

Small Cap Fund

As of September 30, 2021



TICKERS

Investor: DHSCX Class Y: DHSYX
Class I: DHSIX

TEAM

Aaron Monroe, CFA Chris Welch, CFA
Portfolio Manager Portfolio Manager
Kristen Sheffield, CFA,
CIPM
Portfolio Specialist

PORTFOLIO GUIDELINES

Fund Guidelines

- Typically 50–80 positions
- Maximum sector exposure is 30%

Market Capitalization

The Fund typically invests at least 80% of its net assets in small capitalization companies, defined as those companies with a market capitalization below \$3.0 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.

INVESTMENT STRATEGY

- To estimate intrinsic value, the business must be understandable and we must be able to reasonably forecast its cash flows. We seek businesses with sustainable competitive advantages, conservative balance sheets and management with an ownership mentality.
- Investments are sold when the stock price reaches our estimate of intrinsic value, our estimate of intrinsic value is revised such that there is no longer a discount to intrinsic value, a holding reaches our stated maximum position size, or to raise proceeds for a more attractive opportunity.

TOP TEN EQUITY HOLDINGS

Red Rock Resorts, Inc. (CIA) Cons. Discretionary	6.2%
Bank OZK Financials	5.0
Sterling Bancorp Financials	4.7
Colfax Corp. Industrials	3.9
Vail Resorts, Inc. Cons. Discretionary	3.6
Cal-Maine Foods, Inc. Consumer Staples	3.5
Post Holdings, Inc. Consumer Staples	3.3
WNS (Holdings) Ltd. Info. Technology	3.1
WESCO International, Inc. Industrials	3.1
Enstar Group Ltd. Financials	3.0
Total as % of Net Assets	39.4%

BEST & WORST PERFORMERS¹

SECURITY NAME	3Q21 CONTRIBUTION	POSITION AS OF 3Q21
Best		
Red Rock Resorts, Inc. (CIA)	1.1%	6.2%
Mr. Cooper Group, Inc.	0.5	2.4
WESCO International, Inc.	0.4	3.1
SPX Flow, Inc.	0.3	2.0
Triumph Bancorp, Inc.	0.2	0.9
Worst		
Kirby Corp.	-0.4%	1.3%
PROG Holdings, Inc.	-0.3	1.4
South Jersey Industries, Inc.	-0.2	1.2
Green Brick Partners, Inc.	-0.2	1.7
Lancaster Colony Corp.	-0.2	0.2

SINCE INCEPTION UPSIDE/DOWNSIDE CAPTURE RATIO⁶ (CLASS I)

vs. Russell 2000 Index	86%/77%
vs. Russell 2000 Value Index	90%/83%

MORNINGSTAR RATINGSTM

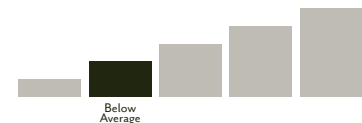
Overall Rating³ ★★ ★

Analyst Rating^{3,5}



The Overall Morningstar RatingTM among 405 Small Value funds is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year periods Morningstar Ratings as of 9/30/21.

MORNINGSTAR FEE LEVEL⁴ (CLASS I)



MORNINGSTAR CLASSIFICATION

Small Value

SECTOR ALLOCATION²

	SMALL CAP FUND	RUSSELL 2000 INDEX	RUSSELL 2000 VALUE INDEX
Financials	30.0%	15.4%	26.1%
Industrials	16.6	14.3	14.6
Cons. Discretionary	16.5	11.6	8.2
Consumer Staples	10.2	3.2	2.8
Materials	5.9	3.8	4.6
Info. Technology	4.4	14.1	5.4
Real Estate	4.2	6.9	11.2
Energy	3.1	4.5	7.1
Health Care	2.3	20.3	11.3
Utilities	2.2	2.4	4.6
Communication Services	2.0	3.5	4.3
Cash & Other	2.7	0.0	0.0

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.

