

Small Cap Composite

(closed to new investors)

As of June 30, 2017



DIAMOND HILL CAPITAL MANAGEMENT

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

PORTFOLIO GUIDELINES

- Typically 50–80 positions
- Maximum position size is 7%
- Top 10 holdings are typically greater than 25% of net assets
- Maximum industry exposure is 20%
- Maximum sector exposure is 30%

Market Capitalization

The portfolio typically invests in 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

Avis Budget Group, Inc.	Industrials	5.0%
Vail Resorts, Inc.	Cons. Discretionary	3.2
DST Systems, Inc.	Info. Technology	3.2
Live Nation Entertainment, Inc.	Cons. Discretionary	2.9
Navigators Group, Inc.	Financials	2.9
Alere, Inc.	Health Care	2.8
Enstar Group Ltd.	Financials	2.5
iStar, Inc.	Real Estate	2.4
Trinity Industries, Inc.	Industrials	2.4
Brown & Brown, Inc.	Financials	2.2
Total as % of Net Assets		29.4%
Total number of equity holdings		67

This is presented as supplemental information.

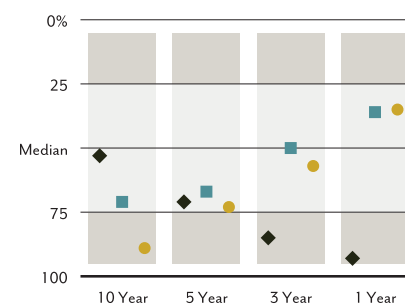
SECTOR ALLOCATION

	SMALL CAP COMPOSITE	RUSSELL 2000 INDEX	RUSSELL 2000 VALUE INDEX
Financials	23.1%	18.2%	30.6%
Industrials	18.1	14.4	11.7
Cons. Discretionary	12.4	12.5	10.7
Info. Technology	8.6	17.0	9.5
Real Estate	7.6	7.5	11.6
Health Care	6.6	15.2	5.6
Consumer Staples	4.9	2.7	2.8
Energy	2.3	3.6	6.1
Utilities	2.3	3.7	6.6
Telecom	0.7	0.9	0.7
Materials	0.0	4.4	4.1
Cash & Other ¹	13.5	0.0	0.0

This is presented as supplemental information.

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

PEER GROUP QUARTILE RANKINGS²



Diamond Hill Percentile: 53rd 71st 85th 93rd

- ◆ Diamond Hill Small Cap Composite
- Russell 2000 Index
- Russell 2000 Value Index

This is presented as supplemental information.

² Source: eVestment Analytics. Ranking within eVestment U.S. Small Cap Value Equity universe based on monthly returns gross of fees. Ranking data calculated on 7/15/2017 (as of 6/30/17) and is subject to change as additional firms within the category submit data.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS

Inception Date: December 31, 2000

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	2Q17
SMALL CAP COMPOSITE							
Gross of Fees	12.06	7.64	13.54	3.95	14.82	2.33	1.21
Net of Fees	11.20	6.79	12.66	3.13	13.91	1.91	1.00
BENCHMARKS							
Russell 2000 Index	8.17	6.92	13.70	7.36	24.60	4.99	2.46
Russell 2000 Value Index	9.24	5.92	13.39	7.02	24.86	0.54	0.67

Please review GIPS® performance disclosure on the reverse side.

Side One. Not Valid Without Side Two.

PORTFOLIO CHARACTERISTICS VS. BENCHMARK³

	SMALL CAP COMPOSITE	RUSSELL 2000 INDEX	RUSSELL 2000 VALUE INDEX
Median Forward P/E	18.1x	19.8x	18.7x
Median Trailing P/E	19.7x	22.0x	20.5x
Weighted Average Dividend Yield	1.3%	1.3%	2.0%
Median Price / Book	2.0x	2.2x	1.7x
Median Price / Sales	1.7x	2.2x	1.8x
Median Market Cap.	\$3.4B	\$0.8B	\$0.7B
Weighted Average Market Cap.	\$4.2B	\$2.0B	\$1.8B
Portfolio Turnover 5 Year	23%	—	—
Active Share ⁴ vs. Core ⁵ / Value ⁶ Benchmark	98% / 97%	—	—
Upside / Downside Capture Ratio ⁷ vs. Core Benchmark ⁵	99% / 75%	—	—
Upside / Downside Capture Ratio ⁷ vs. Value Benchmark ⁶	103% / 85%	—	—

This is presented as supplemental information.

