postage, telephone, and telex. Accruable expenses are taken into account daily in the determination of the net asset value of the shares.

The Fund paid its initial formation costs and pays the expenses of preparing and updating this Prospectus, inter alia, in case of the creation of new sub-funds.

### **Fees on Exchange or Transfer of Shares**

A shareholder may exchange a portion or all of his shares in one Sub-Fund for shares of the same class of another Sub-Fund. Shares are exchanged at their relative net asset value on the Valuation Date following the day the exchange is processed. Class A shares may be exchanged for Class A shares of another Sub-Fund and Class I shares may be exchanged for Class I shares of another Sub-Fund. No exchange charge or initial sales charge or CDSC is imposed on exchanges of shares for four or fewer exchanges per year; however, certain distribution agents may charge a shareholder up to 2,00% of the value of the shares for exchanges involving Class A shares. Thereafter, the Fund may charge an exchange fee of up to 1,00% of the value of the shares for each exchange. If an exchange would cause a shareholder account in the Fund being exchanged out of to be worth less than US\$3,000 (Class A) or US\$3,000,000 (Class I) in value of shares, the shareholder is deemed to have requested the exchange of his total holding in that account, and then the Fund may close that account and place all the proceeds in the Fund being exchanged into.

### **Organisation Costs**

Currently, there are no unamortised organisation costs.

As required under the Code, no expenses relating to advertising or promotional activities are charged to the Fund so long as the Fund is authorised by the SFC.

### **General Information**

The directors of the Fund have taken all reasonable care to ensure that at the date of this Additional Information, the information contained in this Additional Information and in the Prospectus is accurate and complete in all material respects. The directors accept responsibility accordingly.

Hong Kong shareholders will be given at least 21 days' notice of an extraordinary general meeting of the Fund or any Sub-Fund.

The Fund may carry out securities lending activities but does not intend to lend securities in the near future.

The Periodic Withdrawal Plan is not available to Hong Kong Investors.

In the event of a liquidation of a Sub-Fund as voted by the Board of Directors where its total net asset value falls below US\$10,000,000 or if a change in the economic or political situation relating to the class of share or the Sub-Fund would justify liquidation or merger, at least one month's prior notice (or such shorter period as may be permitted by the SFC) of such liquidation will be provided to Hong Kong investors.

Where a Sub-Fund invests in another Sub-Fund or other funds managed by the Fund's connected persons (as defined under the Code), all initial charges on investment in such Sub-Fund or fund will be waived.

Upon a merger of Sub-Funds or classes of Sub-Funds, the Fund will allow shareholders to switch to another Sub-Fund in the same share class free of charge.

In compliance with the Code, the Fund will (i) provide at least three months' prior notice to shareholders in case of withdrawal of SFC authorization of a Sub-Fund (without merger or termination event), and (ii) provide at least one months' prior notice to shareholders, subject to the SFC's approval, in case of merger or termination of a Sub-Fund.

#### **Enquiries and Complaints handling**

Questions or complaints regarding these Offering Documents or the Fund should be sent in writing to the Fund (Davis Funds SICAV, 49, Avenue J.F. Kennedy, L-1855, Kirchberg, Luxembourg). Questions or complaints must be made in writing and should include all relevant information so that the Fund may adequately respond. A response from the Fund will be sent no more than 45 days after the Fund's receipt of the correspondence. Correspondence submitted to the Fund's Hong Kong Representative, as identified above, will be forwarded to the Fund.

April 2013



## **DAVIS FUNDS SICAV**

**Société d'investissement à capital variable**  
**Organised under the laws of the Grand Duchy of Luxembourg**

### **PROSPECTUS**

**April 2013**

### **NOTICE**

Davis Funds SICAV (the "FUND") is a collective investment undertaking under the form of an umbrella fund, organised as a "*société d'investissement à capital variable*" (SICAV) under the laws of the Grand Duchy of Luxembourg, and qualifies as an "Undertaking for Collective Investment in Transferable Securities" (UCITS) under Part I of the Luxembourg law dated 17 December 2010, relating to undertakings for collective investment (the "2010 Law"). The FUND is a self-managed SICAV as provided for in Article 27 of the 2010 Law.

This Prospectus, which should be retained for future reference, contains important information that prospective investors should know before investing. Subscriptions for shares in the FUND will be accepted on the basis of the current Prospectus of the FUND, together with (i) the latest available annual report of the FUND containing its audited annual accounts and the latest available semi-annual report of the FUND, if later than such annual report and (ii) the relevant Key Investor Information Document. These documents shall be deemed to form part of this Prospectus and are available together with the subscription forms and information regarding purchases or redemptions at the registered office of the FUND and will be sent to investors upon request.

No person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of the FUND's shares and, if given or made, such information or representations must not be relied upon as having been authorized by the FUND. Neither the delivery of this Prospectus nor the issuance of shares shall, under any circumstances, create any implication that there has been no change in the affairs of the FUND since the date hereof.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such an offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The FUND's shares have not been registered under the United States Securities Act of 1933, as amended, nor has the FUND been registered under the United States Investment Company Act of 1940, as amended, and may not be directly or indirectly offered or sold in the United States of America, any of its territories or possessions, or areas subject to its jurisdiction (the "United States"), or to or for the benefit of a United States person. For this purpose, "United States person" includes a national or resident of the United States, a partnership organised or existing in any state, territory, or possession of the United States, a corporation organised under the laws of the United States or of any state, territory, or possession thereof or areas subject to its jurisdiction, or any estate or trust, other than an estate or trust the income of which arises from sources outside the United States (which is not effectively connected with the conduct of a trade or business within the United States) and is not included in gross income for the purposes of computing United States federal income tax.

Subscriptions for shares are subject to acceptance by or on behalf of the FUND.

The information contained in the Prospectus is supplemented by the most recent Key Investor Information Documents, annual report and accounts of the Fund and any subsequent semi-annual report and accounts, if available, copies of which can be obtained free of charge from the registered office of the Fund.

Prospective investors should inform themselves as to the legal requirements of purchasing shares of the FUND and any applicable exchange control regulations and tax consequences of purchase, conversion and redemption of shares in the country of their respective citizenship, residence, or domicile.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes in such law and practice.

**References in this Prospectus to "USD" or "US\$" refer to dollars of the United States.**

### **Fight against Money Laundering and Financing of Terrorism**

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, and circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The registrar agent may require subscribers to provide any document it deems necessary to effect such identification.

In case of delay or failure by an applicant to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. Neither the undertakings for collective investment nor the registrar agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

**No assurance can thus be given that the FUND's investment objectives will be met.**

The FUND is an unregulated collective investment scheme in the United Kingdom. The promotion of the FUND in the United Kingdom is restricted by Section 76 of the Financial Services Act 1986. Shares may not be offered or sold by an authorised person in the United Kingdom by means of this Prospectus other than to persons authorised to carry on investment business under the Financial Services Act 1986, persons whose ordinary business involves the acquisition and disposal of property of the same kind as the property or a substantial part of the property in which the FUND invests, and persons permitted to receive this Prospectus under the Financial Services (Promotion of Unregulated Schemes) Regulations 1991. Except as described above, no document, including this Prospectus, issued in connection with the shares in the United Kingdom may be issued or passed on in the United Kingdom to any person, other than to persons to whom the document may otherwise lawfully be issued, unless that person is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996.

The FUND draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the FUND, notably the right to participate in general shareholders' meetings, if the investor is registered himself and in his own name in the shareholders' register. In cases where an investor invests in the FUND through an intermediary investing into the FUND in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the FUND. Investors are advised to take advice on their rights.

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## **DAVIS FUNDS SICAV**

Société d'investissement à capital variable, Luxembourg

Registered office: 49, Avenue J.F. Kennedy, L-1855, Kirchberg, Luxembourg

R.C.S. Luxembourg B 49537

### **Board of Directors**

#### **Chairman**

- Andrew A. Davis, Portfolio Manager, Davis Selected Advisers, L.P., Santa Fe, New Mexico 87501, USA

#### **Directors**

- Roger Becker, Director, Noramco, Echternach, Luxembourg
- Kenneth C. Eich, Chief Operating Officer, Davis Selected Advisers, L.P., Tucson, Arizona 85756, USA

#### **Investment Adviser**

Davis Selected Advisers, L.P., 2949 East Elvira Road, Suite 101, Tucson, Arizona 85756, USA

#### **Custodian, Corporate and Domiciliary Agent**

State Street Bank Luxembourg S.A., 49, Avenue J.F. Kennedy, L-1855, Kirchberg, Luxembourg

#### **Registrar and Transfer Agent**

The Bank of New York Mellon (Luxembourg) S.A., Vertigo Building – Polaris, 2-4 Rue Eugène Ruppert, L-2453, Luxembourg

#### **Approved Statutory Auditor**

Deloitte S.A., 560, rue de Neudorf, L-2220 Luxembourg

#### **Legal Advisers in Luxembourg**

Elvinger, Hoss & Prussen, 2, Place Winston Churchill, B.P. 425, L-2014 Luxembourg

#### **General Distributor**

Davis Distributors, LLC, 2949 East Elvira Road, Suite 101, Tucson, Arizona 85756, USA

#### **Information Agent**

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## **PRINCIPAL FEATURES OF THE FUND**

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

The FUND is an investment company organised under Luxembourg law as a *société anonyme* qualifying as a *société d'investissement à capital variable*.

