



Annual Shareholder Meeting

April 26, 2017

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Diamond Hill® Investment Group, Inc. 325 John H. McConnell Blvd., Suite 200 Columbus, Ohio 43215

Safe Harbor Statement

Throughout this presentation, the Company may make forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, relating to such matters as anticipated operating results, prospects for achieving the critical threshold of assets under management, technological developments, economic trends (including interest rates and market volatility), expected transactions and acquisitions and similar matters. The words “believe,” “expect,” “anticipate,” “estimate,” “should,” “hope,” “seek,” “plan,” “intend” and similar expressions identify forward-looking statements that speak only as of the date thereof. While the Company believes that the assumptions underlying its forward-looking statements are reasonable, investors are cautioned that any of the assumptions could prove to be inaccurate and accordingly, the actual results and experiences of the Company could differ materially from the anticipated results or other expectations expressed by the Company in its forward-looking statements. Factors that could cause such actual results or experiences to differ from results discussed in the forward-looking statements include, but are not limited to: the adverse effect from a decline in the securities markets; a decline in the performance of the Company’s products; changes in interest rates; a general or prolonged downturn in the economy; changes in government policy and regulation, including monetary policy; changes in the Company’s ability to attract or retain key employees; unforeseen costs and other effects related to legal proceedings or investigations of governmental and self-regulatory organizations; and other risks identified from time-to-time in the Company’s other public documents on file with the U.S. Securities and Exchange Commission.

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Mission, Principles and Vision

Mission

At Diamond Hill, *we serve* our clients by providing investment strategies that deliver lasting value through a shared commitment to our intrinsic value-based investment philosophy, long-term perspective, disciplined approach and alignment with our clients' interests.

Principles

- **Value** – *We believe* market price and intrinsic value are independent in the short-term but tend to converge over time.
- **Long-Term** – *We maintain* a long-term focus both in investment analysis and management of our business.
- **Discipline** – *We invest* with discipline to increase potential return and protect capital.
- **Partnership** – *We align* our interests with those of our clients through significant personal investment in our strategies.

Vision

To be a nationally respected investment management firm recognized for:

- Superior long-term investment results
- Investment-centric culture
- Highest level of ethics and integrity
- Outstanding client service and lasting client relationships
- Employer of choice

Duty to Clients and Owners

Primary

- Our fiduciary duty to *clients* and achieving superior long-term investment results

Secondary

- Our fiduciary duty to *owners* and growing DHIL intrinsic value at a rate sufficient for the associated risk

Alignment of Interests

As of 3/31/17

“We will be significant investors in the Diamond Hill Funds and Diamond Hill stock.”

We encourage employee investment in our funds and company stock

- Code of Ethics prohibits investment in individual securities and third-party mutual funds
- Company matches 401k deferrals in DHIL stock
- A material component of annual incentive compensation is heavily weighted to DHIL stock with 5-year restriction from sale
- Deferred compensation plan with Diamond Hill Funds as the only investment options

DHIL Ownership

- Insiders own 23% of the company, representing approximately \$150 million

Diamond Hill Fund Ownership

- Collectively, employees have approximately \$135 million invested in the funds managed by Diamond Hill Capital Management

