

# Corporate Credit Fund

As of December 31, 2017



**DIAMOND HILL** FUNDS

## 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 intrinsic value, to raise proceeds for a more attractive opportunity or if the underlying fundamentals deteriorate.

## PORTFOLIO GUIDELINES

### Fund Guidelines

The Fund generally invests at least 80% of its assets in investment grade<sup>2</sup> and rated 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
<b>Total as % of Net Assets</b>			<b>38.1%</b>

## PORTFOLIO MANAGEMENT



Bill Zox, CFA  
Portfolio Manager



John McClain, CFA  
Portfolio Manager



Suken Patel, CFA  
Asst. Portfolio Manager

## CREDIT QUALITY

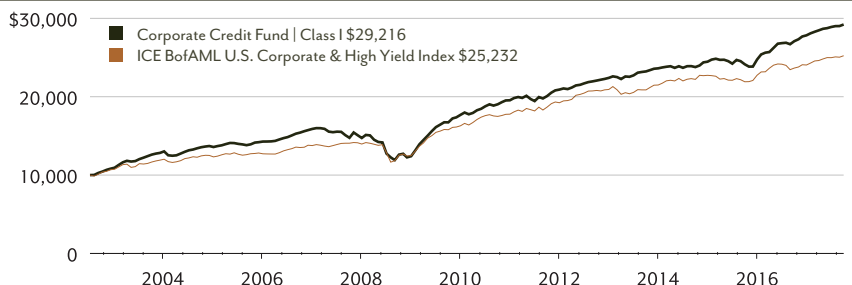
QUALITY RATING	% OF PORTFOLIO
Investment Grade <sup>2</sup>	6.8%
BB	26.6
B	51.7
CCC & Lower	2.8
Not Rated	12.1

## SECTOR ALLOCATION

	CORPORATE CREDIT FUND	ICE BOFAML U.S. CORPORATE & HIGH YIELD INDEX
<b>Corporate Bonds</b>	<b>89.0%</b>	<b>100.0%</b>
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
<b>Cash &amp; Other<sup>3</sup></b>	<b>11.0</b>	<b>0.0</b>

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

## GROWTH OF \$10,000 SINCE INCEPTION<sup>1</sup>



<sup>1</sup> The chart represents a comparison of a hypothetical \$10,000 investment and the reinvestment of dividends and capital gains in Class I shares versus the benchmark(s). The Index is unmanaged and does not incur fees. The Fund's performance is before taxes and reflects the deduction of fees and expenses.

<sup>2</sup> 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".

*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 BHIL Distributors, 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.*

Side One. Not Valid Without Side Two.

## PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	4Q17
RETURNS AT NAV (WITHOUT SALES CHARGE)							
Class A	6.99%	6.76%	5.51%	6.80%	7.56%	7.56%	1.04%
Class C	6.23	5.96	4.71	6.00	6.77	6.77	0.86
Class I	7.28	7.07	5.78	7.10	7.87	7.87	1.10
Class Y	7.15	7.00	5.91	7.19	7.89	7.89	1.13
BENCHMARK							
ICE BofAML U.S. Corporate & High Yield Index	6.26	6.02	3.94	4.34	6.66	6.66	1.00
RETURNS AT POP (WITH SALES CHARGE)							
Class A	6.74	6.38	4.75	5.53	3.82	3.82	-2.47
Class C	6.23	5.96	4.71	6.00	5.77	5.77	-0.13

## CALENDAR YEAR RETURNS (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Class I	-14.55	32.69	13.77	5.53	9.83	5.30	2.38	1.49	12.21	7.87
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

## FEES AND EXPENSES

	CLASS A	CLASS C	CLASS I	CLASS Y
Ticker	DSIAX	DSICX	DHSTX	DSIYX
CUSIP	25264S882	25264S874	25264S866	25264S643
Minimum Initial Investment	\$2,500	\$2,500	\$2,500	\$500,000
Maximum Front-End Sales Charge	3.50%	None	None	None
Contingent Deferred Sales Charge	None	1.00%	None	None
Management Fee	0.45%	0.45%	0.45%	0.45%
Distribution Fee (12b-1)	0.25%	1.00%	None	None
Other Expenses	0.25%	0.25%	0.20%	0.10%
Gross Expense Ratio	0.95%	1.70%	0.65%	0.55%
Net Expense Ratio <sup>4</sup>	0.94%	1.69%	0.64%	0.54%

<sup>4</sup> The Fund may invest in another Diamond Hill Fund. Diamond Hill Capital Management, Inc. is required to permanently waive a portion of its management fee in the pro-rata amount of the management fee charged by the underlying Diamond Hill Fund.

## PORTFOLIO STATISTICS

Inception	September 30, 2002
Total Net Assets	\$652M
Distributions	Monthly
Portfolio Turnover (12 months trailing)	83%
Number of Issues in Portfolio	75
Effective Duration <sup>5</sup>	2.92
Weighted Average Maturity <sup>6</sup>	5.97
30-day SEC Yield	
Class A	4.65%
Class C	4.07%
Class I	5.13%
Class Y	5.23%
Distribution Yield	
Class A	5.73%
Class C	5.00%
Class I	5.96%
Class Y	6.07%

<sup>5</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>6</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.

5-YEAR RISK STATISTICS<sup>7</sup>  
(CLASS I SHARES)

Standard Deviation (%)	3.34
Sharpe Ratio	1.62

## MORNINGSTAR CLASSIFICATION

High Yield Bond

## LIPPER CLASSIFICATION

High Yield

**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 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 and Class Y shares include Class A share performance achieved prior to the creation of Class I and Class Y shares.

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

The ICE BofAML 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.

<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. Statistics for periods less than one year are not annualized.

Side Two. Not Valid Without Side One.