### *The Funds:*

The FUND offers two separate Funds:

DAVIS FUNDS SICAV – Davis Value Fund (the "Davis Value Fund") and

DAVIS FUNDS SICAV – Davis Global Fund (the "Davis Global Fund").

Each Fund represents a separate pool of assets and may issue separate classes of shares. The assets of each Fund are invested in accordance with the specific investment policy applicable to such Fund.

The Board of Directors has the power to create new Funds and/or to create additional classes of shares.

### *Investment Objectives:*

Davis Value Fund and Davis Global Fund both pursue long-term growth of capital. Any income which they generate will be incidental to their objective. The specific investment objective and policy of each Fund is set forth in this Prospectus.

### *The Investment Adviser:*

Davis Selected Advisers, L.P. is the FUND's Investment Adviser and manages the assets of each of the Funds (the "Investment Adviser").

### *The General Distributor:*

Davis Distributors, LLC is the FUND's General Distributor. The General Distributor may appoint authorized distribution agents to distribute shares of the FUND. In order to compensate distribution agents for services provided in connection with sales of shares and the maintenance of shareholder accounts, the General Distributor may make payments to distribution agents at negotiated rates based on the average net asset value of shares attributable to shareholders for whom the distribution agent is designated as the distribution agent of record. Shareholders should consult their financial intermediary regarding the details of the payments they receive in connection with the sale of Fund shares. The General Distributor may also act as a distribution agent and receive compensation as such.

### *The Custodian:*

The assets of the FUND are held under the custody or control of State Street Bank Luxembourg S.A. (the "Custodian" or "State Street Bank").

### *Offering:*

Each Fund offers Class A shares subject to an initial sales charge and Class I shares which are available only to institutional investors. See "How to Buy Shares". The net asset value is calculated on the next Business Day after the Transfer Agent receives cleared funds. A Business Day means any day, other than a Saturday, Sunday, or legal holiday in Luxembourg, during which both, the banking institutions in Luxembourg and the financial markets in the United States are open for business.

### *The Shares:*

Each Fund offers registered shares in both book entry form without a certificate ("Registered Book Shares") and with a certificate ("Registered Share Certificates"). All shares must be fully paid for. The

Funds do not offer bearer shares. All shares are issued as Registered Book Shares unless a shareholder specifically requests Registered Share Certificates.

*Redemption of Shares:*

Shareholders may at any time request repurchase of their shares at the redemption-price relating to their class of shares determined on the next Business Day after the redemption request is received by the Transfer Agent.

*Exchange of Shares:*

Shareholders may exchange their shares into shares of another Fund offered by the FUND on the basis of the relative net asset values of the shares of the Funds, at the time of the exchange.

No exchange charge is payable, except that for frequent exchanges a charge may be payable as more fully described under "How to Exchange or Transfer Shares".

*Net Asset Value per Share:*

The net asset value per share per class of each Fund is expressed in U.S. Dollars and is determined as of 9.00 a.m. CET on each Business Day ("Valuation Date").

## **SPECIFIC INFORMATION ON THE FUNDS**

### **INVESTMENT POLICIES**

#### **Davis Investment Discipline**

Davis Value Fund and Davis Global Fund are managed using the Davis Investment Discipline. The Investment Adviser conducts extensive research to try to identify businesses that possess characteristics which it believes foster the creation of long-term value, such as proven management, a durable franchise and business model, and sustainable competitive advantages. The Investment Adviser aims to invest in such businesses when they are trading at a discount to their intrinsic worth. The Investment Adviser emphasizes individual stock selection and believes that the ability to evaluate management is critical. The Investment Adviser routinely visits 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, the Investment Adviser has developed a list of characteristics that it believes 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, the Investment Adviser searches for companies that demonstrate a majority or an appropriate mix of these characteristics.

*First Class Management*

- Proven Track Record
- Significant Alignment of Interests in Business
- Intelligent Application of Capital

*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 a Fund should place its assets in, it then turns its analysis to determining the intrinsic value of those companies' equity securities. The Investment Adviser seeks equity securities which can be purchased at attractive valuations relative to their intrinsic value. The Investment Adviser's goal is to invest in companies for the long term. The Investment Adviser considers selling a company's equity securities if the securities' market price exceeds the Investment Advisers' estimates of intrinsic value, or if the ratio of the risks and rewards of continuing to own the company's equity securities is no longer attractive.

### **Davis Value Fund**

The Fund's investment objective is long-term growth of capital. There can be no guarantee that this objective will be achieved. The Fund invests primarily in equity securities of U.S. companies with market capitalizations of at least 10 billion USD. The Fund may also invest in non-U.S. companies and in companies with smaller market capitalizations. Current income is not a significant factor in selecting the Fund's investments. Davis Value Fund is managed using the Davis Investment Discipline.

### **Principal Risks of Investing in Davis Value Fund**

If you buy shares of Davis Value 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 the Investment Adviser thinks are the most significant factors (principal risks) 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 equity 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 the Fund invests.
- **Company risk.** Common stock is a form of equity security which represents ownership positions in companies. The prices of most equity securities fluctuate based on changes in the financial condition of their issuers and on market and economic conditions. Events that have a negative impact on a business probably will be reflected in a decline in the price of its equity securities. Furthermore, when the total value of the stock market declines, most equity securities, even those issued by strong companies, will likely decline in value. There is also the inherent risk that holders of common stock generally are behind creditors and holders of preferred stock for payments in the event of the bankruptcy of a stock issuer.
- **Financial Services risk.** 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 that, under certain circumstances,

may lead to losses, for example sub-prime loans; and (v) *Competition*: the financial services sector has become increasingly competitive.

- **Non-U.S. Country risk.** The Fund may invest a significant portion of its assets in companies operating, incorporated, or principally traded in non-U.S. countries. Investing in non-U.S. countries involves risks that may cause the Fund's performance to be more volatile than it would be if the Fund invested primarily in the United States. Non-U.S. economies may not be as strong or as diversified, non-U.S. political systems may not be as stable, and non-U.S. financial reporting standards may not be as rigorous as they are in the United States. In addition, non-U.S. 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 government regulation. Rather than investing directly in equity securities issued by non-U.S. companies, the fund may invest in these companies through American Depositary Receipts ("ADRs") or Global Depositary Receipts ("GDRs") covering such securities. ADRs and GDRs are U.S. dollar-denominated and represent the deposit with U.S. banks of the securities of non-U.S. issuers and are publicly traded on exchanges or are traded over-the-counter in the United States. Similar to direct investments in non-U.S. securities ADRs and GDRs are subject to the risks of changes in currency or exchange rates and the economic or political trends in non-U.S. countries. In addition, ADRs and GDRs may be subjected to losses if the U.S. banks issuing the ADRs or GDRs fail to support the ADRs and GDRs which they issue.
- **Fees and Expenses risk.** All mutual funds incur operating fees and expenses. Fees and expenses reduce the return which a shareholder may earn by investing in a fund. A low return environment, or a bear market, increases the risk that a shareholder may lose money.
- **Headline risk.** The Investment Adviser seeks to acquire companies with durable business models that can be purchased at attractive valuations relative to what it believes to be the companies' intrinsic values. The Investment Adviser may make such investments when a company becomes the centre 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 the Investment Adviser researches companies subject to such contingencies, the Investment Adviser cannot be correct every time, and the company's stock may never recover or may become worthless.
- **Selection risk.** The securities we select for the Fund may underperform the S&P500® Index or other funds with similar investment objectives and strategies.

#### **Davis Global Fund**

The Fund's investment objective is long-term growth of capital. There can be no guarantee that this objective will be achieved. The Fund invests the majority of the assets in equity securities selected on a worldwide basis, including countries with developing or emerging markets. The Fund may invest in large, medium or small companies without regard to market capitalization. Under normal market conditions, the Fund will invest at least 40% of its total assets in companies: (i) organized or located outside of the U.S.; (ii) whose primary trading market is located outside the U.S.; or (iii) doing a substantial amount of business outside the U.S., which the Fund considers to be a company that derives at least 50% of its revenue from business outside the U.S. or has at least 50% of its assets outside the U.S.

The Investment Adviser manages equity funds using the Davis Investment Discipline. The Investment Adviser conducts extensive research to try to identify businesses that possess characteristics which it believes foster the creation of long-term value, such as proven management, a durable franchise and

business model, and sustainable competitive advantages. The Investment Adviser aims to invest in such businesses when they are trading at discounts to their intrinsic worth. The Investment Adviser emphasizes individual stock selection and believes that the ability to evaluate management is critical. The Investment Adviser routinely visits 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.

After determining which companies a Fund should place its assets in, it then turns its analysis to determining the intrinsic value of those companies' equity securities. The Investment Adviser seeks equity securities which can be purchased at attractive valuations relative to their intrinsic value. The Investment Adviser's goal is to invest in companies for the long term. The Investment Adviser considers selling a company's equity securities if the securities' market price exceeds the Investment Advisers' estimates of intrinsic value, or if the ratio of the risks and rewards of continuing to own the company's equity securities is no longer attractive.

