

# Corporate Credit Fund

As of March 31, 2021



**DIAMOND HILL** FUNDS

## TICKERS

Investor: DSIAX      Class Y: DSIYX  
Class I: DHSTX

## TEAM

**Bill Zox, CFA**      **John McClain, CFA**  
Portfolio Manager      Portfolio Manager

**Douglas Gimple**  
Senior Portfolio Specialist

## PORTFOLIO GUIDELINES

### Fund Guidelines

The Fund generally invests at least 80% of its assets in investment grade and rated below-investment grade (high yield) corporate bonds, and will typically maintain an effective duration of less than five.

## INVESTMENT STRATEGY

- Our primary focus is on evaluating the underlying business fundamentals and credit risk of corporate securities.
- Securities are purchased when we believe the yield and total return potential are attractive relative to asset and interest coverage and relative to other securities with comparable risk.
- We are prepared to hold securities to maturity or until they are called. However, securities may be sold when the gap between price and our estimate of value closes, to raise proceeds for a more attractive opportunity, or if the underlying fundamentals deteriorate.

## CREDIT QUALITY<sup>1</sup>

QUALITY RATING	% OF PORTFOLIO
<b>Investment Grade<sup>2</sup></b>	10.0%
<b>BB</b>	38.0
<b>B</b>	44.9
<b>CCC &amp; Below</b>	5.2
<b>Not Rated</b>	2.0

## SECTOR ALLOCATION<sup>3</sup>

	CORPORATE CREDIT FUND	ICE BOFA U.S. CORPORATE & HIGH YIELD INDEX
<b>Corporate Bonds</b>	<b>95.0%</b>	<b>100.0%</b>
Financial Services	13.2	7.6
Energy	10.7	10.2
Leisure	10.2	1.4
Retail	8.7	3.8
Healthcare	8.6	9.4
Technology & Electronics	6.4	6.3
Basic Industry	6.1	4.7
Consumer Goods	5.5	5.6
Insurance	5.3	3.9
Services	5.0	1.8
Telecom	4.0	4.9
Real Estate	3.6	3.4
Banking	2.6	13.8
Capital Goods	2.2	5.6
Media	2.0	4.6
Transportation	0.8	2.4
Automotive	0.3	2.7
Utility	0.0	7.9
<b>Cash &amp; Other</b>	<b>5.0</b>	<b>0.0</b>

## MORNINGSTAR RATINGS™

Overall Rating<sup>4</sup> ★★★★★

Analyst Rating<sup>4,6</sup>



The Overall Morningstar Rating™ among 630 High Yield Bond funds is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year periods Morningstar Ratings as of 3/31/21.

## MORNINGSTAR FEE LEVEL<sup>5</sup> (CLASS I)



## MORNINGSTAR CLASSIFICATION

High Yield Bond

## TOP TEN ISSUES AS OF 1/31/2021

<b>Magnolia Oil &amp; Gas Corp.</b>	6.00%	08/01/26	1.8%
<b>Cimpress PLC</b>	7.00%	06/15/26	1.7
<b>Grubhub Holdings, Inc.</b>	5.50%	07/01/27	1.6
<b>New Residential Investment Corp.</b>	6.25%	10/15/25	1.6
<b>Uber Technologies, Inc.</b>	8.00%	11/01/26	1.5
<b>Angi Group LLC</b>	3.88%	08/15/28	1.5
<b>BankUnited, Inc.</b>	5.13%	06/11/30	1.5
<b>GCP Applied Technologies, Inc.</b>	5.50%	04/15/26	1.5
<b>First Tennessee Bank</b>	5.75%	05/01/30	1.5
<b>Apergy Corp.</b>	6.38%	05/01/26	1.4
<b>Total as % of Net Assets</b>			<b>15.5%</b>

*An investor should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus or summary prospectus contain this and other important information about the Fund(s) and are available at [diamond-hill.com](http://diamond-hill.com) or by calling 888.226.5595. Please read the prospectus or summary prospectus carefully before investing. The Diamond Hill Funds are distributed by Foreside Financial Services, LLC (Member FINRA). Diamond Hill Capital Management, Inc., a registered investment adviser, serves as Investment Adviser to the Diamond Hill Funds and is paid a fee for its services. Diamond Hill Funds are not FDIC insured, may lose value, and have no bank guarantee.*

<sup>1</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>2</sup> Investment Grade is a Bond Quality Rating of AAA, AA, A or BBB. Investment Grade grouping includes cash position.

<sup>3</sup> Cash & Other may include cash, treasuries, money market funds, collateralized debt/loan obligations, and short duration fixed income funds.

<sup>4</sup> **Overall Rating:** The Fund's Class I rating was 5 stars among 630, 5 stars among 556 and 5 stars among 358 funds for the 3-, 5-, and 10-year periods ended 3/31/21, respectively. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. **Analyst Rating:** As of 3/31/21 there were 4 gold rated, 9 silver rated, 7 bronze rated, 30 neutral rated and 185 not rated funds in the High Yield Bond category based on the cheapest share class for each fund as defined by Morningstar. The cheapest share class does not necessarily equate to the highest rated share class. Class I shares are not the cheapest share class for the Diamond Hill Corporate Credit Fund.

<sup>5</sup> The Morningstar Broad Fee Level data point compares the fund's prospectus adjusted operating net expense ratio to the prospectus adjusted operating net expense ratio of all the other funds within its Morningstar Category. See Morningstar for fee level grouping methodology.

