

# Short Duration Securitized Bond Composite

As of 31 Mar 2022

DIAMOND HILL

INVESTED IN THE LONG RUN

## Team

**Henry Song, CFA**  
Portfolio Manager

**Mark Jackson, CFA**  
Portfolio Manager

**Douglas Gimple**  
Senior Portfolio Specialist

## Philosophy and Process Highlights

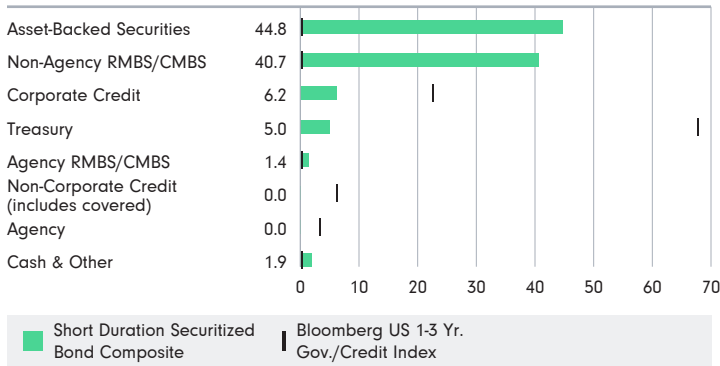
We believe successful, long-term fixed income investing starts with small, individual security decisions.

- We look for undervalued securities and spread sectors that offer incremental yield and total return relative to the index.
- With a focus on securitized products, we have the potential to achieve higher credit quality while maintaining a yield advantage over government or corporate credit-focused strategies.
- We regularly look outside the benchmark for value-add opportunities.

## 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 Allocation (%)<sup>1</sup>



## Credit Quality Rating<sup>2</sup>

Credit Quality Rating	% of Portfolio
AAA	14.6
AA	7.5
A	16.1
BBB	35.9
BB	8.5
B	2.4
CCC & Below	0.3
Not Rated	14.7

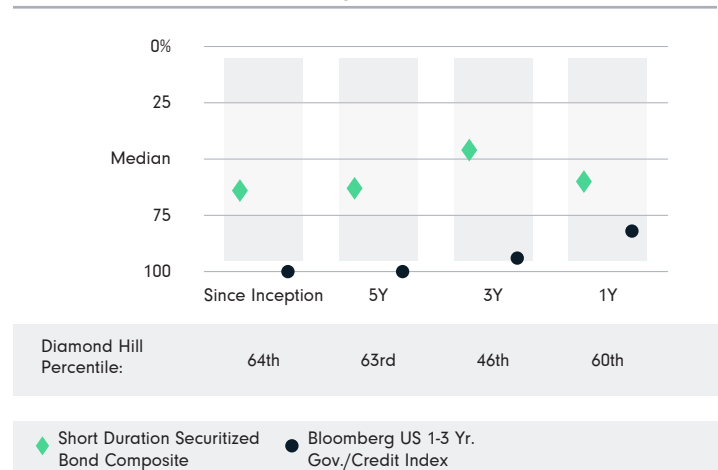
## Duration Breakdown (%)

Duration	Short Duration Securitized Bond Composite (%)	Bloomberg US 1-3 Yr. Gov./Credit Index (%)
Less than one	43.2	4.6
1-3	41.6	95.4
3-5	14.2	0.0
5-7	0.9	0.0
7-10	0.0	0.0
10-20	0.1	0.0
20+	0.0	0.0

## Key Rate Duration (%)

Key Rate	Short Duration Securitized Bond Composite (%)	Bloomberg US 1-3 Yr. Gov./Credit Index (%)
1Y	0.18	0.37
2Y	0.41	0.93
3Y	0.50	0.57
5Y	0.34	0.00
10Y	0.05	0.00
20Y	0.01	0.00
30Y	0.00	0.00

## Peer Group Quartile Rankings<sup>3</sup>



<sup>1</sup> Cash & Other may include cash and money market funds. RMBS: Residential Mortgage-Backed Securities, CMBS: Commercial Mortgage-Backed Securities.