Davis Global Fund was previously Davis Opportunities Fund. The Fund's investment objective did not change as a result of the name change.

### **Principal Risks of Investing in Davis Global Fund**

If you buy shares of Davis Global 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 the Investment Adviser thinks are the most significant factors (principal risks) 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 equity 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 the Fund invests.
- **Company risk.** Equity securities represent ownership positions in companies. These securities may include, without limitation, common stocks, preferred stocks and securities with equity conversion or purchase rights. The prices of equity securities fluctuate based on changes in the financial condition of their issuers and on market and economic conditions. Events that have a negative impact on a business probably will be reflected in a decline in the price of its equity securities. Furthermore, when the total value of the stock market declines, most equity securities, even those issued by strong companies, will likely decline in value. There is also the inherent risk that holders of common stock generally are behind creditors and holders of preferred stock for payments in the event of the bankruptcy of a stock issuer.
- **Non-U.S. Country risk.** The Fund may invest a significant portion of its assets in companies operating, incorporated, or principally traded in non-U.S. countries. Investing in non-U.S. countries involves risks that may cause the Fund's performance to be more volatile than it would be if the Fund invested primarily in the United States. Non-U.S. economies may not be as strong or as diversified, non-U.S. political systems may not be as stable, and non-U.S. financial reporting standards may not be as rigorous as they are in the United States. In addition, non-U.S. 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 government regulation. Rather than investing directly in equity securities issued by non-U.S. companies, the Fund may invest in these companies through American Depositary Receipts ("ADRs") or Global Depositary Receipts ("GDRs") covering such securities. ADRs and GDRs are U.S. dollar-denominated and represent the deposit with U.S. banks of the securities of non-U.S. issuers and are publicly traded on exchanges or are traded over-the-counter in the United States. Similar to direct investments in non-

U.S. securities ADRs and GDRs are subject to the risks of changes in currency or exchange rates and the economic or political trends in non-U.S. In addition, ADRs and GDRs may be subjected to losses if the U.S. banks issuing the ADRs or GDRs fail to support the ADRs and GDRs which they issue.

- **Non-U.S. Currency risk.** Securities issued by non-U.S. companies are frequently denominated in other currencies. The change in value of a non-U.S. currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that non-U.S. currency. The Fund may, but generally does not, hedge its currency risk. When the value of a non-U.S. currency declines against the U.S. dollar, the value of the Fund's shares will tend to decline.
- **Emerging Market risk.** The Fund invests in emerging or developing markets. Securities of issuers in emerging and developing markets may offer special investment opportunities, but present risks not found in more mature markets. Those securities may be more difficult to sell at an acceptable price and their prices may be more volatile than securities of issuers in more developed markets. Settlements of trades may be subject to greater delays so that the Fund might not receive the proceeds of a sale of a security on a timely basis. In unusual situations it may not be possible to repatriate sales proceeds in a timely fashion. These investments may be very speculative.

Emerging markets might have less developed trading markets and exchanges. These countries may have less developed legal and accounting systems and investments may be subject to greater risks of government restrictions on withdrawing the sale proceeds of securities from the country. Companies operating in emerging markets may not be subject to U.S. prohibitions against doing business with countries which are state sponsors of terrorism. Economies of developing countries may be more dependent on relatively few industries that may be highly vulnerable to local and global changes. Governments may be more unstable and present greater risks of nationalization, expropriation, or restrictions on foreign ownership of stocks of local companies.

- **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.
- **Over-the-Counter ("OTC") Risk.** OTC transactions involve risks in addition to those associated with transactions traded on exchanges. The values of OTC stocks may be more volatile than exchange-listed stocks, and the fund may be subject to liquidity risk, which may cause the Fund to experience difficulty in purchasing or selling these securities at a fair price. The Fund will be subject to the credit risk of its counterparty to an OTC transaction.
- **Fees and Expenses risk.** The Fund may not earn enough through income and capital appreciation to offset the operating expenses of the Fund. All mutual funds incur operating fees and expenses. Fees and expenses reduce the return which a shareholder may earn by investing in a fund. A low return environment, or a bear market, increases the risk that a shareholder may lose money.
- **Headline risk.** The Investment Adviser seeks to acquire companies with durable business models that can be purchased at attractive valuations relative to what the Investment Adviser believes to be the companies' intrinsic values. The Investment Adviser may make such investments when a company becomes the centre 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 the Investment Adviser researches companies subject to such contingencies, the

Investment Adviser cannot be correct every time, and the company's stock may never recover or may become worthless.

### **GENERAL CONSIDERATIONS APPLICABLE TO ALL FUNDS**

Each of the Funds' shares will fluctuate in price as the value of the common stock and other equity securities in which they invest change in value, and there is a risk for an investor to eventually recover an amount lower than that invested. 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 owned by a Fund. The market values of common stock also vary with the success or failure of the company issuing the stock. The common stocks and other equity securities in which the Funds invest are generally traded on recognized exchanges or in other regulated markets open to the public.

Each Fund uses short-term investments, such as treasury bills and certificates of deposit, provided their remaining maturity is less than 12 months, 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 portfolio managers anticipate a decline in the market values of the companies in which a Fund invests (due to economic, political, or other factors), we may reduce a Fund's 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.

The Funds will not make use of financial derivative instruments for any purpose whatsoever.

The Funds will not engage in securities lending nor enter into repurchase and reverse repurchase agreements.

When purchasing non-U.S. securities, a Fund may purchase the companies' common stock directly through trades of individual securities on recognised exchanges and recognised over-the-counter markets (qualifying as regulated markets, operating regularly and being recognised and open to the public) or may purchase American Depositary Receipts (ADRs) covering such securities. The Funds may also invest in the securities of non-U.S. companies directly or through registered closed-end investment companies that invest primarily in foreign securities. A closed-end investment company will be considered to invest primarily in foreign securities if it normally invests more than 50% of its assets in non-U.S. securities. The Funds will not invest more than 10% of their total assets in closed-end investment companies. It may be less expensive to purchase non-U.S. securities directly rather than to invest in closed-end investment companies. Closed-end investment companies must pay their own operating expenses, including management fees. The Funds will not invest in any investment company promoted by the same company promoting the FUND.

### **INVESTMENT ADVISER**

The Directors of the FUND are responsible for its management and control, including the determination of investment policy, and have appointed Davis Selected Advisers, L.P. as Investment Manager and Adviser (the "Investment Adviser"). The Investment Adviser manages and invests each of the Funds' assets and will provide day-to-day management in respect of the investment and reinvestment of the assets of each of the Funds. The Investment Adviser is an independent money management firm that was founded in 1969. The Investment Adviser manages money on behalf of both individual and institutional investors.

## **DIVIDEND POLICY**

Dividends are declared by the FUND on its outstanding Class A and Class I shares at the annual meeting of shareholders. Dividends so declared are automatically reinvested in additional shares at net asset value unless a shareholder specifically requests for the dividends to be paid out in cash.

The assets of the Funds are managed to seek growth of capital and will not earn significant current income. Accordingly, any dividend distributions are expected to be insignificant as well.

## **PURCHASING, REDEEMING, AND EXCHANGING SHARES**

### *How to Buy Shares*

Class A Shares - Class A shares are offered at net asset value, subject to an initial sales charge of up to 6,1% of the net asset value of such shares. All or a portion of the sales charge may be paid as a commission. Under certain circumstances all or a portion of the sales charge may be waived at the discretion of the Distributor. If in any country in which the Class A shares are offered, local law or practices require or permit a lower initial sales charge than that shown above for any individual purchase order, the General Distributor may sell shares and may authorize distribution agents to sell shares within such country at a total price less than the applicable price set forth above, but in accordance with the maximum amount permitted by the law or practice of such country.

Class I Shares - Class I shares are only available to institutional investors subject to a USD 3 million minimum initial investment and minimum amount to be held at any time (unless a lower amount is approved by the FUND's Board of Directors or results from market action). Class I shares are offered at net asset value without an initial sales charge or CDSC (Contingent Deferred Sales Charge). In considering the qualification of a subscriber as an institutional investor, the FUND will respect any guidelines or recommendations issued by Luxembourg authorities. Institutional investors subscribing for Class I shares in their own name, but on behalf of a third party, must certify to the FUND that the subscription is made on behalf of an institutional investors and the FUND may require, at its sole discretion, evidence that the beneficial owners of the shares is an institutional investor.

The offering price per share will be the net asset value per share of the relevant class plus, in the case of Class A shares, a sales charge.

