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January 14, 2004

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The Honorable William H. Donaldson
Chairman
United States Securities and Exchange Commission
450 Fifth St., N.W.
Washington, D.C. 20549

Dear Chairman Donaldson,

I am the independent Chairman of the Selected Funds.

In 1993, the Selected Funds chose to move its advisory contract from Kemper to Davis Selected Advisers. This was done while my predecessor, Mr. Robert Greenebaum, was Chairman (he also was an independent chairman), and I was an independent director. This was done because the Board realized that in the exercise of their fiduciary duties this was the correct action to take on behalf of the shareholders. Your recommendation that all funds have an independent chairman is based in common sense, and is in the best interest of shareholders.

If the Chairman of the Selected Funds Board in 1993 had not been independent, I am satisfied that we would not have moved the advisory contract.

I am aware of a letter sent to you on December 31, 2003 by the Investment Company Institute, and I believe that organization is conflicted on this subject because its governing body is overwhelmingly populated by non-independent directors.

I am speaking from experience, and the Selected Funds is probably the only mutual fund complex in recent history that has moved its advisory contract. It is vitally important that all funds be required to have a truly independent chairman or lead director.

If you would care to speak further about this subject, please call me. My office phone number is (216) 479-6158.

Sincerely yours,

James J. McMonagle
James J. McMonagle

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/selected/donaldson ltr

