

DIAMOND HILL

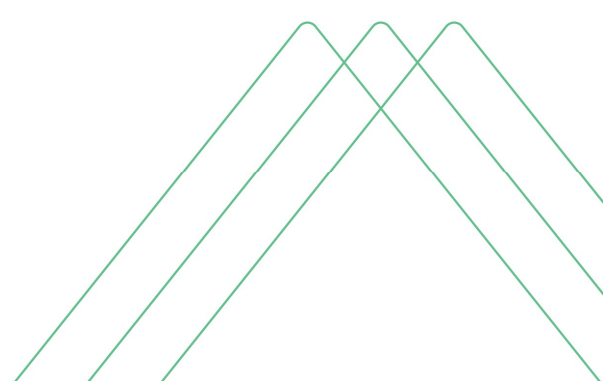
INVESTED IN THE LONG RUN

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Diamond Hill Capital Management, Inc. Form ADV Part 2A – Disclosure Brochure February 28, 2024

This Brochure provides information about the qualifications and business practices of Diamond Hill Capital Management, Inc., an investment adviser registered with the US Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this Brochure, please contact us at 614-255-3333. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that an investment adviser has a certain level of skill or training.

Additional information about Diamond Hill Capital Management, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.



Item 2. Material Changes

There have been no material changes to this Brochure since our last annual amendment on February 28, 2023.

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Item 4. Advisory Business

The Company

Diamond Hill Capital Management, Inc. (“Diamond Hill”, “the firm”, “us”, or “we”) is a wholly owned subsidiary of Diamond Hill Investment Group, Inc. (“DHIL”, “the parent”, or “the parent company”), a publicly traded company listed on Nasdaq and trading under the ticker symbol DHIL.

The firm registered as an investment adviser with the SEC in 1988, and the parent was incorporated in 1990.

As of December 31, 2023, employees and directors of DHIL and its affiliates owned approximately 17% of the shares outstanding, while non-affiliated investors owned the remaining 83% of the shares. As a publicly traded company, the ownership percentage of DHIL changes on a regular basis.

Investment Services

Diamond Hill provides investment management services to individual and institutional investors through mutual funds, separate accounts, collective investment trusts (“CITs”), other pooled vehicles including sub-advised funds, and a private fund. Diamond Hill offers eight equity investment strategies and four fixed income investment strategies. (Item 8 provides more information about our investment strategies.) We do not provide financial planning services, and we do not advise our clients in the selection of other investment advisers or mutual funds not managed by Diamond Hill. Our clients choose one or more of our 12 investment strategies to meet their needs. Upon request, Diamond Hill will work with clients to accommodate client-specific restrictions on any of our investment strategies.

Our portfolio strategies include investments in US and non-US common stocks, investment-grade and non-investment-grade corporate bonds, asset-backed securities, mortgage-related and mortgage-backed securities, US government and agency securities, US dollar-denominated debt of non-US issuers, convertible securities (including stocks and convertible corporate bonds), other structured instruments and open- and closed-end investment companies (including exchange-traded funds).

Wrap Fee Programs

Diamond Hill participates as an investment adviser in several wrap fee programs that are offered by third-party wrap program sponsors (typically broker/dealers). A wrap fee program is an investment advisory program under which a client typically pays a single fee to the sponsor based on assets under management. Fees paid are not based directly upon transactions in the client's account or the execution of client transactions. Wrap fee program clients typically select Diamond Hill from a list of investment advisers presented to clients by representatives of the sponsor. Wrap fee program clients are typically high-net-worth individuals or small institutions. The program sponsor determines the fee to charge to the wrap fee program clients and has primary responsibility for client communications and service. Diamond Hill provides investment management services to the clients. The program sponsor is typically the executing broker/dealer of client portfolio transactions, and in most cases, provides custodial services for the client's assets for the single fee paid by the client to the sponsor. Diamond Hill is paid a portion of the wrap fee management fee for its services by the program sponsor. Wrap fee accounts are considered directed brokerage accounts. When determining whether to participate in a wrap fee program you should consider, among other things, Diamond Hill's brokerage practices and the fees charged by the program sponsor in relation to the expected trading volume. (Item 12 provides more information about our brokerage practices, including our treatment of directed brokerage accounts.)

Model Delivery Programs

Diamond Hill provides services to model delivery programs in which an investment manager provides its strategy model portfolio to the sponsor of the model delivery program. In these instances, Diamond Hill does not have discretionary investment authority over individual client accounts. Another investment manager, typically the program sponsor or its designee, is the discretionary investment manager of, has investment discretion over, and is responsible for, monitoring the client accounts. Diamond Hill provides an updated strategy model portfolio to the sponsors on a periodic basis.

The program sponsor determines the fee to charge the model delivery program client. Diamond Hill is paid a portion of the model delivery program fee for its services by the program sponsor at a pre-determined rate based on the assets under advisement in the program.

Assets Under Management

As of December 31, 2023, Diamond Hill had \$27.4 billion in regulatory assets under management. All of these assets were discretionary assets.

We also have \$1.7 billion of assets under advisement in model delivery programs as described above. Diamond Hill does not have discretion or trading authority over these assets.

Item 5. Fees and Compensation

Compensation for Advisory Services

Diamond Hill furnishes continuous investment management supervision to client accounts. Such investment management is based on the investment objectives and investment guidelines of each client. Management fees for our services are based on the value that we expect to add over rolling five-year periods, vary by investment strategy and are generally calculated based on a percentage of assets under management. Below are our separate account standard fee schedules:

Tier	Small Cap	Small-Mid Cap	Mid Cap
First \$20 million	0.90%	0.85%	0.70%
Above \$20 million	0.80%	0.75%	0.60%
Minimum Account Size	\$10 million	\$10 million	\$10 million

Tier	Large Cap	Large Cap Concentrated	Select
First \$20 million	0.60%	0.60%	0.80%
Above \$20 million	0.50%	0.50%	0.70%
Minimum Account Size	\$10 million	\$10 million	\$10 million

Tier	International
First \$50 million	0.75%
Above \$50 million	0.65%
Minimum Account Size	\$50 million

Tier	Core Bond	Intermediate Bond
First \$50 million	0.29%	0.29%
Next \$50 million	0.22%	0.22%
Above \$100 million	0.18%	0.18%
Minimum Account Size	\$50 million	\$50 million

Tier	Short Duration Securitized Bond
First \$200 million	0.45%
Above \$200 million	0.35%
Minimum Account Size	\$200 million

Tier	Short Duration Investment Grade
First \$100 million	0.35%
Above \$100 million	0.25%
Minimum Account Size	\$100 million

(Item 8 provides a description of the investment strategies that are available as a separate account.)

Diamond Hill reserves the right to negotiate fees and account minimums. Some clients pay more or less than others depending on certain factors including, but not limited to, the type and size of the account, the range of additional services provided to the client and the total amount of assets managed for a single client. Clients with an account value that is less than the minimums listed above may pay more than our standard fees. Additionally, some clients pay us a performance-based advisory fee. (Item 6 provides more information about performance-based fees.) The fees that we charge for investment advisory services are specified in an agreement between Diamond Hill and each individual client.

Fee Assessment

To the extent a separate account is invested in a Diamond Hill Fund or our private fund (each, a “Fund” or collectively, the “Funds”), the account is not assessed a management fee on the portion of the separate account invested in a Fund. Each Fund will, however, incur management and other fees as disclosed in each Diamond Hill Fund’s prospectus or the private fund’s private placement memorandum, as applicable. (Item 10 provides more information about Diamond Hill’s involvement with the Funds.)

Payment of Fees

Management fees are generally billed and payable quarterly in arrears. Fees are generally based on the value of the separate account as of the last business day of the quarter (or average of the month-end values) and are normally adjusted for material cash flows. When an account is opened or terminated, the fee is prorated to the opening or termination date. Diamond Hill provides clients with fee invoices that contain the amount of the fee, the value of the assets in the account on which the fee was based and the fee calculation.

If authorized by a particular client, Diamond Hill will instruct the client’s custodian to deduct Diamond Hill’s management fees directly from the client’s custodian account. In this situation, Diamond Hill will send a copy of the invoice details directly to the client and the custodian, unless we have received instructions from a client stating they do not want to receive copies of invoices. It is Diamond Hill’s understanding, as communicated to the client and its custodian, that the custodian sends quarterly (or more frequent) statements directly to the client or its representative showing all assets and transactions in the account, including fees paid to Diamond Hill.

Other Fees or Expenses

Clients pay other expenses in addition to the fees paid to Diamond Hill. For example, clients pay brokerage commissions, transaction fees, custodial fees, transfer taxes, wire transfer fees and other fees and taxes charged to brokerage or custodial accounts and securities transactions, which are unrelated to the fees collected by Diamond Hill. (Item 12 provides more information on our brokerage practices.)

Cash balances in client separate accounts may be invested in unaffiliated short-term investment funds (“STIFs”), which include money market funds, designated by a client or its custodian. Diamond Hill does not attempt to assess the quality of the underlying assets of a STIF selected by a client or its custodian. Diamond Hill does not provide any advisory fee credit for client assets invested in a STIF, which means that such assets will bear not only their proportionate share of the expenses of the STIF, but also management fees charged by Diamond Hill.

Additional Compensation

Diamond Hill and its employees do not accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

Diamond Hill receives performance-based fees from some separate account clients and our private fund.¹

Conflicts of Interest

The receipt of performance-based fees creates a conflict of interest. Diamond Hill can potentially receive higher fees from accounts with a performance-based compensation structure than from those accounts that pay a fixed asset-based fee as described in Item 5. For example, Diamond Hill has an incentive to direct the best investment ideas to an account that pays a performance-based fee or to allocate or sequence trades in favor of the performance-based fee account. To manage this conflict:

- All accounts within a strategy are managed to the strategy's model portfolio.
- Diamond Hill performs a periodic review of each investment strategy's model portfolio versus each client account. In this review, every position size for each client account is compared to our model weights. In addition, portfolios are monitored by our compliance department for consistency with client objectives and restrictions.
- Diamond Hill has implemented policies whereby the performance-oriented portion of portfolio manager incentive compensation is based solely upon the five-year performance of each respective strategy that they manage. This policy is intended to incent portfolio managers to act in the best interests of all clients, regardless of the fee structure of their account.
- Diamond Hill has trade allocation policies and procedures designed to ensure that all clients are treated fairly and equitably and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Diamond Hill has another potential conflict of interest due to being an adviser to both long-only accounts and accounts that execute short sales. We could sell short securities in a long-short account while holding the same security long in a long-only account. In this case, we could harm the performance of the long-only accounts for the benefit of accounts that execute short sales. For example, continually selling a position short may depress the stock price, potentially harming a long-only account if it holds the same security. To manage this conflict, Diamond Hill has a specific policy that prohibits a long position from being held as a short position in any client account.