Investors may purchase shares in any of the Funds by sending an application form and payment to the Distributor or the registered office of the FUND. An application form is only valid when accompanied by a complete set of appropriate investor identification documents, in the form and content as prescribed by Luxembourg laws and regulations. The FUND may ask the applicant investor and/or the Distributor or other Intermediary, as the case may be, to supply any relevant eligibility information. A request to purchase shares will not be processed until the application form is completed and payment for the shares has been received and cleared. The FUND reserves the right to accept or refuse any application in whole or in part and for any reason. The FUND may also limit the distribution of shares of the Funds to specific countries. The FUND may at any time suspend the issue of additional shares. Investors buying shares through certain distribution agents will need to complete the required forms of the distribution agent. In this case, the investor's account will be opened in the name of the distribution agent or its nominee, the shares will be registered in the name of the distribution agent or its nominee, and any subsequent purchase, redemption, exchange, transfer, or other instruction will need to be given through the distribution agent.

All purchases must be paid for in USD. An investor may send a check payable in any other freely convertible currency, but the purchase will not be processed until the foreign currency has been exchanged for USD at the risk and expense of the investor. Purchase orders must be received in proper form by the Transfer Agent on the Business Day preceding the Valuation Date the shares are to be



purchased. Purchase orders received after the Business Day preceding the Valuation Date will be deferred to the next following Valuation Date.

Payment should be made by FED WIRE to:

Bank: The Bank of New York, New York

ABA: 021 0000 18

SWIFT Code: IRVTUS3N

Account Name: BNY LUX (Account 890-0482-826)

FFC Davis Funds Account 6370078400

Ref: Name of the Fund and class of shares, followed by the application or account number;  
e.g., Ref: Davis Value Fund A (Or I), mentioning also the application number.  
If no share class is indicated, Class A shares will be purchased.

Fund	Class	ISIN
Davis Value Fund	A	LU0067888072
	I	LU0762956976
Davis Global Fund	A	LU0067889476
	I	LU0762956208

The FUND will register shareholder's shares on its books ("Registered Book Shares") and send the shareholder a confirmation statement unless the shareholder specifically requests that the FUND send Registered Share Certificates. Registered Book Shares may be issued in fractions up to three decimal places.

Confirmation of purchases together with Registered Share Certificates, if applicable, will be mailed at the risk of the shareholder, to the address indicated in the purchase form within 14 Business Days following receipt of the payment and any required documents. Registered Share Certificates, unlike Registered Book Shares, are issued in whole share amounts only and are only available for Class A shares.

Purchase requests will not be processed whenever the calculation of the net asset value per share is suspended (See "Temporary Suspension of Purchases and Redemptions").

If the FUND determines that an investor is not eligible for Class I shares, it will process the purchase in Class A shares.

#### *Calculating the Sales Charge – Class A Shares*

Each of the Funds continuously offers its Class A shares to the public at net asset value plus an initial sales charge up to 5,75% of the amount invested (equivalent to a sales charge per share of not more than 6,1% of the net asset value per share). The Distributor may, in its sole discretion, reduce the initial sales charge payable by an investor. If in any country in which the Class A shares are offered, local law or practices require or permit a lower initial sales charge than that shown above for any individual purchase order, the General Distributor may sell shares and may authorize distribution agents to sell shares within such country at a total price less than the applicable price set forth above, but in accordance with the maximum amount permitted by the law or practice of such country. Shares in each of the Funds may be purchased on each Business Day (each a "Valuation Date"). The appropriate net asset value is determined on each Valuation Date following the day on which cleared subscription monies are received.

### *How to Redeem Shares*

A shareholder may redeem part or all of his shares on any Business Day. Shares are redeemed at their net asset value determined on each Valuation Date following the day of receipt by the Transfer Agent of the redemption application. Redemption requests may be made by writing to the Transfer Agent. Telephone instructions will not be accepted; all instructions must be in writing.

All requests must provide the following information:

- The full names in which the shares are registered.
- The shareholder(s) personal customer number, if known.
- The number of shares or USD amount to be redeemed.
- Whether the shares were issued with or without a certificate.
- Details of the shareholder's bank account to which payment shall be made.

Redemption proceeds will normally be paid by swift / telegraphic transfer to the shareholder's bank account in USD. However, payments may be made, at the shareholder's request, by check, in such freely convertible currency. This service is offered by the Transfer Agent at the risk and expense of the shareholder.

Redemption proceeds are sent to the shareholder (or to the first named of joint shareholders) at the address on the register.

Investors redeeming shares purchased through certain distribution agents and registered in the name of the distribution agent or its nominee must instruct the distribution agent to redeem the shares, and only the distribution agent is permitted to instruct the Transfer Agent to redeem those shares as long as the agreement between the shareholder and the distribution agent or nominee exists.

If, as a result of a redemption request or a transfer of shares, a shareholder's investment in any Fund would be less than 3,000 USD (3,000,000 USD for Class I shares), then the FUND may redeem all of the shareholder's investment in such Fund and pay the proceeds to the shareholder. Shares redeemed by the FUND may be cancelled or held by the FUND as further described in the Articles of Incorporation of the FUND.

Redemption requests will not be processed whenever the calculation of the net asset value per share is suspended (See "Temporary Suspension of Purchases and Redemptions"). Redemption requests received during the suspension will be processed at the next net asset value per share calculated after the suspension has ended. Under normal circumstances a shareholder may not withdraw a redemption request. However, in the event redemption requests are not processed because calculation of the net asset value per share is suspended, a shareholder may withdraw his redemption request. To withdraw his redemption request, a shareholder must provide written notification of the withdrawal to the Transfer Agent. To be effective, the notification of withdrawal must be received by the Transfer Agent before calculation of net asset value per share is resumed. If the redemption request is not withdrawn, the shares shall be redeemed on the first Valuation Date following the termination of the suspension period.

Shareholders should note that any redemption of shares by the Fund may take place at a price that may be higher or lower than the original acquisition cost, depending upon the value of the shares of the Fund at the time of redemption.

### *Reinvestment Application*

After a shareholder has redeemed some or all of his shares, the redemption proceeds may be reinvested back into a Fund at net asset value for a limited period of time. Class A shares will not be charged a sales charge. The written reinvestment application, together with a payment, must be received by the Transfer Agent within 120 days of the redemption or dividend distribution. The reinvestment purchase

will be processed at the net asset value determined on the Business Day following the day of receipt of cleared funds. A shareholder may only use this reinvestment privilege once. Certain distribution agents may not offer this privilege.

#### *Periodic Withdrawal Plan*

By participating in a Periodic Withdrawal Plan, a shareholder may receive a check from the FUND in a specified dollar amount once each month, quarter, or year. Participation in the Periodic Withdrawal Plan is offered free of charge. Periodic withdrawals may only be made in Funds in which the value of the shareholder's investments is at least 25,000 USD. Each periodic withdrawal must be for at least 125 USD per Fund.

Each period (monthly, quarterly, or yearly) a Fund will redeem a sufficient number of shares at net asset value in order to send the shareholder a check in the specified amount. The redemption will be processed on the first Business Day in the relevant monthly, quarterly, or yearly period. In the event that the periodic payment is greater than the increase in the Fund due to dividends, distributions, and the increase in net asset value per share, then the shareholder's investment in the Fund will be reduced and may be reduced to zero. Withdrawals may therefore not be considered as returns from the investment in a Fund.

Shareholders electing to participate in the Periodic Withdrawal Plan must return all Registered Share Certificates to the Transfer Agent and no additional certificates will be issued. All dividends and distributions on shares subject to a Periodic Withdrawal Plan are automatically reinvested in additional shares of the Fund.

A shareholder may terminate his participation in a Periodic Withdrawal Plan at any time. The Periodic Withdrawal Plan will terminate automatically when all shares have been redeemed or when the FUND is informed about the death or incapacity of the shareholder. Certain distribution agents may not offer this privilege.

#### *How to Exchange or Transfer Shares*

A shareholder may exchange a portion or all of his shares in one Fund for shares of the same class of another Fund. Shares are exchanged at their relative net asset value on the Valuation Date following the Business Day the exchange is processed. Class A shares may be exchanged for Class A shares of another fund and Class I shares may be exchanged for Class I shares of another fund. No exchange charge or initial sales charge or CDSC is imposed on exchanges of shares for four or fewer exchanges per year; however, certain distribution agents may charge a shareholder up to 2% of the value of the shares for exchanges involving Class A shares. Thereafter, the FUND may charge an exchange fee of up to 1% of the value of the shares for each exchange. If an exchange would cause a shareholder account in the Fund being exchanged out of to be worth less than 3,000 USD (3,000,000 USD for Class I shares) in value of shares, the shareholder is deemed to have requested the exchange of his total holding in that account, and then the FUND may close that account and place all the proceeds in the Fund being exchanged into.

Exchange requests may be made in writing to the Transfer Agent. Telephone instructions will not be accepted; all instructions must be in writing.

If the shareholder is exchanging Registered Share Certificates, the Registered Share Certificates must be returned to the Transfer Agent before the exchange is executed.

Exchanges are considered to be both a redemption and a purchase of shares. Exchanges will not be processed whenever the calculation of the net asset value per share is suspended (See "Temporary Suspension of Purchases and Redemptions").

Any request to exchange shares may not be executed until any previous transaction involving the

shares to be exchanged has been completed and full settlement on those shares received.

#### *Transferring Shares*

A shareholder may transfer ownership of shares to a third party by sending an instrument of transfer in appropriate form together with the certificates (if issued) to be transferred to the Transfer Agent.

