

# Large Cap Composite *(closed to most new investors)*

As of September 30, 2021



## INVESTMENT STRATEGY

- To estimate intrinsic value, the business must be understandable and we must be able to reasonably forecast its cash flows. We seek businesses with sustainable competitive advantages, conservative balance sheets and management with an ownership mentality.
- Investments are sold when the stock price reaches our estimate of intrinsic value, our estimate of intrinsic value is revised such that there is no longer a discount to intrinsic value, a holding reaches our stated maximum position size, or to raise proceeds for a more attractive opportunity.

## TEAM

**Chuck Bath, CFA**  
Portfolio Manager

**Austin Hawley, CFA**  
Portfolio Manager

**Brian Fontanella, CFA**  
Portfolio Specialist

## PORTFOLIO GUIDELINES

- Typically 40-60 positions
- Maximum position size is 7%
- Top 10 holdings are typically greater than 30% of net assets
- Maximum industry exposure is 20%
- Maximum sector exposure is 30%

## Market Capitalization

The portfolio typically invests in large capitalization companies with a market capitalization of \$5 billion or greater.

## TOP TEN EQUITY HOLDINGS

American International Group, Inc. Financials	4.7%
Abbott Laboratories Health Care	3.5
Berkshire Hathaway, Inc. (CI B) Financials	3.3
Bank of America Corp. Financials	3.1
KKR & Co., Inc. (CI A) Financials	3.0
Walt Disney Co. Communication Services	3.0
Procter & Gamble Co. Consumer Staples	2.8
Medtronic PLC Health Care	2.7
PepsiCo, Inc. Consumer Staples	2.7
General Motors Co. Cons. Discretionary	2.6
<b>Total as % of Net Assets</b>	<b>31.4%</b>
<b>Total number of equity holdings</b>	<b>54</b>

This is presented as supplemental information.

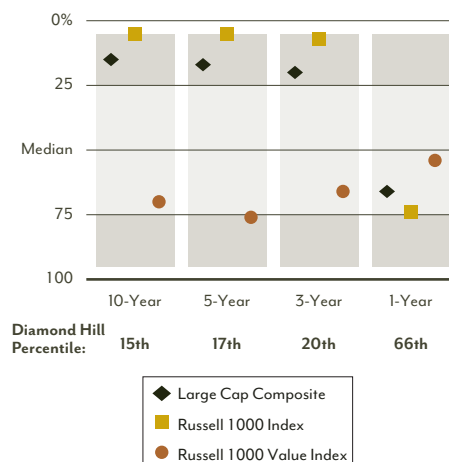
## SECTOR ALLOCATION<sup>1</sup>

	LARGE CAP COMPOSITE	RUSSELL 1000 INDEX	RUSSELL 1000 VALUE INDEX
Financials	25.9%	11.6%	21.4%
Cons. Discretionary	12.8	12.3	5.6
Health Care	12.6	13.1	17.3
Communication Services	10.5	10.6	8.3
Consumer Staples	9.5	5.4	7.1
Industrials	7.8	8.7	11.6
Info. Technology	6.8	28.0	10.2
Materials	4.8	2.3	3.6
Real Estate	3.6	3.1	4.7
Energy	2.4	2.6	5.1
Utilities	1.2	2.4	4.9
Cash & Other	2.3	0.0	0.0

This is presented as supplemental information.

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

## PEER GROUP QUARTILE RANKINGS<sup>2</sup>



This is presented as supplemental information.

<sup>2</sup> Source: eVestment. Ranking within eVestment U.S. Large Cap Value equity universe based on monthly returns gross of fees. Ranking data calculated on 10/15/21 (as of 9/30/21) and is subject to change as additional firms within the category submit data.

## PERIOD AND ANNUALIZED TOTAL RETURNS (%)

Inception Date: June 30, 2001

	SINCE INCEPTION	20-YR	15-YR	10-YR	5-YR	3-YR	1-YR	YTD	3Q21
LARGE CAP COMPOSITE									
Gross of Fees	10.42	11.14	10.28	15.61	14.64	13.59	33.19	15.58	-0.06
Net of Fees	9.83	10.55	9.72	15.04	14.10	13.06	32.59	15.18	-0.18
BENCHMARKS									
Russell 1000 Index	8.79	9.81	10.55	16.76	17.11	16.43	30.96	15.19	0.21
Russell 1000 Value Index	7.59	8.32	7.52	13.51	10.94	10.07	35.01	16.14	-0.78

Please review GIPS® performance disclosure on the reverse side.

Side One. Not Valid Without Side Two.

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PORTFOLIO CHARACTERISTICS VS BENCHMARK<sup>3</sup>

	LARGE CAP COMPOSITE	RUSSELL 1000 INDEX	RUSSELL 1000 VALUE INDEX
Median Forward P/E	18.6x	20.7x	18.6x
Median Trailing P/E	24.3x	24.6x	22.3x
Weighted Average Dividend Yield	1.7%	1.3%	2.0%
Median Price / Book	3.5x	3.9x	3.1x
Median Price / Sales	3.2x	3.5x	2.9x
Median Market Capitalization	\$82.6B	\$14.1B	\$12.8B
Weighted Average Market Cap.	\$159.4B	\$486.3B	\$144.9B
Portfolio Turnover (5-Year)	26%	—	—
Active Share <sup>4</sup> vs. Core <sup>5</sup> / Value <sup>6</sup> Benchmark	83%/78%	—	—
Upside / Downside Capture Ratio <sup>7</sup> vs. Core Benchmark <sup>5</sup>	103%/96%	—	—
Upside / Downside Capture Ratio <sup>7</sup> vs. Value Benchmark <sup>6</sup>	107%/94%	—	—

<sup>3</sup> This is presented as supplemental information. Source: FactSet.