Item 7: Types of Clients

Diamond Hill provides investment management services to a wide variety of clients, including institutions, registered investment companies, financial institutions, financial intermediaries, annuity funds, pooled investment vehicles including sub-advised funds, CITs, a private fund, charitable institutions, high-net-worth investors, foundations, trusts, state and municipal government entities, endowment funds, insurance companies, corporations, hospitals, corporate pension and profit-sharing plans and Taft-Hartley plans.

¹ A performance-based fee is an advisory fee based on a percentage of capital gains on, or capital appreciation of, client assets. Performance-based fees paid to investment advisers can be significantly higher than fixed asset-based fees paid on traditional accounts.

Diamond Hill also offers investment advisory services to the clients of wrap program sponsors. In accounts introduced to Diamond Hill by a wrap program sponsor, the client either enters into agreements directly with both Diamond Hill and the sponsor or enters into an agreement solely with the sponsor or another entity that has an agreement with the sponsor. (Item 4 provides a discussion on wrap fee programs.) (Item 5 provides a discussion on our fees and account minimum sizes.)

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Diamond Hill Investment Strategies

We offer eight equity and four fixed income investment strategies:

Equity Strategies

Small Cap Strategy – Invests in primarily US equity securities of small capitalization companies selling at prices below our estimate of intrinsic value.

Small-Mid Cap Strategy – Invests in primarily US equity securities of small and medium capitalization companies selling at prices below our estimate of intrinsic value.

Mid Cap Strategy – Invests in primarily US equity securities of medium capitalization companies selling at prices below our estimate of intrinsic value.

Large Cap Strategy – Invests in primarily US equity securities of large capitalization companies selling at prices below our estimate of intrinsic value.

Large Cap Concentrated Strategy – Invests in a concentrated portfolio of primarily US equity securities derived from the holdings in the Large Cap strategy selling at prices below our estimate of intrinsic value.

Select Strategy – Invests in a concentrated portfolio of primarily US equity securities of companies across a broad range of market capitalization selling at prices below our estimate of intrinsic value.

International Strategy – Invests in non-US equity securities of companies across a broad range of market capitalization selling at prices below our estimate of intrinsic value.

Long-Short Strategy² – Invests in (and sells short) primarily US equity securities of companies selling at prices below (or above) our estimate of intrinsic value.

Equity Strategies – Investment Philosophy and Process

We believe that a company's intrinsic value is independent of its stock price. We also believe competitive long-term returns can be achieved by investing in companies when the current market price is at a discount (or a premium, in the case of short positions) to our estimate of intrinsic value, based upon a discounted cash flow methodology.

² The Long-Short strategy is only available to investors through a mutual fund managed by Diamond Hill.

The following are the guiding principles for our investment philosophy:

- **Treat every investment as a partial ownership interest in that company.**
Investing is most intelligent when it is viewed through the lens of an owner.
- **Always invest with a margin of safety.**
Our discipline is to purchase (or sell short) securities at a sufficient discount (or premium) to our estimate of intrinsic value. We estimate the intrinsic value of the business independent of the current stock market price then compare our estimate to the price to determine if an opportunity exists. When we successfully identify securities trading below (or above) our estimate of intrinsic value, it increases potential reward and serves as the most effective risk control.
- **Possess a long-term investment temperament.**
In the short term, emotion drives market prices as much as economic fundamentals. Over time, the economic performance of the business and the price paid for the ownership stake will determine investment return.
- **Recognize that market price and intrinsic value tend to converge over time.**
Investment opportunity lies in the ability to buy (or short), when the current market price does not reflect a company's intrinsic value, and to sell (or cover) when price and value converge.

Investing in securities always involves the risk of loss that investors should understand and be prepared to bear.

Our investment strategies are actively managed and intrinsic-value focused. Bottom-up analysis is of primary importance. We use a five-year discounted cash flow methodology to estimate intrinsic value and then compare our estimate to the current market price. We manage our portfolios independent of benchmark weights.

To forecast the amount and timing of a company's cash flows, we concentrate on the fundamental economic drivers of the business. We evaluate all publicly available material information that may aid us in forecasting future cash flows. In making our forecast, our considerations include, for example, industry competition, regulatory factors, the threat of technological obsolescence and a variety of other factors. Other fundamental factors that we use to estimate intrinsic value include normalized earnings and earnings growth rate, payout ratio and dividends, terminal P/E multiple and required rate of return.

To achieve breadth and depth of company research, our research team is highly integrated. Our equity research team reports to the director of research who is responsible for ensuring a consistent research process, providing feedback and facilitating career development for team members. Research analysts present investment ideas to the portfolio managers who also serve as an additional source of sector and industry knowledge. This structure ensures that we have company and industry expertise as well as an experienced perspective to build strong investment theses for individual companies and to make long-term buy and sell decisions. Portfolio managers are responsible for investment decision-making, including asset allocation, security selection, portfolio construction and portfolio risk management. Since we value independent thinking, the portfolio managers are ultimately accountable for their strategy's results and are not subordinate to an investment committee.

We regularly compare market price to our estimate of intrinsic value for every holding or short position. We will sell a holding (or cover a short position) under the following circumstances:

- If the market price reaches our estimate of intrinsic value we will generally begin exiting a position.
- If our estimate of intrinsic value is lowered (or raised) due to a change in the fundamentals, such that the current market price is no longer at a discount (or premium) to our estimate of intrinsic value, we will exit the position.
- If a more attractive investment opportunity is identified, we may sell (or cover) a holding to raise proceeds.
- If a holding's position size reaches our stated limit of the portfolio at market, we reduce the position. Typically, we trim a position as it approaches the limit, rather than allowing it to exceed the limit.

We define risk as the permanent loss of capital rather than short-term price volatility. We manage risk through our intrinsic value-focused investment philosophy and disciplined investment process. Portfolio managers are ultimately accountable for managing investment risk in a portfolio. By focusing stock selection on securities selling at discounts (or premiums, if selling short) to our estimates of intrinsic value, we believe we have a built in a "margin of safety." Thus, our primary risk control is to compare current market prices regularly to our estimates of intrinsic value.

To limit downside risk, we diversify portfolios by imposing sector, industry, and position limits.

Equity Strategies – Investment Risks

The material risks associated with our equity strategies are:

Equity Market Risk – Overall stock market risks may affect the value of the investments in equity strategies. Factors such as US economic growth and market conditions, interest rates, political events, pandemics and natural disasters affect the equity markets.

Management Risk – Our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole, and our intrinsic value approach may fail to produce the intended results.

Small and Mid Cap Company Risk – Investments in small and medium capitalization companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. In addition, small and medium capitalization companies may be more vulnerable to economic, market and industry changes. As a result, share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

Concentration Risk – Some of our strategies concentrate their investments in a small number of securities. The small number of securities held may not be diversified across all sectors or industries as compared to a broad index, such as the S&P 500 or Russell 3000 Indices. As a result, the value of a client account may vary considerably in response to changes in the market value of individual securities, industries or sectors and lead to higher volatility.

Non-US and Emerging Market Risk – Certain strategies may invest in non-US securities and US securities of companies domiciled in non-US countries that may experience more rapid and extreme changes in value than a strategy that invests exclusively in securities of US companies. These companies may be subject to additional risks, including political and economic risks, civil conflicts and war, pandemics, natural disasters, greater volatility, expropriation and nationalization risks, currency fluctuations, higher transaction costs, delayed settlement, possible non-US controls on investment and less stringent investor protection and disclosure standards of non-US markets. The departure of one or more other countries from the European Union may have significant political and financial consequences for global markets. These risks are magnified in emerging markets as events and evolving conditions in certain economies or markets may alter the risks associated with investments tied to countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. The market for the securities of issuers in emerging markets is typically small and low, and nonexistent trading volumes in those securities may result in a lack of liquidity and price volatility.

Fixed Income Strategies

Short Duration Securitized Bond Strategy – Seeks total potential returns by diversifying credit exposure through investment in securitized assets, including asset-backed, mortgage-backed and collateralized mortgage-backed securities. This strategy generally maintains a duration of one to two, with a maximum of three. The strategy is offered with either of the following credit exposures:

- Investment grade only
- Up to a maximum of 15% below investment grade

Core Bond Strategy – Seeks to maximize total return consistent with the preservation of capital by investing in a diversified portfolio of investment-grade intermediate and long-term fixed income securities with a focus on securities and spread sectors we believe to be undervalued.

Intermediate Bond Strategy – Seeks to maximize total return consistent with the preservation of capital by investing in a diversified portfolio of investment-grade intermediate fixed income securities with a focus on securities and spread sectors we believe to be undervalued.

Fixed Income Strategies – Investment Philosophy and Process

Our investment process is driven by: (1) security selection, (2) sector allocation, (3) yield curve positioning and (4) duration management in concert with the overall maintenance of a high-quality portfolio. We seek to generate excess return through the selection of undervalued securities and spread sectors.

Idea generation: We primarily focus on identifying undervalued securities, which may result in owning many securities that are not included in each strategy's benchmark index. Portfolio managers and analysts continually monitor and analyze potential securities to determine suitability.

Security selection: Our primary focus is on the selection of individual issues with an emphasis on identifying undervalued securities. Individual securities are selected following a risk/reward evaluation of interest rate risk, credit risk and an examination of the complex technical structure of the security. We use quantitative valuation methodologies to identify securities we believe to be undervalued, fairly valued and overvalued.

Portfolio managers for the Short Duration strategies primarily invest in securitized bond investments. Securitized bond investments are also referred to as “structured product securities” or “structured products” and include secured loans backed by commercial real estate, residential real estate, commercial or consumer loans and securitizations such as agency and non-agency mortgage-backed securities (including commercial mortgage-backed securities, residential mortgage-backed securities and collateralized mortgage obligations (“CMOs”)), asset-backed securities and other similar securities and related instruments. Portfolio managers for the Core Bond strategy may also consider including corporate bonds, Treasury securities and agency bonds in the portfolio.