For the transfer request to be honoured, both the account from which shares are being transferred and the account into which shares are being transferred must have values of 3,000 USD (3,000,000 USD for Class I shares) or more after giving effect to the transfer. If the shares are being transferred to a new shareholder, that shareholder must complete an application form with a complete set of appropriate investor identification documents. Class I shares may only be transferred to another shareholder qualifying as an institutional investor.

The Transfer Agent may require that the signature(s) be guaranteed by an approved Bank, Stock Broker, or Notary Public.

Shareholders should contact the Transfer Agent prior to requesting a transfer to ensure that they have all the correct documentation for the transactions. Shareholders holding shares in the name of their distribution agent or its nominee should contact their distribution agent concerning transferring of shares.

#### **MARKET TIMING**

The FUND is not designed for professional *market timing* organizations or other organizations or individuals engaged in market timing strategies, programmed exchanges, frequent exchanges, or exchanges that are large in relation to the total assets of the FUND. Market timing strategies are disruptive to the FUND. If the FUND determines that your exchange patterns reflect a market timing strategy, the 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.

The FUND receives purchase exchange and redemption orders from many distribution agents which maintain omnibus accounts with the FUND. Omnibus account arrangements permit distribution agents to aggregate their clients' transaction and ownership positions. In these circumstances, the identity of the particular shareholder(s) is not known to the FUND. While the FUND encourages distribution agents to apply the FUND's market timing policy to their customers who invest indirectly in the Funds, the FUND is limited in its ability to monitor the trading activity or enforce the FUND's market timing policy with respect to customers of distribution agents. Shareholders seeking to engage in excessive trading practices may employ a variety of strategies to avoid detection. The ability of the FUND to detect and curtail excessive trading practices may also be limited by operational systems and technological limitations.

#### **LATE TRADING**

Any order received by the FUND or other financial intermediary on behalf of the FUND after 5.00 p.m. CET will be held until the next Valuation Date. The processing of transactions is to protect the FUND against arbitrage opportunities.

#### **PROCESSING OF TRANSACTIONS**

Trade orders must be received in proper form by 5.00 p.m. CET on the Business Day preceding the Valuation Date. Trade orders received after the Business Day preceding the Valuation Date will be deferred to the next following Valuation Date. For broker dealers trading through National Securities Clearing Corporation, they must receive such orders prior to the close of the New York Stock Exchange and transmit them promptly in order to be processed on the next Valuation Date.

## **CUSTODIAN AND ADMINISTRATIVE AGENT**

State Street Bank Luxembourg S.A. ("State Street Bank") serves as Custodian of all of the FUND's assets. State Street Bank may retain correspondents to hold designated Fund assets.

*State Street Bank's duties require it to:*

- a) Ensure that the sale, issue, repurchase, and cancellation of shares effected by, or on behalf of, the FUND are carried out in accordance with the law and the Articles of Incorporation of the FUND;
- b) Ensure that in transactions involving the assets of the FUND, the consideration is remitted to the FUND within the usual time limits; and
- c) Ensure that the income of the FUND is applied in accordance with its Articles of Incorporation.

State Street Bank's registered office is at 49, Avenue J.F. Kennedy, L-1855, Kirchberg, Luxembourg. State Street Bank was incorporated in Luxembourg as a société anonyme on 19 January 1990, and it has engaged in banking activities since its incorporation.

State Street Bank also serves the FUND as its paying agent, domiciliary and corporate agent and administrative agent. State Street Bank is responsible for the central administration of the FUND, including the determination of the net asset value of the shares, and for keeping accounting records.

## **REGISTRAR AND TRANSFER AGENT**

The Bank of New York Mellon (Luxembourg) S.A. (the "Transfer Agent") serves as the Fund's Registrar and Transfer Agent pursuant to a Registrar and Transfer Agency Agreement, dated as of 25 November 2004 as amended and restated on 20 February 2007 with effect from 13 February 2007 (the "Transfer Agent Agreement"). In such capacity the Transfer Agent is responsible for processing the issuance and redemption of shares.

The Transfer Agent's registered office is at Vertigo Building – Polaris, 2-4 Rue Eugene Ruppert, L-2453, Luxembourg. The Transfer Agent was incorporated in Luxembourg as a société anonyme on 16 October 2000 and is an indirect wholly-owned subsidiary of The Bank of New York Company, Inc.

## **INVESTMENT ADVISER, CUSTODIAN, ADMINISTRATION AND TRANSFER AGENT FEES**

The FUND pays the Investment Adviser an annual fee for its services payable in monthly instalments. The advisory fee for Class A shares for each Fund is 1,5% p.a. calculated as a percentage of average net assets. Out of such fee for Class A shares the Investment Adviser may make payments to the Distributor or to Financial Intermediaries on the basis of services provided to shareholders or similar services in relation to investments made with the Distributor or Financial Intermediaries assistance. The amount of payments to Distributors and other Intermediaries is based on a number of factors including, but not limited to the assets held by the Distributor or other Intermediary or by Shareholders who are its clients. The Investment Adviser, Distributor and other Intermediaries may retrocede part of the fees received. The advisory fee for Class I shares for each Fund is 0,55% p.a. calculated as a percentage of average net assets.

The Investment Adviser places orders with broker dealers for FUND portfolio transactions. The Investment Adviser seeks to place portfolio transactions with brokers or dealers who will execute transactions as efficiently as possible and at the most favourable net price. In placing executions and paying brokerage commissions or dealer mark-ups, the Investment Adviser considers price, commission, timing, competent block trading coverage, capital strength and stability, research resources, and other factors. Subject to best price and execution, the Investment Adviser may place orders for FUND portfolio transactions with broker dealers who have sold shares of the FUND. In placing orders for FUND portfolio transactions, the Investment Adviser does not commit to any

specific amount of business with any particular broker-dealer. Further, when the Investment Adviser places orders for the FUND's portfolio transactions, it does not give any consideration to whether a broker-dealer has sold shares of the FUND.

State Street Bank is entitled for its services as Custodian and Administrative Agent to a fee at such rate and/or amount as may be agreed from time to time with the FUND in accordance with customary banking practice in Luxembourg. The maximum fee payable to the Custodian is 0.02% per annum and to the Administrative Agent 0.10% per annum, in each case based on the net asset value of the relevant Fund, unless the net asset value of the Fund falls below certain levels, in which case agreed minimums will apply. In addition, State Street Bank is entitled, as the case may be, to a charge per transaction, a flat fee for certain services or products, reimbursement by the FUND for out-of-pocket expenses and disbursements and for charges of any correspondents.

The FUND pays the Transfer Agent a flat transaction fee, payable monthly, all in accordance with usual practice in Luxembourg. In addition, the Transfer Agent is entitled to be reimbursed by the FUND for its reasonable out-of-pocket expenses. The FUND also pays for administrative and shareholder servicing services necessary for the operation of the FUND to certain distributors.

The FUND pays its own operational expenses, including the cost of buying and selling portfolio securities, brokerage, bank charges, governmental fees, legal and auditing fees, interest, publishing and printing expenses, the cost of preparing the prospectus and explanatory memoranda, financial reports, and other documents for the shareholders, translation, local advice, coordination, representation and other similar costs relating to the registration of shares in foreign jurisdictions, fees for listing on any stock exchange or registration of units for public sale in different countries, reporting expenses (including in particular tax filings in various jurisdictions) postage, telephone, and telex. Accruable expenses are taken into account daily in the determination of the net asset value of the shares.

The FUND paid its initial formation costs and pays the expenses of preparing and updating this Prospectus, inter alia, in case of the creation of new Funds.

## **GENERAL INFORMATION ON THE FUND AND THE FUNDS**

### *Organisation*

The FUND is an investment company organised as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* ("SICAV"). The FUND was incorporated in Luxembourg on 19 December 1994 for an unlimited period. The Articles of Incorporation of the FUND were published in the Mémorial on 1 February 1995. The Articles of Incorporation were amended for the last time on 7 January 2011, published in the Mémorial on 21 April 2011. The FUND is registered with the *Registre de Commerce et des Sociétés* of Luxembourg, under number B 49537. The FUND is a self-managed SICAV as provided for in Article 27 of the 2010 Law.

The Articles of Incorporation and a notice in respect of the issue and sale of the shares by the FUND have been filed with the *Registre de Commerce et des Sociétés* of Luxembourg.

The minimum capital of the FUND required by Luxembourg law is the equivalent in USD of 1,250,000 EUR.

The "Dirigeants" of the Fund are:

Sharra Reed  
Chief Compliance Officer  
Davis Selected Advisers, L.P.  
Tucson, Arizona USA

Roger Becker  
Director  
Noramco AG  
Echternach, Luxembourg

The "Dirigeants" shall conduct the business of the FUND and, more specifically, shall have the duty to ensure that the different service providers to which the FUND has delegated certain functions (comprising the Investment Adviser, the Registrar and Transfer and Administrative Agent and General Distributor) perform their functions in compliance with the 2010 Law, the articles of incorporation of the FUND, this Prospectus and the provisions of the contracts which have been entered into between the FUND and each of them. The "Dirigeants" shall also ensure compliance of the FUND with the investment restrictions and oversee the implementation of the Funds' investment objectives and policies.

