

Short Duration Securitized Bond Composite

As of June 30, 2021



INVESTMENT STRATEGY

- Identify opportunities through a bottom-up approach to active investment management and disciplined risk control.
- Perform risk/reward analysis to evaluate credit risk, interest rate risk, prepayment risk and security structure.
- Invest in securities we believe offer attractive prospects for income and/or capital appreciation relative to the risk borne. May invest in non-benchmark sectors, specifically structured product, to generate additional yield with a strong focus on security selection.

TEAM

Henry Song, CFA
Portfolio Manager

Mark Jackson, CFA
Portfolio Manager

Douglas Gimple
Senior Portfolio Specialist

PORTFOLIO GUIDELINES

The portfolio generally invests at least 80% of its assets in securitized bond investments. The portfolio may invest up to 15% of its assets in below-investment grade securities at the time of purchase and will typically maintain an average portfolio duration of one to two, with a maximum of three.

SECTOR ALLOCATION²

	SHORT DURATION SECURITIZED BOND COMPOSITE	BLOOMBERG BARCLAYS U.S. 1-3 YR. GOV./CREDIT INDEX
Asset-Backed Securities	48.9%	0.0%
Non-Agency RMBS/CMBS	32.5	0.0
Agency RMBS/CMBS	1.8	0.0
Corporate Credit	1.3	22.8
Treasury	0.0	66.9
Non-Corporate Credit (includes covered)	0.0	6.8
Agency	0.0	3.5
Cash & Other	15.5	0.0

This is presented as supplemental information.

PERIOD AND ANNUALIZED TOTAL RETURNS (%)

Inception Date: July 31, 2016

	SINCE INCEPTION	3-YR	1-YR	YTD	2Q21
SHORT DURATION SECURITIZED BOND COMPOSITE					
Gross of Fees	4.29	4.54	9.02	2.56	0.90
Net of Fees	3.93	4.18	8.65	2.38	0.81
BENCHMARK					
Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index	1.90	2.96	0.44	0.00	0.04

² Cash & Other may include cash and money market funds. RMBS: Residential Mortgage-Backed Securities, CMBS: Commercial Mortgage-Backed Securities.

³ Source: eVestment. Ranking within eVestment U.S. Securitized Fixed Income - Non-Traditional universe based on monthly returns gross of fees. Ranking data calculated on 7/18/21 (as of 6/30/21) 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.

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CREDIT QUALITY¹

QUALITY RATING	% OF PORTFOLIO
AAA	23.8%
AA	6.7
A	15.7
BBB	29.5
BB	7.6
B	4.8
CCC & Below	0.7
Not Rated	11.1

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¹ 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."

DURATION BREAKDOWN

	SHORT DURATION SECURITIZED BOND COMPOSITE	BLOOMBERG BARCLAYS U.S. 1-3 YR. GOV./CREDIT INDEX
Less than one	53.8%	1.6%
1-3	30.5	98.4
3-5	14.2	0.0
5-7	1.4	0.0
7-10	0.0	0.0
10-20	0.0	0.0
20+	0.0	0.0

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PEER GROUP QUARTILE RANKINGS³

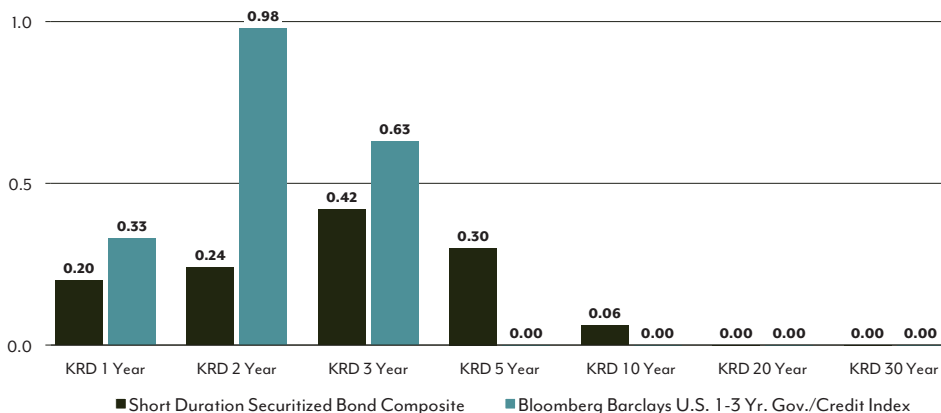


Diamond Hill Percentile: 60th 45th 42nd

◆ Short Duration Securitized Bond Composite
■ Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index

