

# Small-Mid Cap Composite

As of 31 Mar 2024

# DIAMOND HILL

INVESTED IN THE LONG RUN

## Team

**Chris Welch, CFA**  
Portfolio Manager

**Kristen Sheffield, CFA, CIPM**  
Portfolio Specialist

## Philosophy and Process Highlights

Under our intrinsic value philosophy, we:

- Treat every investment as a partial ownership interest in that company
- Seek to invest at a discount to intrinsic value
- Possess a long-term investment temperament
- Recognize that market price and intrinsic value tend to converge over a reasonable period of time

## Portfolio Guidelines

- Typically 50-70 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%

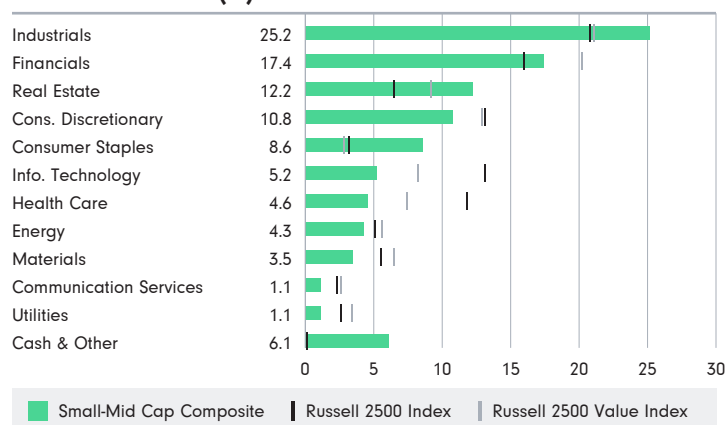
## Market Capitalization

The portfolio typically invests in companies with a market capitalization between \$500 million and \$10 billion (or, if greater, the maximum market capitalization of companies generally within the capitalization range of the Russell 2500 Index) at the time of purchase.

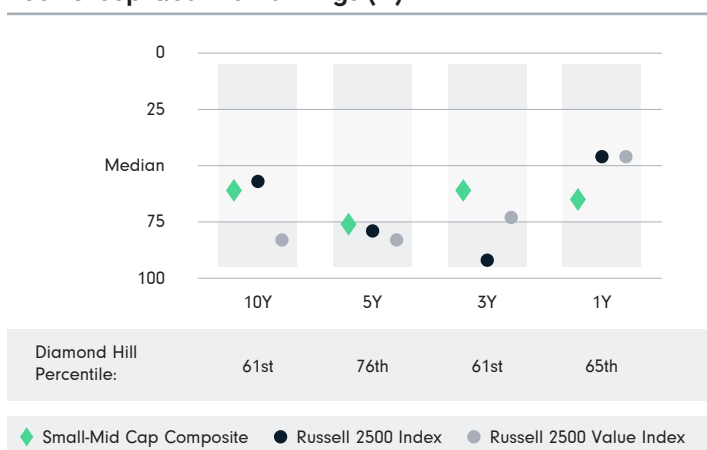
## Top Ten Equity Holdings<sup>1</sup>

|                               | Sector              | % of Net Assets |
|-------------------------------|---------------------|-----------------|
| Red Rock Resorts, Inc. (CI A) | Cons. Discretionary | 5.6             |
| WESCO International, Inc.     | Industrials         | 5.5             |
| Post Holdings, Inc.           | Consumer Staples    | 4.2             |
| Regal Rexnord Corp.           | Industrials         | 3.8             |
| Ashland Global Holdings, Inc. | Materials           | 3.5             |
| Mr. Cooper Group, Inc.        | Financials          | 3.2             |
| CubeSmart                     | Real Estate         | 3.1             |
| Gates Industrial Corp. PLC    | Industrials         | 2.8             |
| Webster Financial Corp.       | Financials          | 2.7             |
| Enovis Corp.                  | Health Care         | 2.6             |
| Total as % of Net Assets      |                     | 37.0            |
| Total Holdings                |                     | 57              |

