

High Yield Composite

As of September 30, 2020



OBJECTIVE

High current income with the opportunity for capital appreciation.

INVESTMENT STRATEGY

- Our primary focus is on evaluating the underlying business fundamentals and credit risk of high yield securities.
- Securities are purchased when we believe the yield and total return potential are attractive relative to asset and interest coverage and relative to other securities with comparable risk.
- We are prepared to hold securities to maturity or until they are called. However, securities may be sold when price reaches our estimate of value, to raise proceeds for a more attractive opportunity or if the underlying fundamentals deteriorate.

TEAM

Bill Zox, CFA Portfolio Manager	John McClain, CFA Portfolio Manager
Suken Patel, CFA Asst. Portfolio Manager	Douglas Gimple Senior Portfolio Specialist

PORTFOLIO GUIDELINES

The portfolio generally invests at least 80% of its net assets in a diversified portfolio of corporate debt securities that are rated below investment grade or are unrated.

TOP TEN ISSUES AS OF 7/31/2020

Apergy Corp.	6.38%	05/01/26	2.4%
Cimpress N.V.	7.00%	06/15/26	2.3
Magnolia Oil & Gas Corp.	6.00%	08/01/26	2.0
Firstcash, Inc.	5.38%	06/01/24	2.0
Welltec A/S	9.50%	12/01/22	2.0
Alliance Data Systems Corp.	4.75%	12/15/24	1.9
Nathan's Famous, Inc.	6.63%	11/01/25	1.9
Teva Pharmaceuticals Financial Co. B.V.	2.80%	07/21/23	1.8
First Tennessee Bank	5.75%	05/01/30	1.8
Twitter, Inc.	3.88%	12/15/27	1.8
Total as % of Net Assets			19.8%

This is presented as supplemental information.

SECTOR ALLOCATION

	HIGH YIELD COMPOSITE	ICE BOFA U.S. HIGH YIELD INDEX
Corporate Bonds	95.8%	100.0%
Retail	12.8	5.0
Energy	12.0	13.0
Leisure	10.9	5.9
Financial Services	10.2	4.3
Services	5.3	4.4
Healthcare	5.2	9.1
Consumer Goods	5.1	5.1
Real Estate	4.6	4.0
Basic Industry	4.3	10.0
Banking	4.3	1.3
Insurance	4.0	1.0
Technology & Electronics	3.9	4.9
Media	3.6	9.3
Automotive	3.5	5.2
Telecom	3.1	6.8
Transportation	1.6	1.4
Capital Goods	1.5	6.6
Utility	0.0	2.6
Securitized	0.6	0.0
Cash & Other¹	3.6	0.0

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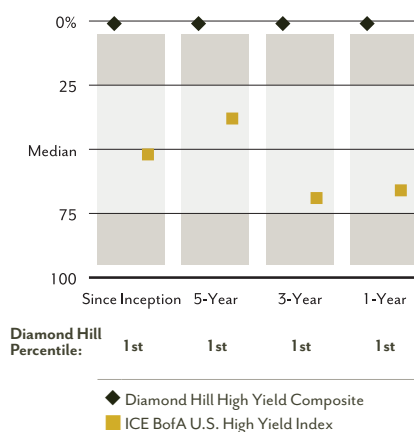
¹ Cash & Other may include cash, treasuries, money market funds, and short duration fixed income funds.

PERIOD AND ANNUALIZED TOTAL RETURNS (%)

Inception Date: December 31, 2014

	SINCE INCEPTION	5-YR	3-YR	1-YR	YTD	3Q20
HIGH YIELD COMPOSITE						
Gross of Fees	9.04	10.02	8.87	10.56	7.27	6.10
Net of Fees	8.59	9.51	8.33	10.01	6.87	5.97
BENCHMARK						
ICE BofA U.S. High Yield Index	5.26	6.61	3.83	2.30	-0.30	4.71

PEER GROUP QUARTILE RANKINGS²



² This is presented as supplemental information. Source: eVestment. Ranking within eVestment U.S. High Yield Fixed Income universe based on monthly returns gross of fees. Ranking data calculated on 10/18/20 (as of 9/30/20) and is subject to change as additional firms within the category submit data.

Please review GIPS® performance disclosure on the reverse side.

Side One. Not Valid Without Side Two.