Side One. Not Valid Without Side Two.

## PERIOD AND ANNUALIZED TOTAL RETURNS (%) AS OF MARCH 31, 2021

	SINCE INCEPTION	15-YR	10-YR	5-YR	3-YR	1-YR	YTD	1Q21	EXPENSE RATIO
CORPORATE CREDIT FUND									
Investor (DSIAX)	7.01	6.19	6.25	7.98	7.60	24.11	0.82	0.82	0.92%
Class I (DHSTX)	7.31	6.53	6.55	8.30	7.93	24.44	0.90	0.90	0.63
Class Y (DSIYX)	7.22	6.45	6.64	8.41	8.04	24.61	0.93	0.93	0.51
BENCHMARK									
ICE BofA U.S. Corporate & High Yield Index	6.06	5.82	5.27	5.48	6.29	11.32	-3.67	-3.67	—

The performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's current performance may be lower or higher than the performance data quoted. Investors may obtain performance information current to the most recent month-end, within 7 business days, at [diamond-hill.com](http://diamond-hill.com). Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class I shares and Class Y shares include Investor share performance achieved prior to the creation of Class I shares and Class Y shares.

## CALENDAR YEAR RETURNS (%)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Class I	10.74	-4.31	-14.55	32.69	13.77	5.53	9.83	5.30	2.38	1.49	12.21	7.87	0.64	13.20	9.74
ICE BofA U.S. Corporate & High Yield Index	6.19	4.09	-10.93	26.00	10.76	6.80	11.37	0.34	6.43	-1.37	7.97	6.66	-2.21	14.28	9.34

## PORTFOLIO STATISTICS

Inception	September 30, 2002
Management Fee	0.45%
Total Net Assets	\$2.1B
Distributions	Monthly
Portfolio Turnover (12 months trailing)	169%
Number of Issues	146
Effective Duration <sup>7</sup>	3.19
Weighted Average Maturity <sup>8</sup>	5.48
30-day SEC Yield <sup>9</sup>	
Investor	3.50%
Class I	3.93%
Class Y	4.05%

FIVE-YEAR RISK STATISTICS<sup>10</sup> (CLASS I)

Standard Deviation (%)	6.92
Sharpe Ratio	1.02

**Risk Disclosure:** The value of fixed-income securities varies inversely with interest rates; as interest rates rise, the market value of fixed-income securities will decline. Lower quality debt (i.e. "High Yield") securities involve greater risk of default or price changes due to potential changes in the issuer's credit quality.

Fund holdings, sector allocations and portfolio statistics subject to change without notice.

The ICE BofA U.S. Corporate & High Yield Index is comprised of U.S. dollar denominated investment grade and below investment grade corporate debt publicly issued in the U.S. domestic market. This index does not incur fees and expenses (which would lower the return) and is not available for direct investment. The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its third party suppliers and has been licensed for use by Diamond Hill Capital Management, Inc. ICE Data and its third party suppliers accept no liability in connection with its use. See [diamond-hill.com/disclosures](http://diamond-hill.com/disclosures) for a full copy of the disclaimer.

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<sup>6</sup> The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five-pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark over the long term on a risk adjusted basis. They consider quantitative and qualitative factors in their research. For actively managed strategies, people and process each receive a 45% weighting in their analysis, while parent receives a 10% weighting. For passive strategies, process receives an 80% weighting, while people and parent each receive a 10% weighting. For both active and passive strategies, performance has no explicit weight as it is incorporated into the analysis of people and process; price at the share-class level (where applicable) is directly subtracted from an expected gross alpha estimate derived from the analysis of the other pillars. The impact of the weighted pillar scores for people, process and parent on the final Analyst Rating is further modified by a measure of the dispersion of historical alphas among relevant peers. For certain peer groups where standard benchmarking is not applicable, primarily peer groups of funds using alternative investment strategies, the modification by alpha dispersion is not used. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. For active funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that an active fund will be able to deliver positive alpha net of fees relative to the standard benchmark index assigned to the Morningstar category. The level of the rating relates to the level of expected positive net alpha relative to Morningstar category peers for active funds. For passive funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that a fund will be able to deliver a higher alpha net of fees than the lesser of the relevant Morningstar category median or 0. The level of the rating relates to the level of expected net alpha relative to Morningstar category peers for passive funds. For certain peer groups where standard benchmarking is not applicable, primarily peer groups of funds using alternative investment strategies, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that a fund will deliver a weighted pillar score above a predetermined threshold within its peer group. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <https://shareholders.morningstar.com/investor-relations/governance/Compliance--Disclosure/default.aspx>. The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

<sup>7</sup> Measures the interest rate risk of the Fund. It is an estimate of the approximate percentage change in the Fund's net asset value resulting from a one percentage point change in interest rates.

<sup>8</sup> Measures the weighted average of all maturities of the bonds in the portfolio, computed by weighting each maturity date by the market value of the security. Interest rate fluctuations have a greater impact on the price per share of funds holding bonds with longer average lives.

<sup>9</sup> The 30-day Yield represents net investment income earned by the fund over the previous 30-day period, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-day period.

<sup>10</sup> **Risk Statistic Definitions:** Standard Deviation measures the volatility of the Fund's returns. Sharpe Ratio uses the Fund's standard deviation and average excess return over the risk-free rate to determine reward per unit of risk. Statistics for periods less than one year are not annualized. Relative to the ICE BofA U.S. Corporate & High Yield Index.

Side Two. Not Valid Without Side One.