¹ The holdings identified do not represent all of the securities purchased, sold, or recommended for the adviser's clients. The reader should not assume that an investment in the securities identified was or will be profitable. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, contact 855.255.8955 or info@diamond-hill.com.

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

³ **Overall Rating:** The Fund's Class I rating was 3 stars among 405, 3 stars among 382 and 3 stars among 289 funds for the 3-, 5-, and 10-year periods ended 9/30/21, 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 9/30/21 there were 4 gold rated, 6 silver rated, 6 bronze rated, 5 neutral rated and 128 not rated funds in the Small Value 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 Small Cap Fund.

⁴ 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.

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

	SINCE INCEPTION	20-YR	15-YR	10-YR	5-YR	3-YR	1-YR	YTD	3Q21	EXPENSE RATIO
SMALL CAP FUND										
Investor (DHSCX)	9.94	10.38	7.29	10.78	8.47	7.24	55.65	22.93	1.87	1.26%
Class I (DHSIX)	10.22	10.67	7.63	11.09	8.80	7.55	56.08	23.21	1.94	0.97
Class Y (DHSYX)	10.15	10.59	7.58	11.22	8.91	7.68	56.32	23.35	1.99	0.85
BENCHMARKS										
Russell 2000 Index	9.02	10.29	9.16	14.63	13.45	10.54	47.68	12.41	-4.36	—
Russell 2000 Value Index	9.30	9.79	7.50	13.22	11.03	8.58	63.92	22.92	-2.98	—

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. 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	7.49	-3.41	-25.69	29.43	23.39	-6.91	13.17	40.08	4.86	-3.47	14.45	10.95	-14.88	21.75	-0.28
Russell 2000 Index	18.37	-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
Russell 2000 Value Index	23.48	-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

PORTFOLIO STATISTICS

Inception	December 29, 2000
Management Fee	0.80%
Total Net Assets	\$568M
Distributions	Annual
Median Market Capitalization	\$3.8B
Portfolio Turnover (12 months trailing)	21%
Active Share ⁶	98%
Number of Equity Holdings in Portfolio	56

FIVE-YEAR RISK STATISTICS⁶ (CLASS I)

	VS. RUSSELL 2000 INDEX	VS. RUSSELL 2000 VALUE INDEX
Standard Deviation (%)	20.52	20.52
Beta (%)	0.91	0.88
Sharpe Ratio	0.46	0.46
Alpha (%)	-2.98	-0.92
R-squared (%)	86.88	91.21

Risk Disclosure: There are specialized risks associated with small and mid capitalization issues, such as market illiquidity and greater market volatility, than large capitalization issues.

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

The Russell 2000 Index is an unmanaged market capitalization-weighted index comprised of the smallest 2,000 companies by market capitalization in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies by total market capitalization. The Russell 2000 Value Index is an unmanaged market capitalization-weighted index measuring the performance of the small cap value segment of the U.S. equity universe including those Russell 2000 Index companies with lower expected growth values. These indices do not incur fees and expenses (which would lower the return) and are not available for direct investment. Index data source: London Stock Exchange Group PLC. See diamond-hill.com/disclosures for a full copy of the disclaimer.

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⁵ 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.

⁶ **Key Definitions:** **Active Share** measures the difference between portfolio holdings and the benchmark. The higher the active share, the greater the difference. Relative to the Russell 2000 Index. **Standard Deviation** measures the volatility of the Fund's returns. **Beta** measures the Fund's sensitivity to market movements. **Sharpe Ratio** uses the Fund's standard deviation and average excess return over the risk-free rate to determine reward per unit of risk. **Alpha** measures excess return relative to the market that is attributable to active portfolio management. **R-squared** represents the percentage of the portfolio's movements that can be explained by general market movements. **Upside / Downside Capture Ratio** measures a manager's ability to generate excess return above the benchmark return in up markets and retain more of the excess return in down markets. Statistics for periods less than one year are not annualized.

Side Two. Not Valid Without Side One.