

High Yield Composite

As of March 31, 2018



OBJECTIVE

High current income with the opportunity for capital appreciation.

INVESTMENT STRATEGY

- Our primary focus is on evaluating the underlying business fundamentals and credit risk of high yield 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: December 31, 2014

| | SINCE INCEPTION | 3-YR | 1-YR | YTD | 1Q18 |
|---|--------------------|------|------|-------|-------|
| HIGH YIELD COMPOSITE | | | | | |
| Gross of Fees | 8.55 | 8.03 | 7.74 | 0.76 | 0.76 |
| Net of Fees | 8.18 | 7.64 | 7.22 | 0.64 | 0.64 |
| BENCHMARK | | | | | |
| ICE BofAML U.S. High Yield Index | 5.59 | 5.18 | 3.69 | -0.91 | -0.91 |

PORTFOLIO GUIDELINES

The portfolio generally invests at least 80% of its net assets in a diversified portfolio of corporate debt securities that are rated below investment grade or are unrated.

TOP TEN ISSUES AS OF 1/31/2018

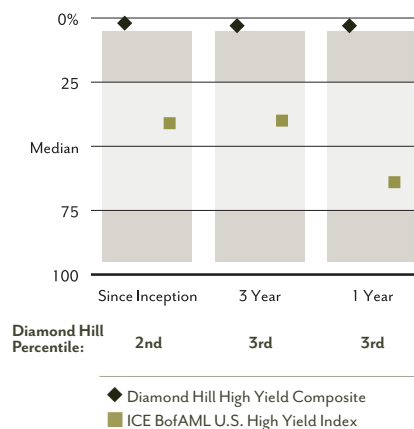
| | | | |
|--|-------|----------|--------------|
| Ergen Corp. | 7.13% | 02/15/28 | 8.7% |
| Popular, Inc. | 7.00% | 07/01/19 | 5.6 |
| Cimpress N.V. | 7.00% | 04/01/22 | 3.7 |
| Alliance Data Systems Corp. | 5.38% | 08/01/22 | 3.4 |
| Welltec A/S | 9.50% | 12/01/22 | 3.4 |
| Arch Merger Sub, Inc. | 8.50% | 09/15/25 | 3.1 |
| Mueller Industries, Inc. | 6.00% | 03/01/27 | 2.6 |
| Townsquare Media, Inc. | 6.50% | 04/01/23 | 2.6 |
| Nationstar Mortgage/Capital Corp. | 9.63% | 05/01/19 | 2.5 |
| CB Escrow Corp. | 8.00% | 10/15/25 | 2.4 |
| Total as % of Net Assets | | | 38.0% |

SECTOR ALLOCATION

| | HIGH YIELD COMPOSITE | ICE BOFAML U.S. HIGH YIELD INDEX |
|-------------------------------------|-------------------------|--|
| Corporate Bonds | 90.3% | 100.0% |
| Energy | 16.1 | 13.9 |
| Financial Services | 14.8 | 3.8 |
| Basic Industry | 9.5 | 12.1 |
| Consumer Goods | 8.7 | 2.5 |
| Media | 7.5 | 11.5 |
| Retail | 6.9 | 4.8 |
| Telecom | 5.2 | 9.7 |
| Banking | 4.4 | 3.3 |
| Healthcare | 3.7 | 9.8 |
| Leisure | 3.6 | 4.4 |
| Real Estate | 3.0 | 0.6 |
| Insurance | 2.7 | 1.0 |
| Technology & Electronics | 1.8 | 6.1 |
| Services | 1.5 | 5.3 |
| Transportation | 0.6 | 0.9 |
| Capital Goods | 0.4 | 5.4 |
| Utility | 0.0 | 2.5 |
| Automotive | 0.0 | 2.3 |
| Securitized | 5.2 | 0.0 |
| Cash & Other¹ | 4.5 | 0.0 |

¹ Cash & Other may include cash, treasuries, money market funds, and short duration fixed income funds.

PEER GROUP QUARTILE RANKINGS²



² Source: eVestment Analytics. Ranking within eVestment U.S. High Yield Fixed Income universe based on monthly returns gross of fees. Ranking data calculated on 4/18/2018 (as of 3/31/18) 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 ³ | 7.3% |
| BB | 31.4 |
| B | 48.1 |
| CCC & Lower | 4.6 |
| Not Rated | 8.6 |

³ 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".

