

CATEGORY LEADERS

These mutual funds have racked up peer-beating returns over the past decade.

BY NELLIE S. HUANG

Past performance may be no guarantee of future results, but as any good detective knows, there's no such thing as a coincidence. In the same way, there's something to be said for a mutual fund with a good track record, especially over the past decade. The past 10 years included two bull markets, two bear markets, high inflation, a record rise in interest rates—oh, and a global pandemic.

For that reason, we set out to find the top-performing actively managed funds

over the past 10 years in each of the nine stock fund style categories defined by Morningstar. The financial data firm divides funds into those focused on growth, value, or a blend of the two, invested in large-, small-, or midsize-company stocks.

Our final list includes funds that employ a variety of strategies, which we highlight below. We didn't originally intend to exclude index funds, but frankly, few rose to the top—except in the large-company growth category (which includes funds

that track the Nasdaq 100 benchmark and so happen to be stuffed with the tech behemoths that have dominated the market lately). Given the slim showing, we decided to focus on actively managed U.S. stock fund winners.

These aren't the top performers in every category. We only considered funds that are open to new investors, require reasonable minimum initial investments, and have had at least one manager in place for the entire decade.

DIAMOND HILL SELECT (DHTAX)

Small- and midsize-company stocks dominate the portfolio of Diamond Hill Select, but the fund can invest in companies of any size. Its benchmark is the Russell 3000, which tracks about 96% of the investable U.S. stock market (the S&P 500 covers 80%).

Austin Hawley and Rick Snowdon have run the fund since 2013. They call themselves "intrinsic value investors," which means they like a good bargain, but they also consider a firm's growth prospects, too. (Morningstar currently classifies the fund as mid-cap value.) When big tech names sold off in early 2022, Hawley and Snowdon picked up stakes in Microsoft, Alphabet, and Amazon.com. Those moves helped the fund deliver a 30.2% gain in 2023, beating

the Russell 3000 and the S&P 500. The managers sold their stakes in Alphabet and Microsoft at different points in 2023 as those share prices moved up significantly, but they still own Amazon.

The fund is trim (hence the "Select" part of its name), holding just 28 stocks at last report. That may explain why it has been more volatile than other midsize-company funds over the past 10 years, though its returns have made up for the added risk. Over the past decade, its annualized return of 10.8% didn't beat the broad market, but it outpaced 97% of its peer group. For context, the Russell 3000 gained 12.1% annualized over the same period. And the fund's five-year annualized return even surpassed the S&P 500. Its greatest hits over the past decade include mortgage-

servicing company Mr. Cooper (formerly Nationstar Mortgage Holdings) and Wesco International, a leader in electrical, communications, and utility distribution.

Investors should note, however, that the fund's Morningstar style classification tends to shift. Select has been in Morningstar's mid-cap value category since the start of 2021, but between 2015 and 2020 it was considered a large-cap blend fund, and in 2014 it was called a large-cap value fund. "I don't think there's a good peer group for the fund, and that's a challenge for a strategy like ours," says Hawley, who adds: "We believe it's a benefit to have an all-cap universe. It allows us to capitalize where we see the best opportunities." The fund charges an above-average fee of 1.16%.

PERIOD AND ANNUALIZED TOTAL RETURNS (%)

Period and Annualized Total Returns (%)	Since Inception (30 Dec 2005)	15Y	10Y	5Y	3Y	1Y	YTD	2Q24	Expense Ratio (%)
Investor (DHTAX)	9.44	13.02	10.38	14.28	7.61	18.22	6.69	-5.03	1.16
Class I (DHLTX)	9.78	13.34	10.70	14.63	7.94	18.59	6.86	-4.95	0.87
Class Y (DHTYX)	9.74	13.40	10.83	14.77	8.06	18.67	6.92	-4.97	0.75
Russell 3000 Index	10.22	14.49	12.15	14.14	8.05	23.13	13.56	3.22	-
Russell 3000 Value Index	7.69	11.70	8.10	8.89	5.14	12.93	6.18	-2.25	-

Past performance is not indicative of future results. Investment returns and principal values 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 quoted. For current to most recent month-end performance, visit diamond-hill.com.

Performance assumes reinvestment of all distributions. Returns for periods less than one year are not annualized. Class Y shares include Investor share performance achieved prior to the creation of Class Y shares. These total return figures may reflect the waiver of a portion of a Fund's advisory or administrative fees for certain periods. Without such waiver of fees, the total returns would have been lower.

Carefully consider the Fund's investment objectives, risks and expenses. This and other important information are contained in the Fund's prospectus and summary prospectus, which are available at diamond-hill.com or calling 888.226.5595. Read 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. Not FDIC insured | No bank guarantee | May lose value

Risk disclosure: Because the portfolio holds a limited number of securities, a decline in the value of these investments may affect overall performance to a greater

degree than a less concentrated portfolio. Small- and mid-capitalization issues tend to be more volatile and less liquid than large-capitalization issues.

Morningstar Peer Rankings: As of 30 June 2024, the Select Fund's peer percentile rankings in the Large Value Category for the 1-year, 5-year, 10-year and since inception periods were as follows, respectively: 8% (out of 395 funds), 3% (out of 380 funds), 2% (out of 342 funds) and 4% (out of 254 funds).

Morningstar classifies funds into categories based on similar investment objectives and strategies. Morningstar percentile rankings are based on a fund's total return compared to its Morningstar Category of exchange-traded and open-end mutual funds. The highest percentile rank is 1 and the lowest percentile rank is 100.

Russell 3000 Index measures the performance of roughly 3,000 of the largest US companies. The index is unmanaged, market capitalization weighted, includes net reinvested dividends, does not reflect fees or expenses (which would lower the return) and is not available for direct investment. Index data source: London Stock Exchange Group PLC. See diamond-hill.com/disclosures for a full copy of the disclaimer.

S&P 500 Index measures the performance of 500 large companies in the US. The index is unmanaged, market capitalization weighted, includes net reinvested dividends, does not reflect fees or expenses (which would lower the return) and is not available for direct investment.

Nasdaq 100 Index measures the performance of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market® based on market capitalization.

Contribution to Return: Over the 10-year period ended 30 June 2024, the top five contributors to the portfolio were: Mr. Cooper Group Inc, WESCO International Inc, Alphabet Inc, Post Holdings Inc and American International Group Inc. The bottom five contributors over that time period were: Bausch Health Companies Inc, Coterra Energy Inc, Franklin Resources Inc, Philip Morris International Inc and Copa Holdings SA.

Securities referenced may not be representative of all portfolio holdings. Contribution to return is not indicative of whether an investment was or will be profitable. To obtain contribution calculation methodology and a complete list of every holding's contribution to return during the period, contact **855.255.8955** or **info@diamond-hill.com**.

Click **HERE** for holdings as of 30 June 2024. Fund holdings are subject to change without notice.

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