Duty to Clients – Investment Results

As of 3/31/17

Long-Only Equity	Inception Date	1 Year	3 Year	5 Year	10 Year	Inception
Diamond Hill Small Cap Fund	12/29/2000	14.74%	4.63%	11.07%	7.10%	10.90%
Russell 2000 Index		26.22	7.22	12.35	7.12	8.13
Custom Peer Group Percentile		92	72	68	39	28
Morningstar Overall Rating: ★★★★★						
Diamond Hill Small-Mid Cap Fund	12/30/2005	18.03	8.89	14.29	9.63	9.56
Russell 2500 Index		21.53	7.43	12.60	7.71	8.59
Custom Peer Group Percentile		77	18	6	3	9
Morningstar Overall Rating: ★★★★★						
Diamond Hill Mid Cap Fund	12/31/2013	18.51	9.16	–	–	9.10
Russell Midcap Index		17.03	8.48	–	–	8.96
Custom Peer Group Percentile		62	19	–	–	16
Morningstar Overall Rating: ★★★★★						
Diamond Hill Large Cap Fund	6/29/2001	20.50	9.58	13.47	7.77	8.56
Russell 1000 Index		17.43	9.99	13.26	7.58	6.64
Custom Peer Group Percentile		22	8	11	4	2
Morningstar Overall Rating: ★★★★★						
Diamond Hill Large Cap Concentrated	12/31/2011	24.89	10.48	14.26	–	14.97
Russell 1000 Index		17.43	9.99	13.26	–	15.22
eVestment U.S. Large Cap Value Percentile		6	9	10	–	28
Diamond Hill All Cap Select Fund	12/30/2005	20.46	7.17	12.98	7.71	8.14
Russell 3000 Index		18.07	9.76	13.18	7.54	8.19
Custom Peer Group Percentile		36	53	23	11	23
Morningstar Overall Rating: ★★★						

Periods greater than 1 year are annualized. Fund returns are Class I shares net of fees. Index returns do not reflect any fees.

Morningstar ranking is against funds within the respective custom category.

Large Cap Concentrated Composite returns are net of fees; peer group data based on gross returns.

Duty to Clients – Investment Results

As of 3/31/17

Alternatives	Inception Date	1 Year	3 Year	5 Year	10 Year	Inception
Diamond Hill Long-Short Fund	6/30/2000	13.25%	5.82%	8.55%	4.72%	7.06%
Russell 1000 Index		17.43	9.99	13.26	7.58	5.21
60/40% Blended Benchmark		10.32	6.08	7.95	5.05	4.03
Custom Peer Group Percentile		11	19	14	35	20
Morningstar Overall Rating: ★★★★★						
Diamond Hill Research Opportunities Fund	3/31/2009	15.18	4.78	8.93	–	13.68
Russell 3000 Index		18.07	9.76	13.18	–	17.21
75/25% Blended Benchmark		13.41	7.38	9.88	–	12.88
Custom Peer Group Percentile		6	27	9		14
Morningstar Overall Rating: ★★★★★						
Diamond Hill Financial Long-Short Fund	8/1/1997	31.86	8.07	12.92	2.78	7.60
Russell 3000 Financials Index		25.67	10.99	14.81	1.94	5.54
80/20% Blended Benchmark		20.27	8.87	11.85	2.10	5.19
Custom Peer Group Percentile		34	50	46	64	34
Morningstar Overall Rating: ★★★						

The Long-Short Fund was long only from Inception to June 2002. Periods greater than 1 year are annualized. Fund returns are Class I shares net of fees. Index returns do not reflect any fees. Morningstar ranking is against funds within the respective category. Long-Short Blended Benchmark: 60% Russell 1000 Index/40% BofA ML US 0-3 T-Bill Index. Research Opportunities Blended Benchmark: 75% Russell 3000 Index/25% BofA ML US 0-3 T-Bill Index. Financial Long-Short Blended Benchmark: 80% Russell 3000 Financials Index/20% BofA ML US 0-3 Month T-Bill Index.