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 2000 Index is the core benchmark.

⁶ The Russell 2000 Value Index is the value benchmark.

⁷ Source: eVestment Analytics based on quarterly returns (gross of fees) from 1/1/01 – 6/30/17.

CALENDAR YEAR RETURNS (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SMALL CAP COMPOSITE										
Gross of Fees	-2.41	-25.03	30.96	24.76	-5.90	14.32	41.64	5.96	-2.45	15.61
Net of Fees	-3.18	-25.62	29.93	23.77	-6.63	13.43	40.55	5.17	-3.23	14.71
BENCHMARKS										
Russell 2000 Index	-1.57	-33.79	27.17	26.85	-4.18	16.35	38.82	4.89	-4.41	21.31
Russell 2000 Value Index	-9.78	-28.92	20.58	24.50	-5.50	18.05	34.52	4.22	-7.47	31.74

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. DHCM has been independently verified for the period 5/31/00 - 3/31/17. DHCM's current verification firm is ACA Compliance Group. 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. In addition the Small Cap Composite has received a Performance Examination from 12/31/00 - 3/31/17. The verification and performance exam reports are available upon request. DHCM is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. DHCM 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 Small Cap Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Small Cap equity strategy. The strategy's investment objective is to achieve long-term capital appreciation by investing in small capitalization companies selling for less than our estimate of intrinsic value. The composite typically invests in small capitalization companies with a market capitalization between \$100 million and \$3 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. 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 Russell 2000 Index is the primary benchmark. This index is an unmanaged market-capitalization weighted index measuring the performance of the 2,000 smallest companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 2000 Value Index is shown as additional information. This index is an unmanaged market-capitalization weighted index measuring the performance of the small cap value segment of the U.S. equity universe including those Russell 2000 Index companies with lower expected growth values. The Russell 3000 Index is an unmanaged

BEST & WORST PERFORMERS⁸

SECURITY NAME	2Q17 CONTRIBUTION	POSITION AS OF 2Q17
Best		
Alere, Inc.	0.6%	2.8%
Aaron's, Inc.	0.5	1.9
Live Nation Entertainment, Inc.	0.4	3.0
BioScrip, Inc.	0.3	0.6
Vail Resorts, Inc.	0.2	3.3
Worst		
Cimarex Energy Co.	-0.5%	1.9%
Hub Group, Inc. (CI A)	-0.4	1.9
Avis Budget Group, Inc.	-0.4	5.0
BankUnited, Inc.	-0.2	2.1
Aircastle Ltd.	-0.2	2.0

This is presented as supplemental information.

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.

AS OF YEAR-END	DHCM	SMALL CAP COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)		
		Assets Under Management	Number of Accounts	Assets Under Management (Gross of Fees)	Small Cap Composite	Russell 2000 Index	Russell 2000 Value Index
2016	\$19.4B	5 or fewer	\$1.8B	NA	10.65%	15.76%	15.50%
2015	16.8B	5 or fewer	1.7B	NA	10.58	13.96	13.46
2014	15.7B	6	1.5B	0.03	10.62	13.12	12.79
2013	12.2B	7	1.4B	0.74	13.63	16.45	15.82
2012	9.4B	16	911.6M	0.20	15.71	20.20	19.89
2011	8.7B	16	910.2M	0.11	21.46	24.99	26.05
2010	8.6B	19	938.0M	0.24	NA	NA	NA
2009	6.3B	18	621.2M	0.61	NA	NA	NA
2008	4.5B	11	391.2M	0.32	NA	NA	NA
2007	4.4B	9	383.4M	0.14	NA	NA	NA

NA = Not applicable

This composite was created in October 2013.

Side Two. Not Valid Without Side One.