

## DINT Overview

- High-conviction, benchmark-agnostic. Invests outside the U.S. Low expected turnover and strategic long-term time horizon
- Benefits of a traditional ETF: low costs, tax efficiency, ease of trading, and transparency
- Seeks durable, well-managed businesses with competitive advantages, selling at a discount to true value
- An actively managed equity ETF offered by a manager with decades of experience investing in global equities.

## Fund Details<sup>1</sup>

Total Net Assets (\$M)	\$43
Number of Holdings	32
Expense Ratio (gross/net) <sup>6</sup>	0.86%/0.75%

## Firm Overview<sup>2</sup>

- Independent, employee-owned investment manager since 1969
- Bottom-up, research-driven investment approach
- Over \$29 billion in AUM
- Over \$2 billion invested alongside our clients

## Experienced Management<sup>2</sup>

- Danton Goei is the portfolio manager and has 20 years at Davis Advisors.
- Danton speaks several languages and has lived in Asia, Europe and the U.S.

## Vast Opportunities, Selectivity is Critical

The global investment landscape offers investors tremendous opportunities. Separating winners from losers requires selectivity, research rigor and sound judgment.

At Davis, we place great importance on the resiliency and adaptability of our companies. We look for businesses with strong balance sheets, durable growth and skillful management. Our holdings reflect where we are opportunistically finding investments around the world.



Danton Goei

### Current themes in the portfolio:

#### Rise of the Online Consumer Worldwide

The number of internet users has doubled since 2010 to 3.5 billion and is growing at 10% per year.<sup>3</sup> A vast opportunity exists in the years ahead: Global online purchases are growing at 17% per year, yet account for only 7% of total retail sales worldwide.<sup>3</sup> Many of the best opportunities for investing in this theme are international, as 75% of online purchases occur outside the U.S.<sup>4</sup>

#### Expansion of Global Transportation

The movement of people and products worldwide is accelerating because of the expansion of world trade, the emerging global middle class, and the proliferation of the Internet worldwide. The world's transportation infrastructure has not kept pace with rising demand.

#### Boom in College-Prep Education in Asia

College admissions in Asia is hyper-competitive, with large numbers of students competing at early ages for a finite number of spots. In China, 300 million students in grades K-12 will compete for admission to top universities, with only a 3% acceptance rate versus 28% in the U.S.<sup>5</sup>

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. Equity markets are volatile and an investor may lose money.

**Past performance is not a guarantee of future results.**

<sup>1</sup> As of June 30, 2018.

<sup>2</sup> As of June 30, 2018.

<sup>3</sup> Source: Mary Meeker "Internet Trends 2017 Report."

<sup>4</sup> Sources: Statista "Number of Digital Shoppers in the United States and Worldwide" <https://www.statista.com/statistics/183755/number-of-us-internet-shoppers-since-2009/> and <https://www.statista.com/statistics/251666/number-of-digital-buyers-worldwide/>.

<sup>5</sup> Sources: Nation Master "China and United States Compared: Education Stats" <http://www.nationmaster.com/country-info/compare/China/United-States/Education>, Education Corner "Top 100 - Colleges with Lowest Acceptance Rates" <https://www.educationcorner.com/colleges-with-lowest-acceptance-rates.html>, Statista "Number of Elementary School Students in China" <https://www.statista.com/statistics/232239/number-of-elementary-school-students-in-china-by-region/>, and National Bureau of Statistics of China <http://www.stats.gov.cn/tjsj/ndsj/2016/html/2107EN.jpg>, <http://www.stats.gov.cn/tjsj/ndsj/2016/html/2128EN.jpg>