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KEY RATE DURATION



CALENDAR YEAR RETURNS (%)

	7/31/16 - 12/31/16	2017	2018	2019	2020
SHORT DURATION SECURITIZED BOND COMPOSITE					
Gross of Fees	0.88	4.90	3.77	5.34	3.65
Net of Fees	0.73	4.53	3.41	4.97	3.29
BENCHMARK					
Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index	-0.38	0.84	1.60	4.03	3.33

PORTFOLIO CHARACTERISTICS

	SHORT DURATION SECURITIZED BOND COMPOSITE	BLOOMBERG BARCLAYS U.S. 1-3 YR. GOV./CREDIT INDEX
Number of holdings	388	1,632
Yield to Maturity (%)	2.39	0.37
Yield to Worst (%)	2.26	0.34
Effective Duration	1.24	1.94
Weighted Average Life (years)	2.47	2.00
Convexity	-0.07	0.01
Option-Adjusted Spread	192	7

This is presented as supplemental information.

SINCE INCEPTION RISK STATISTICS

	SHORT DURATION SECURITIZED BOND COMPOSITE	BLOOMBERG BARCLAYS U.S. 1-3 YR. GOV./CREDIT INDEX
Standard Deviation (%)	4.74	0.92
Sharpe Ratio	0.56	0.85
Beta (%) ⁴	0.03	N/A
R-squared (%) ⁴	0.00	N/A
Information Ratio ⁴	0.37	N/A

This is presented as supplemental information.

⁴ Relative to the Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index.

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. DHCM has been independently verified for the period 5/31/00 – 3/31/21. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. DHCM 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. DHCM provides investment management services to individuals and institutions through mutual funds and separate accounts. A complete list and description of all composites and policies for valuing investments, calculating performance and preparing GIPS reports are available upon request. In addition, a list of broadly distributed pooled funds is available upon request. The Short Duration Securitized Bond Composite is comprised of discretionary non-fee and fee paying non-wrap accounts with a market value over \$200M managed according to the firm's Short Duration Securitized Bond fixed income strategy. The strategy's investment objective is to maximize total return with the preservation of capital. The strategy generally invests in a diversified portfolio of investment grade, fixed income securities, including bonds, debt securities and other similar U.S. dollar-denominated instruments issued by various U.S. public or private-sector entities, by foreign corporations or U.S. affiliates of foreign corporations or by foreign governments or their agencies and instrumentalities. The strategy may invest a significant portion or all of its assets in asset-backed, mortgage-related and mortgage-backed securities at the discretion of DHCM. The portfolio may invest up to 20% of its assets in below-investment grade securities at the time of purchase and will typically maintain an average portfolio duration of less than three. 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 Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index is an unmanaged index of investment grade government and corporate bonds with maturities of one to three years. 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 Short Duration Securitized Bond separate accounts is as follows: First \$200,000,000 = 0.45%; Next \$200,000,000 = 0.35%. 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. 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 registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Index data source: Bloomberg Index Services Limited. See diamond-hill.com/disclosures for a full copy of the disclaimer.

AS OF YEAR-END	DHCM	SHORT DURATION SECURITIZED BOND COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)	
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Short Duration Securitized Bond Composite	Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index
2020	\$26.4B	5 or fewer	\$1.1B	NA ⁵	5.98%	0.98%
2019	23.4B	5 or fewer	808.7M	NA ⁵	0.64	0.92
2018	19.1B	5 or fewer	579.3M	NA ⁵	NA ⁶	NA ⁵
2017	22.3B	5 or fewer	312.9M	NA ⁵	NA ⁶	NA ⁶
2016	19.4B	5 or fewer	197.5M	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 July 2016.

Side Two. Not Valid Without Side One.