The "Dirigeants" shall also report to the Board of Directors of the FUND at least on a semi-annual basis and inform the Board of Directors of any non-compliance of the FUND with the investment restrictions.

#### *The Shares*

Each Fund's shares are freely transferable and each share is entitled to participate equally in the profits and liquidation proceeds of its respective Fund. The shares have no par value and must be fully paid when issued. The shares carry no preferential or pre-emptive rights and each full share is entitled to one vote for each matter to which they are entitled to vote at all meetings of shareholders. The Board of Directors may set forth a record date for any general meeting in accordance with Luxembourg laws. The FUND's shares are listed on the Luxembourg Stock Exchange.

Shares redeemed by the FUND may be cancelled or held by the FUND as further described in the Articles of Incorporation of the FUND.

The FUND may restrict or prevent a party from owning its shares if it finds that allowing such party to own shares may harm the interest of the FUND or the majority of its shareholders. The FUND has the right to redeem all of a party's shares and close their account if it finds such actions to be in the best interest of the FUND and their shareholders.

#### *Merger or Liquidation of Funds and classes of shares*

Under certain circumstances, a Fund or share class of a Fund may be liquidated or merged into another investment company or another class of shares or Fund within the FUND (each a "Merger Vehicle"). Shareholders would exchange all of their shares of the relevant class or classes in the Fund for shares in the Merger Vehicle. The exchange would be based upon the relative net asset value of the Fund's shares and the Merger Vehicle's shares on the date of the merger. The Fund's assets will either be transferred directly to the Merger Vehicle or sold and the proceeds delivered to the Merger Vehicle. The shareholders must receive a one-month prior notice before the coming into effect of such a merger. Shareholders who do not wish to participate in such merger may have their shares redeemed, free of charge. In case of liquidation, the Board of Directors may determine to suspend all redemptions and conversions in order to keep equal treatment of shareholders.

A merger of the Fund is to be governed by chapter 8 of 2010 law. A merger of a class of shares or sub-fund may be decided by the Board of Directors. The Board of Directors may (although they are not required to) submit the decision for a merger to a meeting of shareholders of the class of shares or sub-fund concerned for which meeting no quorum is required and decisions are taken at the simple majority of the votes cast. In case of a merger of a sub-fund where, as a result the FUND ceases to exist, the merger needs to be decided by a meeting of shareholders where the quorum and majority requirements for changing the Articles of Incorporation are required.

The Board of Directors may decide to liquidate or merge a class of shares or a Fund if the net assets of such share class or Fund fall below 10,000,000 USD or if a change in the economic or political situation relating to the class of share or the Fund would justify the liquidation or merger. After notice

of the liquidation or merger, each shareholder's shares would be redeemed. Notices would be sent to the registered shareholders by mail and would be published, if required by law, in newspapers issued in the countries where the FUND's shares are sold. If a Fund is liquidated, the redemption price would be the net asset value per share of the Fund after all of its assets have been sold and all of its liabilities satisfied.

Under any circumstances a Fund or share class of a Fund may be liquidated or merged pursuant to the provisions of the Articles of Incorporation of the FUND, such liquidation or merger provisions must be permitted by applicable Luxembourg law.

#### *Liquidation of the FUND*

The FUND is incorporated for an unlimited period and liquidation shall normally be decided upon by an extraordinary general meeting of shareholders. In case the net assets of the FUND become less than 2/3 or 1/4 of the minimum capital required by law, a meeting to consider dissolution of the FUND must be convened by the Board of Directors as required by the 2010 Law.

In the event of dissolution of the FUND, the liquidation would be carried out in accordance with the Articles of Incorporation of the FUND and the provisions of the 2010 Law. The net liquidation proceeds of each Fund would be distributed to the shareholders of each Fund in proportion of their holding of shares in such Fund. The Luxembourg law specifies the steps to be taken to enable shareholders to participate in the distribution of net assets. The Luxembourg law also provides that any amounts which have not been distributed to shareholders in liquidation shall be deposited in escrow at the *Caisse de Consignation* in Luxembourg. Amounts not claimed within the prescribed period may be forfeited in accordance with the provisions of Luxembourg law.

#### *Meetings and Reports*

The annual general meeting of shareholders is held on the last Thursday of November of each year at 11.00 a.m. CET at the registered office of the FUND in Luxembourg. If the last Thursday of November is not a bank business day in Luxembourg, then the meeting will be held on the next following bank business day in Luxembourg. Notices of general meetings including the agenda, time and place as well as the applicable quorum and majority requirements, will be sent to holders of registered shares by post at least 8 days prior to the meeting at their addresses shown on the register of shareholders and published in the *Mémorial*, in the *d'Wort*, and in any other newspapers as the Board of Directors may select, to the extent required by Luxembourg law.

If permitted by Luxembourg law the annual general meeting may be held at another date, time or place as decided by the Board of Directors in conformation with Luxembourg law and regulations.

Each full share confers the right to one vote on each matter for which a shareholder is entitled to vote. Votes to pay dividends must be approved by a majority of the shares of a given Fund. Any change in the articles affecting the rights of a Fund must be approved by a resolution of both the general meeting of the FUND and the shareholders of the specific Fund concerned.

However, if the decisions are only concerning the particular rights of the shareholders of one Fund or class of shares or if the possibility exists of a conflict of interest between different Funds or class of shares, such decisions are also to be taken by a general meeting representing the shareholders of such Fund or class of shares.

Audited annual reports are published within four months following the end of the accounting year and unaudited semi-annual reports are published within two months following the semi-annual period. Annual and semi-annual reports are made available at the registered office of the FUND and State Street Bank during ordinary office hours. The FUND's accounting year begins on 1 August in each year and ends on 31 July of the following year.



*Allocation of Assets and Liabilities Among the Funds*

The FUND has currently established two Funds. Each Fund represents a separate pool of assets. The Board of Directors established each pool of assets in the following manner:

- a) The proceeds from the issue of each share of each Fund are applied to the pool of assets established for that Fund. The assets, liabilities, income, and expenditures attributable to a Fund are applied to that pool of assets, subject to the provisions set forth hereafter;
- b) When any asset is derived from another asset, such derivative asset is allocated to the pool of assets which holds the asset from which it was derived. On each revaluation of an asset, the increase or decrease in value is applied to the same pool of assets;
- c) When the FUND incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool of assets;
- d) In the case where any asset or liability of the FUND cannot be considered as being attributable to a particular pool of assets, such asset or liability is allocated to all the pools of assets pro rata to the net asset values of the Funds; and
- e) Upon the payment of dividends to the holders of shares in any Fund, the net asset value of the Fund is reduced by the amount of the dividends.

*Determination of the Net Asset Value of Shares*

The net asset value per share is determined at 9.00 a.m. CET on each Business Day ("Valuation Date") by dividing the net assets attributable to each Fund allocable to such class of shares by the number of shares of such class outstanding. A Business Day means any day, other than a Saturday, Sunday, or legal holiday in Luxembourg, during which both, the banking institutions in Luxembourg and the financial markets in the United States are open for business. The net assets of each Fund are made up of the value of the assets attributable to such Fund less the total liabilities attributable to such Fund.

The net asset value is calculated in a USD amount up to two decimal places. The net asset value per share of each class of shares may differ as a result of the different fees assessed on each class of shares.

The value of the assets of the FUND and the Funds are determined as follows:

- 1) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received, are deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the FUND may consider appropriate to reflect the true value of the asset.
- 2) The value of securities and/or financial derivative instruments which are quoted in on any stock exchange shall be based on the last available price on the stock exchange or market on which such securities and/or financial derivative instruments are traded which is normally the principal market for such securities and/or financial derivative instruments. Securities which are not quoted and do not trade on any stock exchanges, but for which an active trading market exists, shall be valued in a similar manner to that provided for securities which are quoted or dealt in on any stock exchange.
- 3) Where investments of the FUND are both listed on a stock exchange or traded on any other regulated market, which operates regularly and is recognised and open to the public, and dealt in by market makers outside the stock exchange on which the investments are listed or market on

which they are traded, then the Board of Directors will determine the principal market for the investments in question and they will be valued at the latest available price in that market.

- 4) Financial derivative instruments which are not listed on any official stock exchange or traded on any other regulated market, which operates regularly and recognised and open to the public, will be valued in accordance with market practice.
- 5) In the event that any of the securities and/or financial derivative instruments held in the FUND's portfolio on the Valuation Date are not quoted or dealt in on a stock exchange or another regulated market which operates regularly and is recognised and open to the public, or for any of such securities and/or financial derivative instruments, no price quotation is available, or if the price as determined pursuant to sub-paragraphs 2) and/or 4) is not in the opinion of the Board of Directors representative of the fair market value of the relevant securities and/or financial derivative instruments, the value of such securities and/or financial derivative instruments shall be determined based on the reasonably foreseeable sales price determined prudently and in good faith.
- 6) Shares or units in underlying open-ended investment funds shall be valued at their last available net asset value.
- 7) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner; short-term investments that have a remaining maturity of one year or less may be valued (i) at market value, or (ii) where market value is not available or not representative, at amortised cost.
- 8) If any of the aforesaid valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the FUND's assets, the Board of Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.
- 9) Any assets or liabilities in currencies other than the base currency of the Funds will be converted using the relevant spot rate quoted by a bank or other responsible financial institution.
- 10) In circumstances where the interests of the FUND or its shareholders so justify (avoidance of market timing practices, for example), the Board of Directors may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the FUND's assets.

