

# Small Cap Composite

As of 30 Jun 2022

# DIAMOND HILL

INVESTED IN THE LONG RUN

## Team

**Aaron Monroe, CFA**  
Portfolio Manager

**Chris Welch, CFA**  
Portfolio Manager

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Portfolio Specialist

## Philosophy and Process Highlights

Under our intrinsic value philosophy, we:

- Treat every investment as a partial ownership interest in that company
- Seek to invest at a discount to intrinsic value
- Possess a long-term investment temperament
- Recognize that market price and intrinsic value tend to converge over a reasonable period of time

## Portfolio Guidelines

- Typically 50-80 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%

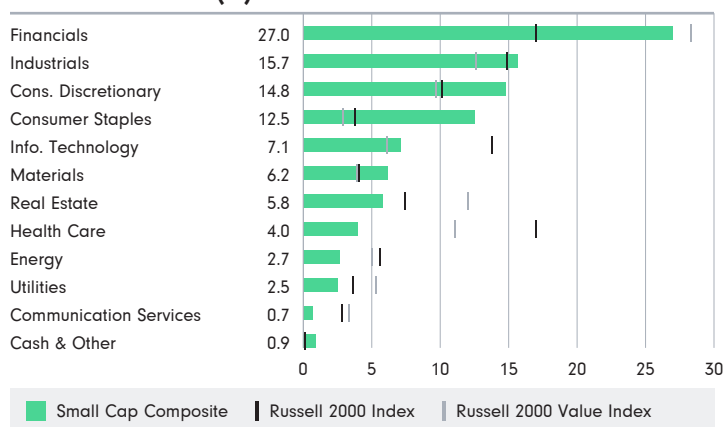
## Market Capitalization

The portfolio typically invests in companies with a market capitalization below \$3 billion (or, if greater, the maximum market capitalization of companies generally within the capitalization range of the Russell 2000 Index) at the time of purchase.

## Top Ten Equity Holdings<sup>1</sup>

	Sector	% of Net Assets
Red Rock Resorts, Inc. (CI A)	Cons. Discretionary	5.2
Cal-Maine Foods, Inc.	Consumer Staples	4.8
Bank OZK	Financials	4.4
Webster Financial Corp.	Financials	4.1
WESCO International, Inc.	Industrials	3.7
WNS (Holdings) Ltd.	Info. Technology	3.4
Ashland Global Holdings, Inc.	Materials	3.0
Live Oak Bancshares, Inc.	Financials	3.0
Enstar Group Ltd.	Financials	3.0
Mr. Cooper Group, Inc.	Financials	2.9
Total as % of Net Assets		37.6
Total Holdings		56

## Sector Allocation (%)<sup>2</sup>



## Peer Group Quartile Rankings (%)<sup>3</sup>



## Best and Worst Performers (%)<sup>1,4</sup>

	2Q22 Contribution	Ending Weight
<b>Best</b>		
Post Holdings, Inc.	0.3	2.3
Natus Medical, Inc.	0.2	0.0
UFP Technologies, Inc.	0.2	1.4
Ashland Global Holdings, Inc.	0.1	3.0
First Interstate BancSystem, Inc. (CI A)	0.1	2.1
<b>Worst</b>		
Red Rock Resorts, Inc. (CI A)	-1.8	5.2
Taseko Mines Ltd.	-1.2	1.3
Webster Financial Corp.	-1.1	4.1
Live Oak Bancshares, Inc.	-0.9	3.0
WESCO International, Inc.	-0.8	3.7

<sup>1</sup> Securities referenced may not be representative of all portfolio holdings. The reader should not assume that an investment in the securities was or will be profitable.

<sup>2</sup> Cash & Other may include cash, treasuries, money market funds and short duration fixed income funds.

<sup>3</sup> Source: eVestment. Ranking within eVestment US Small Cap Value equity universe based on monthly returns gross of fees. Ranking data calculated on 15 Jul 2022 (as of 30 Jun 2022) and is subject to change as additional firms within the category submit data.

<sup>4</sup> Source: FactSet. To obtain contribution calculation methodology and a complete list of every holding's contribution to return during the period, contact 855.255.8955 or info@diamond-hill.com.

# Small Cap Composite

As of 30 Jun 2022

Portfolio Characteristics vs Benchmark <sup>5</sup>	Small Cap Composite	Russell 2000 Index	Russell 2000 Value Index
Median Forward P/E	14.1x	12.6x	11.0x
Median Trailing P/E	13.5x	13.3x	11.1x
Weighted Average Dividend Yield	1.2%	1.4%	2.2%
Median Price/Book	1.7x	1.8x	1.3x
Median Price/Sales	1.5x	2.1x	1.9x
Median Market Capitalization	\$2.8B	\$1.0B	\$0.8B
Weighted Average Market Cap.	\$3.4B	\$2.5B	\$2.2B
Portfolio Turnover (5-Year)	22%	—	—
Active Share <sup>6</sup> vs Core <sup>7</sup> /Value <sup>8</sup> Benchmark	97%/96%	—	—
Upside/Downside Capture Ratio <sup>9</sup> vs Core Benchmark <sup>7</sup>	87%/80%	—	—
Upside/Downside Capture Ratio <sup>9</sup> vs Value Benchmark <sup>8</sup>	91%/85%	—	—

<sup>5</sup>Source: FactSet.

<sup>6</sup>Source: FactSet. Active share measures the difference between portfolio holdings and the benchmark. The higher the active share, the greater the difference.

<sup>7</sup>The Russell 2000 Index is the core benchmark.

<sup>8</sup>The Russell 2000 Value Index is the value benchmark.

<sup>9</sup>Source: eVestment based on monthly returns (gross of fees) from 1 Jan 2001 – 30 Jun 2022.

Period and Annualized Total Returns (%)	Since Inception (31 Dec 2000)	20Y	15Y	10Y	5Y	3Y	1Y	YTD	2Q22
Gross of Fees	10.36	9.60	6.73	9.16	4.94	6.31	-10.16	-18.66	-15.08
Net of Fees	9.50	8.74	5.89	8.30	4.11	5.47	-10.87	-18.99	-15.25
Russell 2000 Index	7.46	8.17	6.33	9.35	5.17	4.21	-25.20	-23.43	-17.20
Russell 2000 Value Index	8.22	7.77	5.58	9.05	4.89	6.18	-16.28	-17.31	-15.28

Calendar Year Returns (%)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross of Fees	-2.41	-25.03	30.96	24.76	-5.90	14.32	41.64	5.97	-2.44	15.61	12.05	-14.03	22.92	0.77	34.17
Net of Fees	-3.18	-25.62	29.93	23.77	-6.63	13.43	40.55	5.17	-3.22	14.70	11.16	-14.73	21.96	-0.03	33.13
Russell 2000 Index	-1.57	-33.79	27.17	26.85	-4.18	16.35	38.82	4.89	-4.41	21.31	14.65	-11.01	25.52	19.96	14.82
Russell 2000 Value Index	-9.78	-28.92	20.58	24.50	-5.50	18.05	34.52	4.22	-7.47	31.74	7.84	-12.86	22.39	4.63	28.27

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