



# Annual Shareholder Meeting

May 1, 2019

614.255.3333 | [DIAMOND-HILL.COM](http://DIAMOND-HILL.COM)

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.*

# Agenda

---

<b>Topic</b>	<b>Page</b>
Mission, Principles and Vision	4
Duty to Clients and Owners	5
Alignment of Interests	6
Investment Team Update	7
Duty to Clients – Equity Investment Results	8
Rolling Outperformance	10
Duty to Client – Fixed Income Investment Results	12
Competitive Fees	17
Duty to Owners – Growth in Intrinsic Value	18
Comparison to Other Public Investment Firms	20
DHIL Share Repurchase Program	23
Capital	24
Growth of Assets Under Management	25
Summary of Client Investment Flows	26
Business and Product Updates	27
CEO Succession Planning	29
Question and Answer	30

# 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 3/31/19

## **“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 awarded in shares of DHIL stock with 5-year restriction from sale
- Deferred compensation plan with Diamond Hill Funds as the only investment options—representing approximately \$27 million

### DHIL Ownership

- Insiders own 20% of the company, representing over \$100 million

### Diamond Hill Fund Ownership

- Collectively, employees have approximately \$130 million invested in the funds managed by Diamond Hill Capital Management

# Investment Team Update

As of 3/31/19

Sector	Team Members
Energy Materials Industrials Utilities	Harsh Acharya, CFA - <i>Analyst</i> Brian Bath, CFA - <i>Analyst</i> Jason Downey, CFA - <i>Analyst</i> Blake Haxton <sup>1</sup> - <i>Senior Associate</i> Bobby Murphy, CFA, CPA - <i>Analyst</i> Suken Patel, CFA - <i>Sector Leader, Analyst</i> Greg Sumner, CFA - <i>Analyst</i>
Consumer	Brian Hilderbrand, CFA - <i>Analyst</i> Jenny Hubbard, CFA - <i>Analyst</i> Micah Martin, CFA - <i>Analyst</i> Aaron Monroe, CFA - <i>Sector Leader, Analyst</i> Tim Myers <sup>1</sup> - <i>Senior Associate</i> Chris Piel - <i>Senior Associate</i> Kavi Shelar, CFA - <i>Analyst</i>
Health Care	Igor Golalic, CFA - <i>Sector Leader, Analyst</i> Laura O'Dell, CFA - <i>Analyst</i> Kyle Schneider, CFA - <i>Analyst</i> Chendhore Veerappan, CFA - <i>Senior Associate</i>
Financials	Josh Barber, CFA - <i>Analyst</i> Yiting Liu, CFA - <i>Analyst</i> John Loesch, CFA - <i>Sector Leader, Analyst</i> Krishna Mohanraj, CFA - <i>Analyst</i> Tejas Patel, CFA - <i>Associate</i> Tyler Ventura, CFA - <i>Analyst</i>
Information Technology TeleCom Services	Varun Gupta, CFA - <i>Analyst</i> Jayant Jangra, CFA - <i>Analyst</i> Nate Palmer, CFA, CPA - <i>Sector Leader, Analyst</i> Scott Williams, CFA, CPA - <i>Associate</i> Cathy Yao - <i>Senior Associate</i>
Specialized Fixed Income	Wenting He- <i>Structured Product Senior Associate</i> Charlie Minor, CFA - <i>Structured Product Senior Associate</i> Jack Parker, CFA - <i>Fixed Income Associate</i>

	Team Members
Equity Portfolio Managers	Chuck Bath, CFA Chris Bingaman, CFA Grady Burkett, CFA Jason Downey, CFA Austin Hawley, CFA Aaron Monroe, 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 Personnel	
Portfolio Management/Research Team	39
Trading & Other	10

Total Diamond Hill Associates	
CFA charterholders	49

<sup>1</sup> CFA charter pending fulfillment of work experience requirement.

# Duty to Clients – Investment Results

As of 3/31/19

	Inception Date	Since Inception	10-YR	5-YR	3-YR	1-YR
<b>Diamond Hill Small Cap Fund</b>	<b>12/29/2000</b>	<b>9.83%</b>	<b>12.65%</b>	<b>3.35%</b>	<b>5.70%</b>	<b>-5.51%</b>
Russell 2000 Index		7.99	15.36	7.05	12.92	2.05
Russell 2000 Value Index		8.59	14.12	5.59	10.86	0.17
Morningstar Category Percentile		22	81	69	88	81
Morningstar Overall Rating: ★★★						
<b>Diamond Hill Small-Mid Cap Fund</b>	<b>12/30/2005</b>	<b>8.49%</b>	<b>16.22%</b>	<b>6.35%</b>	<b>7.55%</b>	<b>0.63%</b>
Russell 2500 Index		8.55	16.23	7.79	12.56	4.48
Russell 2500 Value Index		7.39	15.03	6.02	9.85	1.84
Morningstar Category Percentile		13	15	42	77	47
Morningstar Overall Rating: ★★★						
<b>Diamond Hill Mid Cap Fund</b>	<b>12/31/2013</b>	<b>7.35%</b>	<b>—</b>	<b>7.30%</b>	<b>9.02%</b>	<b>2.78%</b>
Russell Midcap Index		9.09		8.81	11.82	6.47
Russell Midcap Value Index		7.90		7.22	9.50	2.89
Morningstar Category Percentile		28		23	48	29
Morningstar Overall Rating: ★★★						
<b>Diamond Hill Large Cap Fund</b>	<b>6/29/2001</b>	<b>8.45%</b>	<b>14.80%</b>	<b>8.77%</b>	<b>11.71%</b>	<b>6.29%</b>
Russell 1000 Index		7.19	16.05	10.63	13.52	9.30
Russell 1000 Value Index		6.88	14.52	7.72	10.45	5.67
Morningstar Category Percentile		2	23	18	14	33
Morningstar Overall Rating: ★★★						
<b>Diamond Hill All Cap Select Fund</b>	<b>12/30/2005</b>	<b>7.85%</b>	<b>14.31%</b>	<b>6.81%</b>	<b>10.81%</b>	<b>-0.33%</b>
Russell 3000 Index		8.65	16.00	10.36	13.48	8.77
Russell 3000 Value Index		7.10	14.50	7.56	10.50	5.30
Morningstar Category Percentile		53	63	89	76	95
Morningstar Overall Rating: ★★						

Fund returns are Class I shares net of fees. Periods greater than one year are annualized.  
Morningstar rankings are relative to funds within the respective category.  
Index returns do not reflect any fees.