The value of assets, denominated in a currency other than the USD, shall be determined by taking into account the rate of exchange prevailing at the time of the determination of the net asset value.

Securities sold but not yet settled shall not be taken into account. Securities purchased but not yet settled shall be included at their market value.

The net asset value per share of each Fund and the purchase and redemption price of those shares are available at the registered office of the FUND. The FUND will publish the offering prices and net asset value per share for the Funds in selected newspapers of countries where the FUND is registered.

#### *Temporary Suspension of Purchases and Redemptions*

The determination of the net asset value of shares of any or all of the Funds may be suspended when accurate Valuation of the Fund's assets becomes unreasonably difficult or impossible. For example:

- a) If a stock exchange or other principal market (U.S. or foreign) should close or suspend trading (otherwise than for ordinary holidays) making it difficult or impossible to accurately value a substantial portion of a Fund's portfolio of securities; or
- b) When, as a result of political, economic, military or monetary events, or any circumstances outside the responsibility and the control of the Board of Directors, disposal of the assets of the FUND are not reasonable or normally practicable without being seriously detrimental to the interests of the shareholders; or
- c) In the case of a breakdown in the normal means of communication used for the Valuation of any investment of the FUND or if, for any reason, the value of any asset of the FUND may not be determined as rapidly and accurately as required; or
- d) If, as a result of exchange restrictions or other restrictions effecting the transfer of funds, transactions on behalf of the FUND are rendered impracticable or if purchases and sales of the FUND's assets cannot be effected at normal rates of exchange.

Shareholders' rights to redeem their shares from a Fund shall be suspended during any period the calculation of the net asset value per share of the concerned Fund is suspended. A redemption request made while redemption rights are suspended may be withdrawn by written notice to the Transfer Agent. To be effective, the withdrawal must be received by the Transfer Agent before the end of the suspension period. If the redemption request is not withdrawn, the shares in question shall be redeemed on the first Valuation Date following the termination of the suspension period. If redemption rights are suspended, notice shall be published in newspapers in the countries where the Funds' shares are sold. Shareholders attempting to purchase or redeem shares while these rights are suspended shall be informed of the suspension.

#### *Taxation--The FUND and the Funds*

Under current law and practice, the FUND is not required to pay any Luxembourg income tax, nor are dividends paid by the Funds subject to any Luxembourg withholding tax. However, the Funds are liable in Luxembourg to an annual tax equal to 0,05% of their net asset value. A reduced tax of 0,01% p.a. is payable on the net asset value of Class I shares, which is restricted to institutional investors. This tax is payable quarterly. No stamp tax or other tax is payable in Luxembourg on the issuance of shares in the FUND.

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Funds. The FUND believes that the realised capital gains, whether short or long-term, shall generally not be liable to taxation in other countries. The regular income of the Funds from some of their securities may be liable to withholding taxes in various countries, at varying rates, which normally cannot be recovered.

#### *Shareholders*

Subject to EU Tax Considerations set forth below, non-resident (which are those Shareholders that are not domiciled, resident or having a permanent establishment in Luxembourg and certain former residents of Luxembourg) shareholders are not, under current legislation, subject to any capital gains, income, withholding, estate, inheritance, or other taxes in Luxembourg.

Shareholders should consult their professional advisers on the possible tax or other consequences of buying, holding, transferring, or selling the FUND's shares under the laws of their countries of citizenship, residence, or domicile.

In general, shareholders of a Fund who are not U.S. persons and who are not engaged in a U.S. trade or business to which income attributable to their shareholding is effectively connected will not be subject to U.S. tax on distributions made from a Fund with respect to their shares. As a general rule, such

shareholders also will not be subject to U.S. tax with respect to gain realised from the sale or other disposition of their shares unless, in the case of a shareholder who is an individual, such gain is earned by a shareholder who is physically present in the U.S. for 183 days or more during a year.

#### *EU Tax Considerations*

The Council of the European Union (the "EU") adopted on 3 June 2003 Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "Directive"). Under the Directive, Member States of the EU, as defined in the 2010 Law and herein a "EU Member State", will be required to provide the tax authorities of another EU Member State with information on payments of interest or other similar income paid by a paying agent (as defined by the Directive) within its jurisdiction to an individual resident in that other EU Member State. Austria and Luxembourg have opted instead for a tax withholding system for a transitional period in relation to such payments. Switzerland, Monaco, Liechtenstein, Andorra and San Marino and the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean, have also introduced measures equivalent to information reporting or, during the above transitional period, withholding tax.

The Directive has been implemented in Luxembourg by a law dated 21 June 2005 (the "Law").

Dividends distributed by a Fund will be subject to the Directive and the Law if more than 15% of such Fund's assets are invested in debt claims (as defined in the Law) and proceeds realised by shareholders on the redemption or sale of shares in a Fund will be subject to the Directive and the Law if more than 25% of such Fund's assets are invested in debt claims (such Funds, hereafter "Affected Funds").

Since 1 July 2011, the applicable withholding tax is 35%.

Consequently, if in relation to an Affected Fund a Luxembourg paying agent makes a payment of dividends or redemption proceeds directly to a shareholder who is an individual resident or deemed resident for tax purposes in another EU Member State or certain of the above mentioned dependent or associated territories, such payment will, subject to the next paragraph below, be subject to withholding tax at the rate indicated above.

No withholding tax will be withheld by the Luxembourg paying agent if the relevant individual either (i) has expressly authorised the paying agent to report information to the tax authorities in accordance with the provisions of the Law or (ii) has provided the paying agent with a certificate drawn up in the format required by the Law by the competent authorities of his State of residence for tax purposes.

The list of Funds falling within the scope of the Directive and the Law is made public at the registered office of the FUND and is available at the offices of the General Distributor and the Registrar and Transfer Agent.

#### *Determination of the global exposure*

The FUND will employ a risk-management process which enables it with Davis Advisors to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Fund. The Funds calculate their global exposure using the commitment approach. The Funds do not invest in derivative instruments.

#### *Investment Restrictions*

The Articles of Incorporation provide that the Board of Directors shall determine the corporate and investment policy of the FUND and the investment restrictions applicable to the Funds' investments.

In order for the FUND to qualify as a UCITS under the 2010 Law and the Directive of the European Parliament and of the Council of 13 July 2009 (the "Directive 2009/65/EC"), the Board of Directors has decided that the following restrictions shall apply to the investments of the FUND and to the investments of each of the Funds. Those restrictions in paragraph 1. (D) below are applicable to the FUND as a whole:

# ***1. INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID FINANCIAL ASSETS***

(A) (1) The FUND will invest in:

- (i) transferable securities and money market instruments admitted to an official listing on a stock exchange in any EU Member State, any Member State of the Organisation for Economic Cooperation and Development ("OECD") and any other States which the Board of Directors deems appropriate with regard to the investment objective of each Fund (an "Eligible State"); and/or
- (ii) transferable securities and money market instruments dealt in on another market which is regulated, operates regularly and is recognised and open to the public in an Eligible State (a "Regulated Market"); and/or
- (iii) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an official stock exchange or another Regulated Market (an "Eligible Market") and such admission is achieved within one year of the issue; and/or
- (iv) units of UCITS and/or of other undertakings for collective investment within the meaning of Article 1, paragraph (2) points a) and b) of Directive 2009/65/EC ("other UCIs"), whether or not established in an EU Member State, provided that:
  - such other UCIs have been authorised under the laws of any EU Member State or under the laws of Canada, Hong Kong, Japan, Norway, Switzerland or the United States,
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC,
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or
- (v) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a EU Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in Community law; and/or
- (vi) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs (i), (ii) and (iii) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

- the underlying consists of securities covered by this section 1. (A) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Funds may invest according to their investment objective;
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the FUND's initiative.

Unless specifically provided otherwise in the investment objective and policies for any specific Fund, the FUND will invest in financial derivative instruments for hedging purposes and for efficient portfolio management purposes, as more fully described in the section "3. Derivatives, Techniques and Other Instruments" below;

and/or

- (vii) money market instruments other than those dealt in on a Regulated Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
- issued by an undertaking any securities of which are dealt in on Regulated Markets, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law; or
- issued by other bodies belonging to categories approved by Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 Euro) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (2) In addition, the FUND may invest a maximum of 10% of the net asset value of any Fund in transferable securities and money market instruments other than those referred to under (1) above.

(B) Each Fund may hold ancillary liquid assets.

- (C) (i) Each Fund may invest no more than 10% of its net asset value in transferable securities or money market instruments issued by the same issuing body (and in the

case of credit-linked securities both the issuer of the credit-linked securities and the issuer of the underlying securities).

Each Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in (1) (A) (v) above or 5% of its net assets in other cases.