Portfolio construction: Although bottom-up analysis and security selection is of primary importance, we also pay close attention to sector and sub-sector valuations and weightings in portfolio construction. Duration is carefully managed to help control interest rate risk in fixed income portfolios; however, we use it sparingly as an active portfolio management tool. In conjunction with the portfolio duration decision, we identify broad interest rate trends and supply and demand relationships that may influence the shape of the yield curve. For a given duration target, our yield curve strategy seeks to find optimal exposures along the yield curve.

Fixed Income Strategies – Investment Risks

The material risks associated with our fixed income strategies are:

Fixed Income Risk – Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases. The strategies may invest in variable and floating rate securities. Although these instruments are generally less sensitive to interest rate changes than fixed rate instruments, the value of variable and floating rate securities may decline if their interest rates do not rise as quickly or as much as general interest rates. Fixed income securities with greater interest rate sensitivity and longer maturities tend to produce higher yields but are subject to greater fluctuations in value. Usually, changes in the value of fixed income securities will not affect cash income generated but may affect the value of the investment.

Management Risk – Our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect, and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole, and our intrinsic value approach may fail to produce the intended results.

Credit Risk – There is a risk that issuers and counterparties will not make payments on the securities and repurchase agreements they issue. Such default could result in losses to client accounts. In addition, the credit quality of securities may be lowered if an issuer’s financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and our ability to sell the security.

Inflation Risk – Because inflation reduces the purchasing power of income produced by existing fixed income securities, the prices at which fixed income securities trade will be reduced to compensate for the fact that the income they produce is worth less. This potential decrease in market value would be the measure of inflation risk.

High Yield Securities Risk – The Short Duration Securitized Bond strategy invests in fixed income securities rated below investment grade, also known as high yield securities or junk bonds. High yield securities provide greater income and opportunity for gain but entail greater risk of loss of principle. High yield securities are predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligation. These investments may be issued by companies which are highly leveraged, less creditworthy or financially distressed. Although these securities provide a higher yield than higher-rated debt securities, the high degree of risk involved in these investments can result in substantial or total loss. The market for high yield securities is less active than the market for higher quality securities, and the market price of these securities can change suddenly and unexpectedly. Based on measures such as dealer inventories and average trade size, the high yield market has become less liquid at the same time as it has grown markedly and become more concentrated under the control of the largest investors. During future periods of market stress, liquidity conditions in the high yield market may be even worse than prior periods of market stress.

Illiquid Securities Risk – The strategies may invest in illiquid securities. The price paid for the purchase of illiquid securities or received for the resale may be lower than the price paid or received for similar securities with a more liquid market. Liquidity risk may result from the lack of an active market or a reduced number and capacity of traditional market participants to make a market in fixed income securities and may be magnified during times of market stress.

Government Securities Risk – The fixed income strategies may invest in securities issued or guaranteed by the US government or its agencies and instrumentalities. These securities may be backed by the credit of the government as a whole or only by the issuing agency. US Treasury bonds, notes and bills and some agency securities, such as those issued by the Federal Housing Administration and Ginnie Mae, are backed by the full faith and credit of the US government as to payment of principal and interest and are the highest quality government securities. Other securities issued by US government agencies or instrumentalities, such as securities issued by the Federal Home Loan Banks and Freddie Mac, are supported only by the credit of the agency that issued them, and not by the US government. Securities issued by the Federal Farm Credit System, the Federal Land Banks and Fannie Mae are supported by the agency’s right to borrow money from the US Treasury under certain circumstances but are not backed by the full faith and credit of the US government. No assurance can be given that the US government would provide financial support to its agencies and instrumentalities if not required to do so by law.

Asset-Backed, Mortgage-Related and Mortgage-Backed Securities Risk – The fixed income strategies may invest in asset-backed, mortgage-related and mortgage-backed securities, including so-called “subprime” mortgages that are subject to certain other risks including prepayment and call risks. When mortgages and other obligations are prepaid and when securities are called, the strategy may have to reinvest in securities with a lower yield or fail to recover additional amounts (*i.e.*, premiums) paid for securities with higher interest rates. In such case, it could result in an unexpected capital loss and/or a decrease in the amount of dividends and yield. In periods of rising interest rates, the strategy may be subject to extension risk and may receive principal later than expected. As a result, in periods of rising interest rates, the strategy may exhibit additional volatility. During periods of difficult or frozen credit markets, significant changes in interest rates or deteriorating economic conditions, such securities may decline in value, face valuation difficulties, become more volatile and/or become illiquid.

CMOs and stripped mortgage-backed securities, including those structured as interest only (“IOs”) and principal only (“POs”), are more volatile and may be more sensitive to the rate of prepayments than other mortgage-related securities. CMOs are issued in multiple classes, and each class may have its own interest rate and/or final payment date. A class with an earlier final payment date may have certain preferences in receiving principal payments or earning interest. As a result, the value of some classes in which the strategy invests may be more volatile and may be subject to higher risk of non-payment. The risk of default, as described under “Credit Risk,” for sub-prime mortgages is higher than other types of mortgage-backed securities. The structure of some of these securities may be complex and there may be less available information than other types of debt securities.

The value of IO and PO mortgage-backed securities are more volatile than other types of mortgage-related securities. They are very sensitive not only to changes in interest rates, but also to the rate of prepayments. A rapid or unexpected increase in prepayments can significantly depress the price of interest-only securities, while a rapid or unexpected decrease could have the same effect on principal-only securities. In addition, these instruments may be illiquid because there may be a drop in trading volume, an inability to find a ready buyer, or the imposition of legal restrictions on the resale of securities. The strategy will be exposed to additional risk to the extent that it uses inverse floaters and inverse IOs, which are debt securities with interest rates that reset in the opposite direction from the market rate to which the security is indexed. These securities are more volatile and more sensitive to interest rate changes than other types of debt securities. If interest rates move in a manner not anticipated by Diamond Hill, the strategy could lose all or substantially all of its investment in inverse IOs.

Prepayment and Call Risk – The fixed income strategies may invest in securities where the issuer may repay principal in advance, especially when yields fall. Changes in the rate at which prepayments occur can affect the return on investment of these securities. When debt obligations are prepaid or when securities are called, the proceeds may be reinvested in securities with a lower yield. The account also may fail to recover additional amounts (*i.e.*, premiums) paid for securities with higher coupons, resulting in an unexpected capital loss.

Non-US and Emerging Markets Risk – The fixed income strategies may invest in non-US securities and US securities of companies domiciled in non-US countries that may experience more rapid and extreme changes in value than securities of US companies. These companies may be subject to additional risks, including political and economic risks, civil conflicts and war, pandemics, natural disasters, greater volatility, expropriation and nationalization risks, currency fluctuations, higher transaction costs, delayed settlement, possible non-US controls on investments and less stringent investor protection and disclosure standards of non-US markets. The departure of one or more other countries from the European Union may have significant political and financial consequences for global markets. These risks are magnified in emerging markets as events and evolving conditions in certain economies or markets may alter the risks associated with investments tied to countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. The market for the securities of issuers in emerging markets is typically small and low, and nonexistent trading volumes in those securities may result in a lack of liquidity and price volatility.

Consumer Loans Risk – Investments in consumer loans expose client accounts to additional risks beyond those normally associated with more traditional debt instruments. The client accounts’ ability to receive payments in connection with the loan depends primarily on the financial condition of the borrower and

whether or not a loan is secured by collateral, although there is no assurance that the collateral securing a loan will be sufficient to satisfy the loan obligation. In addition, bank loans often have contractual restrictions on resale, which can delay the sale and adversely impact the sale price. Transactions involving bank loans may have significantly longer settlement periods than more traditional investments (e.g., settlement can take longer than 7 days) and often involve borrowers whose financial condition is troubled or highly leveraged. These facets of bank loans increase the risk that the client account may not receive its proceeds in a timely manner or that the client account may incur losses in order to pay redemption proceeds to its shareholders. In addition, consumer loans are not registered under the federal securities laws like stocks and bonds, so investors in these loans have less protection against improper practices than investors in registered securities.

Other Risks

Performance Risk – All investing involves risks, including the permanent loss of capital. Diamond Hill does not guarantee the future performance of a strategy or a client's account, the success of any investment decision or strategy or the success of the overall management of a strategy or an account.

Regulatory Risk – Laws, rules and regulations affecting the management of strategies or client accounts change from time to time, and we are currently operating in an environment of significant regulatory reform. We cannot predict the effects, if any, of future legal and regulatory changes on our business or the services we provide.

Cybersecurity Risk – The computer systems, networks and devices used by Diamond Hill and its service providers to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized by Diamond Hill and its service providers, systems, networks or devices potentially can be breached due to both intentional and unintentional events. Diamond Hill and the client accounts we manage could be negatively impacted as a result of a cybersecurity breach.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which Diamond Hill invests, counterparties with which Diamond Hill engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies, other financial institutions and other parties.

Cybersecurity breaches can include, among other things, unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; ransomware; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches may cause disruptions and impact Diamond Hill's business operations, potentially resulting in financial losses; may negatively impact the financial condition of an issuer, counterparty or other market participant; interference with the Funds' ability to calculate their net asset values; impediments to trading; the inability of Diamond Hill and its service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. In addition, substantial costs may be incurred by these entities to prevent

any cybersecurity breaches in the future. Diamond Hill does not control the cybersecurity systems of issuers or third-party service providers.

Item 9. Disciplinary History

Investment advisers registered with the SEC are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Diamond Hill or the integrity of the firm's management in this item. Registered investment advisers are required to report all disciplinary events regardless of whether they are material in Part 1A of Form ADV. Diamond Hill has no legal or disciplinary events of any kind to report.

Item 10. Other Financial Industry Activities & Affiliations

As noted in Item 4, Diamond Hill is a wholly owned subsidiary of Diamond Hill Investment Group, Inc.

Certain employees hold FINRA licenses and are registered representatives of Foreside Financial Services, LLC, an unaffiliated limited purpose broker/dealer that provides statutory underwriting services to mutual fund companies, including Diamond Hill Funds. Neither Diamond Hill nor any of its employees receive any compensation from Foreside Financial Services, LLC.