Duty to Clients – Investment Results

As of 3/31/17

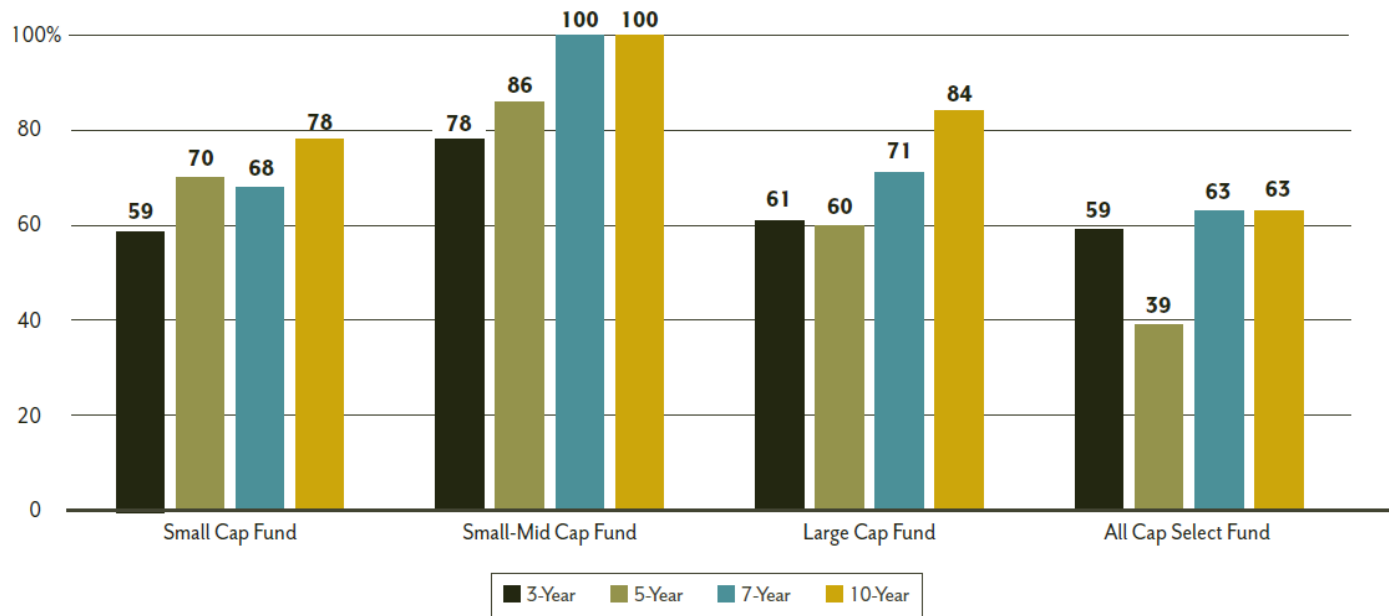
Fixed Income	Inception Date	1 Year	3 Year	5 Year	10 Year	Inception
Diamond Hill Short Duration Total Return Fund	7/5/2016	–	–	–	–	2.44%
Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index		–	–	–	–	-0.05
Custom Peer Group Percentile		–	–	–	–	10
Morningstar Overall Rating: N/A						
Diamond Hill Core Bond Fund	7/5/2016	–	–	–	–	-1.03
Bloomberg Barclays U.S. Aggregate Index		–	–	–	–	-2.42
Custom Peer Group Percentile		–	–	–	–	46
Morningstar Overall Rating: N/A						
Diamond Hill Corporate Credit Fund	9/30/2002	12.49	5.62	5.89	5.77	7.32
BofA ML US Corporate & High Yield Index		5.73	3.81	4.57	5.74	6.24
Custom Peer Group Percentile		40	2	19	56	59
Morningstar Overall Rating: ★★★★★						
Diamond Hill High Yield Fund	12/4/2014	15.82	–	–	–	8.04
BofA ML US High Yield Index		16.88	–	–	–	5.96
Custom Peer Group Percentile		28	–	–	–	2
Morningstar Overall Rating: N/A						

Rolling Outperformance

As of 3/31/17

ROLLING OUTPERFORMING PERIODS VS. BENCHMARKS

Since Inception through March 31, 2017



Periods measured on a monthly basis. Small Cap Fund (Class I shares) vs. Russell 2000 Index outperformed 94 out of 160 rolling 3-year periods (59%); 95 out of 136 rolling 5-year periods (70%); 76 out of 112 rolling 7-year periods (68%); 59 out of 76 rolling 10-year periods (78%). Small-Mid Cap Fund (Class I shares) vs. Russell 2500 Index outperformed 78 out of 100 rolling 3-year periods (78%); 65 out of 76 rolling 5-year periods (86%); 52 out of 52 rolling 7-year periods (100%); 16 out of 16 rolling 10-year periods (100%). Large Cap Fund (Class I shares) vs. Russell 1000 Index outperformed 94 out of 154 rolling 3-year periods (61%); outperformed 78 out of 130 rolling 5-year periods (60%); outperformed 75 out of 106 rolling 7-year periods (71%); outperformed 59 out of 70 rolling 10-year periods (84%). All Cap Select Fund (Class I shares) vs. Russell 3000 Index outperformed 59 out of 100 rolling 3-year periods (59%); outperformed 30 out of 76 rolling 5-year periods (39%); outperformed 33 out of 52 rolling 7-year periods (63%); outperformed 10 out of 16 rolling 10-year periods (63%).

