



Separate Account Composites

Net of Fees Performance as of June 30, 2010

	2010		Calendar										Trailing			Since
	2nd QTR	YTD	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1 Year	3 Years	5 Years	Inception
EQUITY																
Select Composite	-11.39%	-7.82%	33.11%	-33.72%	5.59%	14.24%	19.74%	25.28%	36.68%	-10.04%	4.20%	7.38% ¹	16.32%	-6.80%	2.25%	7.25%
Russell 3000 Index	-11.32%	-6.05%	28.34%	-37.31%	5.14%	15.72%	6.12%	11.95%	31.06%	-21.54%	-11.46%	-5.62%	15.72%	-9.47%	-0.48%	-0.62%
Russell 3000 Value Index	-11.09%	4.83%	19.76%	-36.25%	-1.01%	22.34%	6.85%	16.94%	31.14%	-15.18%	-4.33%	7.47%	17.57%	-12.13%	-1.56%	2.30%
																¹ Inception Date: 5/31/2000
Large Cap Composite	-12.42%	-8.52%	30.42%	-34.88%	6.91%	17.41%	18.72%	23.01%	33.91%	-15.26%	9.74%	N/A	15.41%	-8.05%	2.04%	6.22%
Russell 1000 Index	-11.44%	-6.40%	28.43%	-37.60%	5.77%	15.46%	6.27%	11.40%	29.89%	-21.65%	-12.45%	N/A	15.24%	-9.54%	-0.56%	-0.36%
Russell 1000 Value Index	-11.15%	-5.12%	19.69%	-36.85%	-0.17%	22.25%	7.05%	16.49%	30.03%	-15.52%	-5.59%	N/A	16.92%	-12.32%	-1.64%	1.31%
																Inception Date: 12/29/2000
Small Cap Composite	-6.84%	0.64%	31.37%	-27.01%	-2.28%	10.91%	15.69%	36.72%	53.59%	-6.42%	17.83%	N/A	26.95%	-3.79%	3.12%	11.46%
Russell 2000 Index	-9.92%	-1.95%	27.17%	-33.79%	-1.57%	18.37%	4.55%	18.33%	47.25%	-20.48%	2.49%	N/A	21.48%	-8.60%	0.37%	3.82%
Russell 2000 Value Index	-10.60%	-1.64%	20.58%	-28.92%	-9.78%	23.48%	4.71%	22.25%	46.03%	-11.43%	14.02%	N/A	25.07%	-9.85%	-0.51%	6.21%
																Inception Date: 12/29/2000
Small-Mid Cap Composite	-6.68%	-0.38%	39.13%	-30.68%	-0.18%	-0.80% ²	N/A	N/A	N/A	N/A	N/A	N/A	26.84%	-3.62%	N/A	-1.38%
Russell 2500 Index	-9.98%	-1.69%	34.39%	-36.79%	1.38%	0.44%	N/A	N/A	N/A	N/A	N/A	N/A	24.03%	-7.98%	N/A	4.42%
Russell 2500 Value Index	-10.16%	-1.57%	27.68%	-31.99%	-7.27%	1.10%	N/A	N/A	N/A	N/A	N/A	N/A	26.46%	-9.26%	N/A	-6.00%
																² Inception Date: 11/30/2006
FIXED INCOME																
Strategic Income Composite	1.37%	5.62%	30.02%	-17.21%	-5.80%	10.90%	2.90%	7.07%	27.13%	N/A	N/A	N/A	21.14%	1.31%	3.54%	7.02%
BofA Merrill Lynch U.S. Corporate, Government & Mortgage Index	3.52%	5.30%	5.24%	6.20%	7.20%	4.31%	2.54%	4.34%	4.12%	N/A	N/A	N/A	9.08%	7.71%	5.62%	5.23%
																Inception Date: 12/31/2002

GIPS® DISCLOSURE

Past performance is not a guarantee of future results. Diamond Hill Capital Management, Inc. (DHCM) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

DHCM is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. DHCM provides investment management services to institutions and individuals and is the investment adviser to the Diamond Hill Funds, a series of open-end mutual funds, as well as private investment funds.