## Sector Allocation (%)<sup>2</sup>



## Peer Group Quartile Rankings (%)<sup>3</sup>



## Best and Worst Contributors (%)<sup>1</sup>

|                               | Ending Weight |
|-------------------------------|---------------|
| <b>Best</b>                   |               |
| Post Holdings, Inc.           | 4.2           |
| Red Rock Resorts, Inc. (CI A) | 5.6           |
| Regal Rexnord Corp.           | 3.8           |
| Gates Industrial Corp. PLC    | 2.8           |
| Lancaster Colony Corp.        | 2.6           |
| <b>Worst</b>                  |               |
| WNS (Holdings) Limited        | 1.4           |
| Live Oak Bancshares, Inc.     | 2.4           |
| Energy Recovery, Inc.         | 1.1           |
| Allegiant Travel Co.          | 1.9           |
| WESCO International, Inc.     | 5.5           |

<sup>1</sup> Securities referenced may not be representative of all portfolio holdings. The reader should not assume that an investment in the securities was or will be profitable.

<sup>2</sup> Cash & Other may include cash, treasuries, money market funds and short duration fixed income funds. Includes a 0.4% investment in the Diamond Hill Short Duration Securitized Bond Strategy.

<sup>3</sup> Source: eVestment. Ranking within eVestment US Small-Mid Cap Value equity universe based on monthly returns gross of fees. Ranking data calculated on 18 April 2024 (as of 31 March 2024) and is subject to change as additional firms within the category submit data. Diamond Hill pays an annual fee to eVestment to access their platform and to use their data, including peer group rankings, in marketing materials. Diamond Hill does not pay for the ranking.

# Small-Mid Cap Composite

As of 31 Mar 2024

## Portfolio Characteristics vs Benchmark<sup>4</sup>

|  | Small-Mid Cap Composite | Russell 2500 Index | Russell 2500 Value Index |
|--|-------------------------|--------------------|--------------------------|
| Median Forward P/E   | 16.5x                   | 16.4x              | 14.6x                    |
| Median Trailing P/E  | 21.9x                   | 19.0x              | 16.4x                    |
| Median Price/Book  | 1.8x                    | 2.0x               | 1.5x                     |
| Median Price/Sales   | 2.2x                    | 2.0x               | 1.9x                     |
| Median Market Capitalization   | \$6.8B                  | \$1.5B             | \$1.4B                   |
| Weighted Average Market Cap.   | \$8.5B                  | \$8.3B             | \$8.1B                   |
| Portfolio Turnover (5Y)  | 21%                     | —                  | —                        |
| Active Share <sup>5</sup> vs Core <sup>6</sup> /Value <sup>7</sup> Benchmark | 96%/95%                 | —                  | —                        |
| Upside/Downside Capture Ratio <sup>8</sup> vs Core Benchmark <sup>6</sup>    | 93%/92%                 | —                  | —                        |
| Upside/Downside Capture Ratio <sup>8</sup> vs Value Benchmark <sup>7</sup>   | 95%/91%                 | —                  | —                        |

<sup>4</sup>Source: FactSet.

<sup>5</sup>Source: FactSet. Active share measures the difference between portfolio holdings and the benchmark. The higher the active share, the greater the difference.

<sup>6</sup>The Russell 2500 Index is the core benchmark.

<sup>7</sup>The Russell 2500 Value Index is the value benchmark.