## Portfolio Update *as of 6/30/18*

Portfolio Holding	Investment Rationale	Portfolio Weight (%)	Benchmark Weight (%)
<b>Alibaba Group Holding - ADR</b> (China)	Largest e-commerce business in China serving the retail, advertising and financial services industries, among others. Growing revenues at over 30%.	7.14	1.02
<b>Naspers</b> (South Africa)	Media conglomerate with \$90 billion market cap. Owns largest pay TV provider in Africa and one of China's largest Internet portals. Currently trading at significant discount to sum-of-the-parts.	6.50	0.53
<b>Safran</b> (France)	Through its joint venture with GE, Safran is one of the world's leading manufacturers of narrow body airplane engines. Rise in passenger miles flown globally and transition to new engine platform should drive long-term growth.	5.32	0.19
<b>Hollsys Automation Technologies</b> (China)	Leader in automation and IT solutions in Asia. Stable growth over decades, and continues expansion into Middle East and Europe. Operates in railway transport, factory, and process automation.	5.12	0.00
<b>Ferguson PLC</b> (United Kingdom)	World's largest distributor of heating and plumbing to the professional market, with the U.S. being its predominant market. Distributes over 250,000 products for 52,000 suppliers.	4.70	0.09
<b>Encana</b> (Canada)	Exploration and production company with the potential for double-digit production growth over next 3-5 five years. Owns decades of low-cost reserves.	4.41	0.06
<b>New Oriental Education &amp; Technology-ADR</b> (China)	Largest provider of private education services in China. Benefits from China's hyper-competitive college admissions process, with large numbers of students competing at early ages for a finite number of spots.	4.38	0.06
<b>Interglobe Aviation</b> (India)	Operates IndiGo, the largest carrier in the Indian airline industry with more than a 30% market share by passenger volume. Low cost provider with structural advantages .	3.05	0.01
<b>LafargeHolcim</b> (Switzerland)	#1 globally in cement and aggregates with a deep competitive moat and strong capital allocation discipline. Operates in 80 countries. Strong emerging markets presence.	2.76	0.11

## Regions *as of 6/30/18*

Region	Fund (%)	Index (%)
Emerging Markets	49.7	25.0
Developed Ex US	45.6	75.0
ETF Cash Component	4.7	0.0

Individual securities are discussed in this piece. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate. The return of a security to the Fund will vary based on weighting and timing of purchase. This is not a recommendation to buy, sell or hold any specific security. **Past performance is not a guarantee of future results.**

## Wisdom of Great Investors



“In the short run, the market is a voting machine. In the long run, it is a weighing machine.”

*Benjamin Graham,*  
Father of Value Investing

## Davis Actively Managed Equity ETFs

Davis ETFs are managed using the Davis Investment Discipline. They are high-conviction, benchmark-agnostic portfolios with low expected turnover and a strategic long-term time horizon.

Davis ETFs offer investors the benefits associated with traditional ETFs, including low costs, tax efficiency, ease of trading, and transparency.

	Ticker	Expense Ratio <sup>6</sup> (%)(gross/net)	Holdings <sup>2</sup>	Performance Benchmark	Portfolio Managers
<b>Davis Select International ETF</b>	<b>DINT</b>	<b>0.86/0.75</b>	<b>32</b>	<b>MSCI ACWI ex-US</b>	<b>Danton Goei</b>
Davis Select Worldwide ETF	DWLD	0.86/0.65	35	MSCI ACWI	Danton Goei
Davis Select US Equity ETF	DUSA	0.81/0.65	23	S&P 500	Chris Davis, Danton Goei
Davis Select Financial ETF	DFNL	0.76/0.65	29	S&P 500 Financials	Chris Davis

<sup>6</sup> Davis Selected Advisers, L.P. has contractually agreed to waive fees and/or reimburse the Funds' expenses to the extent necessary to cap total annual fund operating expenses until March 1, 2019. After that date, there is no assurance that the Adviser will continue to cap expenses. The expense cap cannot be terminated prior to that date, without the consent of the Board of Trustees.

*This report is authorized for use by existing shareholders. A current Davis Fundamental ETF Trust prospectus must accompany or precede this material 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.*

Shares of Davis Fundamental ETF Trust are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. There can be no guarantee that an active trading market for ETF shares will develop or be maintained, or that their listing will continue or remain unchanged. Buying or selling ETF shares on an exchange may require the payment of brokerage commissions and frequent trading may incur brokerage costs that detract significantly from investment returns.

**Objective and Risks.** Davis Select U.S. Equity ETF's investment objective is long-term capital growth and capital preservation. The Fund invests primarily in equity securities issued by large companies with market capitalizations of at least \$10 billion. The investment objective of Davis Select Financial ETF, Davis Select Worldwide ETF, and Davis Select International ETF is long-term growth of capital. There can be no assurance that a Fund will achieve its objective.

