



Separate Account Composites

Net of Fees Performance as of December 31, 2009

	2009	Calendar										Trailing			Since
	4 th QTR	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1 Year	3 Years	5 Years	Inception
EQUITY															
Select Composite	8.50%	33.11%	-33.69%	5.08%	14.24%	19.74%	25.28%	36.68%	-10.04%	4.20%	7.38%	33.11%	-2.48%	4.87%	8.50%
Russell 3000 Index	5.90%	28.34%	-37.31%	5.14%	15.71%	6.12%	11.95%	31.06%	-21.54%	-11.46%	-5.62%	28.34%	-5.42%	0.76%	-0.01%
Russell 3000 Value Index	4.17%	19.76%	-36.25%	-1.01%	22.34%	6.85%	16.94%	31.14%	-15.18%	-4.33%	7.47%	19.76%	-8.91%	-0.24%	2.95%
Inception Date: 5/31/2000															
Large Cap Composite	7.82%	30.42%	-34.90%	6.91%	17.41%	18.72%	23.01%	33.91%	-15.26%	9.74%	N/A	30.42%	-3.16%	4.83%	7.64%
Russell 1000 Index	6.07%	28.43%	-37.60%	5.77%	15.46%	6.27%	11.40%	29.89%	-21.65%	-12.45%	N/A	28.43%	-5.36%	0.79%	0.35%
Russell 1000 Value Index	4.22%	19.69%	-36.85%	-0.17%	22.25%	7.05%	16.49%	30.03%	-15.52%	-5.59%	N/A	19.69%	-8.96%	-0.25%	1.98%
Inception Date: 12/29/2000															
Small Cap Composite	5.34%	31.37%	-27.01%	-2.28%	10.91%	15.69%	36.72%	53.59%	-6.42%	17.83%	N/A	31.37%	-2.14%	3.75%	12.05%
Russell 2000 Index	3.87%	27.17%	-33.79%	-1.57%	18.37%	4.55%	18.33%	47.25%	-20.48%	2.49%	N/A	27.17%	-6.07%	0.51%	4.26%
Russell 2000 Value Index	3.63%	20.58%	-28.92%	-9.78%	23.48%	4.71%	22.25%	46.03%	-11.43%	14.02%	N/A	20.58%	-8.22%	-0.01%	6.76%
Inception Date: 12/29/2000															
Small-Mid Cap Composite	6.46%	39.13%	-30.68%	-0.18%	-0.80%	N/A	N/A	N/A	N/A	N/A	N/A	39.13%	-1.26%	N/A	-1.48%
Russell 2500 Index	5.08%	34.39%	-36.79%	1.38%	0.44%	N/A	N/A	N/A	N/A	N/A	N/A	34.39%	-4.86%	N/A	-4.60%
Russell 2500 Value Index	4.65%	27.68%	-31.99%	-7.27%	1.10%	N/A	N/A	N/A	N/A	N/A	N/A	27.68%	-6.97%	N/A	-6.46%
Inception Date: 11/30/2006															
FIXED INCOME															
Strategic Income Composite	3.22%	29.99%	-17.23%	-5.80%	10.90%	2.90%	7.07%	27.13%	N/A	N/A	N/A	29.99%	0.45%	2.95%	6.70%
Merrill Lynch U.S. Corporate, Government & Mortgage Index	0.03%	5.24%	6.20%	7.20%	4.32%	2.55%	4.34%	4.12%	N/A	N/A	N/A	5.24%	6.19%	5.08%	4.83%
Inception Date: 12/31/2002															

GIPS® DISCLOSURE

Past performance is no 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 advisor and wholly owned subsidiary of Diamond Hill Investment Group, Inc. DHCM is the investment adviser to the Diamond Hill Funds, a series of open-end mutual funds, private investment funds, and also offers advisory services to institutional and individual investors.

