

# Short Duration Securitized Bond Fund

As of June 30, 2021



## TICKERS

Investor: DHEAX      Class Y: DHEYX  
Class I: DHEIX

## TEAM

**Henry Song, CFA**      **Mark Jackson, 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 securitized bond investments. The Fund 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.

## INVESTMENT STRATEGY

- Identify opportunities through a bottom-up approach to active investment management and disciplined risk control.
- Perform risk/reward analysis to evaluate credit risk, interest rate risk, prepayment risk and security structure.
- Invest in securities we believe offer attractive prospects for income and/or capital appreciation relative to the risk borne. May invest in non-benchmark sectors, specifically structured product, to generate additional yield with a strong focus on security selection.

## SECTOR ALLOCATION<sup>1</sup>

	SHORT DURATION SECURITIZED BOND FUND	BLOOMBERG BARCLAYS U.S. 1-3 YR. GOV./CREDIT INDEX
Asset-Backed Securities	48.9%	0.0%
Non-Agency RMBS/CMBS	32.5	0.0
Agency RMBS/CMBS	1.8	0.0
Corporate Credit	1.3	22.8
Treasury	0.0	66.9
Non-Corporate Credit (includes covered)	0.0	6.8
Agency	0.0	3.5
Cash & Other	15.5	0.0

## DURATION BREAKDOWN

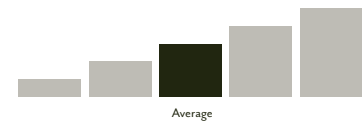
	SHORT DURATION SECURITIZED BOND FUND	BLOOMBERG BARCLAYS U.S. 1-3 YR. GOV./CREDIT INDEX
Less than one	53.8%	1.6%
1-3	30.5	98.4
3-5	14.2	0.0
5-7	1.4	0.0
7-10	0.0	0.0
10-20	0.0	0.0
20+	0.0	0.0

## OVERALL MORNINGSTAR RATING<sup>TM,2</sup>



The Overall Morningstar Rating<sup>TM</sup> among 524 Short-Term Bond funds is derived from a weighted average of the performance figures associated with its 3-year period Morningstar Ratings as of 6/30/21.

## MORNINGSTAR FEE LEVEL<sup>4</sup> (CLASS I)



## MORNINGSTAR CLASSIFICATION

Short-Term Bond

## CREDIT QUALITY<sup>3</sup>

QUALITY RATING	% OF PORTFOLIO
AAA	23.8%
AA	6.7
A	15.7
BBB	29.5
BB	7.6
B	4.8
CCC & Below	0.7
Not Rated	11.1

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

<sup>2</sup> The Fund's Class I rating was 4 stars among 524 funds for the 3-year period ended 6/30/21. 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.

<sup>3</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>4</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.

© 2021 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Side One. Not Valid Without Side Two.

## PERIOD AND ANNUALIZED TOTAL RETURNS (%) AS OF JUNE 30, 2021

	SINCE INCEPTION	3-YR	1-YR	YTD	2Q21	EXPENSE RATIO
SHORT DURATION SECURITIZED BOND FUND						
Investor (DHEAX)	3.51	3.71	8.14	2.15	0.70	0.82%
Class I (DHEIX)	3.82	4.02	8.48	2.31	0.78	0.53
Class Y (DHEYX)	3.92	4.09	8.48	2.27	0.71	0.41
BENCHMARK						
Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index	1.86	2.96	0.44	0.00	0.04	—

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.

## CALENDAR YEAR RETURNS (%)

	2017	2018	2019	2020
Class I	4.33	3.18	4.85	3.08
Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index	0.84	1.60	4.03	3.33

## PORTFOLIO CHARACTERISTICS

Inception	July 5, 2016
Management Fee	0.35%
Total Net Assets	\$1.3B
Distributions	Monthly
Portfolio Turnover (12 months trailing)	60%
30-day SEC Yield <sup>5</sup>	
Investor	1.88%
Class I	1.96%
Class Y	2.11%

PORTFOLIO STATISTICS<sup>6</sup>

	SHORT DURATION SECURITIZED BOND FUND	BLOOMBERG BARCLAYS U.S. 1-3 YR. GOV./CREDIT INDEX
Number of Holdings	388	1,632
Effective Duration	1.24	1.94
Weighted Average Life	2.47	2.00
Convexity	-0.07	0.01
Option-Adjusted Spread	192	7

SINCE INCEPTION RISK STATISTICS<sup>7</sup>  
(CLASS I SHARES)

	SHORT DURATION SECURITIZED BOND FUND	BLOOMBERG BARCLAYS U.S. 1-3 YR. GOV./CREDIT INDEX
Standard Deviation (%)	4.74	0.92
Sharpe Ratio	0.56	0.85
Beta (%)	0.03	N/A
R-squared (%)	0.00	N/A
Information Ratio	0.37	N/A

**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 (ie: "High Yield") securities involve greater risk of default or price changes due to potential changes in the issuer's credit quality. The value of investments in mortgage-related and asset-backed securities will be influenced by the factors affecting the housing market and the assets underlying such securities. The securities may decline in value, face valuation difficulties, become more volatile and/or become illiquid. They are also subject to prepayment risk, which occurs when mortgage holders refinance or otherwise repay their loans sooner than expected, creating an early return of principal to holders of the loans.

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

The Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index is an unmanaged index of investment grade government and corporate bonds with maturities of one to three years. This index does not incur fees and 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.

Analytics provided by The Yield Book® Software.

<sup>5</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>6</sup> **Portfolio Statistics Definitions:** **Effective Duration** 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. **Weighted Average Life** is the average number of years each dollar of unpaid principal remains outstanding. **Convexity** is an estimate of the approximate change in the Fund's effective duration resulting from a one percentage point change in interest rates. **Option-Adjusted Spread** is the difference between the portfolio yield and the risk-free rate, accounting for embedded options. Source: The Yield Book.

<sup>7</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. **Beta** measures the Fund's sensitivity to market movements. **R-squared** represents the percentage of the portfolio's movements that can be explained by general market movements. **Information Ratio** uses the Fund's standard deviation and excess return over a benchmark to determine excess return per unit of risk. Statistics for periods less than one year are not annualized. Since inception risk statistics are calculated using monthly returns beginning on the first day of the Fund's first full month of performance. Relative to the Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index.

Side Two. Not Valid Without Side One.