

Small-Mid Cap Composite

(closed to most new investors)

As of September 30, 2021



DIAMOND HILL CAPITAL MANAGEMENT

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

Chris Welch, CFA
Portfolio Manager

Kristen Sheffield, CFA,
CIPM
Portfolio Specialist

PORTFOLIO GUIDELINES

- Typically 50-70 positions
- Maximum position size is 7%
- Top 10 holdings are typically greater than 25% of net assets
- Maximum industry exposure is 20%
- Maximum sector exposure is 30%

Market Capitalization

The portfolio typically invests in small- and mid-capitalization companies defined as those companies with a market capitalization between \$500 million and \$10 billion (or if greater, the maximum market capitalization of companies generally within the capitalization range of the Russell 2500 Index), at the time of purchase.

TOP TEN EQUITY HOLDINGS

WESCO International, Inc. Industrials	5.2%
Red Rock Resorts, Inc. (CI A) Cons. Discretionary	4.8
Post Holdings, Inc. Consumer Staples	4.2
Colfax Corp. Industrials	4.0
Sterling Bancorp Financials	3.8
CubeSmart Real Estate	3.4
Cimarex Energy Co. Energy	3.0
Sensata Technologies Holding PLC Industrials	2.7
UGI Corp. Utilities	2.5
BOK Financial Corp. Financials	2.4
Total as % of Net Assets	36.0%
Total number of equity holdings	55

This is presented as supplemental information.

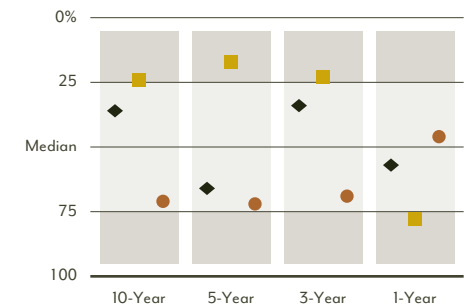
SECTOR ALLOCATION¹

	SMALL-MID CAP COMPOSITE	RUSSELL 2500 INDEX	RUSSELL 2500 VALUE INDEX
Financials	27.2%	14.4%	20.6%
Industrials	20.1	15.6	16.8
Cons. Discretionary	17.8	12.3	10.1
Consumer Staples	8.4	3.0	3.2
Real Estate	6.8	8.3	12.3
Utilities	3.8	2.4	3.8
Info. Technology	3.6	16.6	8.9
Energy	3.0	3.8	5.2
Materials	1.8	5.1	6.7
Communication Services	1.2	2.9	3.2
Health Care	1.1	15.6	9.3
Cash & Other	5.2	0.0	0.0

This is presented as supplemental information.

¹ Cash & Other may include cash, treasuries, money market funds, and short duration fixed income funds. Includes a 1.0% investment in the Diamond Hill Short Duration Securitized Bond Strategy.

PEER GROUP QUARTILE RANKINGS²



Diamond Hill Percentile: 36th 66th 34th 57th

◆ Small-Mid Cap Composite
■ Russell 2500 Index
● Russell 2500 Value Index

This is presented as supplemental information.

² Source: eVestment. Ranking within eVestment U.S. Small-Mid 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, 2005

	SINCE INCEPTION	15-YR	10-YR	5-YR	3-YR	1-YR	YTD	3Q21
SMALL-MID CAP COMPOSITE								
Gross of Fees	10.37	10.73	14.63	10.92	11.53	52.22	23.21	1.32
Net of Fees	9.57	9.93	13.84	10.13	10.74	51.15	22.55	1.13
BENCHMARKS								
Russell 2500 Index	9.97	10.01	15.27	14.25	12.47	45.03	13.83	-2.68
Russell 2500 Value Index	8.36	8.10	13.35	10.49	8.87	54.38	20.14	-2.07

Please review GIPS® performance disclosure on the reverse side.

Side One. Not Valid Without Side Two.

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PORTFOLIO CHARACTERISTICS VS BENCHMARK³

	SMALL-MID CAP COMPOSITE	RUSSELL 2500 INDEX	RUSSELL 2500 VALUE INDEX
Median Forward P/E	15.8x	17.1x	15.3x
Median Trailing P/E	22.1x	19.1x	16.4x
Weighted Average Dividend Yield	1.0%	1.0%	1.5%
Median Price / Book	2.2x	2.7x	2.0x
Median Price / Sales	1.9x	2.9x	2.4x
Median Market Capitalization	\$6.0B	\$1.7B	\$1.6B
Weighted Average Market Cap.	\$8.0B	\$7.1B	\$6.8B
Portfolio Turnover (5-Year)	22%	—	—
Active Share ⁴ vs. Core ⁵ / Value ⁶ Benchmark	96%/95%	—	—
Upside / Downside Capture Ratio ⁷ vs. Core Benchmark ⁵	93%/92%	—	—
Upside / Downside Capture Ratio ⁷ vs. Value Benchmark ⁶	96%/90%	—	—

³ This is presented as supplemental information. Source: FactSet.