The composites are comprised of all discretionary, non-wrap, taxable and non-taxable separate accounts with similar strategies and objectives, including those clients no longer with the firm. A complete list and description of all composites and policies for calculating and reporting returns are available upon request. The composite results reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Returns are weighted by beginning-of-the-month market values using U.S. Dollar calculations. As of the date of this report, none of the composites contained non-fee paying portfolios. Net of fees performance is presented net of management fees and transaction costs. The Select (SL) Composite is comprised of all discretionary, non-wrap, taxable and non-taxable separate accounts managed according to the firm's Select strategy. The SL Composite contains one account whose fees were waived for the year 2000; this account made up 100% of the assets under management (AUM) of the composite for this period. The Large Cap (LC) Composite is comprised of all discretionary, non-wrap, taxable and non-taxable separate accounts managed according to the firm's Large Cap strategy. Prior to 9/30/04, this composite commingled wrap and non-wrap accounts, and for the period 12/31/00 - 10/31/01, the composite contained a large cap account that was non-fee paying and non-wrap. As a result, the gross performance for this account was reduced by 30 basis points quarterly for the maximum large cap wrap fee of 120 basis points annually. Wrap accounts represented 50% of the accounts and 54% of the AUM for the month ending 10/31/01 and 100% of the accounts and AUM from 11/1/01 - 9/30/04. Beginning 10/1/04, all wrap accounts exited the composite to be included in a separate wrap composite. For the LC composite through 9/30/04 (wrap composite) net of fees performance is presented net of management and custody fees and transaction costs. The Small Cap (SC) Composite is comprised of all discretionary, non-wrap, taxable and non-taxable separate accounts managed according to the firm's Small Cap strategy. The Small-Mid (SM) Composite is comprised of all discretionary, non-wrap, taxable and non-taxable separate accounts managed according to the firm's Small-Mid Cap strategy. The Strategic Income (SI) Composite is comprised of all discretionary, non-wrap, taxable and non-taxable separate accounts managed according to the firm's Strategic Income strategy. Securities and cash for each segment of a balanced account are maintained in their own sub-account. Balanced portfolio segments are included in their appropriate strategy; interest income from cash and expenses paid are allocated to each segment on a pro-rata basis while income earned from securities are allocated to the strategy in which they were earned. Balanced portfolio segments were not used in any single asset composites prior to 9/30/04. As of 12/31/09, 12/31/08, 12/31/07, 12/31/06, 12/31/05 & 12/31/04, carve-outs comprised 7%, 13%, 13%, 10%, 13% & 50% of the SL Composite, respectively. As of 12/31/09, 12/31/08, 12/31/07, 12/31/06, 12/31/05 & 12/31/04, carve-outs comprised 0.4%, 1%, 2%, 2%, 3% & 87% of the LC Composite, respectively. As of 12/31/09, 12/31/08, 12/31/07, 12/31/06, 12/31/05 & 12/31/04, carve-outs comprised 6%, 12%, 50%, 47% & 39%, of the SC Composite respectively. As of 12/31/09, 12/31/08 & 12/31/07, carve-outs comprised 0%, 2% & 2% of the SM Composite, respectively. As of 12/31/09, 12/31/08, 12/31/07, 12/31/06, 12/31/05 & 12/31/04, carve-outs comprised 4%, 4%, 3%, 3%, 4% & 5% of the SI Composite, respectively. None of the composites presented contain portfolios that use leverage or derivatives.

The Russell 3000 Index is an unmanaged market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 3000 Value Index measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 Index is an unmanaged market-capitalization weighted index measuring the performance of the 1,000 largest companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index is an unmanaged market-capitalization weighted index measuring the performance of the 2,000 smallest U.S. companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500 Index is an unmanaged market-capitalization weighted index measuring the performance of the 2,500 smallest companies, on a market capitalization basis, in the Russell 3000 Index. The BofA Merrill Lynch U.S. Corporate, Government & Mortgage Index includes a mixture of government bonds, corporate bonds, and mortgage pass through securities of investment grade quality, having a maturity greater than or equal to one year. Our selection process may lead to investments that differ markedly from the benchmarks presented. Returns may be more volatile than, and/or may not be correlated to, these indices, which are for comparative purposes only. Individuals cannot invest directly in any index.

The Firm's standard fee schedule for separate accounts is as follows (fees are payable quarterly in arrears): SL-First \$20,000,000 = 0.85%; Over \$20,000,000 = 0.70%. LC-First \$20,000,000 = 0.70%; Over \$20,000,000 = 0.60%. SC-First \$20,000,000 = 1.00%; Over \$20,000,000 = 0.80%. SM-First \$20,000,000 = 0.95%; Over \$20,000,000 = 0.75%. SI-First \$20,000,000 = 0.55%; Over \$20,000,000 = 0.50%.