Mutual Funds

Diamond Hill serves as the investment adviser and administrator to the Diamond Hill Funds, each of which is an open-end registered investment company. Certain persons listed in Schedule A of Diamond Hill's Part 1A of Form ADV are officers of the Diamond Hill Funds. As officers, these persons are involved in the day-to-day management of the Diamond Hill Funds. To avoid any potential conflicts of interest, these persons are subject to Diamond Hill's Code of Ethics and are supervised by an independent Board of Trustees.

In addition, the Board of Trustees of the Diamond Hill Funds supervises the advisory services and the administrative services agreements between Diamond Hill and the Diamond Hill Funds.

Diamond Hill does not believe these services create material conflicts of interest between Diamond Hill and its other clients.

Private Fund

Diamond Hill is the Managing Member of Diamond Hill Fund GP, LLC. Diamond Hill Fund GP LLC is the general partner of Diamond Hill Micro Cap Fund, LP. This fund is referred to as a "private fund."³

³ Private funds are only offered on a private placement basis to accredited or qualified investors. As discussed in Items 5 and 6, Diamond Hill could earn either a management fee or both a management fee and a performance-based incentive fee for serving as investment manager to a private fund.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics & Personal Trading

Diamond Hill has adopted a Code of Ethics for all employees of the firm describing our high standards of business conduct, fiduciary duty to our clients and rules surrounding personal securities trading by our employees. A copy of the Code of Ethics is on our website and is available to clients and prospective clients upon request.

The Code of Ethics prohibits employees from purchasing individual equity and most fixed income securities that are also eligible to be held in one of our strategies or client portfolios and from purchasing third-party mutual funds in the primary Morningstar categories with which we compete.

The Code of Ethics also includes guidelines related to the reporting of personal securities holdings and trading activity. All Diamond Hill employees must accept the terms of the Code of Ethics upon employment, on an annual basis thereafter, or any time the Code of Ethics is amended.

From time to time, Diamond Hill employees receive gifts and/or entertainment in connection with their employment at Diamond Hill. To reduce the potential for conflicts between an employee's personal interests and the interests of Diamond Hill clients, Diamond Hill has adopted a gifts and entertainment policy, which is in its Code of Ethics. This policy is based on the principle that employees should not accept or solicit anything of value that is intended or designed to cause, or would reasonably be judged to have the likely effect of causing, such employee to act in a manner that is inconsistent with the best interests of Diamond Hill clients. Under the policy, any employee who receives a gift of more than a nominal value (as defined in the Code of Ethics) in connection with the employee's employment at Diamond Hill is not permitted to retain the gift. The policy also prohibits an employee from accepting any extravagant or excessive business entertainment.

In addition, the Code of Ethics restricts outside business activities that may create conflicts of interest. Requests to obtain a copy of Diamond Hill's Code of Ethics should be mailed to:

Diamond Hill Capital Management, Inc.
Attn: Chief Compliance Officer
325 John H. McConnell Blvd., Suite 200
Columbus, Ohio 43215

Participation in Client Transactions

Diamond Hill recommends to its clients the purchase or sale of the Funds. Diamond Hill serves as the investment adviser and administrator for, and receives fees from, the Funds. Therefore, a conflict of interest exists related to the potential duplication or layering of fees. To eliminate this conflict, we do not charge a separate advisory fee to clients on their assets which are invested in the Funds.

A portion of Diamond Hill's corporate investment portfolio is invested in the Funds and private fund for each of which Diamond Hill serves as an investment adviser, administrator, general partner or manager. Employees also own shares of the Funds and interests in the private fund. We do not believe that these

investments create a conflict of interest between Diamond Hill and its advisory clients due to the pooled nature of the investments. Diamond Hill does not invest its corporate investment portfolio in any individual securities that are eligible to be held in one of our strategies or client portfolios.

Political Contributions

It is Diamond Hill's policy not to make, and to prohibit its employees from making on behalf of Diamond Hill, any political contributions for the purpose of influencing an existing or potential client, a public official or their agency. However, employees are permitted to make personal political contributions in accordance with the requirements and restrictions of applicable law and Diamond Hill's policies. To help ensure compliance with SEC rules, and many state and local pay-to play rules, Diamond Hill employees must obtain prior approval from our compliance department before they make any contributions to a political candidate, government official, political party or political action committee.

Trade Errors

There are two types of trade errors: those that are detected after the trade has settled and those that are detected prior to trade settlement. Diamond Hill corrects all its trade errors so that the client does not suffer a loss and is not harmed.

Trade errors that are detected after a trade has settled in a client account are considered "Client Account Trade Errors." For Client Account Trade Errors where Diamond Hill is determined to be at fault, Diamond Hill will make the client whole for any net losses incurred when correcting the error. If it is determined that the client is at fault, Diamond Hill may, in its discretion, pay the loss or charge the loss (in whole or in part) to the client. Net gains incurred when correcting a Client Account Trade Error will be retained by the client.

Trade errors that are detected prior to settlement of a trade in a client account are considered "Adviser Account Trade Errors." Diamond Hill will settle Adviser Account Trade Errors, and any correcting trade, into its error account. Net gains realized on a correcting trade will be retained by Diamond Hill and net losses incurred on a correcting trade will be paid by Diamond Hill. Net gains are retained in the error account and used to offset future net losses within a calendar year. If Diamond Hill has cumulative net gains at the end of any calendar year resulting from correction of an Adviser Account Trade Error, it will donate those net gains to charity.

Item 12: Brokerage Practices

Broker Selection & Best Execution

For most clients, Diamond Hill has the authority and discretion to make all determinations as to securities to be bought and sold, the amounts of the securities bought or sold, the broker/dealer to be used and commissions and other fees to be paid. As part of its discretionary responsibilities in executing trades on behalf of clients, Diamond Hill seeks best execution under the circumstances of each trade. In limited circumstances, clients can request or select their own broker/dealers subject to Diamond Hill's directed brokerage policy described below.

When selecting broker/dealers to execute transactions, Diamond Hill considers the range and quality of a broker's services including, but not limited to, execution capability, trading expertise, accuracy of execution, commission rates, research, reputation and integrity, fairness in resolving disputes, financial responsibility and responsiveness. Diamond Hill does not select broker/dealers based on the lowest possible commission cost, but rather whether the broker/dealer's services provide best execution for the clients under the circumstances. Diamond Hill evaluates the reasonableness of the brokerage commissions paid in connection with portfolio transactions based on the professional opinions and judgments of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and the information available to them, including industry survey data concerning the level of commissions being paid by other investors of comparable size and type.

Diamond Hill has a Best Execution Committee that has oversight and policy-making responsibility for Diamond Hill's brokerage practices. The Best Execution Committee includes representatives from senior management and the trading, compliance and investment teams. The Best Execution Committee meets at least quarterly and has processes in place to review average commission rates, new broker approval, trade impact cost analysis, use of and payments from client commission agreements, and soft dollar commissions paid to research brokers.

Diamond Hill's equity traders use various trade execution management systems to ensure proper trade management, including fair order allocation and to seek best execution. Diamond Hill may also place orders to buy and sell equity securities where the broker is acting on a principal rather than agency basis, when Diamond Hill's traders believe that trading on a principal basis is likely to provide best execution. The fixed income team executes their own trades with approved brokers who provide closely monitored inventories of fixed income securities on a regular basis.

We have controls in place for monitoring trade execution in our clients' portfolios, including reviewing trades for best execution. Certain broker/dealers that Diamond Hill uses to execute client trades are also clients of Diamond Hill and/or refer clients to Diamond Hill, which creates a conflict of interest. To mitigate this conflict, we adopted a policy that prohibits us from considering any factor other than best execution when we place a client trade with a broker/dealer.

Execution Practices for Contribution and Withdrawal of Client Assets

Diamond Hill may limit the acceptance of a client's previously acquired securities (*i.e.*, legacy positions or securities) for account funding or contribution purposes. Where accepted, Diamond Hill evaluates legacy positions and will sell all or a portion of such securities to the extent that such securities would not be included in Diamond Hill's model portfolio holdings for such account (unless such securities are subject to another express arrangement). Depending on the size and characteristics of the legacy position and the then-prevailing markets and other factors, the client may receive a sale price that is less favorable than if the transaction involved a more marketable or liquid position. The client will be responsible for all tax liabilities that result from any sale of legacy positions. Similarly, Diamond Hill may be unable to sell securities to raise cash, or to accommodate a terminating account's request to sell securities, as quickly, or at favorable prices, as it might have been able to do under normal ongoing management or normal market conditions. Depending on market movements and liquidity, such delays could have an adverse impact on the client account.

Research and Brokerage Benefits

In allocating brokerage, Diamond Hill takes into consideration the receipt of research and brokerage services, consistent with its obligation to seek best execution for client transactions. As permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended (“Section 28(e)”), Diamond Hill is permitted to cause its clients to pay a broker that provides “brokerage and research services” (as defined by Section 28(e)) to Diamond Hill a commission for effecting a securities transaction for clients in excess of the commission other brokers would have charged for the transaction; provided that, Diamond Hill determines in good faith that the higher commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker viewed in terms of either a particular transaction or Diamond Hill’s overall responsibility to the client and its other clients. The broker may directly provide brokerage and research services to Diamond Hill or may purchase them from a third party for Diamond Hill. When Diamond Hill uses client commissions to obtain brokerage and research services, Diamond Hill receives a benefit because it does not have to produce or pay for the research, products or services itself.

The term “brokerage and research services” includes advice as to: (i) the value of securities, (ii) the advisability of investing in, purchasing or selling securities, (iii) the availability of securities and (iv) purchasers or sellers of securities that furnish analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. It also includes effecting securities transactions and performing functions incidental thereto (such as clearance and settlement) or required in connection therewith by applicable rules.

Diamond Hill has acquired the following types of brokerage and research services using client commissions (collectively, “Research”):

- Reports or databases containing corporate, fundamental, industry, economic or statistical analyses,
- Industry conferences,
- Access to analysts and corporate management,
- Trading analytics and
- Research field trips to visit corporate management and/or tour company facilities.