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

⁵ The Russell 2500 Index is the core benchmark.

⁶ The Russell 2500 Value Index is the value benchmark.

⁷ Source: eVestment based on monthly returns (gross of fees) from 1/1/06 – 9/30/21.

⁸ 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
SMALL-MID CAP COMPOSITE															
Gross of Fees	11.23	0.52	-29.38	41.71	24.74	-2.96	16.93	43.32	8.42	2.44	19.30	9.64	-11.71	28.84	2.29
Net of Fees	10.43	-0.22	-29.99	40.52	23.72	-3.62	16.19	42.39	7.69	1.76	18.47	8.86	-12.35	27.94	1.55
BENCHMARKS															
Russell 2500 Index	16.17	1.38	-36.79	34.39	26.71	-2.51	17.88	36.80	7.07	-2.90	17.59	16.81	-10.00	27.77	19.99
Russell 2500 Value Index	20.18	-7.27	-31.99	27.68	24.82	-3.36	19.21	33.32	7.11	-5.49	25.20	10.36	-12.36	23.56	4.88

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 Small-Mid Cap Composite has had a Performance Examination for the period 12/31/05 - 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 Small-Mid Cap Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Small-Mid Cap equity strategy. The strategy's investment objective is to achieve long-term capital appreciation by investing in small and medium capitalization companies selling for less than our estimate of intrinsic value. The composite typically invests in small and medium capitalization companies which are defined as those companies with a market capitalization between \$500 million and \$10 billion (or, if greater, the maximum market capitalization of companies generally within the capitalization range of the Russell 2500 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 2500 Index is the primary benchmark. This index is an unmanaged market-capitalization weighted index measuring the performance of the 2,500 smallest companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 2500 Value Index is shown as additional information. This index is an unmanaged market capitalization weighted index measuring the performance of the small and midcap value segment of the U.S. equity universe including those Russell 2500 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 Small-Mid Cap separate accounts is as follows: First \$20,000,000 = 0.85%; Over \$20,000,000 = 0.75%. 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)						
		SMALL-MID CAP COMPOSITE			Small-Mid Cap Composite	Russell 2500 Index	Russell 2500 Value Index	
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)				
2020	\$26.4B	9	\$2.6B	0.08%	24.33%	24.21%	25.05%	
2019	23.4B	10	3.0B	0.11	13.55	14.58	14.23	
2018	19.1B	14	2.5B	0.04	11.90	14.10	13.58	
2017	22.3B	16	3.2B	0.10	9.97	12.13	11.81	
2016	19.4B	18	3.0B	0.05	11.25	13.67	13.17	
2015	16.8B	12	1.9B	0.17	11.09	12.42	12.02	
2014	15.7B	11	1.1B	0.13	11.20	11.67	11.25	
2013	12.2B	9	586.7M	0.39	14.51	15.63	15.07	
2012	9.4B	6	233.7M	0.10	16.13	18.97	18.41	
2011	8.7B	6	189.2M	0.05	24.12	23.40	24.23	
2010	8.6B	6	97.2M	0.16	NA ¹⁰	NA ¹⁰	NA ¹⁰	
2009	6.3B	6	64.1M	1.20	NA ¹⁰	NA ¹⁰	NA ¹⁰	
2008	4.5B	8	47.9M	0.53	NA ¹⁰	NA ¹⁰	NA ¹⁰	
2007	4.4B	9	70.4M	0.15	NA ¹⁰	NA ¹⁰	NA ¹⁰	
2006	3.7B	5 or fewer	34.1M	NA ⁹	NA ¹⁰	NA ¹⁰	NA ¹⁰	

⁹ NA = Not Applicable

¹⁰ 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 PERFORMERS⁸

SECURITY NAME	3Q21 CONTRIBUTION	POSITION AS OF 3Q21
Best		
Red Rock Resorts, Inc. (CIA)	0.8%	4.8%
WESCO International, Inc.	0.6	5.2
Cimarex Energy Co.	0.5	3.0
Mr. Cooper Group, Inc.	0.4	1.9
SVB Financial Group	0.3	2.2
Worst		
Kirby Corp.	-0.5%	1.9%
South Jersey Industries, Inc.	-0.3	1.3
PROG Holdings, Inc.	-0.2	1.6
BorgWarner, Inc.	-0.2	1.6
UGI Corp.	-0.2	2.5

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