Some important risks of an investment in the Funds are: **authorized participant concentration risk:** to the extent that Authorized Participants exit the business or are unable or unwilling to proceed with creation and/or redemption orders with respect to the Fund and no other Authorized Participant is able to step forward to create or redeem Creation Units, Fund shares may trade at a discount to NAV and could face delisting; **common stock risk; credit risk:** The issuer of a fixed income security (potentially even the U.S. Government) may be unable to make timely payments of interest and principal; **depository receipts risk:** depository receipts involve higher expenses and may trade at a discount (or premium) to the underlying security; **emerging market risk:** securities of issuers in emerging and developing markets may present risks not found in more mature markets; **exchange-traded fund risk:** the Fund is subject to the risks of owning the underlying securities as well as the risks of owning an exchange-traded fund generally; **fees and expenses risk; financial services risk; focused portfolio risk:** investing in a limited number of companies causes changes in the value of a single security to have a more significant effect on the value of the Fund's total portfolio; **foreign country risk; foreign currency risk; headline risk; interest rate sensitivity risk:** interest rates may have a powerful influence on the earnings of financial institutions; **intraday indicative value risk:** the Fund's INAV agent intends to disseminate the approximate per share value of the Fund's published basket of portfolio securities every 15 seconds. The IIV should not be viewed as a "real-time" update of the NAV per share of the Fund because the IIV may not be calculated in the same manner as the NAV, the calculation of NAV may be subject to fair valuation at different prices, the IIV does not take into account Fund expenses, and the IIV calculations are based on local market prices and may not reflect events that occur subsequent to the local market's close; **large-capitalization companies risk; manager risk; market trading risk:** includes the possibility of an inactive market for Fund shares, losses from trading in secondary markets, periods of high volatility, and disruptions in the creation/redemption process. **ONE OR MORE OF THESE FACTORS, AMONG OTHERS, COULD LEAD TO THE FUND'S SHARES TRADING AT A PREMIUM OR DISCOUNT TO NAV; mid- and small-capitalization companies risk; and stock market risk.** See the prospectus for a complete description of the principal risks.

The information provided in this material should not be considered a recommendation to buy, sell or hold any particular security.

As of June 30, 2018, the top ten holdings of Davis Select U.S. Equity ETF were: Alphabet Inc., Class C, 9.33%; Berkshire Hathaway Inc., Class B, 9.12%; Amazon.com, Inc., 9.03%; Capital One Financial Corp., 6.75%; United Technologies Corp., 6.54%; Apache Corp., 5.06%; Safran S.A., 5.00%; American Express Co., 4.39%; Markel Corp., 4.33%; JPMorgan Chase & Co., 4.24%.

As of June 30, 2018, the top ten holdings of Davis Select Financial ETF were: U.S. Bancorp., 6.65%; Capital One Financial Corp., 6.48%; American Express Co., 6.44%; Berkshire Hathaway Inc., Class B, 6.23%; Markel Corp., 5.60%; Wells Fargo & Co., 4.82%; Bank of New York Mellon Corp., 4.63%; JPMorgan Chase & Co., 4.38%; DNB ASA, 4.03%; Chubb Ltd., 3.98%.

As of June 30, 2018, the top ten holdings of Davis Select Worldwide ETF were: Alphabet Inc., Class C, 6.48%; Alibaba Group Holding Ltd., ADR, 5.98%; Amazon.com, Inc., 5.72%; Naspers Ltd. - N, 5.39%; Wells Fargo & Co., 4.84%; JD.com Inc., Class A, ADR, 4.38%; New Oriental Edu & Tech ADR, 4.19%; Encana Corp., 4.16%; Apache Corp., 4.04%; Ferguson PLC, 4.01%.

As of June 30, 2018, the top ten holdings of Davis Select International ETF were: Alibaba Group Holding Ltd., ADR, 7.14%; Naspers Ltd. - N, 6.50%; Safran S.A., 5.32%; Hollysys Automation Technologies Ltd., 5.12%; Ferguson PLC, 4.70%; JD.com Inc., Class A, ADR, 4.53%; Encana Corp., 4.41%; New Oriental Edu & Tech ADR, 4.38%; DBS Group Holdings Ltd., 4.04%; Schneider Electric SE, 3.79%.

Price/Earnings (P/E) Ratio is the weighted average of the price/earnings ratios of the stocks in a portfolio. The 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.

Return on equity is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Free cash flow is a measure of a company's financial performance, calculated as operating cash flow minus capital expenditures.

Ben Graham is not associated in any way with Davis Selected Advisers, Davis Advisors or their affiliates.

We gather our index data from a combination of reputable sources, including, but not limited to, Thomson Financial, Lipper and index websites.

The **S&P 500® Index** is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is adjusted for dividends, weighted towards stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. The **S&P 500 Financials** is a capitalization-weighted index that tracks the companies in the financial sector as a subset of the S&P 500® Index. The **MSCI ACWI® (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets throughout the world. The Index includes reinvestment of dividends, net foreign withholding taxes. **The MSCI ACWI® (All Country World Index) ex U.S.** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the United States. The Index includes reinvestment of dividends, net of foreign withholding taxes. Investments cannot be made directly in an index.

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**Shares of the Davis Fundamental ETF Trust 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.**

Distributor, Foreside Fund Services, LLC  
800-279-0279, davisetfs.com