<sup>2</sup> 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."

<sup>3</sup> Source: eVestment. Ranking within eVestment US Securitized Fixed Income - Non-Traditional universe based on monthly returns gross of fees. Ranking data calculated on 19 Apr 2022 (as of 31 Mar 2022) and is subject to change as additional firms within the category submit data.

# Short Duration Securitized Bond Composite

As of 31 Mar 2022

Portfolio Characteristics	Short Duration Securitized Bond Composite		Bloomberg US 1-3 Yr. Gov./Credit Index		Five-Year Risk Statistics	Short Duration Securitized Bond Composite		Bloomberg US 1-3 Yr. Gov./Credit Index	
Number of holdings	431		1,667		Standard Deviation (%)	4.77		1.22	
Yield to Maturity (%)	4.40		2.43		Sharpe Ratio	0.41		0.15	
Yield to Worst (%)	4.37		2.42		Beta (%) <sup>4</sup>	0.46		N/A	
Effective Duration	1.48		1.92		R-squared (%) <sup>4</sup>	1.21		N/A	
Weighted Average Life (years)	2.80		1.98		Information Ratio <sup>4</sup>	0.35		N/A	
Convexity	0.08		0.04						
Option-Adjusted Spread	217		15						

<sup>4</sup>Relative to the Bloomberg US 1-3 Yr. Gov./Credit Index.

Period and Annualized Total Returns (%)	Since Inception (31 Jul 2016)	5Y		3Y		1Y		YTD	1Q22
Gross of Fees	3.47	3.49	2.85	-0.44	-2.00	-2.00			
Net of Fees	3.11	3.13	2.49	-0.79	-2.09	-2.09			
Bloomberg US 1-3 Yr. Gov./Credit Index	1.11	1.26	1.02	-2.91	-2.49	-2.49			

Calendar Year Returns (%)	31 Jul 2016 - 31 Dec 2016	2017		2018		2019		2020		2021	
Gross of Fees	0.88	4.90	3.77	5.34	3.65	3.27					
Net of Fees	0.73	4.53	3.41	4.97	3.29	2.91					
Bloomberg US 1-3 Yr. Gov./Credit Index	-0.38	0.84	1.60	4.03	3.33	-0.47					

Diamond Hill Capital Management, Inc. (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. Diamond Hill provides investment management services to individuals and institutional investors through mutual funds and separate accounts. DHCM claims compliance with the Global Investment Performance Standards (GIPS®). The Short Duration Securitized Bond Composite is comprised of all discretionary, non-fee and fee-paying, non-wrap accounts managed according to the firm's Short Duration Securitized Bond strategy, including those clients no longer with the firm. The strategy's investment objective is to maximize total return consistent with the preservation of capital by investing in high, medium and low-grade fixed income securities. The Short Duration Securitized Bond strategy generally invests at least 80% of its assets in a diversified portfolio of investment grade, fixed income securities and may invest a significant portion or all of its assets in asset-backed, mortgage-related and mortgage-backed securities. 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 less than three. The Bloomberg US 1-3 Year Government/Credit Index measures the performance of investment grade government and corporate bonds with maturities of one to three years. The index is unmanaged, includes net reinvested dividends, does not reflect fees or expenses (which would lower the return) and is not available for direct investment. Index data source: Bloomberg Index Services Limited. See [diamond-hill.com/disclosures](http://diamond-hill.com/disclosures) for a full copy of the disclaimer. To receive a complete list and description of all Diamond Hill composites and/or a GIPS report, contact Scott Stapleton at 614.255.3329, [ssapleton@diamond-hill.com](mailto:ssapleton@diamond-hill.com) or 325 John H. McConnell Blvd., Suite 200, Columbus, OH 43215. The performance data quoted represents past performance; past performance does not guarantee future results. Composite results reflect the reinvestment of dividends, capital gains and other earnings when appropriate. 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. 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. The US Dollar is the currency used to express performance.