

# Key Considerations When Placing ETF Trades

Exchange Traded Funds (ETFs), are a widely-used way to invest due to their typical tax efficiency, low cost, ease of trading, diversification, and transparency. Similar to stocks, ETFs trade on exchanges throughout the day. Below are some unique considerations when investing in ETFs:

## Use limit orders when investing in ETFs

A limit order, which is an order to buy or sell a set number of shares at a specified price, gives investors control over the price at which trades are executed. Investors may want to avoid market orders, which can result in execution at prices different than expected, especially during periods of market uncertainty and volatility.

## Avoid placing ETF trades at the market open or close

For listed securities such as ETFs and stocks, the start and end of the trading day is typically more volatile, resulting in wider bid-ask spreads and potentially less-efficient execution. Certain securities may not trade at the open and orders may flood the market close, causing price uncertainty.

## Average daily volume underestimates the number of shares that can be bought or sold. Efficient execution is best determined by the liquidity of the underlying holdings.<sup>1</sup>

An ETF can accommodate large trades that far exceed its average daily volume. For investors considering large trades, we suggest looking beyond an ETF's average daily volume and considering the liquidity of its underlying holdings.

An ETF's average daily volume represents the number of shares traded in the secondary market and not the number of shares able to trade at a fair price. Many mistakenly believe that, similar to small cap stocks with low trading volume, ETFs with low assets under management and low trading volume are illiquid. However, the simple truth is that such ETFs can be very liquid.

Since ETF shares may be continuously created or redeemed based upon market demand, the true liquidity of an ETF is determined by the liquidity of its underlying holdings and not by its trading volume. Therefore, an ETF with highly liquid stocks that trade millions of shares every day, may itself be highly liquid.

One useful metric to determine how large of a trade can be placed in an ETF without impacting prices is implied liquidity. Specifically, implied liquidity is the amount one can invest in an ETF and not account for more than 25% of the average daily volume of its least liquid holding.

The table below shows the four Davis ETFs' average daily volume and their implied liquidity. For example, while Davis Select U.S. Equity ETF (DUSA) average daily volume is more than 24,000 shares, the implied liquidity is almost 10 million shares (\$492 million). In other words, trades much larger than 24,000 shares in DUSA can occur at a fair price.

## When executing large trades, trading desks can be helpful

ETF trading desks may be able to assist in effective ETF trading. Consider contacting your advisor or brokerage firm's ETF trading desk when considering large trades.

	Average Daily Volume (shares) <sup>2</sup>	Implied Liquidity (shares) <sup>3</sup>	Implied Liquidity <sup>3</sup>
<b>Davis Select U.S. Equity ETF (DUSA)</b>	24,608	9,623,650	\$492.1M
<b>Davis Select International ETF (DINT)</b>	27,857	3,305,204	\$94.2M
<b>Davis Select Worldwide ETF (DWLD)</b>	31,054	3,837,442	\$179M
<b>Davis Select Financial ETF (DFNL)</b>	18,660	2,322,177	\$112.2M

**Before investing in the Davis ETFs, you should carefully consider the investment objectives, risks, charges, and expenses of the Funds. The prospectus and summary prospectus contains this and other information about the Funds. You can obtain performance information and a current prospectus and summary prospectus by visiting [davisetfs.com](http://davisetfs.com) or calling 800-279-0279. Please read the prospectus or summary prospectus carefully before investing or sending money. Investing involves risks including possible loss of principal.**

**1.** The Fund will only issue or redeem shares that have been aggregated into blocks of 25,000 shares or multiples thereof ("Creation Units") to Authorized Participants ("AP") who have entered into agreements with the Funds' distributor. To the extent that APs exit the business or are unable or unwilling to proceed with creation and/or redemption orders with respect to the Funds and no other AP is able to step forward to create or redeem Creation Units, Fund shares may trade at a discount to NAV and could face delisting. **2.** Source: Bloomberg. From inception to 12/31/25. **3.** Implied Liquidity is as of 12/31/25. Implied liquidity is the amount one

can invest in an ETF without accounting for more than 25% of the average daily volume of its least liquid holding.

ETF shares 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.

The information in this document does not constitute legal, tax, or investment advice. You must not, therefore, rely on the content of this document when making any investment decisions.

This report includes candid statements and observations regarding investment strategies and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact.

**Objective and Risks.** The investment objective of Davis Select U.S. Equity ETF 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 the Funds will achieve their objectives. An investment in Davis ETFs is subject to numerous risks, including possible loss of principal. The Fund is actively managed and does not seek to replicate a specified index. The Funds are subject to the following principal risks: authorized participant concentration risk, China risk - generally, common stock risk, depositary receipts risk, exchange-traded fund risk, fees and expenses risk, financial services risk, focused portfolio risk, foreign country risk, foreign currency risk, headline risk, large-capitalization companies risk, manager risk, market trading risk, mid- and small-capitalization companies risk, shareholder concentration risk, and stock market risk. See the prospectus for a complete description of the principal risks.

A bid-ask spread is the amount by which the ask price exceeds the bid price for an asset in the market. The bid-ask spread is essentially the difference between the highest price that a buyer is willing to pay for an asset and the lowest price that a seller is willing to accept to sell it.