

# Large Cap Concentrated Composite

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 20 positions
- Maximum position size is 10%
- Top 10 holdings are typically greater than 50% of net assets
- Maximum industry exposure is 25%
- Maximum sector exposure is 35%

### Market Capitalization

Holdings are derived from holdings in the Diamond Hill Large Cap Strategy. The Large Cap Concentrated Strategy typically invests in companies with a market capitalization of \$15 billion or greater.

## TOP TEN EQUITY HOLDINGS

<b>American International Group, Inc.</b> Financials	8.8%
<b>Berkshire Hathaway, Inc. (CI B)</b> Financials	6.2
<b>Walt Disney Co.</b> Communication Services	5.9
<b>Abbott Laboratories</b> Health Care	5.8
<b>KKR &amp; Co., Inc. (CI A)</b> Financials	5.4
<b>PepsiCo, Inc.</b> Consumer Staples	5.4
<b>Bank of America Corp.</b> Financials	5.1
<b>Mondelez International, Inc. (CI A)</b> Consumer Staples	5.0
<b>Chevron Corp.</b> Energy	4.7
<b>Facebook, Inc. (CI A)</b> Communication Services	4.7
<b>Total as % of Net Assets</b>	<b>57.1%</b>
<b>Total number of equity holdings</b>	<b>20</b>

This is presented as supplemental information.

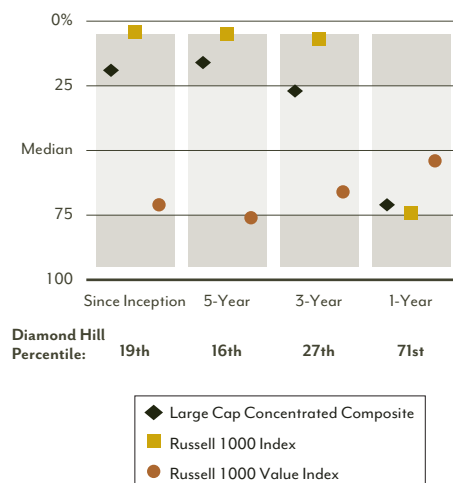
## SECTOR ALLOCATION<sup>1</sup>

	LARGE CAP CONCENTRATED COMPOSITE	RUSSELL 1000 INDEX	RUSSELL 1000 VALUE INDEX
<b>Financials</b>	30.1%	11.6%	21.4%
<b>Health Care</b>	13.9	13.1	17.3
<b>Cons. Discretionary</b>	12.2	12.3	5.6
<b>Communication Services</b>	10.6	10.6	8.3
<b>Consumer Staples</b>	10.4	5.4	7.1
<b>Info. Technology</b>	8.0	28.0	10.2
<b>Energy</b>	4.7	2.6	5.1
<b>Materials</b>	4.0	2.3	3.6
<b>Industrials</b>	3.5	8.7	11.6
<b>Real Estate</b>	0.0	3.1	4.7
<b>Utilities</b>	0.0	2.4	4.9
<b>Cash &amp; Other</b>	2.5	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: December 31, 2011

	SINCE INCEPTION	5-YR	3-YR	1-YR	YTD	3Q21
<b>LARGE CAP CONCENTRATED COMPOSITE</b>						
<b>Gross of Fees</b>	14.28	14.70	12.67	32.10	13.82	-1.25
<b>Net of Fees</b>	13.86	14.14	12.18	31.57	13.48	-1.35
<b>BENCHMARKS</b>						
<b>Russell 1000 Index</b>	15.89	17.11	16.43	30.96	15.19	0.21
<b>Russell 1000 Value Index</b>	12.45	10.94	10.07	35.01	16.14	-0.78

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Side One. Not Valid Without Side Two.