<sup>4</sup> Source: FactSet. Active share measures the difference between portfolio holdings and the benchmark. The higher the active share, the greater the difference.

<sup>5</sup> The Russell 1000 Index is the core benchmark.

<sup>6</sup> The Russell 1000 Value Index is the value benchmark.

<sup>7</sup> Source: eVestment based on monthly returns (gross of fees) from 7/1/01 – 9/30/21.

<sup>8</sup> Source: FactSet. It should not be assumed that an investment in the securities identified was or will be profitable. The holdings identified do not represent all of the securities purchased, sold, or recommended for the adviser's clients. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, contact 855.255.8955 or info@diamond-hill.com.

## CALENDAR YEAR RETURNS (%)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
LARGE CAP COMPOSITE															
Gross of Fees	17.04	6.95	-33.92	31.49	10.61	3.60	13.35	37.79	11.59	-0.18	15.27	21.09	-8.81	32.96	10.00
Net of Fees	16.42	6.37	-34.29	30.79	10.00	3.11	12.79	37.06	10.98	-0.71	14.71	20.50	-9.25	32.35	9.49
BENCHMARKS															
Russell 1000 Index	15.46	5.77	-37.60	28.43	16.10	1.50	16.42	33.11	13.24	0.92	12.05	21.69	-4.78	31.43	20.96
Russell 1000 Value Index	22.25	-0.17	-36.85	19.69	15.51	0.39	17.51	32.53	13.45	-3.83	17.34	13.66	-8.27	26.54	2.80

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 - 6/30/21. 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. The Large Cap Composite has had a performance examination for the period 6/30/01 - 6/30/21. The verification and performance exam reports are available upon request. 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 Large Cap Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Large Cap equity strategy. The strategy's investment objective is to achieve long-term capital appreciation by investing in large capitalization companies selling for less than our estimate of intrinsic value. The composite typically invests in large-capitalization companies, which are defined as companies with a market capitalization of \$5 billion or greater, or in the range of those market capitalizations of companies included in the Russell 1000 Index at the time of purchase. 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 Russell 1000 Index is the primary benchmark. This 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 is shown as additional information. This index is an unmanaged market-capitalization weighted index measuring the performance of the large cap value segment of the U.S. equity universe including those Russell 1000 Index companies with lower expected growth values. 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. 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 Large Cap separate accounts is as follows: First \$20,000,000 = 0.60%; Over \$20,000,000 = 0.50%. 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: London Stock Exchange Group PLC. See diamond-hill.com/disclosures for a full copy of the disclaimer. In August 2021, an error was discovered in the trailing period returns as of 6/30/21 for the Large Cap Composite, which incorrectly stated the 20-year return. The correction changed the net return from 13.50% to 9.97% and the gross return from 14.32% to 10.56%.

AS OF YEAR-END	DHCM	LARGE CAP COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)		
		Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Large Cap Composite	Russell 1000 Index
2020	\$26.4B	231	\$13.1B	0.45%	20.61%	19.10%	19.62%
2019	23.4B	199	10.4B	0.19	12.84	12.05	11.85
2018	19.1B	199	8.0B	0.36	11.63	10.95	10.82
2017	22.3B	196	9.1B	0.12	11.36	9.97	10.20
2016	19.4B	185	7.1B	0.28	11.91	10.69	10.77
2015	16.8B	180	5.8B	0.30	11.83	10.48	10.68
2014	15.7B	155	5.8B	0.10	9.53	9.12	9.20
2013	12.2B	132	4.2B	0.24	12.48	12.26	12.70
2012	9.4B	135	3.7B	0.24	14.42	15.40	15.51
2011	8.7B	129	3.5B	0.21	18.88	18.95	20.69
2010	8.6B	123	3.2B	0.22	NA <sup>9</sup>	NA <sup>9</sup>	NA <sup>9</sup>
2009	6.3B	106	1.5B	0.64	NA <sup>9</sup>	NA <sup>9</sup>	NA <sup>9</sup>
2008	4.5B	108	792.5M	0.86	NA <sup>9</sup>	NA <sup>9</sup>	NA <sup>9</sup>
2007	4.4B	96	764.2M	0.44	NA <sup>9</sup>	NA <sup>9</sup>	NA <sup>9</sup>
2006	3.7B	42	672.7M	0.75	NA <sup>9</sup>	NA <sup>9</sup>	NA <sup>9</sup>

<sup>9</sup> Statistics are not presented because the 3-year annualized standard deviations are not required prior to 2011.

This composite was created in October 2013.

Side Two. Not Valid Without Side One.

BEST & WORST PERFORMERS<sup>8</sup>

SECURITY NAME	3Q21 CONTRIBUTION	POSITION AS OF 3Q21
<b>Best</b>		
American International Group, Inc.	0.7%	4.7%
Hartford Financial Services Group, Inc.	0.3	2.2
Pfizer, Inc.	0.2	2.1
Morgan Stanley	0.2	0.1
Booking Holdings, Inc.	0.2	1.8
<b>Worst</b>		
V.F. Corp.	-0.3%	1.7%
Fidelity National Information Services, Inc.	-0.3	2.0
Zynga, Inc. (CIA)	-0.3	0.7
Humana, Inc.	-0.3	2.1
General Motors Co.	-0.2	2.6

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