

# Small Cap Fund *(closed to new investors)*

As of March 31, 2018



## OBJECTIVE

Long-term capital appreciation by investing in companies selling for less than our estimate of intrinsic value.

## 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.

## PORTFOLIO MANAGEMENT



Tom Schindler, CFA  
Portfolio Manager

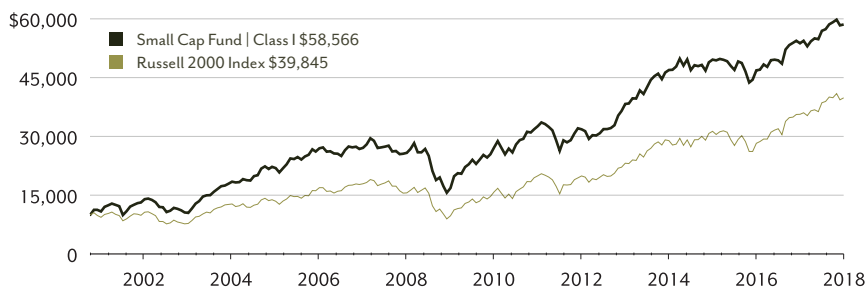


Aaron Monroe, CFA  
Asst. Portfolio Manager



Chris Welch, CFA  
Asst. Portfolio Manager

## 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.

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](http://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.

Side One. Not Valid Without Side Two.

## 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.

## TOP TEN EQUITY HOLDINGS

DST Systems, Inc.	Info. Technology	4.7%
Avis Budget Group, Inc.	Industrials	3.7
Vail Resorts, Inc.	Cons. Discretionary	3.5
Live Nation Entertainment, Inc.	Cons. Discretionary	2.8
BankUnited, Inc.	Financials	2.6
Navigators Group, Inc.	Financials	2.6
Trinity Industries, Inc.	Industrials	2.4
Popular, Inc.	Financials	2.3
iStar, Inc.	Real Estate	2.3
Red Rock Resorts, Inc. (CIA)	Cons. Discretionary	2.2
<b>Total as % of Net Assets</b>		<b>29.1%</b>

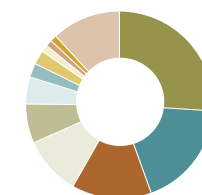
## BEST & WORST PERFORMERS<sup>2</sup>

SECURITY NAME	1Q18 CONTRIBUTION	POSITION AS OF 1Q18
<b>Best</b>		
DST Systems, Inc.	1.1%	4.7%
Validus Holdings Ltd.	0.5	1.9
Navigators Group, Inc.	0.4	2.6
Popular, Inc.	0.3	2.3
Avis Budget Group, Inc.	0.3	3.7
<b>Worst</b>		
Cimarex Energy Co.	-0.6%	2.2%
B&G Foods, Inc.	-0.5	1.2
Trinity Industries, Inc.	-0.3	2.4
Red Rock Resorts, Inc. (CIA)	-0.3	2.2
Aircastle Ltd.	-0.3	1.8

<sup>2</sup> 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](mailto:info@diamond-hill.com).

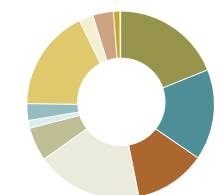
## SECTOR ALLOCATION<sup>3</sup>

### Small Cap Fund



Financials	24.5%
Industrials	17.7
Cons. Discretionary	13.5
Info. Technology	10.2
Real Estate	7.2
Consumer Staples	5.3
Energy	3.3
Health Care	3.3
Utilities	2.2
Materials	0.6
Telecom	0.5
Cash & Other	11.8

### Russell 2000 Index



Financials	18.0%
Industrials	15.1
Cons. Discretionary	12.1
Info. Technology	17.5
Real Estate	6.3
Consumer Staples	2.3
Energy	3.7
Health Care	16.8
Utilities	3.3
Materials	4.3
Telecom	0.6
Cash & Other	0.0

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

## PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF MARCH 31, 2018

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	1Q18
RETURNS AT NAV (WITHOUT SALES CHARGE)							
Class A	10.52%	8.21%	8.57%	5.39%	8.62%	-1.04%	-1.04%
Class C	9.70	7.41	7.76	4.61	7.81	-1.23	-1.23
Class I	10.79	8.54	8.88	5.70	8.94	-0.97	-0.97
Class Y	10.68	8.48	9.01	5.81	9.07	-0.94	-0.94
BENCHMARK							
Russell 2000 Index	8.34	9.84	11.47	8.39	11.79	-0.08	-0.08
RETURNS AT POP (WITH SALES CHARGE)							
Class A	10.19	7.66	7.46	3.61	3.20	-5.97	-5.97
Class C	9.70	7.41	7.76	4.61	6.81	-2.21	-2.21

## CALENDAR YEAR RETURNS (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Class I	-25.69	29.43	23.39	-6.91	13.17	40.08	4.86	-3.47	14.45	10.95
Russell 2000 Index	-33.79	27.17	26.85	-4.18	16.35	38.82	4.89	-4.41	21.31	14.65

## FEES AND EXPENSES

	CLASS A	CLASS C	CLASS I	CLASS Y
Ticker	DHSCX	DHSMX	DHSIX	DHSYX
CUSIP	25264S304	25264K103	25264S858	25264S692
Minimum Initial Investment	\$5,000	\$5,000	\$5,000	\$500,000
Maximum Front-End Sales Charge	5.00%	None	None	None
Contingent Deferred Sales Charge	None	1.00%	None	None
Management Fee	0.80%	0.80%	0.80%	0.80%
Distribution Fee (12b-1)	0.25%	1.00%	None	None
Other Expenses	0.23%	0.23%	0.19%	0.07%
Gross Expense Ratio	1.28%	2.03%	0.99%	0.87%
Net Expense Ratio <sup>4</sup>	1.27%	2.02%	0.98%	0.86%

<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	December 29, 2000
Total Net Assets	\$1.4B
Distributions	Annual
Median Market Capitalization	\$3.7B
Portfolio Turnover (12 months trailing)	10%
Active Share <sup>5</sup>	99%
Number of Equity Holdings in Portfolio	69

SINCE INCEPTION RISK STATISTICS<sup>5</sup>  
(CLASS I SHARES)

Standard Deviation (%)	16.55
Beta (%)	0.81
Sharpe Ratio	0.62
Alpha (%)	3.43
R-squared (%)	85.05
Upside / Downside Capture Ratio (%)	86 / 71

## MORNINGSTAR CLASSIFICATION

Small Value

## LIPPER CLASSIFICATION

Small-Cap Core

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

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

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. This index does not incur fees and expenses (which would lower the return) and is not available for direct investment.

<sup>5</sup> **Key Definitions:** **Active Share** measures the difference between portfolio holdings and the benchmark. The higher the active share, the greater the difference. **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.