# Duty to Clients – Investment Results

As of 3/31/19

	Inception Date	Since Inception	10-YR	5-YR	3-YR	1-YR
<b>Diamond Hill Global Fund</b>	<b>12/31/2013</b>	<b>5.54%</b>	<b>—</b>	<b>5.24%</b>	<b>10.95%</b>	<b>-3.33%</b>
Morningstar Global Markets Index		6.34		6.39	10.55	2.02
Morningstar Category Percentile		60		65	34	86
Morningstar Overall Rating: N/A						
<b>Diamond Hill Long-Short Fund</b>	<b>6/30/2000</b>	<b>6.53%</b>	<b>8.51%</b>	<b>4.33%</b>	<b>5.72%</b>	<b>3.37%</b>
Russell 1000 Index		5.88	16.05	10.63	13.52	9.30
60%/40% Blended Benchmark		4.41	9.75	6.72	8.57	6.69
Morningstar Category Percentile		17	35	30	37	28
Morningstar Overall Rating: ★★ ★						
<b>Diamond Hill Financial Long-Short Fund</b>	<b>8/1/1997</b>	<b>6.81%</b>	<b>14.59%</b>	<b>4.48%</b>	<b>9.15%</b>	<b>-7.57%</b>
Russell 3000 Financials Index		5.90	15.99	10.41	14.67	3.58
80%/20% Blended Benchmark		5.45	12.94	8.55	11.98	3.50
Morningstar Category Percentile		41	30	78	82	57
Morningstar Overall Rating: ★★ ★						
<b>Diamond Hill Research Opportunities Fund</b>	<b>3/31/2009</b>	<b>11.22%</b>	<b>11.22%</b>	<b>3.61%</b>	<b>6.14%</b>	<b>-0.06%</b>
Russell 3000 Index		16.00	16.00	10.36	13.48	8.77
75%/25% Blended Benchmark		12.08	12.08	8.00	10.40	7.33
Morningstar Category Percentile		21	21	35	32	53
Morningstar Overall Rating: ★★ ★						

The Long-Short Fund was long-only from inception through June 2002.

The 60%/40% Blended Benchmark: 60% Russell 1000 Index 40% ICE BofAML U.S. T-Bill 0-3 Month Index.

The Financial Long-Short Fund was long-only from inception through April 2006.

The 80%/20% Blended Benchmark: 80% Russell 3000 Financials Index 20% ICE BofAML U.S. T-Bill 0-3 Month Index.

The 75%/25% Blended Benchmark: 75% Russell 3000 Index 25% ICE BofAML U.S. T-Bill 0-3 Month Index.

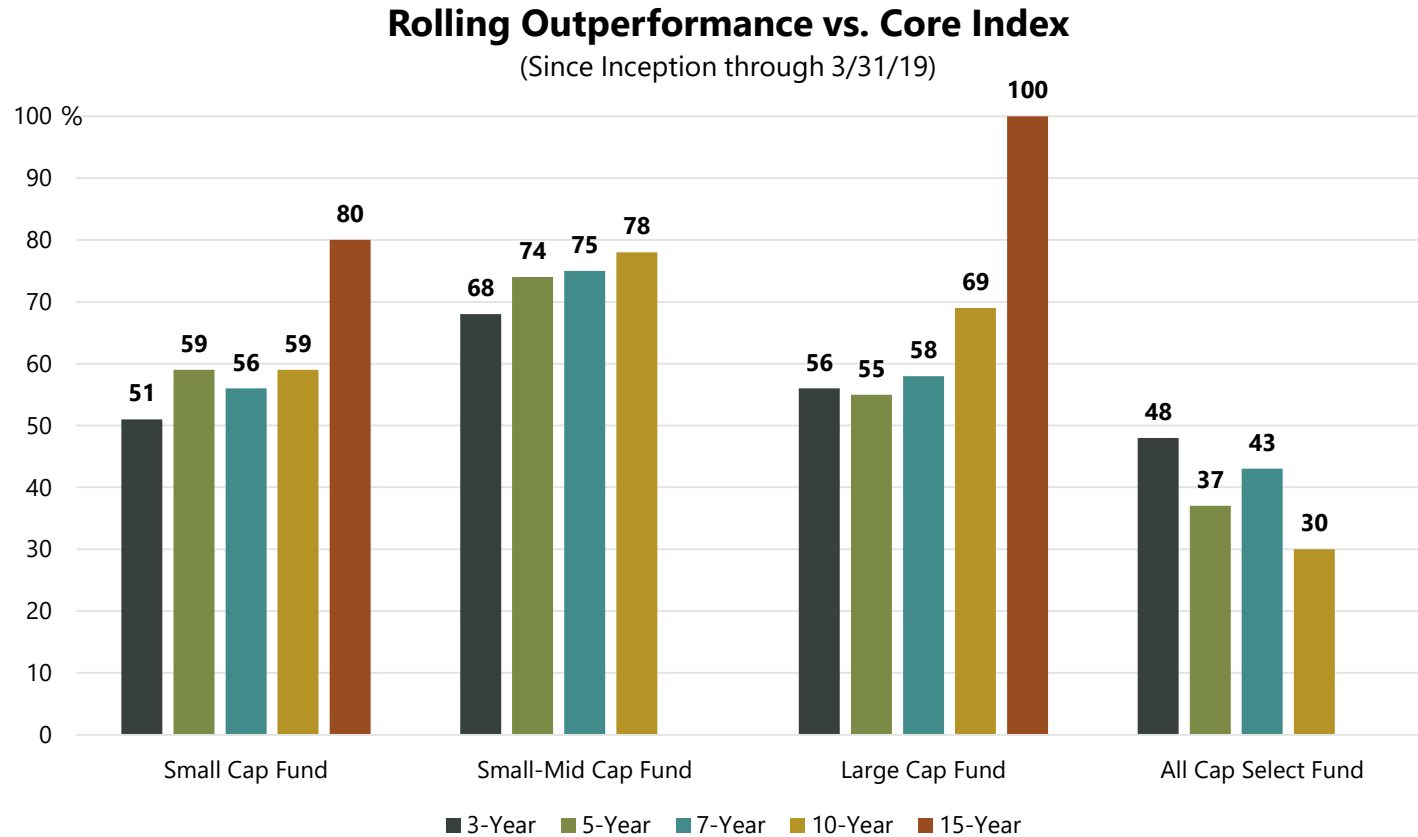
Fund returns are Class I shares net of fees. Periods greater than one year are annualized.

Morningstar rankings are relative to funds within the respective category.

Index returns do not reflect any fees.

