

# Mid Cap Composite

As of 31 Dec 2023

# DIAMOND HILL

INVESTED IN THE LONG RUN

## Team

**Chris Welch, CFA**  
Portfolio Manager

**Chris Bingaman, CFA**  
Asst. Portfolio Manager

**Kristen Sheffield, CFA, CIPM**  
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 40–60 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%

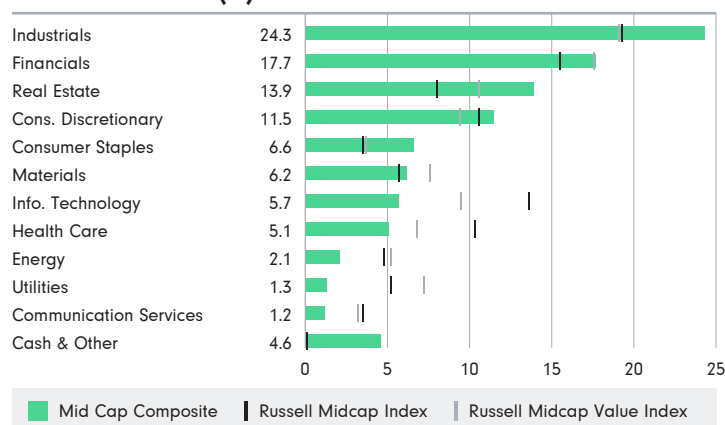
## Market Capitalization

The portfolio typically invests in companies with a market capitalization between \$1.5 billion and \$20 billion (or, if greater, the maximum market capitalization of companies generally within the capitalization range of the Russell Midcap Index) at the time of purchase.

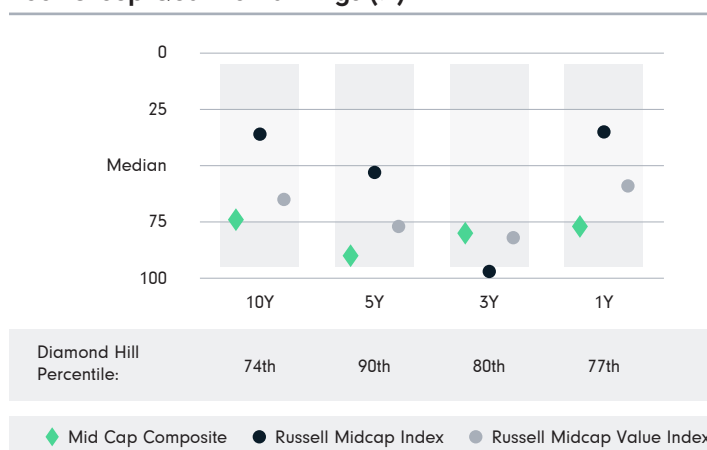
## Top Ten Equity Holdings<sup>1</sup>

|                                    | Sector              | % of Net Assets |
|------------------------------------|---------------------|-----------------|
| WESCO International, Inc.          | Industrials         | 5.6             |
| Red Rock Resorts, Inc. (CI A)      | Cons. Discretionary | 5.2             |
| Parker-Hannifin Corp.              | Industrials         | 3.9             |
| Post Holdings, Inc.                | Consumer Staples    | 3.8             |
| American International Group, Inc. | Financials          | 3.8             |
| NVR, Inc.                          | Cons. Discretionary | 3.6             |
| Regal Rexnord Corp.                | Industrials         | 3.4             |
| Freeport-McMoRan, Inc.             | Materials           | 3.4             |
| CubeSmart                          | Real Estate         | 3.3             |
| Ashland Global Holdings, Inc.      | Materials           | 2.8             |
| Total as % of Net Assets           |                     | 38.9            |
| Total Holdings                     |                     | 55              |

## 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)    | 5.2           |
| WESCO International, Inc.        | 5.6           |
| Parker-Hannifin Corp.            | 3.9           |
| Webster Financial Corp.          | 2.4           |
| ESAB Corp.                       | 2.2           |
| <b>Worst</b>                     |               |
| Coterra Energy, Inc.             | 2.1           |
| Ciena Corp.                      | 1.8           |
| Sensata Technologies Holding PLC | 1.2           |
| BorgWarner, Inc.                 | 0.4           |
| V.F. Corp.                       | 0.0           |

<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 Mid Cap Value equity universe based on monthly returns gross of fees. Ranking data calculated on 19 January 2024 (as of 31 December 2023) 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.

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

|  | Mid Cap Composite | Russell Midcap Index | Russell Midcap Value Index |
|--|-------------------|----------------------|----------------------------|
| Median Forward P/E   | 17.4x             | 19.4x                | 18.2x                      |
| Median Trailing P/E  | 21.8x             | 22.7x                | 21.0x                      |
| Median Price/Book  | 1.8x              | 2.9x                 | 2.5x                       |
| Median Price/Sales   | 2.0x              | 2.3x                 | 2.0x                       |
| Median Market Capitalization   | \$9.3B            | \$10.1B              | \$9.7B                     |
| Weighted Average Market Cap.   | \$19.5B           | \$24.4B              | \$22.9B                    |
| Portfolio Turnover (5Y)  | 36%               | —                    | —                          |
| Active Share <sup>5</sup> vs Core <sup>6</sup> /Value <sup>7</sup> Benchmark | 95%/93%           | —                    | —                          |
| Upside/Downside Capture Ratio <sup>8</sup> vs Core Benchmark <sup>6</sup>    | 97%/103%          | —                    | —                          |
| Upside/Downside Capture Ratio <sup>8</sup> vs Value Benchmark <sup>7</sup>   | 101%/102%         | —                    | —                          |

<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 Midcap Index is the core benchmark.

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

<sup>8</sup>Source: eVestment based on monthly returns (gross of fees) from 1 January 2014 – 31 December 2023.

| Period and Annualized Total Returns (%) | Since Inception<br>(31 Dec 2013) | 10Y  | 5Y    | 3Y   | 1Y    | YTD   | 4Q23  |
|---|----------------------------------|------|-------|------|-------|-------|-------|
| Gross of Fees                           | 7.91                             | 7.91 | 9.97  | 8.62 | 10.66 | 10.66 | 13.88 |
| Net of Fees                             | 7.12                             | 7.12 | 9.20  | 7.86 | 9.88  | 9.88  | 13.68 |
| Russell Midcap Index                    | 9.42                             | 9.42 | 12.68 | 5.92 | 17.23 | 17.23 | 12.82 |
| Russell Midcap Value Index              | 8.26                             | 8.26 | 11.16 | 8.36 | 12.71 | 12.71 | 12.11 |

| Calendar Year Returns (%)  | 2014  | 2015  | 2016  | 2017  | 2018   | 2019  | 2020  | 2021  | 2022   | 2023  |
|----------------------------|-------|-------|-------|-------|--------|-------|-------|-------|--------|-------|
| Gross of Fees              | 8.83  | 1.61  | 19.62 | 11.31 | -9.55  | 26.73 | -1.00 | 32.38 | -12.50 | 10.66 |
| Net of Fees                | 7.96  | 0.80  | 18.66 | 10.46 | -10.21 | 25.84 | -1.69 | 31.45 | -13.12 | 9.88  |
| Russell Midcap Index       | 13.22 | -2.44 | 13.80 | 18.52 | -9.06  | 30.54 | 17.10 | 22.58 | -17.32 | 17.23 |
| Russell Midcap Value Index | 14.75 | -4.78 | 20.00 | 13.34 | -12.29 | 27.06 | 4.96  | 28.34 | -12.03 | 12.71 |

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