

Corporate Credit Composite

As of June 30, 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	2Q17
CORPORATE CREDIT COMPOSITE							
Gross of Fees	7.85	6.06	6.86	6.72	11.50	5.45	2.45
Net of Fees	7.34	5.55	6.35	6.24	11.01	5.22	2.34
BENCHMARKS							
BofA ML U.S. Corporate & High Yield Index	6.30	6.03	4.60	3.66	4.14	4.06	2.37
BofA ML U.S. High Yield Index	9.31	7.54	6.91	4.48	12.75	4.91	2.14

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

Alliance Data Systems Co. 5.38% 08/01/22	5.4%
Popular, Inc. 7.00% 07/01/19	5.0
Cimpress N.V. 7.00% 04/01/22	4.9
Century Communities, Inc. 6.88% 05/15/22	4.2
Conduent, Inc. 10.50% 12/15/24	3.6
Cogent Communications Finance, Inc. 5.63% 04/15/21	3.3
Nationstar Mortgage Capital Corp. 9.63% 05/01/19	2.7
Nationstar Mortgage Capital Corp. 7.88% 10/01/20	2.5
MGIC Investment Corp. 5.75% 08/15/23	2.3
Crescent Communities, Inc. 8.88% 10/15/21	2.3
Total as % of Net Assets	36.1%

This is presented as supplemental information.

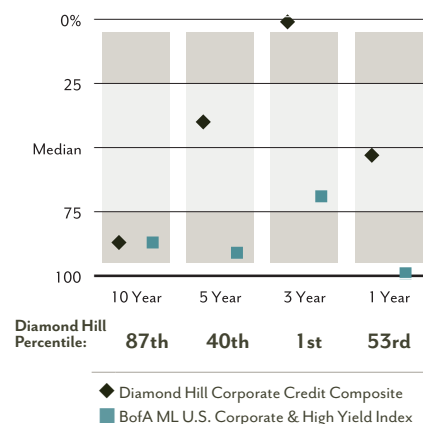
SECTOR ALLOCATION¹

	CORPORATE CREDIT COMPOSITE	BOFA ML U.S. CORPORATE & HIGH YIELD INDEX
Corporate Bonds	88.3%	100.0%
Financial Services	18.2	2.6
Basic Industry	9.1	5.6
Media	8.9	4.8
Telecom	7.3	5.6
Technology & Electronics	6.9	7.3
Banking	6.7	19.0
Real Estate	4.3	2.0
Retail	4.2	3.7
Leisure	4.2	0.9
Healthcare	3.7	9.1
Energy	3.4	11.8
Insurance	3.2	3.7
Services	3.1	1.7
Transportation	3.1	1.9
Consumer Goods	1.9	5.6
Utility	0.0	6.9
Capital Goods	0.0	4.9
Automotive	0.0	2.6
Cash & Other²	11.7	0.0

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

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PEER GROUP QUARTILE RANKINGS³



This is presented as supplemental information.

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 7/18/17 (as of 6/30/17) 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	14.5%
BB	31.4
B	42.8
CCC & Below	1.6
Not Rated	9.8

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".

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FIVE-YEAR RISK STATISTICS⁶

Standard Deviation (%)	3.35
Beta (%) ⁵	0.62
Sharpe Ratio	2.00

⁵ Relative to the BofA ML U.S. Corporate & High Yield Index.

⁶ Source: eVestment Analytics.

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PORTFOLIO CHARACTERISTICS

Number of Issues	78
Number of Issuers	65
Option-Adjusted Spread	306
Effective Duration	3.04
Spread Duration	2.86
Weighted Average Maturity (bonds only)	5.79
Yield to Maturity (%)	5.20
Current Yield (%)	5.50

This is presented as supplemental information.

CALENDAR YEAR RETURNS (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CORPORATE CREDIT COMPOSITE										
Gross of Fees	-5.24	-16.55	30.78	14.52	6.30	10.65	6.12	3.17	2.18	12.90
Net of Fees	-5.69	-16.96	30.09	13.96	5.78	10.11	5.60	2.65	1.72	12.40
BENCHMARKS										
BofA ML U.S. Corporate & High Yield Index	4.09	-10.93	26.00	10.76	6.80	11.37	0.34	6.43	-1.37	7.97
BofA ML U.S. High Yield Index	2.19	-26.39	57.51	15.19	4.38	15.58	7.42	2.50	-4.64	17.49

DURATION BREAKDOWN⁷

	% OF BONDS HELD
Less than one	14.3%
1-3	29.8
3-5	41.4
5-7	7.9
7-10	4.5
10-20	2.1

⁷ Source: eVestment Analytics.

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¹ BofA Merrill Lynch is licensing the BofA Merrill Lynch indices "as is," makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the BofA Merrill Lynch 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	BofA ML U.S. Corporate & High Yield Index	BofA ML U.S. High Yield Index
2016	\$19.4B	5 or fewer	\$533.4M	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
2007	4.4B	5 or fewer	206.1M	NA	NA	NA	NA

NA = Not applicable

This composite was created in April 2015.

As of July 1, 2016, Diamond Hill removed the BofA Merrill Lynch BB-B U.S. High Yield Index and the BofA Merrill Lynch U.S. High Yield Index as secondary and tertiary benchmarks, respectively, as we believe the benchmarks no longer provide meaningful comparisons to the composite.

Side Two. Not Valid Without Side One.