DFNL

Davis Select Financial ETF

Portfolio Update, January 2018

DFNL Overview

- High-conviction, benchmark-agnostic. 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 financial stocks.

Fund Details[1]

Total Net Assets ($M)	$115
Number of Holdings	25
Expense Ratio (gross/net)[2]	0.76%/0.65%

Firm Overview[1]

- 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[1]

- Chris Davis is the portfolio manager and has 28 years at Davis Advisors.

Financials: Underappreciated and Undervalued

Christopher Davis

Many financials offer above-average long-term growth prospects, deep competitive advantages, experienced management and disciplined capital allocation, yet trade at below-average P/E multiples.

Separating the winners from the losers in this vast, inefficient sector requires selectivity, flexibility and experienced active management.

Investors have tended to consider financial companies inextricably linked to the 2008 financial crisis, resulting in a lingering aversion to this out-of-favor group. However, many high quality financial companies remained profitable during the financial crisis, and have since doubled their capital ratios, making them less risky in our opinion.

In addition, financial businesses are currently trading at a substantial discount, while limited competition and extremely tight credit standards have led to record earnings. Many financial companies are in a position to distribute an increasing percentage of their earnings. In combination, these developments are creating an attractive opportunity in financial stocks in our view.

Given the quality and valuation of the companies in DFNL, we believe the portfolio is well positioned to grow shareholder wealth over the long-term.

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.**

[1] As of December 31, 2017.

[2] 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.

Portfolio Update *as of 12/31/17*

We build the Davis Select Financial ETF one company at a time. The portfolio includes what we believe to be best of breed commercial banks, investment banks, insurance companies, wealth management firms, asset managers, credit card companies, diversified financial conglomerates, and rating agencies.

Portfolio Holding	Investment Rationale	Portfolio Weight (%)	Benchmark Weight (%)
Berkshire Hathaway Inc.	Owns a diversified portfolio of attractive businesses including Burlington Northern railroad, GEICO auto insurance, and one of the largest utilities in the U.S., Berkshire Hathaway Energy (formerly Mid-American Energy), among other businesses. Competitive world-class capital allocator.	6.54	11.31
American Express	Globally diversified financial services business with more than 100 million cards in force on which nearly $1 trillion is spent each year.	6.52	2.12
Markel	Specialty property and casualty insurer, has generated excellent investment results for decades and grown book value per share more than 14% annually over the last 20 years.	6.20	0.00
Visa	Largest payments processing company with an 18% return on equity. Has benefited from a hard-to-replicate business model that includes a secure payments network, trusted brand, large merchant base, and powerful technology.	5.33	0.00
US Bancorp	Major U.S. regional bank known for its conservative underwriting culture. More than $330 billion of core deposits as well as a fast-growing wealth management division.	4.71	2.50
Wells Fargo	Historically, one of the most profitable U.S. banks. Record profits each of the past six years. Serves 70 million customers. Conservatively funds loans through $1.3 trillion of low cost deposits.	4.71	7.97
JPMorgan Chase	One of the world's largest universal banks led by a proven management team, the company is a leader in asset management, investment banking and consumer finance products. More than $2.5 trillion of assets generating over $100 billion of annual revenue.	4.68	11.00
Chubb	$68 billion global insurance leader specializing in property and casualty insurance, reinsurance and Asia-focused life insurance. The company has a well-regarded management team, strong balance sheet and disciplined underwriting culture.	4.51	2.01
BNY Mellon	World's largest custodian bank with more than $30 trillion of assets under custody, is a durable franchise that has benefited from economies of scale.	4.26	1.63
Charles Schwab Corp.	Large U.S. financial institution that began as a disruptor in discount brokerage and which has evolved into a diversified asset manager. A natural beneficiary of rising interest rates that has grown net income at roughly 17% per year over the last five years.	3.58	1.82

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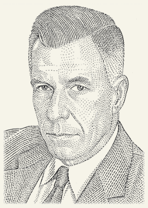
Wisdom of Great Investors



"The function of economic forecasting is to make astrology look respectable"

John Kenneth Galbraith, Economist and Author

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[2] (%)(gross/net)	Holdings[1]	Performance Benchmark	Portfolio Managers
Davis Select Financial ETF	**DFNL**	**0.76/0.65**	**25**	**S&P 500 Financials**	**Chris Davis**
Davis Select US Equity ETF	DUSA	0.81/0.65	21	S&P 500	Chris Davis, Danton Goei
Davis Select Worldwide ETF	DWLD	0.86/0.65	39	MSCI ACWI	Danton Goei

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. Davis Select Financial ETF's investment objective is long-term growth of capital. There can be no assurance that the Fund will achieve its objective. Under normal circumstances the Fund invests at least 80% of its net assets, plus any borrowing for investment purposes, in securities issued by companies principally engaged in the financial services sector. Davis Select Worldwide ETF's investment objective is long-term growth of capital. There can be no assurance that the Funds will achieve their objectives.

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; **depositary receipts risk:** depositary 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 December 31, 2017, the top ten holdings of Davis Select U.S. Equity ETF were: Berkshire Hathaway Inc., Class B, 10.02%; Amazon.com, Inc., 9.15%; Alphabet Inc., Class C, 9.05%; Capital One Financial Corp., 7.57%; United Technologies Corp., 6.90%; Apache Corp., 4.73%; Markel Corp., 4.71%; Wells Fargo & Co., 4.66%; JPMorgan Chase & Co., 4.60%; American Express Co., 4.60%.

As of December 31, 2017, the top ten holdings of Davis Select Financial ETF were: Capital One Financial Corp., 6.94%; Berkshire Hathaway Inc.,Class B, 6.54%; American Express Co., 6.52%; Markel Corp., 6.20%; Visa Inc., Class A, 5.33%; Loews Corp., 4.91%; U.S. Bancorp, 4.71%; Wells Fargo & Co., 4.71%; JPMorgan Chase & Co., 4.68%; Chubb Ltd., 4.51%.

As of December 31, 2017, the top ten holdings of Davis Select Worldwide ETF were: Alphabet Inc., Class C, 6.47%; Naspers Ltd.–N, 5.96%; Amazon.com, Inc., 4.93%; Wells Fargo & Co., 4.27%; Encana Corp., 4.25%; Alibaba Group Holding Ltd., ADR, 4.23%; Berkshire Hathaway Inc., Class B, 4.13%; JD.com Inc., Class A, ADR, 3.65%; Adient PLC, 3.59%; Fang Holdings Ltd., Class A, ADR, 3.45%.

Davis Fundamental ETF Trust has adopted a Portfolio Holdings Disclosure policy that governs the release of non-public portfolio holding information. This policy is described in the prospectus. Holding percentages are subject to change. Visit davisetfs.com or call 800-279-0279 for the most current public portfolio holdings information.

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.

John Kenneth Galbraith 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.

Investments cannot be made directly in an index.

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

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