Total end of period managed assets for Diamond Hill Capital Management, Inc. were \$6.3 billion in 2009; \$4.5 billion in 2008; \$4.4 billion in 2007; \$3.7 billion in 2006; \$1.5 billion in 2005; \$523 million in 2004; \$250 million in 2003; \$108 million in 2002; \$65 million in 2001; \$25 million in 2000. As of 12/31/09, the SL Composite included 27 accounts with \$68.5 million in assets; the LC Composite included 101 accounts with \$715.1 million in assets; the SC Composite included 17 accounts with \$52.8 million in assets; the SM Composite included 5 accounts with \$25.0 million in assets; the SI Composite included 6 accounts with \$8.3 million in assets. As of 12/31/08, the SL Composite included 33 accounts with \$53.0 million in assets; the LC Composite included 104 accounts with \$334.0 million in assets; the SC Composite included 10 accounts with \$22.9 million in assets; the SM Composite included 7 accounts with \$22.6 million in assets; the SI Composite included 10 accounts with \$35.7 million in assets. As of 12/31/07, the SL Composite included 35 accounts with \$83.8 million in assets; the LC Composite included 94 accounts with \$327.9 million in assets; the SC Composite included 8 accounts with \$9.6 million in assets; the SM Composite included 8 accounts with \$39.1 million in assets; the SI Composite included 14 accounts with \$55.5 million in assets. As of 12/31/06, the SL Composite included 33 accounts with \$107.4 million in assets; the LC Composite included 41 accounts with \$256.6 million in assets; the SC Composite included 8 accounts with \$9.8 million in assets; the SM Composite included 5 or fewer accounts with \$10.2 million in assets; the SI Composite included 15 accounts with \$58.2 million in assets. As of 12/31/05, the SL Composite included 32 accounts with \$81.8 million in assets; the LC Composite included 31 accounts with \$124.4 million in assets; the SC Composite included 8 accounts with \$10.3 million in assets; the SI Composite included 17 accounts with \$63.0 million in assets. As of 12/31/04, the SL Composite included 28 accounts with \$22.8 million in assets; the LC Composite included 5 or fewer accounts with \$4.2 million in assets; the SC Composite included 7 accounts with \$10.5 million in assets; the SI Composite included 21 accounts with \$73.0 million in assets. As of 12/31/03, the SL Composite included 10 accounts with \$5.7 million in assets; the LC Composite included 5 or fewer accounts with \$1.2 million in assets; the SC Composite included 5 or fewer accounts with \$1.7 million in assets; the SI Composite included 9 accounts with \$39.2 million in assets. As of 12/31/02, the SL Composite included 16 accounts with \$7.7 million in assets; the LC Composite included 5 or fewer accounts with less than \$1 million in assets; the SC Composite included 5 or fewer accounts with \$1.1 million in assets. As of 12/31/01, the SL Composite included 11 accounts with \$6.8 million in assets; the LC Composite included 5 or fewer accounts with less than \$1 million in assets; the SC Composite included 5 or fewer accounts with \$1.2 million in assets. As of 12/31/00, the SL Composite included 5 or fewer accounts with less than \$1 million in assets.

The dispersion measure is the asset weighted standard deviation of the annual portfolio returns. Only portfolios represented in the composite for the entire year are included in the calculation. The calculation is not performed if the composite contains 5 or fewer accounts for the full year. The calendar year dispersion, net of fees, for each composite is as follows - SL: 0.54% in 2009; 0.76% in 2008; 0.37% in 2007; 0.81% in 2006; 1.38% in 2005; 0.78% in 2004; 0.72% in 2003; 1.09% in 2002; LC: 0.82% in 2009; 0.69% in 2008; 0.24% in 2007; 0.53% in 2006; 0.19% in 2005; SC: 1.29% in 2009; 0.85% in 2008; 0.36% in 2007; 0.89% in 2006; 0.82% in 2005; SM: 0.39% in 2009; 0.63% in 2008; 0.21% in 2007; SI: 2.72% in 2009; 7.31% in 2008; 2.75% in 2007; 1.60% in 2006; 0.87% in 2005; and 0.97% in 2004.

The SC composite was created in June 2004 and the LC composite was created in September 2004. The SM composite was created in November 2008 as a result of a composite restructuring. Taxable and non-taxable accounts are included in the composite whereas previously they resided in separate composites. The SL and SI composites were created in December 2008 as a result of a composite restructuring. Taxable and non-taxable accounts are included in the composite whereas previously they resided in separate composites. A compliant presentation is available upon request for the SL & SM non-taxable composites, which were previously marketed, or the SL & SM Taxable; for the SI taxable composite, which was previously marketed, or SI non-taxable composite. In June 2010, an error was discovered in June 2007 results in the SL composite. The correction resulted in a favorable 50 basis point change to return and a favorable 140 basis point change to dispersion. No alteration of composites as presented here has occurred because of changes in personnel at any time. Diamond Hill Capital Management, Inc. has received a Firm-wide GIPS® Verification for the period 5/31/00 - 6/30/10. In addition, the LC Composite and SC Composite have received a Performance Examination from 12/29/00 - 6/30/10. The SL Composite has received a Performance Examination from 5/31/00 - 6/30/10. In addition, the SM Composite has received a Performance Examination from 11/30/06 - 6/30/10.