PORTFOLIO CHARACTERISTICS

| | |
|--|------|
| Number of Issues | 81 |
| Number of Issuers | 76 |
| Option-Adjusted Spread | 359 |
| Effective Duration | 3.90 |
| Spread Duration | 3.76 |
| Weighted Average Maturity (bonds only) | 6.25 |
| Yield to Maturity (%) | 6.35 |
| Current Yield (%) | 6.64 |

SINCE INCEPTION RISK STATISTICS⁴

| | |
|------------------------|------|
| Standard Deviation (%) | 5.08 |
| Beta (%) ⁵ | 0.86 |
| Sharpe Ratio | 1.59 |

⁴ Source: eVestment Analytics.

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

CALENDAR YEAR RETURNS (%)

| | 2015 | 2016 | 2017 |
|----------------------------------|-------|-------|-------|
| HIGH YIELD COMPOSITE | | | |
| Gross of Fees | 1.02 | 15.40 | 11.12 |
| Net of Fees | 1.02 | 14.82 | 10.58 |
| BENCHMARKS | | | |
| ICE BofAML U.S. High Yield Index | -4.64 | 17.49 | 7.48 |

Diamond Hill Capital Management Inc. (DHCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Diamond Hill has been independently verified for the period 5/31/00 – 12/31/17. Diamond Hill's current verification firm is ACA Compliance Group. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc.; registration does not imply a certain level of skill or training. Diamond Hill provides investment management services to individuals and institutional investors through mutual funds, separate accounts, exchange traded funds and private investment funds. A complete list and description of all composites and policies for valuing portfolios, calculating and reporting returns, and preparing compliant presentations are available upon request. The High Yield Composite is comprised of discretionary non-fee and fee paying non-wrap accounts with a market value over \$10M managed according to the firm's High Yield fixed income strategy. The strategy's investment objective is to generate high current income with the opportunity for capital appreciation over a five year time horizon. The strategy generally invests in corporate debt securities that are related below investment grade or are unrated. The Composite results reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Composite returns and benchmark returns are presented gross of withholding taxes on dividends, interest income and capital gains. Returns are calculated using U.S. Dollars. Net returns are calculated by reducing the gross returns by either the actual client fee paid or the highest stated fee in the Composite fee schedule, depending on the type of client and account, and are reduced by estimated accrued performance based fees where applicable. Only transaction costs are deducted from gross of fees returns. The ICE BofAML U.S. High Yield Index is comprised of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Our selection process may lead to portfolios that differ markedly from the benchmarks presented. Returns may be more volatile than, and/or may not be correlated to these indices, which are for comparative purposes only. The Firm's standard fee schedule for High Yield separate accounts is as follows: First \$50,000,000 = 0.60%; Over \$50,000,000 = 0.50%. For calendar year end 2015, the non-fee paying account percentage of the Composite is 100%. The dispersion measure is the asset weighted standard deviation of the annual portfolio returns. Only portfolios represented in the Composite for the entire year are included in the calculation. The calculation is not performed if the Composite contains 5 or fewer accounts for the full year. No alteration of composites as presented here has occurred because of changes in personnel at any time. **Past performance is not a guarantee of future results.** The Global Investment Performance Standards are a trademark of CFA Institute. CFA Institute has not been involved in the preparation or review of this report/advertisement.

| AS OF YEAR-END | DHCM | HIGH YIELD COMPOSITE | | | 3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES) | |
|----------------|---------|-------------------------|--------------------|---|--|----------------------------------|
| | | Assets Under Management | Number of Accounts | Assets Under Management (Gross of Fees) | High Yield Composite | ICE BofAML U.S. High Yield Index |
| 2017 | \$22.3B | 5 or fewer | \$31.1M | NA ⁶ | 5.15% | 5.60% |
| 2016 | 19.4B | 5 or fewer | 31.9M | NA ⁶ | NA ⁷ | NA ⁷ |
| 2015 | 16.8B | 5 or fewer | 10.1M | NA ⁶ | NA ⁷ | NA ⁷ |

⁶ NA = Not Applicable

⁷ Statistics are not presented because 36 monthly returns are not available. This composite was created in January 2016.

Side Two. Not Valid Without Side One.