# Rolling Outperformance vs. Core Index

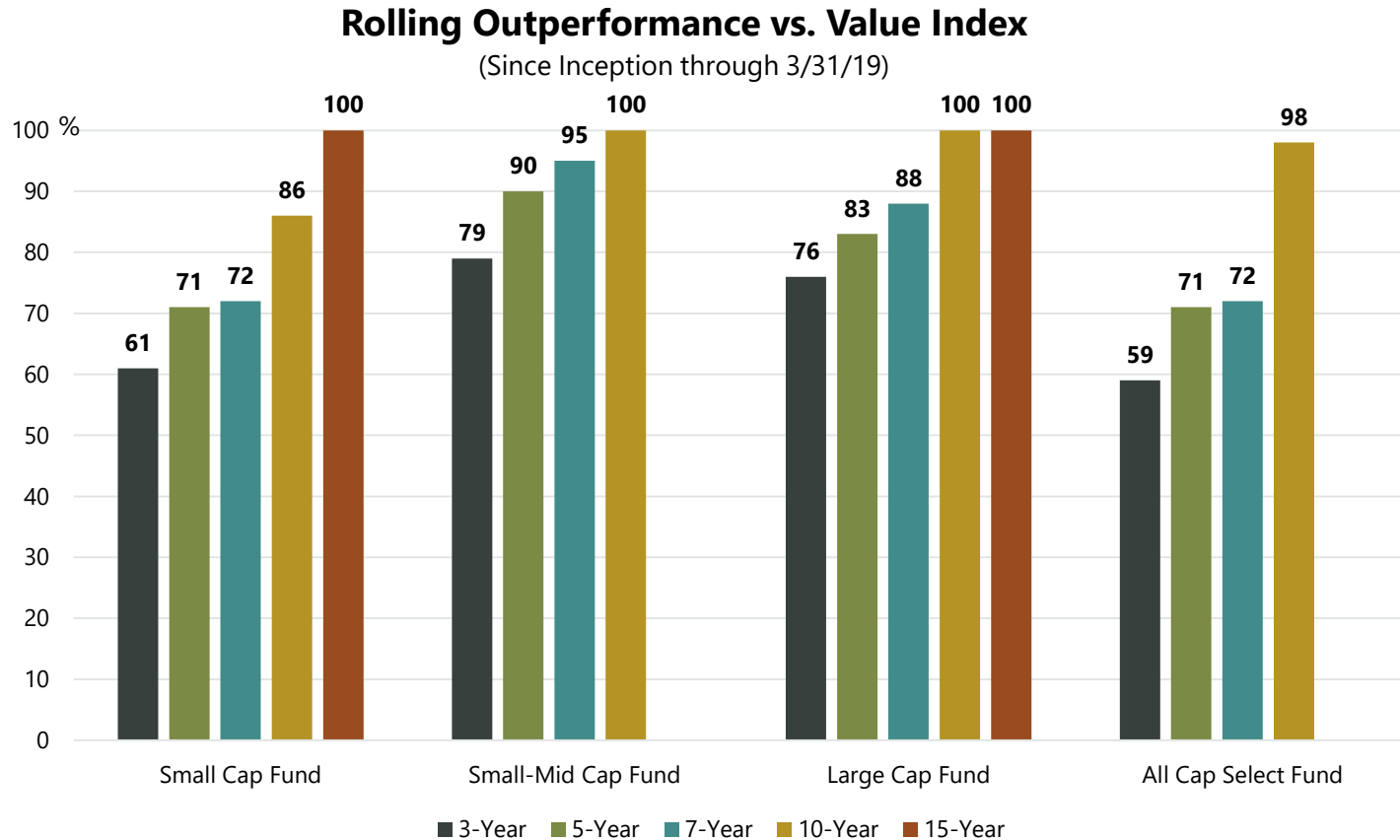
As of 3/31/19



Periods measured on a monthly basis. Small Cap Fund (Class I shares) vs. Russell 2000 Index outperformed 94 out of 184 rolling 3-year periods (51%), outperformed 95 out of 160 rolling 5-year periods (59%), outperformed 76 out of 136 rolling 7-year periods (56%), outperformed 59 out of 100 rolling 10-year periods (59%), outperformed 32 out of 40 rolling 15-year periods (80%). Small-Mid Cap Fund (Class I shares) vs. Russell 2500 Index outperformed 84 out of 124 rolling 3-year periods (68%), outperformed 74 out of 100 rolling 5-year periods (74%), outperformed 57 out of 76 rolling 7-year periods (75%), outperformed 31 out of 40 rolling 10-year periods (78%). Large Cap Fund (Class I shares) vs. Russell 1000 Index outperformed 99 out of 178 rolling 3-year periods (56%), outperformed 85 out of 154 rolling 5-year periods (55%), outperformed 75 out of 130 rolling 7-year periods (58%), outperformed 65 out of 94 rolling 10-year periods (69%), outperformed 34 out of 34 rolling 15-year periods (100%). All Cap Select Fund (Class I shares) vs. Russell 3000 Index outperformed 59 out of 124 rolling 3-year periods (48%), outperformed 37 out of 100 rolling 5-year periods (37%), outperformed 33 out of 76 rolling 7-year periods (43%), outperformed 12 out of 40 rolling 10-year periods (30%).

# Rolling Outperformance vs. Value Index

As of 3/31/19



Periods measured on a monthly basis. Small Cap Fund (Class I shares) vs. Russell 2000 Value Index outperformed 112 out of 184 rolling 3-year periods (61%), outperformed 114 out of 160 rolling 5-year periods (71%), outperformed 98 out of 136 rolling 7-year periods (72%), outperformed 86 out of 100 rolling 10-year periods (86%), outperformed 40 out of 40 rolling 15-year periods (100%). Small-Mid Cap Fund (Class I shares) vs. Russell 2500 Value Index outperformed 98 out of 124 rolling 3-year periods (79%), outperformed 90 out of 100 rolling 5-year periods (90%), outperformed 72 out of 76 rolling 7-year periods (95%), outperformed 40 out of 40 rolling 10-year periods (100%). Large Cap Fund (Class I shares) vs. Russell 1000 Value Index outperformed 136 out of 178 rolling 3-year periods (76%), outperformed 128 out of 154 rolling 5-year periods (83%), outperformed 115 out of 130 rolling 7-year periods (88%), outperformed 94 out of 94 rolling 10-year periods (100%), outperformed 34 out of 34 rolling 15-year periods (100%). All Cap Select Fund (Class I shares) vs. Russell 3000 Value Index, outperformed 73 out of 124 rolling 3-year periods (59%), outperformed 71 out of 100 rolling 5-year periods (71%), outperformed 55 out of 76 rolling 7-year periods (72%), outperformed 39 out of 40 rolling 10-year periods (98%).

# Fixed Income Team

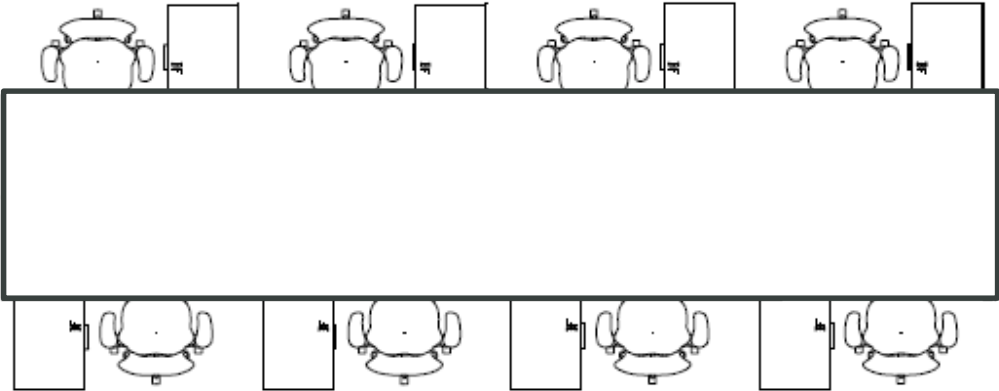
## Core Bond and Short Duration Total Return

