

# Small-Mid Cap Composite (closed to most new investors) **DIAMOND HILL**

As of 31 Dec 2022

INVESTED IN THE LONG RUN

## Team

**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 50-70 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%

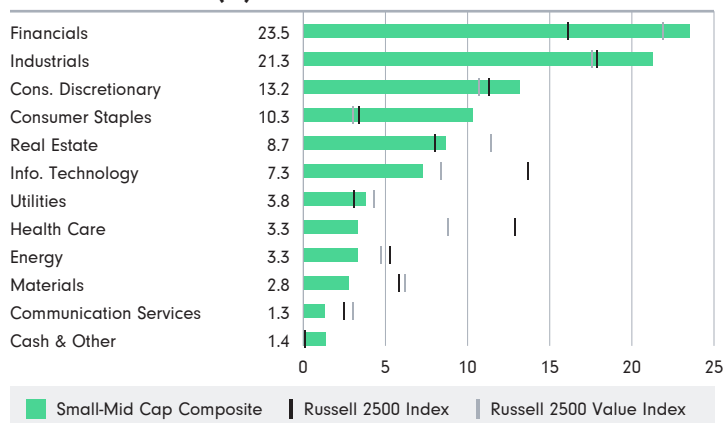
## Market Capitalization

The portfolio typically invests in 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<sup>1</sup>

	Sector	% of Net Assets
WESCO International, Inc.	Industrials	5.6
Red Rock Resorts, Inc. (CI A)	Cons. Discretionary	4.3
Post Holdings, Inc.	Consumer Staples	3.6
Webster Financial Corp.	Financials	3.6
CubeSmart	Real Estate	3.0
NVR, Inc.	Cons. Discretionary	2.9
Cal-Maine Foods, Inc.	Consumer Staples	2.9
Ashland Global Holdings, Inc.	Materials	2.8
BOK Financial Corp.	Financials	2.7
ESAB Corp.	Industrials	2.5
Total as % of Net Assets		34.0
Total Holdings		59

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



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



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

	Ending Weight
<b>Best</b>	
Red Rock Resorts, Inc. (CI A)	4.3
ESAB Corp.	2.5
Lancaster Colony Corp.	2.4
BOK Financial Corp.	2.7
NVR, Inc.	2.9
<b>Worst</b>	
SVB Financial Group	1.5
Wolverine World Wide, Inc.	0.8
Regal Rexnord Corp.	2.0
Allegiant Travel Co.	1.5
First Republic Bank	1.2

<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. Includes a 0.4% investment in the Diamond Hill Short Duration Securitized Bond Strategy.

<sup>3</sup> Source: eVestment. Ranking within eVestment US Small-Mid Cap Value equity universe based on monthly returns gross of fees. Ranking data calculated on 20 January 2023 (as of 31 December 2022) and is subject to change as additional firms within the category submit data. Diamond Hill pays an annual fee to eVestment to access their platform and to use their data, including peer group rankings, in marketing materials. Diamond Hill does not pay for the ranking.

# Small-Mid Cap Composite

As of 31 Dec 2022

## Portfolio Characteristics vs Benchmark<sup>4</sup>

	Small-Mid Cap Composite	Russell 2500 Index	Russell 2500 Value Index
Median Forward P/E	14.4x	13.6x	12.3x
Median Trailing P/E	16.9x	14.0x	12.8x
Median Price/Book	1.7x	1.8x	1.5x
Median Price/Sales	1.7x	1.9x	1.7x
Median Market Capitalization	\$4.9B	\$1.3B	\$1.2B
Weighted Average Market Cap.	\$6.8B	\$5.9B	\$6.0B
Portfolio Turnover (5Y)	23%	—	—
Active Share <sup>5</sup> vs Core <sup>6</sup> /Value <sup>7</sup> Benchmark	96%/94%	—	—
Upside/Downside Capture Ratio <sup>8</sup> vs Core Benchmark <sup>6</sup>	93%/91%	—	—
Upside/Downside Capture Ratio <sup>8</sup> vs Value Benchmark <sup>7</sup>	95%/90%	—	—

<sup>4</sup>Source: FactSet.

<sup>5</sup>Source: FactSet. Active share measures the difference between portfolio holdings and the benchmark. The higher the active share, the greater the difference.

<sup>6</sup>The Russell 2500 Index is the core benchmark.

<sup>7</sup>The Russell 2500 Value Index is the value benchmark.

<sup>8</sup>Source: eVestment based on monthly returns (gross of fees) from 1 January 2006 – 31 December 2022.

Period and Annualized Total Returns (%)	Since Inception (31 Dec 2005)	15Y	10Y	5Y	3Y	1Y	YTD	4Q22
Gross of Fees	9.15	9.61	10.83	6.07	5.69	-12.80	-12.80	7.82
Net of Fees	8.14	8.60	9.83	5.16	4.79	-13.54	-13.54	7.59
Russell 2500 Index	8.15	8.10	10.03	5.89	5.00	-18.37	-18.37	7.43
Russell 2500 Value Index	7.22	7.45	8.93	4.75	5.22	-13.08	-13.08	9.21

## Calendar Year Returns (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross of Fees	-29.38	41.71	24.74	-2.96	16.93	43.32	8.42	2.45	19.30	9.63	-11.71	28.84	2.29	32.34	-12.80
Net of Fees	-30.05	40.36	23.55	-3.88	15.82	41.96	7.39	1.47	18.17	8.59	-12.51	27.75	1.42	31.22	-13.54
Russell 2500 Index	-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	18.18	-18.37
Russell 2500 Value Index	-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	27.78	-13.08

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