Diamond Hill has entered into client commission agreements with broker/dealers that are involved from time to time in executing, clearing or settling securities transactions on behalf of clients (collectively, “CCA Brokers”), which provide for the CCA Brokers to pay a portion of the commissions paid by Diamond Hill’s clients for securities transactions (“CCA Commissions”) to providers of research services.

Because these research service providers play no role in executing client securities transactions, any research prepared by that research service provider typically constitutes third-party research. Diamond Hill uses brokerage commissions, including CCA Commissions from client portfolio transactions, to acquire Research, subject to the procedures and limitations provided in this discussion.

From time to time, Diamond Hill prepares a list of providers of research services that have been deemed by Diamond Hill to provide valuable research (collectively, “Research Firms”) as determined by Diamond Hill’s investment staff. CCA Brokers are eligible to be included in the list of Research Firms. All trades with Research Firms will be affected in accordance with Diamond Hill’s obligation to seek best execution for its

client accounts. Diamond Hill uses a vote by its investment team staff as a guide for allocating CCA Commissions. Compensation for research may also be made pursuant to commissions paid on trades executed by a Research Firm who is registered with the SEC as a broker/dealer (each, a “Research Broker”). Under normal circumstances, CCA Brokers are compensated for research solely through trade commissions. To the extent that payments for research to a Research Broker other than a CCA Broker are made pursuant to trade commissions, Diamond Hill will reduce the amount of CCA Commissions to be paid to that Research Broker for its research. However, Diamond Hill will reduce the amount of CCA Commissions to be paid to that Research Broker by less than the full amount of trade commissions paid to that Research Broker. Neither Diamond Hill nor any client has an obligation to any Research Firm if the amount of trade commissions and CCA Commissions paid to the Research Firm is less than the applicable non-binding target. Diamond Hill reserves the right to pay cash to a Research Firm from its own resources in an amount the Adviser determines in its discretion.

The products and services acquired by Diamond Hill in connection with such arrangements are intended to comply with Section 28(e) and the SEC’s related interpretive guidance. Diamond Hill will not cause its clients to use trade commissions or CCA Commissions for purposes other than for eligible brokerage and research services.

Clients desiring to prohibit Diamond Hill from generating CCA Commissions on transactions in their accounts should consider that they will generally pay the same commission rates as accounts that are not prohibited from generating CCA Commissions.

In determining whether a service or product qualifies as brokerage and research services under Section 28(e), Diamond Hill evaluates whether the service or product provides lawful and appropriate assistance to Diamond Hill in carrying out its investment decision making responsibilities. The determination and evaluation of the reasonableness of the brokerage commissions paid is based primarily on the professional opinions of the Diamond Hill investment professionals who utilize the Research.

Research received from broker/dealers is supplemental to Diamond Hill’s own research efforts. As a practical matter, in some cases, Diamond Hill could not, on its own, generate all of the research that broker/dealers provide without materially increasing expenses. The management fee paid by Diamond Hill’s clients is not reduced because of Diamond Hill’s receipt of Research. To the extent the clients’ portfolio transactions are used to obtain Research, the brokerage commissions paid by the clients might exceed those that might otherwise be paid for execution only. The brokerage and research services furnished by broker/dealers is useful and of value to Diamond Hill in servicing any or all of Diamond Hill’s clients and may not necessarily be used by Diamond Hill in connection with the accounts that actually paid commissions, nor in proportion to the amount of commissions paid by accounts, to the broker/dealer providing the services.

Receipt of Research from brokers who execute client trades creates conflicts of interest. Since Diamond Hill uses client brokerage commissions to obtain Research, it receives a benefit because it does not have to produce or pay for the research, products, or services itself. Consequently, Diamond Hill has an incentive to select or recommend a broker based on its desire to receive research, products, or services rather than a desire to obtain the most favorable execution. Diamond Hill attempts to mitigate these conflicts through oversight of the use of commissions by its Best Execution Committee.

Directed Brokerage & Aggregated Trades

Although we discourage clients from directing trades to a particular broker/dealer (directed brokerage), we do have clients who request directed trades. Diamond Hill's accommodation of directed brokerage creates a conflict (between those clients who have given Diamond Hill full discretion and those who have directed trading through a specific broker) related to the ordering of trade execution and potential market impact. Diamond Hill's policy is to execute transactions for directed brokerage accounts following the execution of portfolio transactions in other client accounts where Diamond Hill has full discretion to execute trades. Diamond Hill may also place the trade with an executing broker on our approved list and "step out" the trade to the directed broker. In this case, the directed brokerage client may incur additional charges or pay extra commissions. Clients who request or require directed trades may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs and may also receive less favorable prices and execution.

Diamond Hill has a trade allocation policy that allows it to select brokers for accounts where the client has given us full discretion. Trades in discretionary accounts are grouped together and traded first. Directed brokerage accounts, in which the client has requested us to use a specific broker or group of brokers or has an arrangement with a broker, such as the sponsor of a wrap program, which makes it cost prohibitive to trade with any other broker, are grouped together and placed in random order by broker. (Item 4 provides more details about Wrap Fee Programs). Directed brokerage account trades are executed after all discretionary trades in the same security have been completed. As a result, the price of a particular security may move away from the desired execution price prior to completing all directed brokerage account trades, which may cause directed brokerage accounts to not receive the same portfolio weighting in a security as other client accounts where Diamond Hill has full discretion to execute trades. When a trade is partially completed, the shares are allocated on a pro-rata basis to the appropriate client accounts. All grouped trades are allocated to the participating accounts at average cost.

The more client assets we manage and directed brokerage relationships we accommodate, the greater the potential market impact cost will be to client portfolios. Market impact cost is a measure of market liquidity that reflects the non-explicit transaction costs incurred in the execution of portfolio transactions. These costs are mitigated by several things including, but not limited to, the resources the firm receives for the management of these assets and the deployment of such resources to attract and retain the employees to manage the assets.

Services for Other Clients

Diamond Hill may give advice to, and take action for, itself or clients, including registered investment companies and other pooled investment vehicles, which differs from advice given to, or the timing or nature of action taken for, other clients. Specific asset allocations within client accounts may differ from those in other accounts managed by Diamond Hill due to various factors including, but not limited to, the availability of certain investments, market conditions or the amount of client funds available for investment or reinvestment. Diamond Hill is not obligated to initiate any transactions for clients in any security that Diamond Hill may purchase or sell for its own accounts or the accounts of any other client.

Model Delivery and Trade Rotation

Diamond Hill provides its strategy model portfolios to sponsors of model delivery programs on a periodic basis (see Item 4). In these cases, the program sponsor has investment discretion and is responsible for the selection of broker/dealers and the execution of transactions for its participant accounts. Diamond Hill is not aware of when the program sponsor executes transactions as a result of the model provided to it by Diamond Hill. As a result, both Diamond Hill and the program sponsors may be executing trades in the same security at the same time. Therefore, Diamond Hill's provision of model portfolios to model delivery programs creates a conflict because Diamond Hill clients and clients of the model delivery sponsor may be competing to trade the same securities. Diamond Hill does not communicate changes to the model portfolio until it has already implemented them in accounts where the firm has investment discretion. Further, Diamond Hill may have already commenced trading before the program sponsor has received or had the opportunity to evaluate or act on Diamond Hill's model portfolio advice. Transactions ultimately placed by the program sponsor for its participants may be subject to price movements, particularly with large orders relative to the given security's trading volume, that may result in the participants receiving prices that are less favorable than the prices obtained by Diamond Hill's other clients.

Item 13: Review of Accounts

Diamond Hill reviews client accounts on a regular basis (typically at least quarterly). Equity portfolio managers perform a periodic review of each client account during which every position is compared to the model weights for the respective investment strategy. Fixed income portfolio managers perform a periodic review of each client account to ensure the account is properly positioned relative to client objectives and restrictions. Client accounts are also monitored by our compliance department daily for consistency with client objectives and restrictions.

Diamond Hill generally provides periodic written reports to its separate account clients. These written reports may contain a transaction statement, appraisal of portfolio holdings, investment results and/or other statistical data related to the client's account.

Clients of Wrap Fee Programs and in other similar programs receive reports directly from program sponsors, not from Diamond Hill.

Item 14: Client Referrals and Other Compensation

Certain arrangements with investment consultants, broker/dealers or other investment professionals, which are described below, while not involving compensation for client referrals, nevertheless create a conflict of interest or the appearance of a conflict of interest.

Diamond Hill makes payments to investment consultants or other investment professionals for analytical services, to attend conferences or for research in their (or their affiliate's) capacity as broker/dealers executing trades on behalf of Diamond Hill clients. These entities also refer clients to Diamond Hill. To avoid potential conflicts of interest, individuals or entities that have been referred to Diamond Hill should request that the entity disclose any pre-existing or former relationships with Diamond Hill and any potential conflicts of interest in connection with the referral.

While there are currently no solicitor arrangements in place, Diamond Hill does have a legacy solicitor arrangement whereby we continue to compensate a former solicitor.

Item 15: Custody

Diamond Hill separate account clients select their own custodians to hold the cash and securities in their accounts. A client custodian may be a broker/dealer, bank or other financial institution that satisfies the SEC's definition of "qualified custodian." Diamond Hill is not a qualified custodian and does not provide custody services. Clients will receive statements directly from the qualified custodians at least quarterly. We urge clients to carefully review those statements and compare the custodial records to the reports that we provide them. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Diamond Hill has custody of the private investment fund since it serves as managing member of the general partner. Investors in the private investment fund will receive the fund's annual audited financial statements within 120 days of the fund's fiscal year-end. Such investors should review these statements carefully. If investors in the private fund do not receive audited financial statements in a timely manner, they should contact Diamond Hill immediately.

Item 16: Investment Discretion

All clients enter into a written investment management agreement with Diamond Hill prior to receiving investment management services. These agreements give us authority to manage the client's account and place trades, subject to the investment objectives and guidelines for the account.

Diamond Hill usually receives and accepts discretionary authority to manage the assets in each client's account. We adhere to the investment limitations and restrictions that are outlined in each account's investment management agreement.

Item 17: Voting Client Securities

Diamond Hill maintains a proxy voting policy, procedures and guidelines designed to ensure that proxies are voted in a manner that maximizes the long-term value of the securities held in our clients' accounts. While we will allow clients to vote the proxies in their own accounts if they prefer, in most cases we accept authority to vote proxies for our clients. For those clients that retain the ability to vote proxies themselves, clients will not receive information about their proxies from Diamond Hill and should instead receive proxies from their custodian, transfer agent or other third-party service provider such as their proxy service provider.