**Wenting He**  
Structured Product  
Senior Associate

**Mark Jackson, CFA**  
Portfolio Manager

**Henry Song, CFA**  
Portfolio Manager

**Charlie Minor, CFA**  
Structured Product  
Senior Associate



**Douglas Gimple**  
Senior Portfolio  
Specialist

**Bill Zox, CFA**  
Portfolio Manager &  
CIO - Fixed Income

**John McClain, CFA**  
Portfolio Manager

**Jack Parker, CFA**  
Fixed Income  
Associate

## Distribution and Client Service

## Corporate Credit and High Yield

# Duty to Clients – Investment Results

As of 3/31/19

	AUM	Inception Date	Since Inception	10-YR	5-YR	3-YR	1-YR
<b>Diamond Hill Short Duration Total Return Fund</b>	<b>\$621M</b>	<b>7/5/2016</b>	<b>3.75%</b>	—	—	—	<b>4.08%</b>
Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index			1.17				3.03
Morningstar Category Percentile			3				5
Morningstar Overall Rating: N/A							
<b>Diamond Hill Core Bond Fund</b>	<b>\$58M</b>	<b>7/5/2016</b>	<b>2.26%</b>	—	—	—	<b>5.17%</b>
Bloomberg Barclays U.S. Aggregate Index			1.15				4.48
Morningstar Category Percentile			17				6
Morningstar Overall Rating: N/A							
<b>Diamond Hill Corporate Credit Fund</b>	<b>\$874M</b>	<b>9/30/2002</b>	<b>7.11%</b>	<b>9.61%</b>	<b>5.63%</b>	<b>7.88%</b>	<b>5.97%</b>
ICE BofAML U.S. Corporate & High Yield Index			5.96	7.61	3.88	4.57	5.13
CPI plus 3.00%			5.08	4.80	4.47	5.20	4.86
Morningstar Category Percentile			63	50	1	27	13
Morningstar Overall Rating: ★★★							
<b>Diamond Hill High Yield Fund</b>	<b>\$76M</b>	<b>12/4/2014</b>	<b>7.59%</b>	—	—	<b>9.90%</b>	<b>7.12%</b>
ICE BofAML U.S. High Yield Index			5.43			8.69	5.94
Morningstar Category Percentile			1			3	2
Morningstar Overall Rating: ★★★★★							

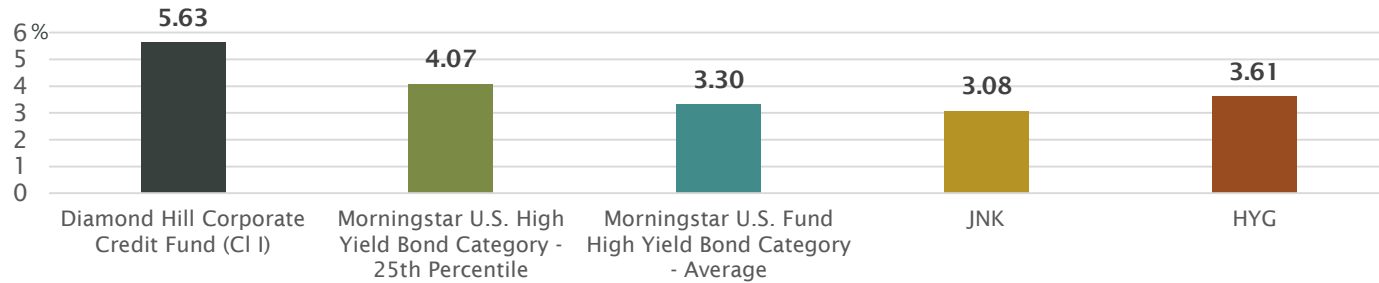
Fund returns are Class I shares net of fees. Periods greater than one year are annualized.  
Morningstar rankings are relative to funds within the respective category.  
Index returns do not reflect any fees.