DIAMOND HILL® CAPITAL MANAGEMENT, INC. | DIAMOND-HILL.COM | 855.255.8955 | 325 JOHN H. MCCONNELL BLVD | SUITE 200 | COLUMBUS, OHIO 43215

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

	LARGE CAP CONCENTRATED COMPOSITE	RUSSELL 1000 INDEX	RUSSELL 1000 VALUE INDEX
Median Forward P/E	17.5x	20.7x	18.6x
Median Trailing P/E	20.4x	24.6x	22.3x
Weighted Average Dividend Yield	1.6%	1.3%	2.0%
Median Price / Book	3.5x	3.9x	3.1x
Median Price / Sales	2.8x	3.5x	2.9x
Median Market Capitalization	\$77.3B	\$14.1B	\$12.8B
Weighted Average Market Cap.	\$179.8B	\$486.3B	\$144.9B
Portfolio Turnover (5-Year)	36%	—	—
Active Share <sup>4</sup> vs. Core <sup>5</sup> / Value <sup>6</sup> Benchmark	92%/89%	—	—
Upside / Downside Capture Ratio <sup>7</sup> vs. Core Benchmark <sup>5</sup>	97%/104%	—	—
Upside / Downside Capture Ratio <sup>7</sup> vs. Value Benchmark <sup>6</sup>	108%/100%	—	—

<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 1/1/12 – 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.

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

SECURITY NAME	3Q21 CONTRIBUTION	POSITION AS OF 3Q21
<b>Best</b>		
American International Group, Inc.	1.2%	8.8%
Pfizer, Inc.	0.5	4.2
Truist Financial Corp.	0.3	4.6
Cognizant Technology Solutions Corp. (CIA)	0.3	4.2
KKR & Co., Inc. (CIA)	0.2	5.4
<b>Worst</b>		
V.F. Corp.	-0.7%	3.2%
Fidelity National Information Services, Inc.	-0.6	3.8
Humana, Inc.	-0.5	3.9
General Motors Co.	-0.5	4.4
Freemport-McMoRan, Inc.	-0.5	4.0

This is presented as supplemental information.

## CALENDAR YEAR RETURNS (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>LARGE CAP CONCENTRATED COMPOSITE</b>									
Gross of Fees	10.00	38.75	10.70	-0.59	19.17	19.27	-7.16	31.76	10.52
Net of Fees	9.74	37.22	10.62	-0.46	19.15	18.56	-7.63	31.18	10.03
<b>BENCHMARKS</b>									
Russell 1000 Index	16.42	33.11	13.24	0.92	12.05	21.69	-4.78	31.43	20.96
Russell 1000 Value Index	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 periods 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 Concentrated Composite has had a Performance Examination for the period 12/31/11 - 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 Concentrated Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Large Cap Concentrated 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. Holdings are derived from holdings in the Diamond Hill Large Cap strategy. The Large Cap Concentrated strategy typically invests in companies with a market capitalization of \$15 billion or greater. 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 Concentrated 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.

AS OF YEAR-END	DHCM	3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)						
		LARGE CAP CONCENTRATED COMPOSITE			Large Cap Concentrated Composite	Russell 1000 Index	Russell 1000 Value Index	
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)				
2020	\$26.4B	5 or fewer	\$27.2M	NA <sup>9</sup>	20.56%	19.10%	19.62%	
2019	23.4B	5 or fewer	27.7M	NA <sup>9</sup>	12.95	12.05	11.85	
2018	19.1B	5 or fewer	25.6M	NA <sup>9</sup>	12.34	10.95	10.82	
2017	22.3B	5 or fewer	3.4M	NA <sup>9</sup>	12.41	9.97	10.20	
2016	19.4B	5 or fewer	2.9M	NA <sup>9</sup>	12.77	10.69	10.77	
2015	16.8B	5 or fewer	418.9M	NA <sup>9</sup>	12.07	10.48	10.68	
2014	15.7B	5 or fewer	422.6M	NA <sup>9</sup>	9.29	9.12	9.20	
2013	12.2B	5 or fewer	382.3M	NA <sup>9</sup>	NA <sup>10</sup>	NA <sup>10</sup>	NA <sup>10</sup>	
2012	9.4B	5 or fewer	275.9M	NA <sup>9</sup>	NA <sup>10</sup>	NA <sup>10</sup>	NA <sup>10</sup>	

<sup>9</sup> NA = Not Applicable

<sup>10</sup> Statistics are not presented because 36 monthly returns are not available.

This composite was created in December 2011.

Side Two. Not Valid Without Side One.