Investment Team Update

As of 3/31/17

Sector	Team Members
Energy Materials Industrials Utilities	Harsh Acharya, CFA – <i>Analyst</i> Brian Baker – <i>Senior Associate</i> Brian Bath – <i>Analyst</i> Jason Downey, CFA – <i>PM, APM, Analyst</i> Blake Haxton – <i>Associate</i> Bobby Murphy, CFA, CPA – <i>Analyst</i> Suken Patel, CFA – <i>APM, Sector Leader, Analyst</i> Greg Sumner, CFA – <i>Analyst</i>
Consumer Discretionary	Brian Hilderbrand, CFA – <i>Senior Associate</i> Jenny Hubbard, CFA – <i>APM, Analyst</i> Dan Kohnen – <i>Associate</i> Micah Martin ¹ – <i>Analyst</i> Aaron Monroe, CFA – <i>PM, APM, Sector Leader, Analyst</i> Tod Schneider, CFA – <i>Analyst</i> Kavi Shelar – <i>Associate</i>
Consumer Staples Health Care	Kapish Bhutani, CFA – <i>Analyst</i> Brian Fontanella, CFA – <i>Sector Leader, Analyst</i> Igor Golalic, CFA – <i>PM, Analyst</i> Tim Myers – <i>Associate</i> Laura O'Dell, CFA – <i>Analyst</i> Kyle Schneider, CFA – <i>Analyst</i> Chendhore Veerappan – <i>Associate</i>
Financials	Josh Barber – <i>Senior Associate</i> Yiting Liu, CFA – <i>Senior Associate</i> John Loesch, CFA – <i>PM, Sector Leader, Analyst</i> Krishna Mohanraj, CFA – <i>APM, Analyst</i> Tyler Ventura, CFA – <i>Analyst</i>
Information Technology TeleCom Services	Grady Burkett, CFA – <i>PM, Analyst</i> Varun Gupta – <i>Senior Associate</i> Jayant Jangra, CFA – <i>Senior Associate</i> Nate Palmer, CFA, CPA – <i>Sector Leader, Analyst</i>

	Team Members
Equity Portfolio Managers	Chuck Bath, CFA Chris Bingaman, CFA Ric Dillon, CFA Austin Hawley, CFA John Loesch, CFA Tom Schindler, CFA Rick Snowdon, CFA Chris Welch, CFA
Fixed Income Portfolio Managers	Mark Jackson, CFA John McClain, CFA Henry Song, CFA Bill Zox, CFA

Investment Team Growth

	PMs, Analysts	Research Associates	Traders, Other	Total
2007	16	0	3	19
2008	18	4	4	26
2009	18	6	3	27
2010	20	6	4	30
2011	21	5	4	30
2012	22	5	5	32
2013	23	7	5	35
2014	24	9	6	39
2015	27	11	6	44
2016	32	11	5	48
3/31/17	31	11	6	48

¹ CFA charter pending fulfillment of work experience requirement.