# Fixed Income Performance – Corporate Credit

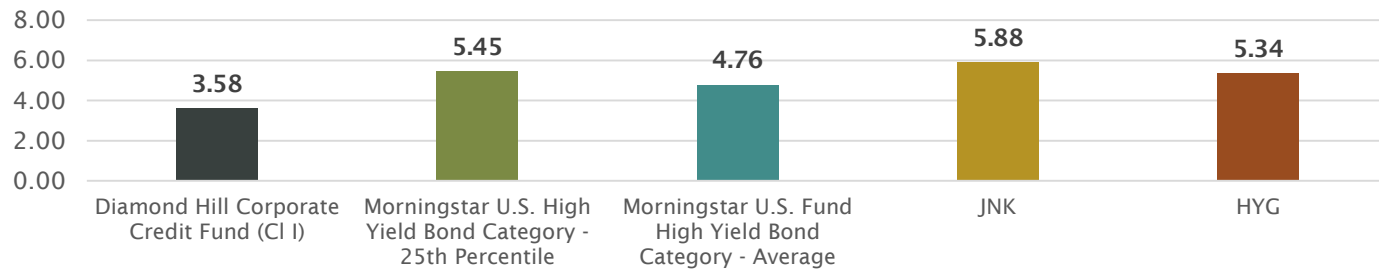
Five years ended March 31, 2019

As of 3/31/19

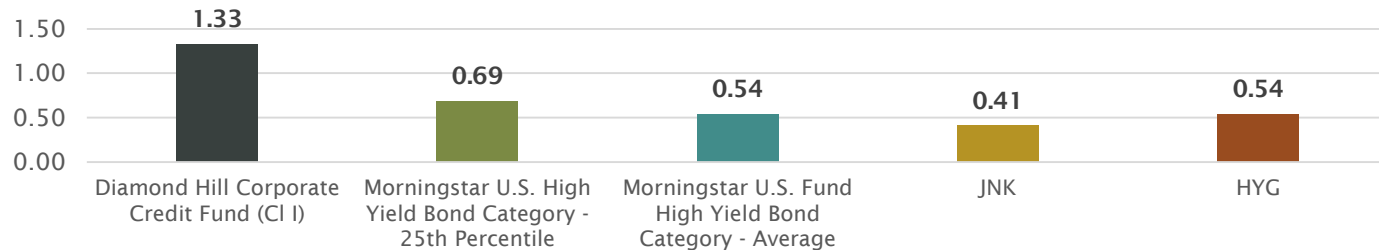
## Annualized Return



## Standard Deviation



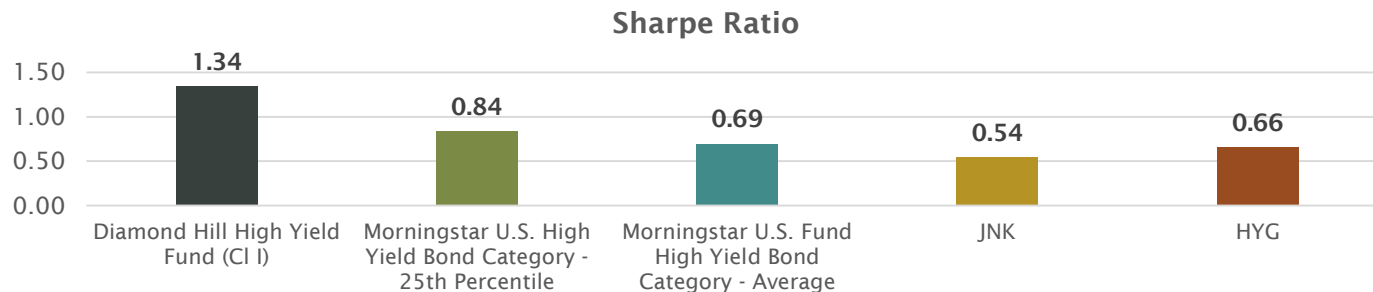
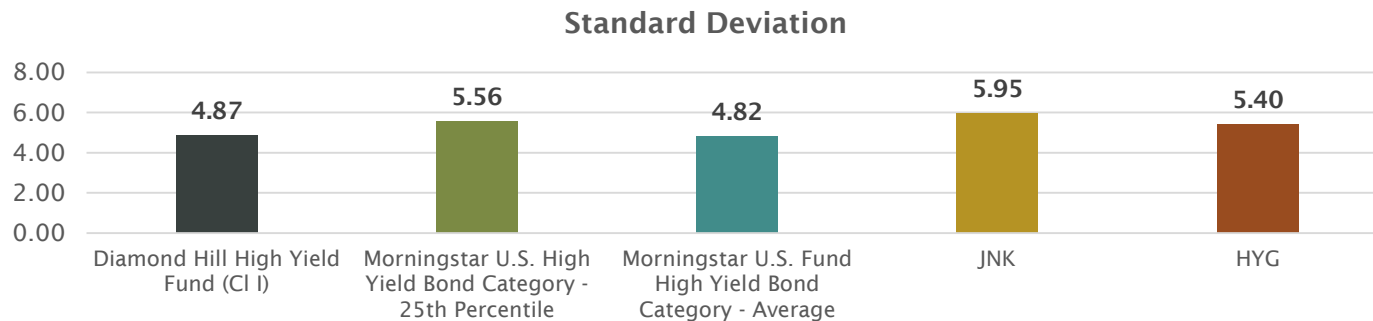
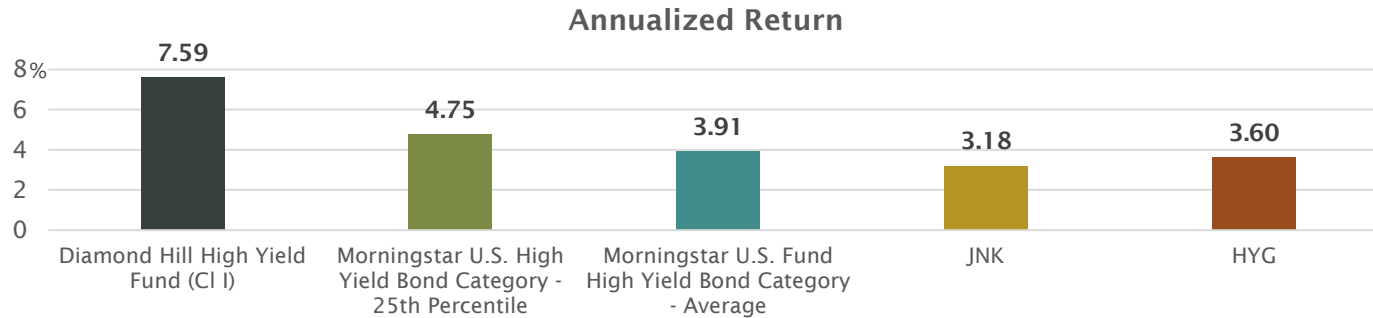
## Sharpe Ratio



# Fixed Income Performance – High Yield

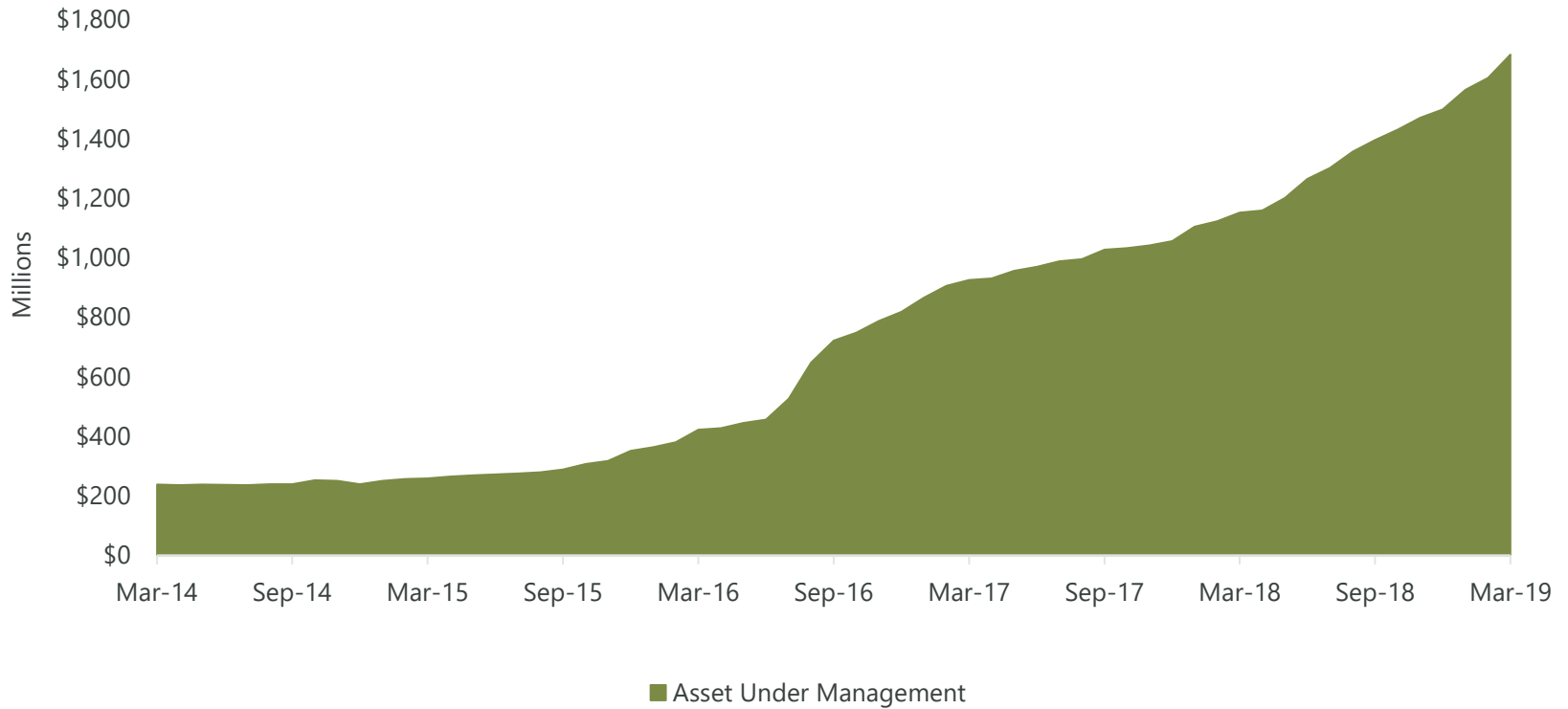
Annualized Return - December 5, 2014 (inception date) through March 31, 2019  
 Standard Deviation and Sharpe Ratio – January 1, 2015 through March 31, 2019