- (ii) Furthermore, where any Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the net asset value of such Fund, the total value of all such investments must not account for more than 40% of the net asset value of such Fund;

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph (C) (i), a Fund may not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:

- investments in transferable securities or money market instruments issued by that body,
  - deposits made with that body, or
  - exposures arising from OTC derivative transactions undertaken with that body.
- (iii) The limit of 10% laid down in paragraph (C)(i) above shall be of a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU Member State, its local authorities or by an Eligible State or by public international bodies of which one or more EU Member States are members.
  - (iv) The limit of 10% laid down in paragraph (C)(i) above shall be of a maximum of 25% in respect of debt securities which are issued by credit institutions having their registered office in an EU Member State and which are subject by law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

If a Fund invests more than 5% of its assets in the debt securities referred to in the sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of such Fund.

- (v) The transferable securities and money market instruments referred to in paragraphs (C)(iii) and (C)(iv) are not included in the calculation of the limit of 40% referred to in paragraph (C)(ii).

The limits set out in paragraphs (C)(i), (C)(ii), (C)(iii) and (C)(iv) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or derivative instruments made with this body, effected in accordance with paragraphs (C)(i), (C)(ii), (C)(iii) and (C)(iv) may not, in any event, exceed a total of 35% of each Fund's net asset value.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (C).

A Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

- (vi) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of a Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided
- the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The limit laid down in the subparagraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

- (vii) **Where any Fund has invested in accordance with the principle of risk spreading in transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities or by an Eligible State which is an OECD member state, by Singapore, Brazil, Russia, Indonesia or South Africa, or by public international bodies of which one or more EU Member States are members, the FUND may invest 100% of the net asset value of any Fund in such securities and money market instruments provided that such Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the net asset value of the Fund.**

Subject to having due regard to the principle of risk spreading, a Fund need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its authorisation and launch.

- (D)
- (i) The FUND may not normally acquire shares carrying voting rights which would enable the FUND to exercise significant influence over the management of the issuing body.
  - (ii) The FUND may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body, and/or (c) 10% of the money market instruments of the same issuing body. However, the limits laid down in (b), (c) and (d) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D)(i) and (ii) above shall not apply to:

- (i) transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;



- (ii) transferable securities and money market instruments issued or guaranteed by any other Eligible State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members; or
  - (iv) shares held in the capital of a company incorporated in a non-EU Member State which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the 2010 Law.
- (E)
- i) The FUND may acquire units of the UCITS and/or other UCIs referred to in paragraph (A) (1) (iv), provided that no more than 10% of a Fund's net assets be invested in the units of UCITS or other UCI.
  - ii) The underlying investments held by the UCITS or other UCIs in which the FUND invests do not have to be considered for the purpose of the investment restrictions set forth under 1. (C) above.
  - iii) The FUND may invest in the units of other UCITS and/or UCIs that are managed directly or indirectly by the same management company or by any other company with which the management company is linked by common management or control or by direct or indirect holding of more than 10% of shares or voting rights. Should this occur, no subscriptions, redemption, management or advisory fee will be charged on account of the FUND's investments in the units of such UCITS and/or UCIs.
  - iv) The FUND may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.

## **2. INVESTMENT IN OTHER ASSETS**

- A) The FUND will not make investments in precious metals or certificates representing these.
- B) The FUND may not enter into transactions involving commodities or commodity contracts, except that the FUND may employ techniques and instruments relating to transferable securities within the limits set out in paragraph C) below.
- C) The FUND will not purchase or sell real estate or any option, right or interest therein, provided the FUND may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- D) The FUND may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in 1.(A) (1) iv), vi) and vii).
- E) The FUND may not borrow for the account of any Fund, other than amounts which do not in aggregate exceed 10% of the net asset value of the Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.

- F) The FUND will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Fund, except as may be necessary in connection with the borrowings mentioned in (E) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the net asset value of each Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.
- G) The FUND will not underwrite or sub-underwrite securities of other issuers.

### **3. DERIVATIVES, TECHNIQUES AND OTHER INSTRUMENTS**

- A) The FUND may employ techniques and instruments relating to transferable securities under the conditions and within the limits laid down by law, regulation, or administrative practice, provided that such techniques or instruments are used for the purpose of efficient portfolio management. With respect to options:
  - a) The FUND may purchase or sell put or call options traded on a securities exchange, another regulated market, or traded over-the-counter; however, the FUND may not invest in put or call options on securities unless the acquisition price of such options does not exceed, in terms of premium, 15% of the total net assets of the relevant Fund;
  - b) The FUND may not write call options on transferable securities unless:
    - i) The FUND holds securities or other appropriate instruments capable of ensuring adequate coverage of the open positions; and
    - ii) The aggregate of the exercise prices of uncovered call options may not exceed 25% of the net asset value of the Fund's assets and provided the FUND is at any time in the position to ensure the coverage.
  - c) The FUND may not write put options on securities; unless the Fund holds, on behalf of the relevant Fund, sufficient liquid assets to cover the aggregate of the exercise prices of such options written.
- B) The FUND may not enter into foreign currency contracts except that the FUND may, for the purpose of hedging currency risks, enter into forward currency contracts or write call options and purchase put options on currencies, provided, however, that the transactions made in one currency in respect of one Fund may not exceed the Valuation of the aggregate assets of such Fund denominated in that currency (or in currencies which are likely to fluctuate in the same manner) nor exceed the period during which such assets are held, provided, however, that the FUND may purchase the currency concerned through a cross transaction (entered into through the same counterpart) should the cost thereof be more advantageous to the FUND, provided that the FUND may only enter into forward currency contracts in cases where they constitute private agreements with highly-rated financial institutions specialized in these types of transactions. The call options written and the put options purchased by the FUND on currencies may be traded on a securities exchange or traded over-the-counter. Due to a lack of government regulation, options traded over-the-counter may be more risky than exchange-traded options.
- C) The FUND may not deal in financial futures.
- D) The FUND may not deal in index options.
- E) The FUND may not engage in securities lending transactions unless this Prospectus is updated and only subject to the following conditions and restrictions:

- i) The FUND may only participate in securities lending transactions within a standardized lending system organised by a recognised securities clearing institution or by a highly-rated financial institution specialized in these types of transactions;
  - ii) The FUND must receive collateral in cash and/or in the form of securities issued or guaranteed by Member States of the OECD or by their local authorities or by supranational institutions and organisations with EU, regional, or world-wide scope which is blocked in favour of the FUND until termination of the lending contract and the value of which must be at least equal to the value of the global Valuation of the securities lent;
  - iii) Lending transactions may not be carried out on more than 50% of the aggregate market value of the securities in the portfolio of each Fund, provided, however, that this limitation is not applicable where the FUND has the right to terminate the contract at any time and obtain restitution of the securities lent; and
  - iv) Lending transactions may not extend beyond the period of 30 days.
- F) The FUND may not enter, as purchaser or seller, into repurchase agreements unless this Prospectus is updated and only under the following conditions. The agreement must be with highly-rated financial institutions specialized in these types of transactions. During the lifetime of a repurchase agreement, the FUND may not sell the securities which are the object of the agreement either (i) before the repurchase of the securities by the counter-party has been carried out, or (ii) the repurchase period has expired. The FUND must ensure to maintain the importance of purchased securities subject to a repurchase obligation at the level such that it is able, at all times, to meet its obligation to redeem its own shares.

The FUND needs not comply with the investment limit percentages when exercising subscription rights attaching to securities which form part of its assets.

If such percentages are exceeded for reasons beyond the control of the FUND or as a result of the exercise of subscription rights, the FUND must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders. Except by the acquisition of debt securities or instruments, the FUND may not grant loans or act as guarantor on behalf of third parties.

The FUND shall ensure that the global exposure of each Fund relating to financial derivative instruments does not exceed the total net assets of that Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in section 2. E) above) so that it may not exceed 210% of any Fund's total net assets under any circumstances.

The global exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, counterparty risk, foreseeable market movements and the time available to liquidate the positions. The exposure makes use of the simplified method of a commitment approach, not of a sophisticated method (e.g. by using a value-at-risk model).

While an exposure exceeding the net assets of a Fund owing to use of derivative financial instruments will increase the investment opportunities, it may also substantially increase investment risks and the potential of incurring losses.

While the FUND may make use of derivative financial instruments, its investment strategy will typically focus on direct investments in securities.

#### *Material Contracts*

Copies of the following documents are available for inspection during usual business hours on any day which is a bank business day in Luxembourg at the registered office of the FUND:

- i) Consolidated Articles of Incorporation and Prospectus of the FUND;
- ii) Investment Advisory Agreement;
- iii) Custodian Agreement;
- iv) Administration Domiciliary and Paying Agency Agreement;
- v) Registrar and Transfer Agent Agreement.

The agreements referred to in ii) through v) above may be amended by mutual consent of the parties to such agreements.

*Documents*

Copies of the agreements mentioned above and the annual and semi-annual reports are available for inspection, and copies of the Articles of Incorporation of the FUND, the current prospectus, the latest financial reports and, as soon as available, Key Investor Information Documents may be obtained free of charge during normal office hours at the registered office of the FUND in Luxembourg.