Duty to Owners – Growth in Intrinsic Value

As of 12/31/16

Financial Highlights

Income Statement Data (in thousands, except per share data)	Years Ended December 31					5 Year CAGR
	2012	2013	2014	2015	2016	
Net Revenues (\$)	66,657	81,432	104,559	124,426	136,103	15%
Net Operating Income (\$)	24,429	30,682	47,460	58,720	63,069	21%
Net Income (\$)	16,931	22,155	31,581	37,074	46,052	
Diluted Earnings per share (\$)	5.44	6.94	9.67	11.03	13.49	
Cash Dividends per share (\$)	8.00	3.00	4.00	5.00	6.00	
Operating Margin	37%	38%	45%	47%	46%	
Operating Margin, as adjusted ^(a)	37%	38%	46%	47%	48%	

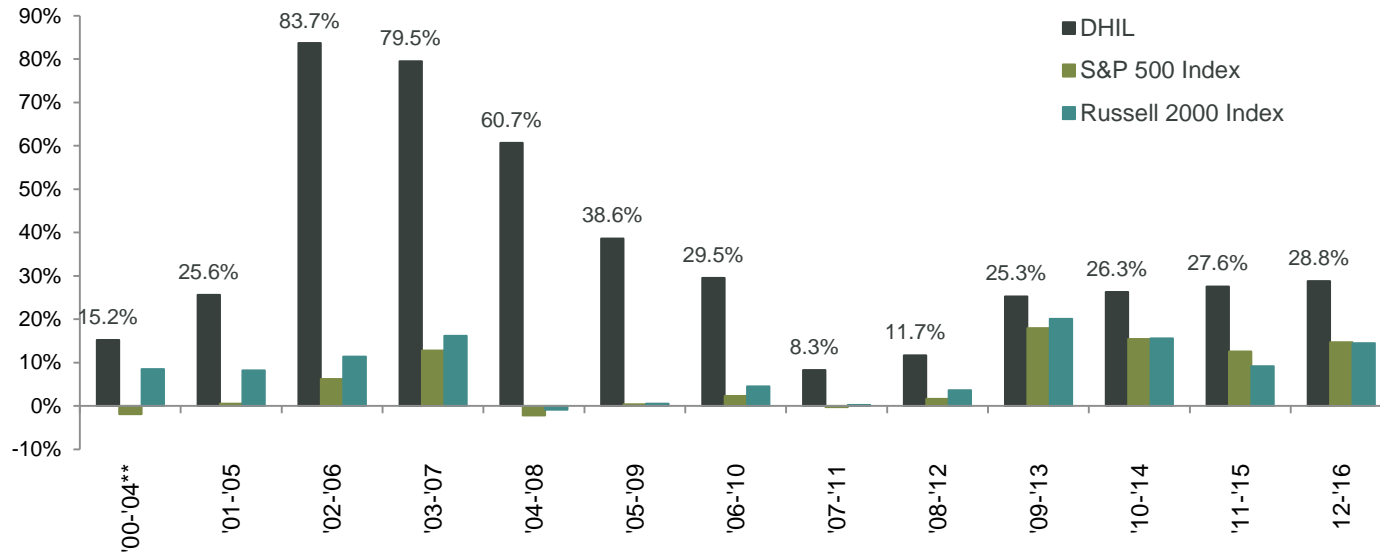
Balance Sheet Data (in thousands, except per share data)	As of December 31				
	2012	2013	2014	2015	2016
Total Assets (\$)	41,235	75,353	107,709	145,187	199,718
Shareholder Equity (\$)	21,736	44,943	74,319	105,314	139,224
Book Value per share (\$)	6.86	13.80	22.40	30.84	40.81

(a) – Operating Margin, as adjusted, is a Non-GAAP measure calculated by dividing net operating income, as adjusted, by total revenue. Net operating income, as adjusted, also represents a Non-GAAP measure that is calculated by taking the Company's net operating income adjusted to exclude the impact on compensation expense of gains and losses on investments in the deferred compensation plan investments.