As of 3/31/19



# Diamond Hill Fixed Income AUM Growth

As of 3/31/19



(in millions)	March 31, 2014	March 31, 2018	March 31, 2019
	\$237	\$1,151	\$1,682



# Duty to Owners – Growth in Intrinsic Value

As of 12/31/18

## Financial Highlights

Income Statement Data (in thousands, except per share data)	Years Ended December 31					5 Year CAGR
	2014	2015	2016	2017	2018	
Net Revenues (\$)	104,559	124,426	136,103	145,202	145,628	12%
Net Operating Income (\$)	47,460	58,720	63,069	67,001	71,256	18%
Net Income (\$)	31,581	37,074	46,052	49,989	47,376	
Diluted Earnings per share (\$)	9.67	11.03	13.49	14.48	13.48	
Cash Dividends per share (\$)	4.00	5.00	6.00	7.00	8.00	
Operating Margin	45%	47%	46%	46%	49%	
Operating Margin, as adjusted <sup>(a)</sup>	46%	47%	48%	48%	47%	

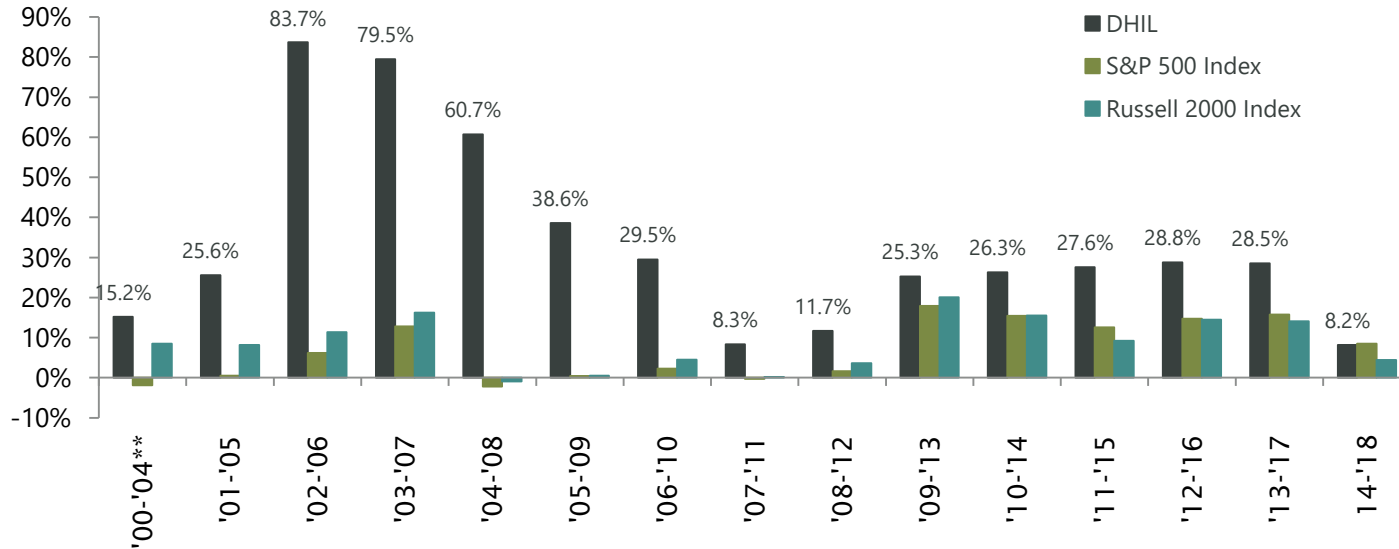
Balance Sheet Data (in thousands, except per share data)	As of December 31				
	2014	2015	2016	2017	2018
Total Cash (\$)	35,777	57,475	57,190	76,602	84,430
Total Investments (excluding Consolidated Funds and Deferred Comp) (\$)	45,427	52,491	79,101	94,737	112,114
Total Assets (\$)	107,709	145,187	199,718	250,388	325,728
Shareholder Equity (\$)	74,319	105,314	139,224	172,444	195,576
Book Value per share (\$)	22.40	30.84	40.81	49.69	55.89

(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 12/31/18

## Total Shareholder Returns over Rolling 5-Year Periods



### Growth of Shareholder Value Since Inception

Annualized: 6/1/00 – 12/31/18

DHIL

S&P 500

Russell 2000

21.9%

5.1%

7.2%

Cumulative: 6/1/00 – 12/31/18

3,839.9%

153.7%

263.1%

\*\* For the period from 5/31/2000 through 12/31/2004.

# Comparison to Other Public Investment Firms

As of 12/31/18

## Ranking by Market Capitalization

Rank	Ticker	Company Name	Market Cap (\$M)	AUM (\$B)
1	BLK	BlackRock, Inc.	62,270	5,976
2	TROW	T. Rowe Price Group, Inc.	21,979	962
3	BEN	Franklin Resources, Inc.	15,787	717
4	SEIC	SEI Investments Company	7,098	307
5	IVZ	Invesco Ltd.	6,648	888
6	EV	Eaton Vance Corp.	5,269	439
7	AMG	Affiliated Managers Group, Inc.	5,067	736
8	LM	Legg Mason, Inc.	3,439	754
9	FII	Federated Investors, Inc.	2,677	460
10	CNS	Cohen & Steers, Inc.	1,605	55
11	WDR	Waddell & Reed Financial, Inc.	1,388	66
12	PZN	Pzena Investment Management, Inc.	602	33
13	VRTS	Virtus Investment Partners	556	92
14	<b>DHIL</b>	<b>Diamond Hill Investment Group, Inc.</b>	<b>523</b>	<b>19</b>
15	GBL	GAMCO Investors, Inc.	489	34
16	WHG	Westwood Holdings Group, Inc.	303	17
17	MN	Manning & Napier, Inc. <sup>(a)</sup>	191	20
18	GROW	U.S. Global Investors, Inc.	24	1
Median			2,320	200

There are 18 firms on our list of public company peers with market cap's ranging from below \$100MM to more than \$90B. The Company will focus its discussion on firms with a Market Cap below \$1.0B and greater than \$100M. Refer to the following pages comparing the Company to this focused peer group.

(a) Market cap for the public company only was \$26M.

Source: SNL Financial.

# Focused Peer Group

As of 12/31/18

For purposes of this presentation, the focused peer group is defined as public companies with a market cap below \$1.0B and greater than \$100M.

Ranking by Market Capitalization				
Rank	Ticker	Company Name	Market Cap (\$M)	AUM (\$B)
1	PZN	Pzena Investment Management, Inc.	602	33
2	VRTS	Virtus Investment Partners, Inc.	556	92
3	<b>DHIL</b>	<b>Diamond Hill Investment Group, Inc.</b>	<b>523</b>	<b>19</b>
4	GBL	GAMCO Investors, Inc.	489	34
5	WHG	Westwood Holdings Group, Inc.	303	17
6	MN	Manning & Napier, Inc. <sup>(a)</sup>	191	20
	<b>Median</b>		<b>506</b>	<b>27</b>

(a) Market cap for the public company only was \$26M.

Source: SNL Financial.

