

Investment Management Team

The Fund is managed by a research team who share ideas and responsibility for selecting the Fund's investments.

Investment Strategy

The signature Davis investment discipline—seeking to purchase durable, well-managed businesses at value prices and holding them for the long term—is applied to companies with various market capitalizations.

The investment management team focuses on identifying small, medium and large size companies with the characteristics we believe foster the long-term creation of value in businesses. The characteristics we look for include first-class management, management ownership, high returns on capital, low cost structure, dominant or growing market share, proven track record, strong balance sheet, products and services that do not become obsolete, successful international operations, and innovative users of technology.

Top 10 Holdings

Merck	5.6%	Texas Instruments	3.2%
Johnson & Johnson	5.2	Yum! Brands	3.1
Oaktree Capital Group—Class A	4.0	CVS Caremark	3.1
Markel	3.7	Microsoft	3.0
Coca-Cola	3.2	Walt Disney	3.0

Total Returns

Year	Class S Shares		Year	Class D Shares	
	Avg. Annual	Cumulative		Avg. Annual	Cumulative
15	5.77%	131.91%	Inception	0.24%	1.46%
10	-0.47	-4.64	5	-1.69	-8.17
5	-2.09	-10.04	1	12.15	12.15
1	11.61	11.61			

Morningstar's Highest Stewardship Grade—A

Fund Facts

Davis Advisors Management Date	5/1/93
Inception Date (Class S Shares/Class D Shares)	1/1/39 / 5/3/04
Total Net Assets	\$76.2 million
Total Fund Holdings	70
Minimum Initial Investment (Class S Shares/Class D Shares)	\$1,000/\$10,000
Minimum Subsequent Investment (Class S Shares/Class D Shares)	\$25/\$25
CUSIP	Symbols
Class S: 816272-108	Class S: SLSX
Class D: 816272-207	Class D: SLSX

Portfolio Characteristics

Trailing Positive P/E Ratio	14.6
Weighted Average Market Capitalization (\$bn)	51.7
Weighted Median Market Capitalization (\$bn)	18.2
Beta (3 year)	1.0
Standard Deviation (5 year, Class S)	18.6

Turnover and Expenses

Turnover Rate as of most recent audited financial statement	24%
Class S Expense Ratio as of most recent prospectus	1.25
Class D Expense Ratio as of most recent prospectus	0.77

Market Capitalization (percentage of equities)

Small Cap	11.0%
Mid Cap	22.7
Large Cap	66.3

Top 5 Industries

Pharmaceutical & Health Care	19.9%
Technology	18.3
Materials	8.8
Diversified Financials	7.9
Food, Beverage & Tobacco	7.6

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 Special Shares' investment objective is capital growth. There can be no assurance that the Fund will achieve its objective. 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 and have the potential for loss; company risk: equity securities represent ownership positions in companies. Over time, the market value of a common stock should reflect the success or failure of the company issuing the stock; under \$10 billion market capitalization risk: 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; fees and expenses risk: fees and expenses reduce the return which a shareholder may earn by investing in a fund; and foreign country risk: foreign companies may be subject to greater risk 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 June 30, 2010, Selected Special Shares had approximately 19.1% of assets invested in foreign companies. See the prospectus for a complete listing of the principal risks.

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

Davis Advisors began daily management of Selected Special Shares on June 1, 2001. From May 1, 1993 until May 31, 2001, Davis Advisors had a subadvisor that handled active daily management of the Fund.

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.

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.

Small cap companies have market capitalizations less than \$3 billion. Mid cap companies have market capitalizations from \$3 billion to \$10 billion. Large cap companies have market capitalizations greater than \$10 billion. Under normal circumstances, Selected Special Shares invests the majority of its assets in equity securities issued by companies with market capitalizations of less than \$20 billion.

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 June 30, 2010.** The methodology for the Morningstar Stewardship grade is completely different from the performance-based Morningstar star rating and has no impact on the star rating.

After October 31, 2010, this material must be accompanied by a supplement containing performance 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.