Duty to Owners – Growth in Intrinsic Value

As of 12/31/16

Total Shareholder Returns over Rolling 5-Year Periods



**For the period 5/31/2000 through 12/31/2004

Growth of Shareholder Value Since Inception	DHIL	S&P 500	Russell 2000
Annualized: 6/1/00 – 12/31/16	26.6%	4.8%	8.0%
Cumulative: 6/1/00 – 12/31/16	4,898.6%	117.8%	255.9%

Comparison to Other Public Investment Firms

As of 12/31/16

Ranking by Market Capitalization				
Rank	Ticker	Company Name	Market Cap (\$M)	AUM (\$B)
1	BLK	BlackRock, Inc.	\$63,605	\$5,148
2	BEN	Franklin Resources, Inc.	24,303	733
3	TROW	T. Rowe Price Group, Inc.	17,465	811
4	IVZ	Invesco Ltd.	13,116	813
5	AMG	Affiliated Managers Group, Inc.	9,405	689
7	SEIC	SEI Investments Company	8,271	283
6	EV	Eaton Vance Corp.	5,363	336
8	LM	Legg Mason, Inc.	3,558	670
9	FII	Federated Investors, Inc.	2,734	366
10	JNS	Janus Capital Group Inc.	2,355	197
11	AB	AllianceBernstein Holding L.P.	2,177	430
12	CNS	Cohen & Steers, Inc.	1,740	57
13	WDR	Waddell & Reed Financial, Inc.	1,557	81
14	GBL	GAMCO Investors, Inc.	862	40
15	VRTS	Virtus Investment Partners	762	45
16	MN	Manning & Napier, Inc.	690	32
17	DHIL	Diamond Hill Investment Group, Inc.	668	19
18	PZN	Pzena Investment Management, Inc.	656	30
19	WHG	Westwood Holdings Group, Inc.	492	21
20	GROW	U.S. Global Investors, Inc.	24	1
Median			\$2,266	\$240

Over the years, the public company population of investment management firms has continued to grow and there is significant disparity in the size of these firms. There are now 20 firms on our list of public company peers with market caps ranging from below \$100 million to more than \$60 billion. As a result, we will focus our discussion on firms with a market cap below \$1 billion and greater than \$100 million. Refer to the following pages comparing DHIL to this focused peer group population.

Focused Peer Group (Market Cap \$100M to \$1.0B)

As of 12/31/16

Ranking by Market Capitalization				
Rank	Ticker	Company Name	Market Cap (\$M)	AUM (\$B)
1	GBL	GAMCO Investors, Inc.	862	40
2	VRTS	Virtus Investment Partners	762	45
3	MN	Manning & Napier, Inc.	690	32
4	DHIL	Diamond Hill Investment Group, Inc.	668	19
5	PZN	Pzena Investment Management, Inc.	656	30
6	WHG	Westwood Holdings Group, Inc.	492	21
		Median	\$679	\$31

Comparison to Focused Peer Group

As of 12/31/16

Ranking by Revenue Growth		
Rank	Ticker	5-Year Growth*
1	DHIL	17%
2	WHG	12%
3	VRTS	11%
4	GBL	1%
5	MN	-3%
6	PZN	-6%
Median		6%

Ranking by Shareholder Return		
Rank	Ticker	5-Year Return*
1	DHIL	29%
2	PZN	25%
3	WHG	14%
4	VRTS	10%
5	GBL	7%
6	MN	-4%
Median		12%

Ranking by 2016 Operating Margin		
Rank	Ticker	Operating Margin
1	GBL	53.1%
2	DHIL	40.0%
3	MN	36.2%
4	WHG	27.7%
5	VRTS	20.4%
6	PZN	-1.4%
Median		31.9%

Source: SNL Financial and Thomson Reuters

Note: Operating Margins shown represent the trailing twelve month period and are calculated by SNL Financial adjusted to remove distribution/12b-1 related revenue and expenses, and may differ from those reported by the respective firm.

*5-Year Revenue Growth and 5-Year Shareholder Return are annualized.

