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Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Dear Ms. Morris:

I am the Lead Independent Director and Nominating Committee Chair of the Davis Funds. I am pleased to respond to the Commission's request for additional comments relating to the rule requiring that the boards of registered investment companies be chaired by an independent director.

The Davis Funds consist of 12 funds, each a series of one of three legal entities registered as investment companies with the Securities and Exchange Commission: Davis New York Venture Fund, Inc., Davis Series, Inc. and Davis Variable Account Funds, Inc. The current assets are in excess of \$42 billion in the aggregate. Ten of the thirteen current Board members (more than 75%) are independent. The Nominating Committee (which also addresses corporate governance matters) and the Audit Committee are each comprised solely of independent directors. The Davis Funds and their directors have long supported strong and effective corporate governance principles, including separate quarterly meetings of the independent directors, regular self-assessments, and retention of independent counsel and experts.

I believe, however, that a mandatory rule imposing an independent chair is not in the best interests of funds and their shareholders, and could reduce the effectiveness of fund governing bodies. The Chairman of the Davis Funds is appointed by a majority of the directors of the Board, including the supermajority of independent directors. Our Board should have the flexibility to choose the person they believe to be most qualified to chair the Board meetings. At a time that the Commission and courts place great emphasis on the exercise of directors' business judgment in resolving sophisticated issues--indeed, the fund governance standards and other initiatives under the Investment Company Act are designed to encourage and empower the directors--this is one instance where a Commission rule serves to frustrate and hamstring the Board.

At different fund groups, the needs and expectations of a chairperson may differ significantly, and the skills and experience of the particular board members who wish to be considered as chair may also differ widely. A director's statutory independence is one of but many factors which a board may appropriately consider and weigh in selecting its chair. The chair should have sufficient experience or understanding of the investment management industry in general, and

a working knowledge of the operations of the particular fund group is helpful. The chair must have political skills to encourage disparate views from a board while maintaining board cohesion and civility. A chair must also strike a balance to ensure that formal board meetings and informal board interactions be efficient but not too summary. Boards may also consider the age of prospective chairs and their longevity on the Board. Each director at each fund group is unique, and not all are suited to be chair. Further, given the additional time and other burdens on a chair, many directors--especially those independent directors with great demands at their principal occupation--are unwilling to serve as a chair.

Against these considerations, I believe that the arguments for mandating an independent chair are overstated at best. All directors--whether independent or "interested"--have the same fiduciary duties to a fund and its shareholders. While the chair may approve an agenda, almost all agenda items for board meetings are determined by legal, regulatory or business requirements, and it is extraordinarily unlikely that an independent chair would differ from an interested director in setting an agenda. Similarly, it is difficult to see how any chair could prevent discussion of important matters at a board meeting, and other fund governance standards now require the independent directors to meet separately.

The Davis Funds board, and the independent directors meeting separately, have repeatedly considered the selection of our current Chair, Jeremy H. Biggs, in light of the Commission's rule and the court opinions. I am confident that the Board believes that Mr. Biggs is the best director to chair our board. Indeed, Mr. Biggs is an example of how the rule mandating independent chairs could frustrate a board's decisions. In contrast to many "interested" directors or chairs at other fund groups, Mr. Biggs is not an employee or officer of the Davis Funds' adviser or an advisory affiliate. He is deemed to be an "interested person" of the Funds solely due to his very small percentage ownership interest in Davis Selected Advisers, L.P., the Davis Funds' investment adviser. Mr. Biggs' principal employment is Vice Chairman of another entirely unaffiliated registered investment adviser, and he also serves as a member of the investment policy and international investment committees of the other adviser. He has served as a director of the Davis Funds for over 10 years, and has worked with investment management firms for many decades. I believe that Mr. Biggs has a unique combination of industry experience, day-to-day operations at another investment manager, international and domestic investment knowledge, and personal and political skills to effectively chair the Funds' board of directors.

For these reasons, I believe that the Commission should withdraw its rule mandating independent fund chairpersons; the choice should be left in the discretion of each Board. While I would not object to a rule requiring that independent directors (or a committee consisting solely of independent directors) affirm the choice of "interested" chairpersons, I do not believe such a rule is necessary given the separate requirements for a supermajority of independent directors. I should note that this letter reflects my personal comments, and I thank you for your consideration.

Sincerely,

/s/ Jerry D. Geist

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