When voting proxies, we pay particular attention to the following matters in exercising our proxy voting responsibilities for our clients:

Accountability. Each company should have effective controls in place to hold those entrusted with managing a company's business accountable for their actions. Company management should be accountable to its board of directors and the board should be accountable to shareholders.

Alignment of Management and Shareholder Interests. Each company should seek to align the interests of management and the board of directors with the interests of the company's shareholders. For example, we believe that compensation should be designed to reward management for creating value for the shareholders of the company.

Transparency. Each company should provide timely disclosure of important information about its business operations and financial performance to enable investors to evaluate the company's performance and to make informed decisions about the purchase and sale of the company's securities.

When we recognize a conflict of interest that impedes our ability to impartially vote a proxy, we will deliver the proxy to the client to be voted. We do not utilize third-party proxy voting services. If a client wishes to direct Diamond Hill to vote in a certain manner for a particular proxy, they should provide such direction in writing to Diamond Hill at least two weeks prior to the shareholder meeting date. A copy of our proxy voting policies and procedures is available on our website and upon request. Information regarding the votes cast by Diamond Hill with regard to a client's securities is available upon request mailed to:

Diamond Hill Capital Management, Inc.
Attn: Proxy Voting Requests
325 John H. McConnell Blvd., Suite 200
Columbus, Ohio 43215

Item 18. Financial Information

Diamond Hill does not require or solicit prepayment of any fees from clients. Diamond Hill has no financial condition or commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding. Diamond Hill Investment Group, Inc. files quarterly and annual financial statements with the SEC. These are available through the SEC and on our web site at the following location:

<http://ir.diamond-hill.com>

Voluntary Disclosure of Personal Investments

Alignment of interests with those of our clients is a foundational value of Diamond Hill. One way we align our interests with those of our clients is through significant personal investment in our strategies. Our Code of Ethics prohibits employees from purchasing individual equity and most taxable fixed income securities, minimizing conflicts of interest. The Code of Ethics also prohibits the purchase of third-party mutual funds in the primary Morningstar categories with which we compete. Because of our investment team's shared investment philosophy and contribution to all strategies, we believe our collective investments across all of our Diamond Hill strategies are the most meaningful indication of our alignment of interests with those of our clients. Each of our portfolio managers has a significant personal investment in the strategy they manage. The tables below represent the dollar range of investments owned by portfolio managers and certain officers as of December 31, 2023. These tables include shares beneficially owned through Diamond Hill's 401(k) Plan and deferred compensation plans. The following page discloses personal holdings across all Diamond Hill strategies.

Strategy	Portfolio Manager	DOLLAR RANGE OF INVESTMENTS				
		\$10,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	Over - \$1,000,000
Small Cap	Aaron Monroe					X
Small-Mid Cap	Chris Welch					X
Mid Cap	Chris Welch					X
Large Cap	Austin Hawley					X
Large Cap Concentrated	Austin Hawley					X
Select	Austin Hawley					X
	Rick Snowdon					X
International	Krishna Mohanraj					X
Long-Short	Chris Bingaman					X
	Nate Palmer					X
Short Duration Securitized Bond	Mark Jackson					X
	Henry Song					X
Core Bond	Mark Jackson				X	
	Henry Song				X	

Individual	Primary Title	DOLLAR RANGE OF INVESTMENTS IN ALL DIAMOND HILL STRATEGIES				
		\$10,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	Over - \$1,000,000
Chris Bingaman	Portfolio Manager					X
Austin Hawley	Portfolio Manager					X
Mark Jackson	Portfolio Manager					X
Krishna Mohanraj	Portfolio Manager					X
Aaron Monroe	Portfolio Manager					X
Nate Palmer	Portfolio Manager					X
Rick Snowdon	Portfolio Manager					X
Henry Song	Portfolio Manager					X
Chris Welch	Portfolio Manager					X
Heather Brilliant	Chief Executive Officer					X
Tom Line	Chief Financial Officer					X
Matthew Stadelman	Chief Investment Officer					X
Jo Ann Quinif	Chief Client Officer					X
All Research Staff Collectively (28 Employees)		Over \$16 million				
All Investment Team Staff Collectively (39 Employees)		Over \$164 million				
All Employees Collectively (128 Employees)		Over \$201 million				

Form ADV Part 2B – Brochure Supplement – Large Cap Strategy

This brochure supplement provides information about Austin Hawley that supplements the Diamond Hill Capital Management, Inc. brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer at 614.255.3333 if you did not receive the Diamond Hill Capital Management brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Austin Hawley, CFA ¹
Portfolio Manager Year of Birth: 1977
B.A. History, Dartmouth College M.B.A., Dartmouth College
2004 to 2008 – Equity Analyst, Putnam Investments 2012 to 2014 – Co-Director of Research, Diamond Hill 2008 to 2015 – Research Analyst, Diamond Hill 2015 to 2020 - Chief Investment Officer, Diamond Hill 2013 to Present - Portfolio Manager, Diamond Hill

Disciplinary History

Mr. Hawley has no disciplinary items to disclose.

Other Business Activities

Mr. Hawley has no investment-related business activities other than his employment at Diamond Hill to report and does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

Additional Compensation

Mr. Hawley does not receive any economic benefit, such as sales awards or other prizes, from any person other than Diamond Hill for providing advisory services to clients of the firm.

Supervision

Mr. Matthew Stadelman, Chief Investment Officer, supervises Mr. Hawley. Mr. Stadelman's supervision involves overseeing the effectiveness of portfolio construction, security selection, investment research, and client service. Mr. Stadelman may be contacted at 614.255.3333.

¹ The CFA (Chartered Financial Analyst) designation is issued by the CFA Institute. Candidates must meet one of the following prerequisites: undergraduate degree and 4 years of professional experience involving investment decision-making, or 4 years qualified work experience (full time, but not necessarily investment related). Candidates are then required to undertake extensive self-study programs (250 hours of study for each of the 3 levels) and pass examinations for all 3 levels.

Diamond Hill Capital Management, Inc. Proxy Voting Policy, Procedures and Guidelines

One of the responsibilities of owning stock in a company is the right to vote on issues submitted to a shareholder vote. In order to fulfill its responsibilities under Rule 206(4)-6 of the Investment Advisers Act of 1940, Diamond Hill Capital Management, Inc. (hereinafter “we” or “us” or “our”) has adopted the following Proxy Voting Policy, Procedures and Guidelines (the “Proxy Policy”) with regard to companies in our clients’ investment portfolios.

Key Objective

The key objective of our Proxy Policy is to maximize the long-term value of the securities held in our clients’ portfolios. These policies and procedures recognize that a company’s management is entrusted with the day-to-day operations and long-term strategic planning of the company, subject to the oversight of the company’s board of directors. While we believe ordinary business matters are primarily the responsibility of management and should be approved solely by the corporation’s board of directors, we also recognize that the company’s shareholders must have final say over how management and directors are performing, and how shareholders’ rights and ownership interests are handled, especially when matters could have material economic implications for the shareholders.

Therefore, we will pay particular attention to the following matters in exercising our proxy voting responsibilities as a fiduciary for our clients:

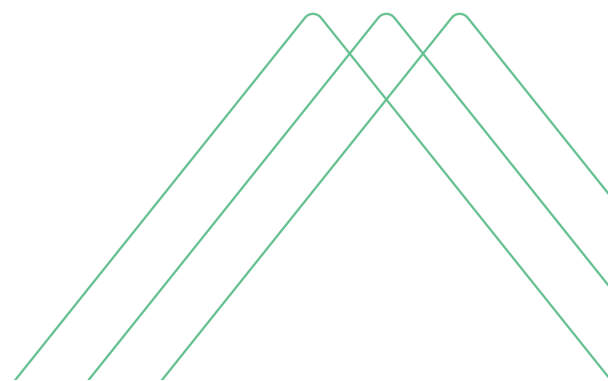
Accountability. Each company should have effective means in place to hold those entrusted with running a company’s business accountable for their actions. Management of a company should be accountable to its board of directors and the board should be accountable to shareholders.

Alignment of Management and Shareholder Interests. Each company should endeavor to align the interests of management and the board of directors with the interests of the company’s shareholders. For example, we generally believe that compensation should be designed to reward management for doing a good job of creating value for the shareholders of the company.

Transparency. Each company should provide timely disclosure of important information about its business operations and financial performance to enable investors to evaluate the company’s performance and to make informed decisions about the purchase and sale of the company’s securities.

Decision Methods

Our recommendation is for clients to delegate the responsibility of voting proxies to us. Many clients recognize that good corporate governance and good investment decisions are complementary. Often, the investment manager is uniquely positioned to judge what is in the client’s best economic interest regarding proxy voting issues. Additionally, we can vote in accordance with a client’s wishes on any individual issue or shareholder proposal, even in cases where we believe the implementation of a proposal will diminish shareholder value. We believe clients are entitled to a statement of our principles and an articulation of our process when we make investment decisions, and similarly, we believe clients are entitled to an explanation of our voting principles, as both have economic value.



For those clients who prefer to retain the ability to vote the proxies in their account, they will receive proxies from their custodian, transfer agent, or other third-party service provider such as their proxy service provider. They will not receive proxy information from Diamond Hill.

We have developed the guidelines outlined below to guide our proxy voting. In addition, we generally believe that the investment professionals involved in the selection of securities are the most knowledgeable and best suited to make decisions regarding proxy votes. Therefore, the portfolio management team whose strategy owns the shares has the authority to override the guidelines. Also, where the guidelines indicate that an issue will be analyzed on a case-by-case basis or for votes that are not covered by the Proxy Policy, the portfolio management team whose strategy owns the shares has final authority to direct the vote. In special cases, we may seek insight from a variety of sources on how a particular proxy proposal will affect the financial prospects of a company, and then we vote in keeping with our primary objective of maximizing shareholder value over the long term.

Voting to maximize shareholder value over the long term may lead to the unusual circumstance of voting differently on the same issue in different Funds at Diamond Hill. For instance, the Small Cap Fund may own a company that is the subject of a takeover bid by a company owned in the Large Cap Fund. Analysis of the bid may show that the bid is in the best interest of the Large Cap Fund but not in the best interest of the Small Cap Fund; therefore, the Large Cap Fund may vote for the merger whereas the Small Cap Fund may vote against it.