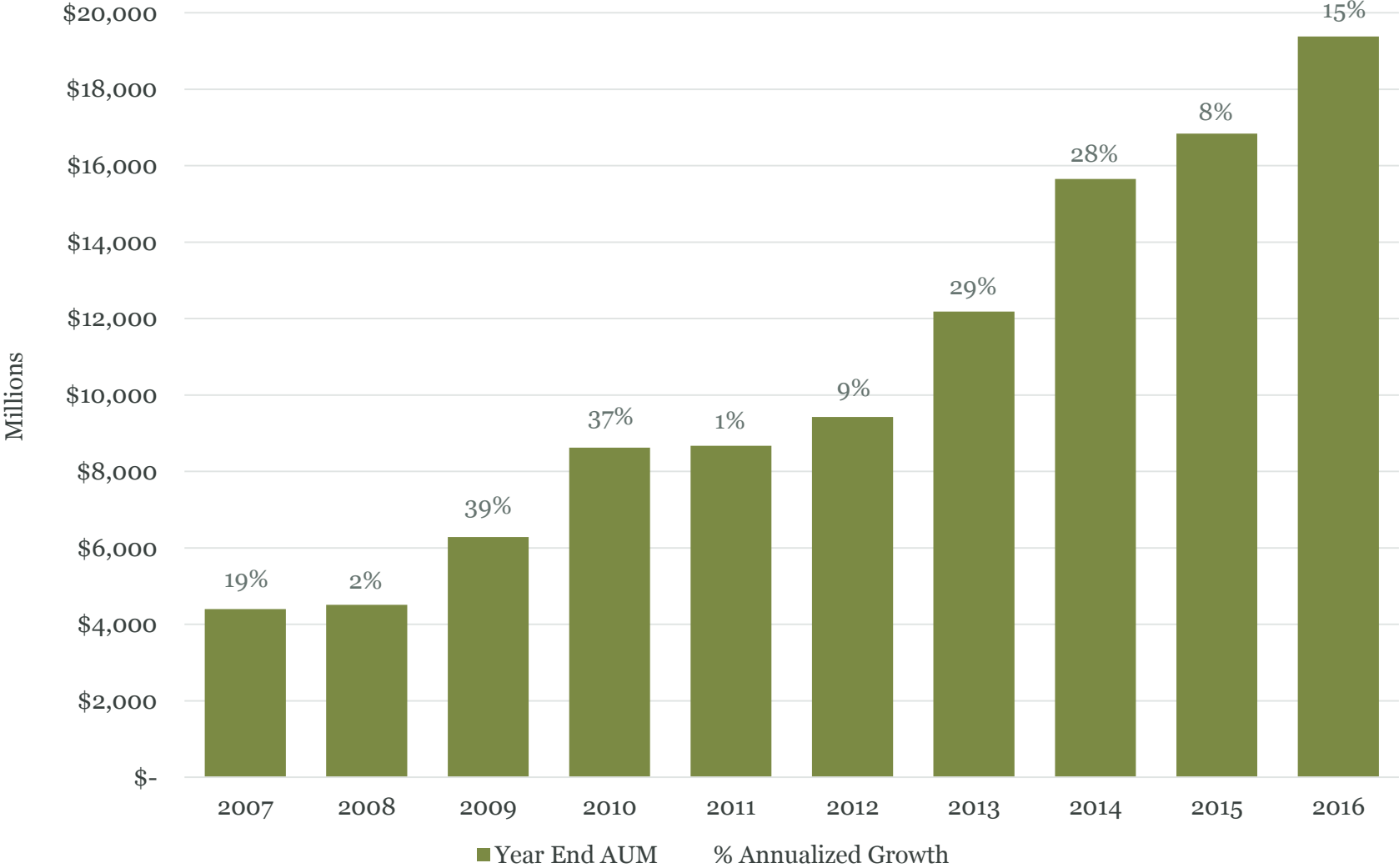
Capital

As of 12/31/16

5-Year Shareholder Equity Roll-Forward		
Shareholder Equity as of 12/31/2011		\$18,050,000
Net Income: 2012-2016	153,788,923	
Equity Compensation: 2012-2016	<u>53,113,968</u>	
		224,952,891
Dividend Distributions: 2012-2016		<u>(85,728,736)</u>
Shareholder Equity as of 12/31/2016		\$139,224,155