CREDIT QUALITY

QUALITY RATING	% OF PORTFOLIO
Investment Grade³	12.1%
BB	44.1
B	33.7
CCC & Lower	5.6
Not Rated	4.5

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³ Investment Grade is a Bond Quality Rating of AAA, AA, A, or BBB. Security quality ratings are derived from underlying portfolio securities by using the middle rating of Standard & Poor's, Moody's, and Fitch. If only two of Standard & Poor's, Moody's, and Fitch rates a security the higher of the two is selected. If only one of Standard & Poor's, Moody's, and Fitch rates a security the available rating is used. For securities that are not rated by Standard & Poor's, Moody's, or Fitch a rating from a secondary Nationally Recognized Statistical Rating Organization ("NRSRO") may be used. Ratings by any agency represent an opinion only, not a recommendation to buy or sell. Securities that are not rated by any agencies are reflected as Not Rated "NR".

PORTFOLIO CHARACTERISTICS

Number of Issues	137
Number of Issuers	107
Option-Adjusted Spread	569
Effective Duration	3.83
Spread Duration	3.69
Weighted Average Maturity (bonds only)	6.01
Yield to Maturity (%)	6.20
Current Yield (%)	5.85

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RISK STATISTICS

	SINCE INCEPTION	5-YR
Standard Deviation (%)	7.60	7.95
Beta (%)⁴	0.94	0.95
Sharpe Ratio	0.96	1.01

This is presented as supplemental information.

⁴ Relative to the ICE BofA U.S. High Yield Index.

CALENDAR YEAR RETURNS (%)

	2015	2016	2017	2018	2019
HIGH YIELD COMPOSITE					
Gross of Fees	1.02	15.40	11.12	1.85	16.20
Net of Fees	1.02	14.84	10.57	1.34	15.62
BENCHMARKS					
ICE BofA U.S. High Yield Index	-4.64	17.49	7.48	-2.26	14.41

Diamond Hill Capital Management Inc. (DHCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Diamond Hill has been independently verified for the period 5/31/00 – 6/30/20. Diamond Hill's current verification firm is ACA Compliance Group. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc.; registration does not imply a certain level of skill or training. Diamond Hill provides investment management services to individuals and institutional investors through mutual funds and separate accounts. A complete list and description of all composites and policies for valuing portfolios, calculating and reporting returns, and preparing compliant presentations are available upon request. The High Yield Composite is comprised of discretionary non-fee and fee paying non-wrap accounts with a market value over \$10M managed according to the firm's High Yield fixed income strategy. The strategy's investment objective is to generate high current income with the opportunity for capital appreciation over a five year time horizon. The strategy generally invests in corporate debt securities that are rated below investment grade or are unrated. The Composite results reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Composite returns and benchmark returns are presented gross of withholding taxes on dividends, interest income and capital gains. Returns are calculated using U.S. Dollars. Net returns are calculated by reducing the gross returns by either the actual client fee paid or the highest stated fee in the Composite fee schedule, depending on the type of client and account, and are reduced by estimated accrued performance based fees where applicable. Only transaction costs are deducted from gross of fees returns. The ICE BofA U.S. High Yield Index is comprised of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Our selection process may lead to portfolios 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. The Firm's standard fee schedule for High Yield separate accounts is as follows: First \$50,000,000 = 0.60%; Over \$50,000,000 = 0.50%. For calendar year end 2015, the non-fee paying account percentage of the Composite is 100%. The dispersion measure is the asset weighted standard deviation of the annual portfolio

AS OF YEAR-END	DHCM	3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)				
		HIGH YIELD COMPOSITE			High Yield Composite	ICE BofA U.S. High Yield Index
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)		
2019	\$23.4B	5 or fewer	\$134.8M	NA ⁵	3.14%	4.13%
2018	19.1B	5 or fewer	54.4M	NA ⁵	4.39	4.64
2017	22.3B	5 or fewer	31.1M	NA ⁵	5.15	5.60
2016	19.4B	5 or fewer	31.9M	NA ⁵	NA ⁶	NA ⁶
2015	16.8B	5 or fewer	10.1M	NA ⁵	NA ⁶	NA ⁶

⁵ NA = Not Applicable

⁶ Statistics are not presented because 36 monthly returns are not available. This composite was created in January 2016.

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. No alteration of composites as presented here has occurred because of changes in personnel at any time. **Past performance is not a guarantee of future results.** GIPS is a trademark of CFA Institute. CFA Institute has not been involved in the preparation or review of this report/advertisement.

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