The composites are comprised of all taxable and non-taxable discretionary client portfolios with similar investment 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 portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. The Select (“SL”) Composite is comprised of all discretionary, non-wrap separately managed Select accounts. The Large Cap (“LC”) Composite currently includes all discretionary, non-wrap separately managed Large Cap accounts. Prior to 9/30/04, the LC Composite commingled wrap and non-wrap accounts. However, for the period 12/31/00 – 10/31/01 the composite contained a Large Cap account that was non-fee paying and non-wrap. 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, as the fees for the large cap wrap accounts were collected quarterly in arrears. Wrap accounts represent 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 their own composite. The Small Cap (“SC”) Composite includes all discretionary, non-wrap separately managed Small Cap accounts. 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 includes all discretionary, taxable, non-wrap separately managed Strategic Income accounts. As of the date of this report, none of the composites presented contain any non-fee paying portfolios; the SL Composite contains an account whose fees were waived for the year 2000, this account made up 100% of the AUM of the composite for this period. 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, 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. For all composites, net of fees performance is presented net of management fees and transaction costs. Securities and cash for each segment of a balanced account are maintained in their own sub-account. 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. As of 12/31/04, 12/31/05, 12/31/06, 12/31/07, 12/31/08 & 12/31/09, carve-outs comprised 50%, 13%, 10%, 13%, 13% & 7% of the SL Composite, respectively. As of 12/31/04, 12/31/05, 12/31/06, 12/31/07, 12/31/08 & 12/31/09, carve-outs comprised 87%, 3%, 2%, 2%, 1% & 0.4% of the LC Composite, respectively. As of 12/31/04, 12/31/05, 12/31/06, 12/31/07, 12/31/08 & 12/31/09, carve-outs comprised 39%, 47%, 53%, 50%, 12% & 6% of the SC Composite, respectively. As of 12/31/07, 12/31/08 & 12/31/09, carve-outs comprised 2%, 2% & 0% of the SM Composite, respectively. As of 12/31/04, 12/31/05, 12/31/06, 12/31/07, 12/31/08 & 12/31/09, carve-outs comprised 5%, 4%, 3%, 3%, 4% & 4% 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 largest 1,000 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 smallest 2,000 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 smallest 2,500 companies, on a market capitalization basis, in the Russell 3000 Index. The 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 (for comparative purposes only).

Returns are weighted by beginning-of-the-month market values using U.S. Dollar calculations. 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 \$25 million in 2000; \$65 million in 2001; \$108 million in 2002; \$250 million in 2003; \$523 million in 2004; \$1.5 billion in 2005; \$3.7 billion in 2006; \$4.4 billion in 2007; \$4.5 billion in 2008; \$6.3 billion in 2009. 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 \$53.1 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 \$35.6 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 \$58.1 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 \$62.9 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 \$72.9 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 for each composite is as follows: Net of Fees, SL: 2009 – 0.54%, 2008 – 0.76%, 2007 – 1.77%, 2006 – 0.81%, 2005 – 1.36%, 2004 – 0.78%, 2003 – 0.72%, 2002 – 1.09%; LC: 2009 – 0.82%, 2008 – 0.69%, 2007 – 0.24%, 2006 – 0.53%, 2005 – 0.19%; SC: 2009 – 1.29%, 2008 – 0.85%, 2007 – 0.36%, 2006 – 0.89%, 2005 – 0.82%; SM: 2009 – 0.39%, 2008 – 0.63%, 2007 – 0.21%. SI: 2009 – 2.72%, 2008 – 7.31%, 2007 – 2.75%, 2006 – 1.60%, 2005 – 0.87%, 2004 – 0.97%.

The SC and LC composites were created in June 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. 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 – 12/31/09. In addition, the LC Composite and SC Composite have received a Performance Examination from 12/29/00 – 12/31/09. The SL Composite has received a Performance Examination from 5/31/00 – 12/31/09. In addition, the SM Composite has received a Performance Examination from 11/30/06 – 12/31/09.