

Clipper Fund

September 30, 2018

Long-Term Capital Appreciation

► Investment Strategy

The Fund uses the Davis Investment Discipline to invest in a concentrated equity portfolio of large companies that are trading at prices below estimated intrinsic values.

The Fund has developed a list of characteristics that it believes help companies create shareholder value over the long term and manage risk. Among those characteristics are:¹

- First-class management
- Proven track record
- Management ownership
- Innovative users of technology
- Strong balance sheet
- Low cost structure
- High returns on capital
- Products and services that do not become obsolete
- Dominant or growing market share
- Successful international operations

► Experienced Management

Chris Davis, 29 years with Davis Advisors
Danton Goei, 20 years with Davis Advisors

► Fund Facts

Davis Advisors Management Date	1/1/06
Inception Date	2/29/84
Total Net Assets	\$1.2 billion
Total Fund Holdings	26
Minimum Initial Investment	\$2,500
Minimum Subsequent Investment	\$25
CUSIP	188850101
Symbol	CFIMX

► Portfolio Characteristics

Trailing Positive P/E Ratio	22.5
Weighted Average Market Capitalization (\$bn)	236.2
Weighted Median Market Capitalization (\$bn)	98.1
Trailing 5 Year EPS Growth Rate	14.8

► Total Returns

Year	Clipper Fund		S&P 500 Index	
	Avg. Annual	Cumulative	Avg. Annual	Cumulative
1	11.81%	11.81%	17.91%	17.91%
5	12.88	83.33	13.94	92.10
10	11.39	194.21	11.96	209.62

► Expenses

Expense Ratio ²	0.71%
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► Top 10 Holdings

Alphabet	9.5%
Berkshire Hathaway–Class A	8.5
Amazon.com	7.0
United Technologies	6.7
Capital One Financial	6.0
Bank of New York Mellon	5.6
Apache	5.3
Wells Fargo	5.2
Markel	5.1
General Electric	4.3

► Top 5 Industries

Diversified Financials	23.9%
Capital Goods	15.4
Media & Entertainment	13.8
Banks	11.4
Retailing	10.9

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 ratio may vary in future years. Current performance may be higher or lower than the performance quoted. For most recent month-end performance, visit clipperfund.com or call 800-432-2504. The Fund received favorable class action settlements from companies that it no longer owns. These settlements had a material impact on the investment performance of the Fund in 2009. This was a one-time event that is unlikely to be repeated.

1. While very few companies have all of these characteristics, we search for those possessing several of these characteristics, or an appropriate combination of these characteristics. 2. As of most recent prospectus.

This material is furnished to you by Davis Distributors, LLC, which acts as the distributor of Clipper Fund. This material is authorized for use by existing shareholders. A current Clipper Fund 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.

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: Information Technology: Software & Services, Technology Hardware & Equipment, Semiconductors & Semiconductor Equipment; 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.

Clipper Fund has adopted a Portfolio Holdings Disclosure policy that governs the release of non-public portfolio holding information. This policy is described in the prospectus. Visit clipperfund.com or call 800-432-2504 for the most current public portfolio holdings information.

Objective and Risks. Clipper Fund's investment objective is long-term capital growth and capital preservation. There can be no assurance that the Fund will achieve its objective. The Fund 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: **common stock risk:** an adverse event may have a negative impact on a company and could result in a decline in the price of its common stock; **depository receipts risk:** depository receipts may trade at a discount (or premium) to the underlying security and may be less liquid than the underlying securities listed on an exchange; **fees and expenses risk:** the Fund may not earn enough through income and capital appreciation to offset the operating expenses of the Fund; **financial services risk:** investing a significant portion of assets in the financial services sector may cause the Fund to be more sensitive to systemic risk, regulatory actions, changes in interest rates, non-diversified loan portfolios, credit, and competition; **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 companies may be subject to greater risk as foreign economies may not be as strong or diversified; As of September 30, 2018, the Fund had approximately 13.9% of assets invested in foreign companies; **foreign currency risk:** the change in value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency; **headline risk:** the Fund may invest in a company when the company becomes the center of controversy. The company's stock may never recover or may become worthless; **large-capitalization companies risk:** companies with \$10 billion or more in market capitalization generally experience slower rates of growth in earnings per share than do mid- and small-capitalization companies; **manager risk:** poor security selection may cause the Fund to underperform relevant benchmarks; **mid- and small-capitalization companies risk:** companies with less than \$10 billion in market capitalization typically have more limited product lines, markets and financial resources than larger companies, and may trade less frequently and in more limited volume; and **stock market risk:** stock markets have periods of rising prices and periods

of falling prices, including sharp declines. See the prospectus for a complete description of the principal risks.

The Trailing Positive P/E Ratio: 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 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. Investments cannot be made directly in an index.

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

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

Trailing Five Year EPS Growth Rate: market value-weighted figure which represents the average annualized earnings per share growth for a company over the past five years. The number is calculated by measuring the slope of a least squares curve fit to the logarithm of the reported earnings and is expressed as a percent. Zero and negative observations are excluded from the calculations.

After January 31, 2019, this piece must be accompanied by a supplement containing performance data for the most recent calendar quarter.

Shares of the Clipper Fund 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.