# Comparison to Focused Peer Group

As of 12/31/18

Ranking by Revenue Growth		
Rank	Ticker	5-Year Annualized Growth
1	PZN	9.9%
2	<b>DHIL</b>	<b>8.9%</b>
3	VRTS	6.6%
4	WHG	6.0%
5	GBL	-6.9%
6	MN	-15.0%
Median		6.3%

Ranking by Shareholder Return		
Rank	Ticker	5-Year Annualized Return
1	<b>DHIL</b>	<b>8.36%</b>
2	PZN	-1.91%
3	WHG	-7.27%
4	VRTS	-15.62%
5	GBL	-18.05%
6	MN	-30.50%
Median		-11.44%

Ranking by 2018 Operating Margin		
Rank	Ticker	Operating Margin
1	PZN	52.0%
2	GBL	49.1%
3	<b>DHIL</b>	<b>43.8%</b>
4	WHG	29.3%
5	VRTS	19.9%
6	MN	14.0%
Median		36.5%

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.

# DHIL Share Repurchase Program

---

- Repurchase Plan approved by DHIL Board on September 25, 2018
- Authorizes share repurchases up to \$50MM over a two-year period
- Share repurchases to-date:

	# of Shares	Total (\$)	Avg. Price(\$)
Q4 2018	45,470	\$7,227,885	\$158.96
Q1 2019	53,645	\$7,905,445	\$147.37
<b>Total</b>	<b>99,115</b>	<b>\$15,133,330</b>	<b>\$152.68</b>

# Competitive Fees

As of 3/31/19

## Morningstar Fee Level: Class I Shares

	Low	Below Avg.	Avg.	Above Avg.	High
Small Cap		✓			
Small-Mid Cap		✓			
Mid Cap		✓			
Large Cap		✓			
All Cap Select			✓		
Long-Short		✓			
Research Opps		✓			
Global		✓			
Short Duration		✓			
Core Bond		✓			
Corp. Credit	✓				
High Yield		✓			

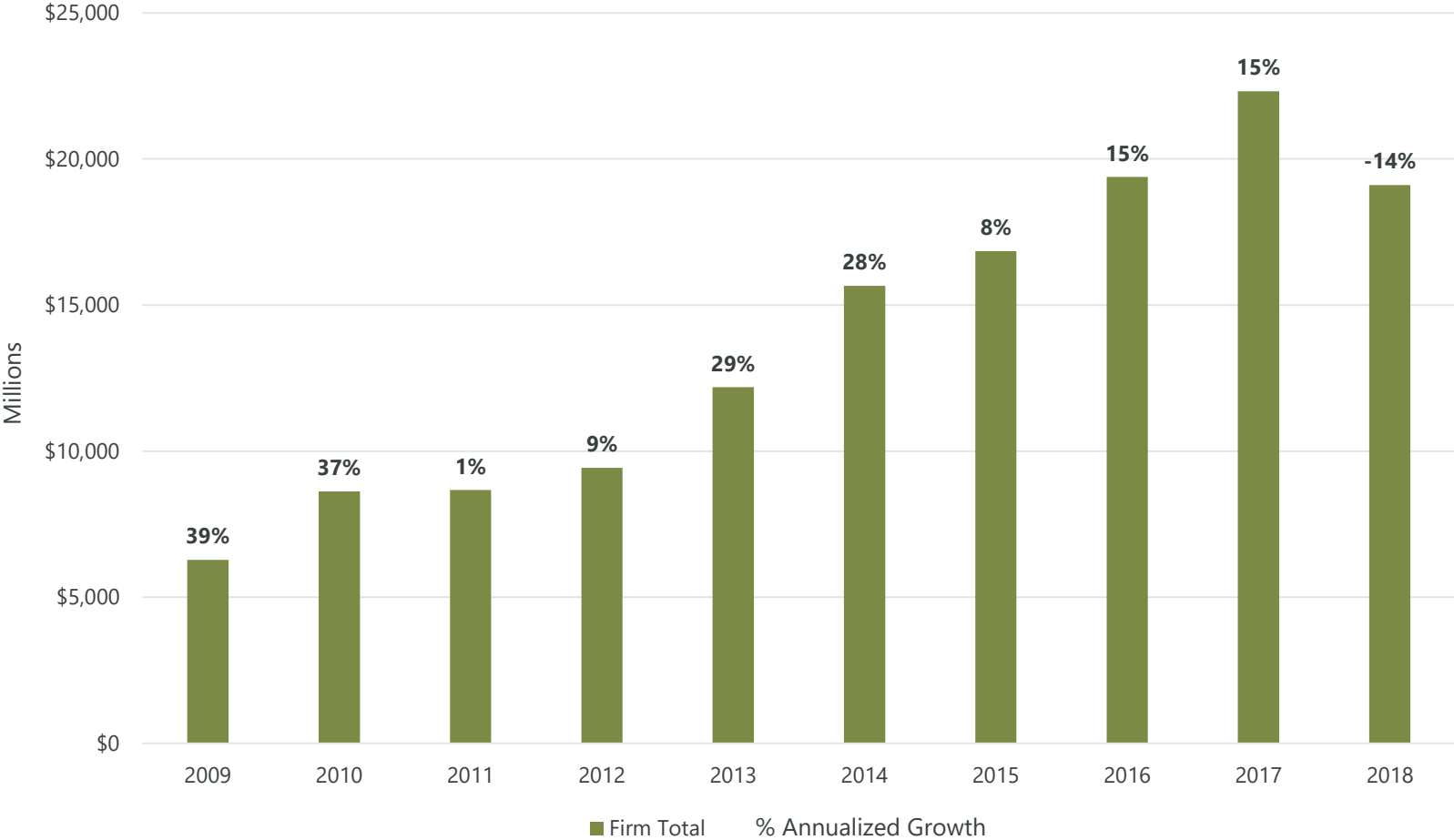
## Morningstar Fee Level: Class Y Shares

	Low	Below Avg.	Avg.	Above Avg.	High
Small Cap		✓			
Small-Mid Cap		✓			
Mid Cap	✓				
Large Cap	✓				
All Cap Select		✓			
Long-Short		✓			
Research Opps		✓			
Global	✓				
Short Duration	✓				
Core Bond	✓				
Corp. Credit	✓				
High Yield	✓				

Note: Collectively ~85% of Fund assets are in Class I or Class Y shares.

