

Corporate Credit Composite

As of December 31, 2017



OBJECTIVE

High current income, preservation of capital and total return over a five-year time horizon.

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 price reaches our estimate of value, to raise proceeds for a more attractive opportunity or if the underlying fundamentals deteriorate.

PORTFOLIO MANAGEMENT



Bill Zox, CFA
Portfolio Manager



John McClain, CFA
Portfolio Manager



Suken Patel, CFA
Asst. Portfolio Manager

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS

Inception Date: September 30, 2002

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	4Q17
CORPORATE CREDIT COMPOSITE							
Gross of Fees	7.78	7.26	6.52	7.79	8.55	8.55	1.26
Net of Fees	7.28	6.74	6.02	7.31	8.08	8.08	1.14
BENCHMARKS							
ICE BofAML U.S. Corporate & High Yield Index	6.26	6.02	3.94	4.34	6.66	6.66	1.00
ICE BofAML U.S. High Yield Index	9.16	7.89	5.80	6.39	7.48	7.48	0.41

PORTFOLIO GUIDELINES

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

TOP TEN ISSUES

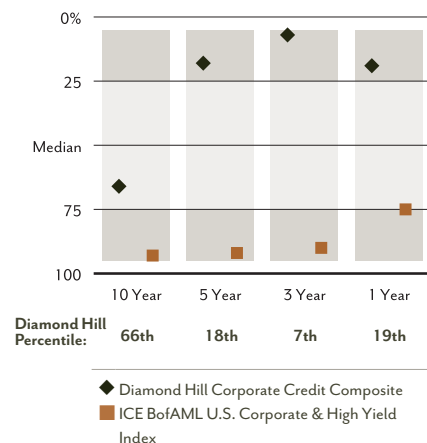
Popular, Inc.	7.00%	07/01/19	6.6%
Alliance Data Systems Corp.	5.38%	08/01/22	4.9
Cimpress N.V.	7.00%	04/01/22	4.8
Century Communities, Inc.	6.88%	05/15/22	3.8
Conduent, Inc.	10.50%	12/15/24	3.4
Nationstar Mortgage/Capital Corp.	9.63%	05/01/19	3.3
NCI Building Systems, Inc.	8.25%	01/15/23	3.1
Cogent Communications, Inc.	5.63%	04/15/21	3.0
Arch Merger Sub, Inc.	8.50%	09/15/25	2.7
Nationstar Mortgage/Capital Corp.	7.88%	10/01/20	2.5
Total as % of Net Assets			38.1%

SECTOR ALLOCATION

	CORPORATE CREDIT COMPOSITE	ICE BOFAML U.S. CORPORATE & HIGH YIELD INDEX ¹
Corporate Bonds	89.0%	100.0%
Financial Services	19.6	2.5
Basic Industry	10.9	5.6
Media	8.9	4.7
Telecom	7.7	5.4
Banking	6.6	19.2
Retail	6.6	3.7
Energy	6.1	11.9
Real Estate	4.2	2.1
Leisure	3.4	0.9
Consumer Goods	3.4	5.7
Technology & Electronics	3.4	7.5
Healthcare	3.2	8.8
Services	2.5	1.8
Insurance	2.3	3.7
Transportation	0.1	2.0
Utility	0.0	7.0
Capital Goods	0.0	4.9
Automotive	0.0	2.6
Cash & Other²	11.0	0.0

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

PEER GROUP QUARTILE RANKINGS³



³ Source: eVestment Analytics. Ranking within eVestment U.S. High Yield Fixed Income universe based on monthly returns gross of fees. Ranking data calculated on 1/18/2018 (as of 12/31/17) and is subject to change as additional firms within the category submit data.

Please review GIPS® performance disclosure on the reverse side.

Side One. Not Valid Without Side Two.

CREDIT QUALITY

QUALITY RATING	% OF PORTFOLIO
Investment Grade ⁴	6.8%
BB	26.6
B	51.7
CCC & Below	2.8
Not Rated	12.1

⁴ Investment Grade is a Bond Quality Rating of AAA, AA, A, or BBB. 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".

FIVE-YEAR RISK STATISTICS⁶

Standard Deviation (%)	3.33
Beta (%) ⁵	0.64
Sharpe Ratio	1.88

⁵ Relative to the ICE BofAML U.S. Corporate & High Yield Index.

⁶ Source: eVestment Analytics.

PORTFOLIO CHARACTERISTICS

Number of Issues	75
Number of Issuers	62
Option-Adjusted Spread	322
Effective Duration	2.92
Spread Duration	2.78
Weighted Average Maturity (bonds only)	5.97
Yield to Maturity (%)	5.76
Current Yield (%)	5.50

DURATION BREAKDOWN⁷

	% OF BONDS HELD
Less than one	14.4%
1-3	37.8
3-5	35.1
5-7	6.5
7-10	4.8
10-20	1.4

⁷ Source: eVestment Analytics.

CALENDAR YEAR RETURNS (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CORPORATE CREDIT COMPOSITE										
Gross of Fees	-16.55	30.78	14.52	6.30	10.65	6.12	3.17	2.18	12.90	8.55
Net of Fees	-16.96	30.09	13.96	5.78	10.11	5.60	2.65	1.72	12.40	8.08
BENCHMARKS										
ICE BofAML U.S. Corporate & High Yield Index	-10.93	26.00	10.76	6.80	11.37	0.34	6.43	-1.37	7.97	6.66
ICE BofAML U.S. High Yield Index	-26.39	57.51	15.19	4.38	15.58	7.42	2.50	-4.64	17.49	7.48

¹ ICE BofAML is licensing the ICE BofAML indices "as is," makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML indices or any data included in, related to, or derived therefrom, assumes no liability in connection with their use, and does not sponsor, endorse, or recommend Diamond Hill Capital Management, Inc., or any of its products or services.

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AS OF YEAR-END	DHCM	CORPORATE CREDIT COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)		
		Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Corporate Credit Composite	ICE BofAML U.S. Corporate & High Yield Index
2017	\$22.3B	5 or fewer	\$652.4M	NA	3.78%	3.63%	5.60%
2016	19.4B	5 or fewer	533.5M	NA	3.96	3.93	6.03
2015	16.8B	5 or fewer	299.0M	NA	2.91	3.82	5.27
2014	15.7B	5 or fewer	220.0M	NA	2.37	3.79	4.44
2013	12.2B	5 or fewer	186.7M	NA	3.32	4.34	6.42
2012	9.4B	5 or fewer	178.4M	NA	3.80	4.00	7.03
2011	8.7B	5 or fewer	146.0M	NA	7.10	5.73	11.00
2010	8.6B	5 or fewer	145.8M	NA	NA	NA	NA
2009	6.3B	5 or fewer	127.6M	NA	NA	NA	NA
2008	4.5B	5 or fewer	112.8M	NA	NA	NA	NA

NA = Not applicable

This composite was created in April 2015.

Side Two. Not Valid Without Side One.