In addition, when securities are out on loan, our clients collectively hold a significant portion of the company's outstanding securities, and we learn of a pending proxy vote enough in advance of the record date, we will perform a cost/benefit analysis to determine if there is a compelling reason to recall the securities from loan to enable us to vote.

Conflicts of Interest

Conflicts of interest may arise from various sources. Clients may take positions on certain shareholder and/or proxy voting issues that they perceive to be in their own best interests but are inconsistent with our firm's primary objective of maximizing shareholder value in the long run. We encourage clients who have investment objectives that differ from ours to notify us that they will vote their proxies themselves, either permanently or temporarily. Otherwise, we will vote their shares in keeping with this Proxy Policy.

In some instances, a proxy vote may present a conflict between the interests of a client and our interests or the interests of a person affiliated with us. For example, we might manage money for a plan sponsor and that company's securities may be held in client investment portfolios. The potential for conflict of interest is imminent since we would have a vested interest to support that company's management recommendations, which may not be in the best interests of clients. Another possible scenario could arise if we held a strong belief in a social cause and felt obligated to vote in a certain manner to support that social cause, but it may not be best for our clients. In cases of conflicts of interest that impede our ability to vote, we will refrain from making a voting decision and will forward all of the necessary proxy voting materials to the client to enable the client to cast the votes themselves. In the case of the mutual funds under our management, we will forward the proxy material to the independent trustees or directors if we are the investment adviser or to the investment adviser if we are the sub-adviser.

Recordkeeping

We will maintain records documenting how proxies are voted. In addition, when we vote contrary to the Proxy Policy or on issues that the Proxy Policy indicates will be analyzed on a case-by-case basis, we will document the rationale for our vote. We will maintain this documentation in accordance with the requirements of the Act and we will provide this information to a client who held the security in question upon the client's request.

Proxy Voting Principles

1. *We recognize that the right to vote a proxy has economic value.*

All else being equal, a share with voting rights is worth more than a share of the same company without voting rights. Sometimes, investors may observe a company with both a voting class and a non-voting class in which the non-voting class sells at a higher price than the voting, the exact opposite of the expected result described above; typically, this can be attributed to the voting class being relatively illiquid. Thus, when you buy a share of voting stock, part of the purchase price includes the right to vote in matters concerning the company.

2. *We recognize that we incur additional fiduciary responsibility by assuming this proxy voting right.*

In general, acting as a fiduciary when dealing with the assets of others means being held to a higher than ordinary standard in each of the following aspects:

Loyalty - We will act only in the best interest of the client. Furthermore, the duty of loyalty extends to the avoidance of conflicts of interest and self-dealing.

Care - We will carefully analyze the issues at hand and bring all the skills, knowledge, and insights a professional in the field is expected to have in order to cast an informed vote.

Prudence - We will make the preservation of assets and the earning of a reasonable return on those assets primary and secondary objectives as a fiduciary.

Impartiality - We will treat all clients fairly.

Discretion - We will keep client information confidential. Information concerning client-specific requests is held strictly confidential between the client and us.

3. *We believe that a corporation exists to maximize the value for shareholders.*

Absent a specific client directive, we will always vote in the manner (to the extent that it can be determined) that we believe will maximize shareholder returns over the long term.

4. *We believe conscientious proxy voting can result in better investment performance.*

The presence of an owner-oriented management is a major consideration in many of our investment decisions. As a result, we typically would not expect to find ourselves at odds with management recommendations on major issues. Furthermore, we do not anticipate entering a position intending to be shareholder activists. Yet, cases will arise in which we feel the current management or management's current strategy is unlikely to result in the maximization of shareholder value. One reason for owning such stock might be that the stock price is at such a significant discount to intrinsic value that the share price need not be "maximized" for us to realize an attractive return. Another reason may be that we anticipate management will soon alter company strategy when it becomes apparent that a new strategy is more appropriate. Additionally, we may disagree with management on a specific issue while still holding admiration for a company, its management, or its corporate governance in general. In certain circumstances, we may engage with management to discuss our concerns and share ideas. We do not subscribe to the "If you don't like management or its strategy, sell the stock" philosophy in many instances.

5. *We believe there is relevant and material investment information contained in the proxy statement.*

Closely reviewing a company's proxy materials may reveal insights into management motives, aid in developing quantifiable or objective measures of how a company has managed its resources over a period of time, and, perhaps most importantly, speak volumes about the "corporate culture."

Proxy Voting Guidelines

Each proposal put to a shareholder vote is unique. As a result, while each proposal must be considered individually, there are several types of proxy issues that recur frequently at public companies. Below are brief descriptions of various issues and our position on each. Please note that this list is not meant to be all-inclusive. In the absence of exceptional circumstances, we **generally** will vote in the manner outlined below on the proposals described.

I. Corporate Governance Provisions

A. Board of Directors

The election of the Board of Directors (the "Board") is frequently viewed as a "routine item." Yet, in many ways the election of the Board is the most important issue that comes before shareholders. Inherent conflicts of interest can exist between shareholders (the owners of the company) and management (who run the company). At many companies, plans have been implemented attempting to better align the interests of shareholders and management, including stock ownership requirements and additional compensation systems based on stock performance. Yet, seldom do these perfectly align shareholder and management interests. An **independent** Board serves the role of oversight on behalf of shareholders. For this reason, we strongly prefer that the majority of the Board be comprised of independent (also referred to as outside or non-affiliated) directors. Furthermore, we believe key committees should be comprised entirely of independent directors. In cases where a majority of the Board is not independent or a key committee is not entirely independent, we may vote against non-independent directors as well as the nominating and governance committee. When voting non-U.S. proxies, we may take local standards into consideration to determine the appropriate level of independence for both the Board and key committees.

1. Cumulative Voting

Cumulative voting allows the shareholders to distribute the total number of votes they have in any manner they wish when electing directors. In some cases, this may allow a small number of shareholders to elect a minority representative to the Board, thus ensuring representation for all sizes of shareholders. Cumulative voting may also allow a dissident shareholder to obtain representation on the Board in a proxy contest.

Since cumulative voting subjects management to the disciplinary effects of outside shareholder involvement, it should encourage management to maximize shareholder value and promote management accountability. Thus, we will vote **FOR** proposals seeking to permit cumulative voting.

2. Majority vs Plurality Voting

A majority vote requires a candidate to receive support from a majority of votes cast to be elected. Plurality voting provides that the winning candidate only garner more votes than a competing candidate. If a director runs unopposed under a plurality voting standard, the director only needs one vote to be elected, so an "against" vote is meaningless. We feel that directors should be elected to the Board by a majority vote simply because it gives us a greater ability to elect Board candidates that represent our clients' best interests. In evaluating majority voting vs. plurality voting, we will vote **FOR** majority voting proposals. However, we find plurality voting acceptable when the number of director nominees exceeds the number of directors up for election.

3. Absenteeism

Customarily, schedules for regular Board and committee meetings are made well in advance. A person accepting a nomination for a directorship should be prepared to attend meetings. A director who is found to have a high rate of absenteeism (less than 75% attendance) raises significant doubt about that director's ability to effectively represent shareholder interests and contribute experience and guidance to the company. While valid excuses for absences (such as illness) are possible, these are not the norm. Schedule conflicts are not an acceptable reason for absenteeism since it suggests a lack of commitment or an inability to devote sufficient time to make a noteworthy contribution. Thus, we will **WITHHOLD** our vote for (or vote **AGAINST**, if that option is provided) any director who fails to attend at least 75% of the regularly scheduled Board and committee meetings. We may make exceptions when there are extenuating circumstances that prevent a director from attending 75% of the meetings.

4. Classified Boards

A classified Board separates directors into more than one class, with only a portion of the full Board standing for election each year. A non-classified Board requires all directors to stand for election every year and serve a one-year term.

While staggering the election of directors on a classified board may maintain a certain level of continuity and stability, a classified Board makes it difficult for shareholders to change control of the Board. A classified Board can delay a takeover advantageous to shareholders yet opposed by management or prevent bidders from approaching a target company if the acquirer fears having to wait more than one year before gaining majority control.

We will vote **FOR** proposals seeking to declassify the Board and **AGAINST** proposals to classify the Board.

5. Third-Party Transactions

We will **WITHHOLD** votes or vote **AGAINST** directors who may have a conflict of interest, such as receipt of consulting fees from the corporation (affiliated outsiders) if the fees are significant or represent a significant percent of the director's income.

6. Auditor Ratification

We believe that management is in the best position to choose its accounting firm, and we will generally support management's recommendation. However, we recognize that there may be conflicts when a company's independent auditors perform substantial non-audit related services for the company. While we will generally vote **FOR** management proposals to ratify the selection of auditors, we may vote against the ratification of an auditor if non-audit related fees are excessive relative to fees paid for audit services, or when an auditor fails to identify issues that violate standards of practice intended to protect shareholder interests. Likewise, we may vote against or withhold votes from audit committee members in instances where the committee does not provide sufficient oversight to ensure effective, independent auditing. Examples of auditing concerns that may lead to an against or withhold vote include accounting irregularities or significant financial restatements.

7. Dual Chair/CEO Role

While we prefer the separation of roles between the Board Chair and CEO, there may be times when a dual Chair/CEO role is an effective governance structure at a company. Therefore, we will vote on the separation of Board Chair and CEO on a **CASE-BY-CASE** basis, taking into consideration the specific circumstances of the company. Factors that we will consider include the existence of a Lead Independent Director, as well as any past or ongoing governance concerns.

8. Director Tenure

We view director tenure as just one data point when considering the overall composition of the Board. While we will not withhold votes from a director based on tenure alone, we will consider the length of a director's Board service on a **CASE-BY-CASE** basis. Characteristics such as average tenure across the Board and overall Board independence may affect our support for directors with lengthy tenures. We will consider the qualifications of the directors on the overall Board and the effectiveness of the Board's existing governance structures as well.

9. Proxy Access

Proxy access is the ability of certain shareholders, or groups of shareholders, to have their own director nominee(s) included in the company's proxy materials. We will vote **CASE-BY-CASE** on proxy access proposals, considering multiple aspects, including the binding nature of the proposal, ownership, and duration thresholds, as well as the company's existing governance structures and historical level of responsiveness to shareholder concerns.

