

Morningstar's Highest Stewardship Grade—A

Investment Management Team

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Investment Strategy

Selected American Shares is one of the nation's premier equity funds. The Fund seeks companies that may offer opportunities for long-term capital appreciation.¹ Selected American Shares' goal is to create wealth for shareholders over time.

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

The Fund can be described as follows:

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

Top 10 Holdings

Occidental Petroleum	4.5%	EOG Resources	3.5%
Berkshire Hathaway—Class A	4.4	Devon Energy	3.2
Costco Wholesale	4.2	Loews	2.5
Wells Fargo & Company	4.2	Merck	2.4
American Express	3.9	JPMorgan Chase	2.4

Total Returns

Year	Class S Shares		Year	Class D Shares	
	Avg. Annual	Cumulative		Avg. Annual	Cumulative
15	10.26%	332.67%	Inception	2.84%	17.18%
10	2.24	24.84	5	1.44	7.43
5	1.12	5.74	3	-5.52	-15.65
3	-5.82	-16.47	1	32.06	32.06
1	31.64	31.64			

Rating Services

★★★★ Morningstar®

Large Blend Funds for the 10 year period (710 funds in the category).
Based on risk-adjusted returns. See endnotes.

Fund Facts

Davis Advisors Management Date	5/1/93
Inception Date (Class S Shares/Class D Shares)	2/28/33 / 5/3/04
Total Net Assets	\$8.4 billion
Total Fund Holdings	94
Minimum Initial Investment (Class S Shares/Class D Shares)	\$1,000/\$10,000
Minimum Subsequent Investment (Class S Shares/Class D Shares)	\$25/\$100
CUSIP	Symbols
Class S: 816221-105	Class S: SLASX
Class D: 816221-204	Class D: SLADX

Portfolio Characteristics

Trailing Positive P/E Ratio	19.1
Weighted Average Market Capitalization (\$bn)	57.6
Weighted Median Market Capitalization (\$bn)	32.6
Beta (3 year)	1.1
Standard Deviation (5 year, Class S)	17.8

Turnover and Expenses

Turnover Rate as of most recent audited financial statement	18%
Class S Expense Ratio as of most recent prospectus	0.92
Class D Expense Ratio as of most recent prospectus	0.59

Top 10 Industry Groups

Energy	16.2%
Diversified Financials	13.3
Insurance	11.2
Pharmaceutical & Health Care	8.9
Technology	8.4
Materials	6.9
Food & Staples Retailing	6.6
Banks	4.2
Food, Beverage & Tobacco	4.1
Media	3.9

The performance presented represents past performance and is not a guarantee of future results. Total return assumes reinvestment of dividends and capital gain distributions. Investment return and principal value will vary so that, when redeemed, an investor's shares may be worth more or less than their original cost. The total annual operating expense ratios may vary in future years. Current performance may be higher or lower than the performance quoted. For most recent month-end returns, visit selectedfunds.com or call 800-243-1575.

Selected American Shares' investment objective is capital growth and income. In the current market environment, we expect that income will be low. There can be no assurance that the Fund will achieve its objective. Selected American Shares invests primarily in equity securities issued by large companies with market capitalizations of at least \$10 billion. Some important risks of an investment in the Fund are: market risk: the market value of shares of common stock can change rapidly and unpredictably; company risk: the market value of a common stock varies with the success or failure of the company issuing the stock; financial services risk: investing a significant portion of assets in the financial services sector may cause a fund to be more volatile as securities within the financial services sector are more prone to regulatory action in the financial services industry, more sensitive to interest rate fluctuations, and are the target of increased competition; and foreign country risk: companies operating, incorporated, or principally traded in foreign countries may have more fluctuation as foreign economies may not be as strong or diversified, foreign political systems may not be as stable, and foreign financial reporting standards may not be as rigorous as they are in the United States. As of December 31, 2009, Selected American Shares had approximately 15.5% of assets invested in foreign companies. See the prospectus for a complete listing of the principal risks.

¹Selected American Shares searches for companies that have achieved a dominant or growing market share and are led by first class management. There is no guarantee that the Fund's investments in these companies will be profitable.

This material is furnished to you by Davis Distributors, LLC, which acts as the distributor of Selected American Shares. This material is authorized for use by existing shareholders. A current Selected Funds prospectus must accompany or precede this piece if it is distributed to prospective shareholders. You should carefully consider the Fund's investment objectives, risks, fees, and expenses before investing. Read the prospectus carefully before you invest or send money.

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

Selected Funds has adopted a Portfolio Holdings Disclosure policy that governs the release of non-public portfolio holding information. This policy is described in detail in the prospectus. Visit selectedfunds.com or call 800-243-1575 for the most current public portfolio holdings information.

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

The Trailing Positive P/E Ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' earnings per share. Portfolio totals are computed using an inverse harmonic methodology. Stocks with negative P/E ratios are excluded from the portfolio totals.

The Weighted Average Market Capitalization is the portfolio-weighted mean capitalizations of all equity securities.

The Weighted Median Market Capitalization is the portfolio-weighted statistical median of all securities capitalizations in a portfolio.

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

Turnover Rate is a measure of the trading activity in a mutual fund's investment portfolio that reflects how often securities are bought and sold. These amounts are as of the most recent audited financial statement.

Expense Ratio is the cost of doing business for a mutual fund, expressed as a percentage of the fund's net assets. These amounts are as of the most recent prospectus.

The net expense ratio for Selected American Shares for the fiscal period ended December 31, 2009 was 0.94% and 0.61% for Class S and D, respectively.

Effective July 1, 2009, Davis Advisors voluntarily and permanently reduced any management fee breakpoints ABOVE 0.55% to 0.55% for Selected American Shares.

Standard Deviation is a statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

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Past performance is not a guarantee of future results.

For each fund with at least a 3 year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receive one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3, 5 and 10 year (if applicable) Morningstar Rating metrics. Ranking is based on past performance. **The rating is subject to change and is as of December 31, 2009.** Morningstar Rating is for Class S shares only; other classes may have different performance characteristics.

Past performance is not a guarantee of future results.

The star ratings/number of funds are provided as of December 31, 2009; 3 years, 3 stars/1,757 funds; 5 years, 3 stars/1,376 funds; 10 years, 4 stars/710 funds.

Morningstar assigns a stewardship grade to funds it covers. The overall stewardship grade is the sum of the following five components that are graded on a scale of A through F: Regulatory Issues, Board Quality, Manager Incentives, Fees, and Corporate Culture. The overall grade will range from an A to an F. Morningstar utilizes a fund's public filings, responses to a survey sent out by Morningstar to the fund company and the expertise of the Morningstar analysts to determine a fund grade. **The grades are subject to change and are as of December 31, 2009.**

After April 30, 2010, this material must be accompanied by a supplement containing performance and ranking data for the most recent calendar quarter.

Shares of the Selected Funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including possible loss of the principal amount invested.