<sup>8</sup>Source: eVestment based on monthly returns (gross of fees) from 1 January 2006 – 31 March 2024.

| Period and Annualized Total Returns (%) | Since Inception<br>(31 Dec 2005) | 15Y   | 10Y  | 5Y    | 3Y   | 1Y    | YTD  | 1Q24 |
|---|----------------------------------|-------|------|-------|------|-------|------|------|
| Gross of Fees                           | 9.63                             | 14.88 | 8.71 | 10.05 | 6.63 | 17.37 | 7.55 | 7.55 |
| Net of Fees                             | 8.62                             | 13.83 | 7.74 | 9.12  | 5.73 | 16.37 | 7.32 | 7.32 |
| Russell 2500 Index                      | 8.92                             | 14.08 | 8.84 | 9.90  | 2.97 | 21.43 | 6.92 | 6.92 |
| Russell 2500 Value Index                | 7.93                             | 13.11 | 7.68 | 9.38  | 5.36 | 21.33 | 6.07 | 6.07 |

| Calendar Year Returns (%) | 2009  | 2010  | 2011  | 2012  | 2013  | 2014 | 2015  | 2016  | 2017  | 2018   | 2019  | 2020  | 2021  | 2022   | 2023  |
|---------------------------|-------|-------|-------|-------|-------|------|-------|-------|-------|--------|-------|-------|-------|--------|-------|
| Gross of Fees             | 41.71 | 24.74 | -2.96 | 16.93 | 43.32 | 8.42 | 2.45  | 19.30 | 9.63  | -11.71 | 28.84 | 2.29  | 32.34 | -12.80 | 12.45 |
| Net of Fees               | 40.36 | 23.55 | -3.88 | 15.82 | 41.96 | 7.39 | 1.47  | 18.17 | 8.59  | -12.51 | 27.75 | 1.42  | 31.22 | -13.54 | 11.50 |
| Russell 2500 Index        | 34.39 | 26.71 | -2.51 | 17.88 | 36.80 | 7.07 | -2.90 | 17.59 | 16.81 | -10.00 | 27.77 | 19.99 | 18.18 | -18.37 | 17.42 |
| Russell 2500 Value Index  | 27.68 | 24.82 | -3.36 | 19.21 | 33.32 | 7.11 | -5.49 | 25.20 | 10.36 | -12.36 | 23.56 | 4.88  | 27.78 | -13.08 | 15.98 |

Diamond Hill Capital Management, Inc. (DHCM) is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc.; registration does not imply a certain level of skill or training. Diamond Hill provides investment management services to individuals and institutional investors through mutual funds and separate accounts. DHCM claims compliance with the Global Investment Performance Standards (GIPS®). The Small-Mid Cap Composite is comprised of all discretionary, non-fee and fee-paying, non-wrap accounts managed according to the firm's Small-Mid Cap strategy, including those clients no longer with the firm. The strategy's investment objective is to achieve long-term capital appreciation by investing in companies within the market capitalization range of the strategy that are selling for less than our estimate of intrinsic value. The Small-Mid Cap strategy typically invests in companies with a market capitalization between \$500 million and \$10 billion (or, if greater, the maximum market capitalization of companies generally within the capitalization range of the Russell 2500 Index) at the time of purchase. The Russell 2500 Index measures the performance of roughly 2,500 US small- to mid-cap companies. The Russell 2500 Value Index measures the performance of US small- to mid-cap companies with lower price/book ratios and forecasted growth values. The indexes are unmanaged, market capitalization weighted, include net reinvested dividends, do not reflect fees or expenses (which would lower the return) and are not available for direct investment. Index data source: London Stock Exchange Group PLC. See [diamond-hill.com/disclosures](https://diamond-hill.com/disclosures) for a full copy of the disclaimer. To receive a complete list and description of all Diamond Hill composites and/or a GIPS® report, contact Scott Stapleton at 614.255.3329, [ss Stapleton@diamond-hill.com](mailto:ss Stapleton@diamond-hill.com) or 325 John H. McConnell Blvd., Suite 200, Columbus, OH 43215. The performance data quoted represents past performance; past performance does not guarantee future results. Composite results reflect the reinvestment of dividends, capital gains and other earnings when appropriate. Net returns are calculated by reducing the gross returns by the highest stated fee in the composite fee schedule. Only transaction costs are deducted from gross of fees returns. Prior to 30 September 2022, actual fees were used in calculating net returns. All net returns were changed retroactively to reflect the highest fee in the composite fee schedule. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. The US Dollar is the currency used to express performance.