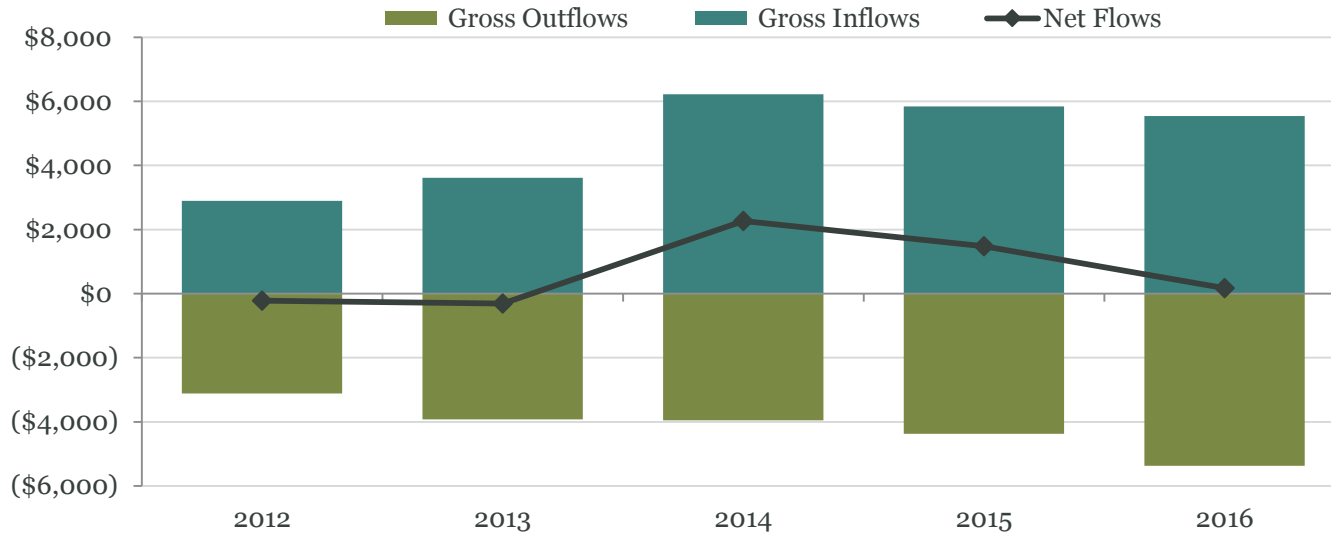
Growth of Assets Under Management

As of 12/31/16



Summary of Client Investment Flows

As of 12/31/16



	2012	2013	2014	2015	2016
Beginning of Period Assets	\$8,671	\$9,429	\$12,186	\$15,656	\$16,841
Net Flows	(219)	(308)	2,156	1,467	165
Market Impact	977	3,066	1,314	(282)	2,375
End of Period Assets	\$9,429	\$12,186	\$15,656	\$16,841	\$19,381

Distribution Overview

Strategic Business Objectives

- Grow all strategies to capacity responsibly
- Continue to diversify our client and strategy concentration

Client-Centric Focus

- Our Distribution Team is aligned to best support our clients
 - Believe in a client-specific approach, even within channels
- Continue to invest in and improve Distribution infrastructure to best support the investment team

Goal of sustaining and growing Diamond Hill's intrinsic value

Business Updates

- Hired three seasoned fixed income team members in June 2016 and launched the Short Duration Total Return Fund and Core Bond Fund in July 2016
- Converted the High Yield LP to the High Yield Fund effective January 1, 2016
- Soft-closed three strategies over the past 24 months: Long-Short, Small Cap, Small-Mid Cap
- Mid Cap Fund reached three-year track record on December 31, 2016 and earned a four-star Morningstar rating
- Sold Beacon Hill subsidiary in 2016 allowing full focus on our investment management business
- Updated capacity estimates: equity capacity of \$25-\$35 billion and fixed income capacity of at least \$40 billion

Business Updates, continued

Associates

- Continue to invest in all areas

	3/31/2017	12/31/2016	12/31/2015
Investment Team	48	48	44
Distribution*	49	48	44
Corporate & Fund Administration	16	16	15
Total DHCM	113	112	103

*Distribution includes internal and external sales, relationship management, marketing and communications, investment operations, and product and sales support.

Question and Answer





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