# Growth of Assets Under Management

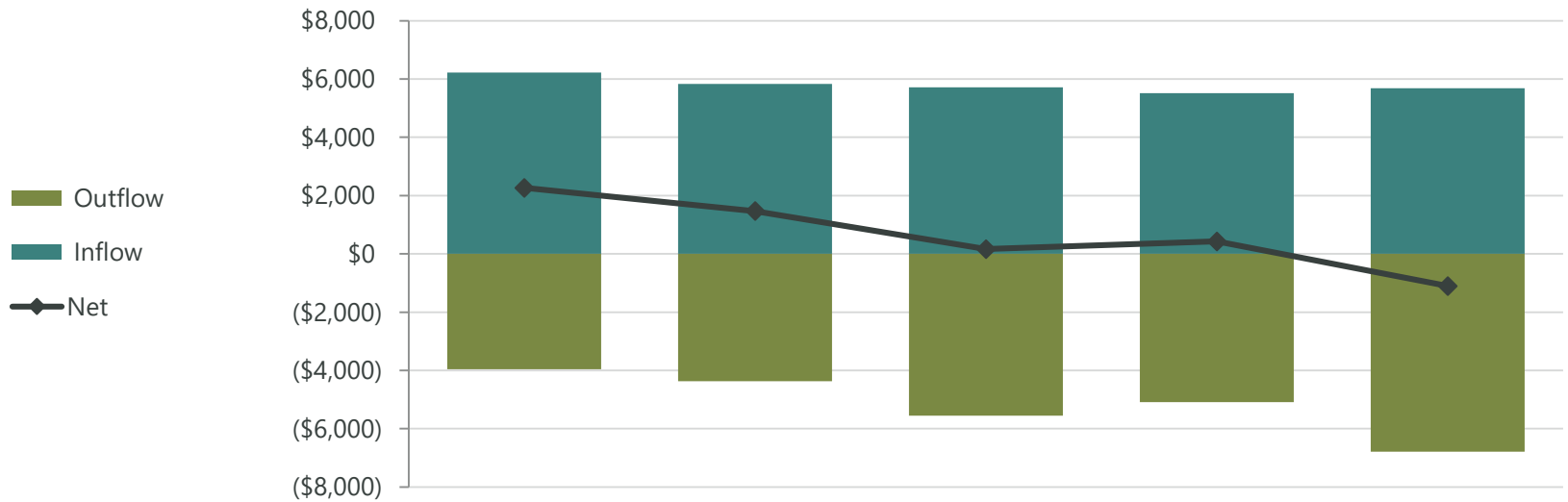
As of 12/31/18





# Summary of Client Investment Flows

As of 12/31/18



	2014	2015	2016	2017	2018
Beginning of Period Assets	\$12,186	\$15,656	\$16,841	\$19,381	\$22,317
<b>Net Flows</b>	<b>2,263</b>	<b>1,474</b>	<b>165</b>	<b>425</b>	<b>(1,102)</b>
Market Impact	1,206	(288)	2,375	2,511	(2,107)
End of Period Assets	\$15,656	\$16,841	\$19,381	\$22,317	\$19,108

# Distribution Objectives

---

## Retain and Grow

- Our talent
- Our clients
- Our Intrinsic Value

## Key Areas of Focus in 2018

- Restructuring our business development efforts
- Investments in Public Relations and broader marketing initiatives
- Retention of clients in our closed strategies
- Increasing awareness of our fixed income capabilities

## Key Areas of Focus in 2019

- Increasing the focus of our business development efforts
- Integrating marketing into the sales process
- Retention of clients
- Utilization of business intelligence and data
- Three-year milestone for Core Bond and Short Duration Total Return

# Client Resources

As of 3/31/19

4 SPECIALIST

6 MARKETING

9 RELATIONSHIP  
MANAGEMENT

8 PRODUCT

INSTITUTIONAL

3 Consultant Relations &  
Business Development

INTERMEDIARY

3 National Accounts

6 Business Development

1 Hybrid Sales

6 Internal Sales

# Business & Product Updates

---

## Fixed Income Updates

Continue to build out fixed income team. Fixed income AUM now in excess of \$1.7 billion.

- High Yield Fund reached three-year track record at 12/31/2018 and received 5-star Morningstar rating.
- Core Bond and Short Duration Total Return will reach their 3-year track records in July 2019

## Portfolio Manager Updates

- Named Chris Welch and Aaron Monroe as co-PM's on Small Cap Strategy effective 2/1/2019; re-opened Fund to new investors effective 4/17/2019
- Named Nate Palmer as APM on Long-Short Strategy effective 6/30/2018

# Business & Product Updates

---

## **Strategic Review of Products**

- Made decision to liquidate our ETF—Diamond Hill Valuation-Weighted 500 effective April 5, 2019
- Plans are in process to merge our Financial Long-Short Fund into our Research Opportunities Fund in Q2 2019, pending shareholder approval

## **New Products**

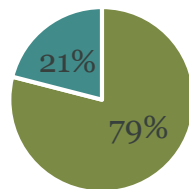
- Plan to convert the International LP to International Fund on June 30, 2019

# Product Updates--International Fund

## Launching International Fund June 30, 2019 (conversion of existing LP)

- Co-PM's:
  - Grady Burkett, CFA – 5 years with Diamond Hill
  - Krishna Mohanraj, CFA – 7 years with Diamond Hill
- Supported by the entire research team

### New Investment Recommendations April 2018 – April 2019



■ Domestic ■ International

“Today, to be an effective research analyst, it is important that you understand your industry in a global context.”

Chris Bingaman, CEO/PM

# Business Updates, continued

---

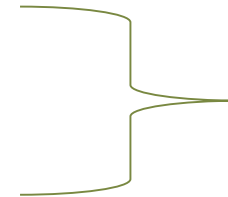
Associates: Continue to invest in all areas.

	12/31/2018	12/31/2017	12/31/2016
Investment Team	50	50	48
Distribution	42	40	39
Administration & Operations	33	28	25
<b>Total DHCM</b>	<b>125</b>	<b>118</b>	<b>112</b>

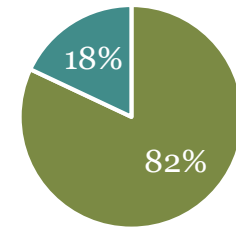
# Business Updates, continued

## Diversity and Inclusion efforts: one example, gender

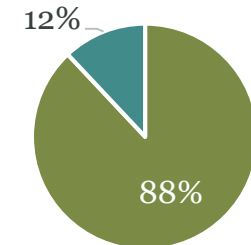
	12/31/2018 #	12/31/2018 % female
Investment Team	50	14%
Distribution	42	33%
Administration & Operations	33	42%
<b>Total DHCM</b>	<b>125</b>	<b>28%</b>



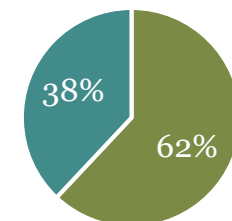
CFA's - global



CFA's - Columbus



2018 CFA Candidates  
(global)



■ Male ■ Female

## Investment Team: 2 of our last 3 hires have been female

- 2018 “Call to Action”
- More proactive outreach
  - Presentations / Networking
  - “Planting the seeds”
- Open to alternative backgrounds beyond traditional education / buy-side experience
- “Growing our own” – looking for the DNA, open to training



# CEO Succession Planning

---

- Board sub-committee formed to oversee CEO succession planning
- Engaged an executive search firm to assist the sub-committee in identifying and evaluating internal and external candidates
  - *Focused on candidates that share our core client-centric approach as well as our intrinsic value investment philosophy*
- CEO job description and candidate profile completed in Q1 and identification of candidates is continuing in Q2
- Chris Bingaman to focus full-time on Long-Short portfolio management after successful conclusion of search

## Question and Answer





**DIAMOND  
HILL** | INVESTMENT  
GROUP

**614.255.3333 | [DIAMOND-HILL.COM](http://DIAMOND-HILL.COM)**

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