

All Cap Select Composite

As of September 30, 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.
- More concentrated and broader market capitalization strategy.

PORTFOLIO MANAGEMENT



Austin Hawley, CFA
Portfolio Manager



Rick Snowdon, CFA
Portfolio Manager

PORTFOLIO GUIDELINES

- Typically 30–40 positions
- Maximum position size is 7%
- Top 10 holdings are typically greater than 35% of net assets
- Maximum industry exposure is 20%
- Maximum sector exposure is 35%

Market Capitalization

The portfolio typically invests in companies with a market capitalization greater than \$500 million.

TOP TEN EQUITY HOLDINGS

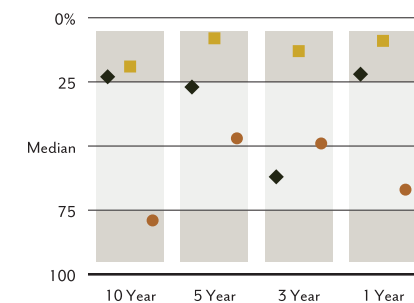
MetLife, Inc. Financials	5.4%
Berkshire Hathaway, Inc. (CI B) Financials	5.3
Alphabet, Inc. (CI A) Communication Services	4.1
United Continental Holdings, Inc. Industrials	4.0
Johnson Controls International PLC Industrials	3.9
Loews Corp. Financials	3.8
BrightHouse Financial, Inc. Financials	3.8
Bank OZK Financials	3.5
Discover Financial Services Financials	3.5
Red Rock Resorts, Inc. (CI A) Cons. Discretionary	3.5
Total as % of Net Assets	40.7%
Total number of equity holdings	36

SECTOR ALLOCATION

	ALL CAP SELECT COMPOSITE	RUSSELL 3000 INDEX	RUSSELL 3000 VALUE INDEX
Financials	33.1%	13.7%	23.2%
Industrials	14.8	10.4	8.4
Cons. Discretionary	11.8	11.0	6.5
Health Care	10.3	14.7	14.5
Communication Services	8.2	9.0	6.5
Consumer Staples	6.7	5.6	5.9
Energy	3.5	5.7	10.5
Info. Technology	2.5	20.7	9.8
Materials	2.5	2.9	3.9
Real Estate	0.8	3.6	5.1
Utilities	0.0	2.8	5.6
Cash & Other ¹	5.8	0.0	0.0

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

PEER GROUP QUARTILE RANKINGS²



Diamond Hill Percentile: 23rd 27th 62nd 22nd

- ◆ Diamond Hill All Cap Select Composite
- Russell 3000 Index
- Russell 3000 Value Index

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS

Inception Date: June 30, 2000

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	3Q18
ALL CAP SELECT COMPOSITE							
Gross of Fees	11.01	11.79	11.88	12.75	14.02	5.33	4.04
Net of Fees	10.28	11.14	11.29	12.12	13.37	4.88	3.89
BENCHMARKS							
Russell 3000 Index	6.29	12.01	13.46	17.07	17.58	10.57	7.12
Russell 3000 Value Index	7.53	9.76	10.65	13.75	9.46	4.17	5.39

² Source: eVestment Analytics. Ranking within eVestment U.S. All Cap Value Equity universe based on monthly returns gross of fees. Ranking data calculated on 10/16/18 (as of 9/30/18) 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.

PORTFOLIO CHARACTERISTICS VS. BENCHMARK³

	ALL CAP SELECT COMPOSITE	RUSSELL 3000 INDEX	RUSSELL 3000 VALUE INDEX
Median Forward P/E	17.5x	18.4x	16.6x
Median Trailing P/E	19.5x	21.9x	19.6x
Weighted Average Dividend Yield	1.3%	1.7%	2.4%
Median Price / Book	3.1x	2.5x	1.8x
Median Price / Sales	2.5x	2.5x	2.1x
Median Market Cap.	\$16.1B	\$1.8B	\$1.7B
Weighted Average Market Cap.	\$94.7B	\$201.8B	\$111.6B
Portfolio Turnover 5 Year	70%	—	—
Active Share ⁴ vs. Core ⁵ / Value ⁶ Benchmark	93% / 94%	—	—
Upside / Downside Capture Ratio ⁷ vs. Core Benchmark ⁵	111% / 89%	—	—
Upside / Downside Capture Ratio ⁷ vs. Value Benchmark ⁶	109% / 92%	—	—

³ Source: FactSet.

⁴ Source: Morningstar Direct. Active share measures the difference between portfolio holdings and the benchmark. The higher the active share, the greater the difference.

⁵ The Russell 3000 Index is the core benchmark.

⁶ The Russell 3000 Value Index is the value benchmark.

⁷ Source: eVestment Analytics based on monthly returns (gross of fees) from 7/1/00 – 9/30/18.

CALENDAR YEAR RETURNS (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
ALL CAP SELECT COMPOSITE										
Gross of Fees	-32.90	34.83	11.51	-0.58	12.70	45.86	12.60	-0.48	10.84	21.26
Net of Fees	-33.39	33.89	10.74	-1.21	12.00	45.11	12.07	-1.01	10.22	20.60
BENCHMARKS										
Russell 3000 Index	-37.31	28.34	16.93	1.03	16.42	33.55	12.56	0.48	12.74	21.13
Russell 3000 Value Index	-36.25	19.76	16.23	-0.10	17.55	32.69	12.70	-4.13	18.40	13.19

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AS OF YEAR-END	DHCM	ALL CAP SELECT COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)		
		Assets Under Management	Number of Accounts	Assets Under Management (Dispersion Gross of Fees)	All Cap Select Composite	Russell 3000 Index	Russell 3000 Value Index
2017	\$22.3B	12	\$332.3M	0.16%	11.85%	10.09%	10.33%
2016	19.4B	13	324.6M	0.28	12.04	10.88	10.97
2015	16.8B	13	466.5M	0.16	11.66	10.58	10.74
2014	15.7B	13	374.9M	0.07	10.56	9.29	9.39
2013	12.2B	14	277.8M	0.24	13.39	12.53	12.90
2012	9.4B	18	227.2M	0.16	14.48	15.73	15.81
2011	8.7B	26	284.9M	0.42	18.81	19.35	21.04
2010	8.6B	28	189.0M	0.48	NA	NA	NA
2009	6.3B	29	155.0M	0.97	NA	NA	NA
2008	4.5B	35	83.3M	0.82	NA	NA	NA

NA = Not applicable

This composite was created in October 2013.

As of February 28, 2017, the Select Composite was renamed the All Cap Select Composite.

Side Two. Not Valid Without Side One.

BEST & WORST PERFORMERS⁸

SECURITY NAME	3Q18 CONTRIBUTION	POSITION AS OF 3Q18
Best		
United Continental Holdings, Inc.	1.1%	4.0%
Berkshire Hathaway, Inc. (CI B)	0.7	5.3
Abbott Laboratories	0.5	2.0
ProAssurance Corp.	0.5	1.5
MetLife, Inc.	0.4	5.4
Worst		
Red Rock Resorts, Inc. (CI A)	-0.6%	3.5%
Bank OZK	-0.5	3.5
Facebook, Inc. (CI A)	-0.4	2.5
Cimarex Energy Co.	-0.3	3.5
Twenty-First Century Fox, Inc. (CI B)	-0.2	0.0

⁸ Source: FactSet. It should not be assumed that an investment in the securities identified was or will be profitable. The holdings identified do not represent all of the securities purchased, sold, or recommended for the adviser's clients. 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.