10. Proxy Contests

A proxy contest is a campaign to solicit shareholder votes in opposition to management at an annual or special meeting. Typically, the objective of the shareholder(s) initiating the proxy contest is to elect specific directors to the Board or to approve a specific corporate action. Incumbent directors are those directors that currently sit on the Board, and dissident nominees are those directors that shareholder(s) who oppose a firm's management and/or policies seek to elect to the Board.

Due to the unique nature of each proxy contest, we review these on a **CASE-BY-CASE** basis, with the overarching goal of maximizing shareholder value. Among other factors, we will consider the strategic plans of both the incumbents and dissidents and the governance profile of the company.

11. Board Diversity

At Diamond Hill, we believe strong, effective corporate boards are comprised of directors with a diversity of skills, perspectives and experience. We believe that cognitive diversity, which we define as having a variety of viewpoints, perspectives, and ways of processing information, is beneficial for organizational decision making, problem solving, and remaining competitive over

time. Additionally, we believe that a board's composition should, at a minimum, reflect the diversity of its stakeholders, and boards that include the perspectives of historically under-represented groups including women and minorities can contribute to long-term sustainable value creation and reduce risk over time.

Therefore, we generally oppose the elections and re-elections of Nominating/ Governance Committee members if we can find no evidence of board diversity at a company. We will also generally vote in favor of proposals that encourage the adoption of a diverse director search policy.

B. Voting/Shareholder Rights

Shareholder rights are an important tool used to hold boards of directors accountable and ensure that they are acting in the best interest of shareholders. While we do not intend to be shareholder activists, there may be times when an expansion of shareholder rights is needed in order to improve alignment of interests and increase the long-term value of a company. Therefore, we view proposals related to shareholder rights, including proposals for the right to call special meetings and the right to act by written consent, on a **CASE-BY-CASE** basis, taking into consideration each company's ownership concentration and the governance characteristics of the board of directors.

1. Supermajority Votes

Most state corporation laws require that mergers, acquisitions, and amendments to the corporate bylaws or charter be approved by a simple majority of the outstanding shares. A company may, however, set a higher requirement for certain corporate actions. We believe a simple majority should be enough to approve mergers and other business combinations, amend corporate governance provisions, and enforce other issues relevant to all shareholders. Requiring a supermajority vote entrenches management and weakens the governance ability of shareholders. We will vote **AGAINST** management proposals to require a supermajority vote to enact these changes. In addition, we will vote **FOR** shareholder proposals seeking to lower supermajority vote requirements.

2. Shareholder Rights Plans (Poison Pills)

Shareholder rights plans are corporate-sponsored financial devices designed with provisions that, when triggered by a hostile takeover bid, generally result in either: (1) dilution of the acquirer's equity holdings in the target company, (2) dilution of the acquirer's voting rights in the target company, or (3) dilution of the acquirer's equity interest in the post-merger company. This is typically accomplished by distributing share rights to existing shareholders that allow the purchase of stock at a fixed price should a takeover attempt occur.

While shareholder rights plans can benefit shareholders by forcing potential acquirers to negotiate with the target company's Board and achieving a higher premium in the event of a purchase, these plans can also lead to the entrenchment of management and discourage legitimate tender offers by making them prohibitively expensive. Therefore, we will evaluate these proposals on a case-by-case basis. However, we generally will vote **AGAINST** proposals seeking to ratify a poison pill in which the expiration of the plan (sunset provision) is unusually long, the plan does not allow for the poison pill to be rescinded in the face of a bona fide offer, or the existing management has a history of not allowing shareholders to consider legitimate offers. Similarly, we generally will vote **FOR** the rescission of a poison pill where these conditions exist.

We will vote **FOR** proposals requiring shareholder rights plans be submitted to shareholder vote.

II. Compensation Plans

Management is an immensely important factor in the performance of a corporation. Management can either create or destroy shareholder value depending on the success it has both operating the business and allocating capital. Well-designed compensation plans can prove essential in setting the right incentives to enhance the probability that both operations and capital allocation are conducted in a rational manner. Ill-designed compensation plans work to the detriment of shareholders in several ways. For instance, there may be outsized compensation for mediocre or poor performance, directly reducing the resources available to the company, or misguided incentives that cloud business judgment. Given the variations in compensation plans, most of these proposals must be considered on a case-by-case basis.

A. Non-Employee Directors

In general, we believe stock-based compensation will better align the interests of directors and shareholders than cash-based compensation. Directors should own enough stock (directly or in the form of a stock derivative) that when faced with a situation in which the interests of shareholders and management differ, rational directors will have an incentive to act on behalf of shareholders. However, if the stock compensation or ownership is excessive (especially if management is viewed as the source for this largesse), the plan may not be beneficial to shareholder interests.

We will vote **FOR** proposals to eliminate retirement plans and **AGAINST** proposals to maintain or expand retirement packages for non-employee directors.

We will vote **FOR** proposals requiring compensation of non-employee directors to be paid at least half in company stock. Likewise, we may vote **AGAINST** or **WITHHOLD** votes from directors who sit on the Compensation Committee at companies who do not require non-employee directors to be paid at least half in company stock.

B. Stock Incentive Plans

Stock compensation programs can reward the creation of shareholder value through high payout sensitivity to increases in shareholder value. Of all the recurring issues presented for shareholder approval, these plans typically require the most thorough examination because their economic significance is large and there are many variations among these plans. As a result, we must consider any such plan on a **CASE-BY-CASE** basis.

We recognize that options, stock appreciation rights, and other equity-based grants (whether the grants are made to directors, executive management, employees, or other parties) are a form of compensation. As such, there is a cost to their issuance, and these issues require a cost-benefit analysis. If the costs are excessive, then the benefit will be overwhelmed. Factors that are considered in determining whether the costs are too great (i.e., that shareholders are overpaying for the services of management and employees) include: the number of shares involved, the exercise price, the award term, the vesting parameters, and any performance criteria attached to the award. Additionally, objective measures of the company's long-term performance will be factored into what we consider an acceptable amount of dilution. We will also consider past grants in our analysis, as well as the level of the executives' or directors' cash compensation.

We will look particularly closely at companies that have repriced options. Repricing stock options may reward poor performance and lessen the incentive such options are supposed to provide. We will vote **AGAINST** any plan that permits the practice of option repricing.

C. Compensation

The Securities and Exchange Commission adopted rules in 2011 which implement requirements in Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amends the Securities Exchange Act of 1934. The rules concern non-binding shareholder votes on executive compensation related to say-on-pay and golden parachutes.

1. Say-on-Pay Votes

Public companies are required to provide their shareholders with an advisory vote on the compensation of the most highly compensated executives. Support for or against executive compensation will be determined on a **CASE-BY-CASE** basis.

2. Frequency of Votes

Companies are required to provide their shareholders with an advisory vote on how frequently they would like to be presented with say-on-pay votes: every one, two, or three years. We generally believe an **ANNUAL** advisory vote on executive compensation is appropriate, as annual say-on-pay voting aligns shareholder feedback with the Board's and Compensation Committee's decision making. In situations where compensation and performance appear to be misaligned, or we have general concerns about the compensation structures in place to such an extent that we have voted against the advisory say-on-pay vote itself, we may also vote against or withhold votes from directors who sit on the Compensation Committee.

3. Golden Parachutes

Companies are required to disclose compensation arrangements and understandings with highly compensated executive officers in connection with an acquisition or merger. In certain circumstances, these companies also are required to conduct a shareholder vote to approve the golden parachute compensation arrangements. We have a bias against golden parachutes, but since each merger or acquisition presents unique facts and circumstances, we will determine our votes on golden parachutes on a **CASE-BY CASE** basis.

4. Claw back of Incentive Compensation

From time to time, we may consider proposals for policies regarding the recoupment of incentive compensation from senior executives whose compensation was based on faulty financial reporting or fraudulent business practices. This type of behavior not only causes direct financial harm to shareholders, but it also creates reputational risk to the company that may impact its value over time. We review claw back proposals on a **CASE-BY-CASE** basis, taking into consideration whether the company already has robust policies in place that would address our concerns.

III. Capital Structure, Classes of Stock, and Recapitalizations

A. Common Stock Authorization

Corporations increase the supply of common stock for a variety of ordinary business reasons including: to raise new capital to invest in a project, to make an acquisition for stock, to fund a stock compensation program, or to implement a stock split or stock dividend. When proposing an increase in share authorization, corporations typically request an amount that provides a cushion for unexpected financing needs or opportunities. However, unusually large share authorizations create the potential for abuse. An example would be the targeted placement of a large number of common shares to a friendly party in order to deter a legitimate tender offer. Thus, we generally prefer that companies request shareholder approval for all requests for share authorizations that extend beyond what is currently needed and

indicate the specific purpose for which the shares are intended. Generally, we will vote **AGAINST** any proposal seeking to increase the total number of authorized shares to more than 120% of the current outstanding and reserved but unissued shares, unless there is a specific purpose for the shares with which we agree.

B. Unequal Voting Rights (Dual Class Exchange Offers/ Dual Class Recapitalizations)

Proposals to issue a class of stock with inferior or no voting rights are sometimes made. Frequently, this class is given a preferential dividend to coax shareholders to cede voting power. In general, we will vote **AGAINST** proposals to authorize or issue voting shares without full voting rights on the grounds that it could entrench management.

However, multi-class structures may be beneficial to companies for limited periods of time, and in such cases, we will evaluate proposals to ensure they include appropriate sunset provisions or require shareholder reauthorization after a predetermined period of time.

IV. Environmental and Social Issues

Environment and social issues are often difficult to analyze in terms of their effect on shareholder value. Nonetheless, we expect the companies in which we invest to demonstrate a commitment to a long-term perspective, sustainable competitive advantages, and stakeholder-focused management teams that can add value to the company without impeding the ability of future generations to meet their economic, social, and environmental needs.

Shareholder proposals relating to a company's activities and policies about certain environmental and social issues are prevalent at annual meetings. Due to the complicated nature of each proposal, we consider these issues on a case-by-case basis. We will vote **FOR** any proposal that seeks to have a corporation change its activities or policies when we believe the failure to do so will result in economic harm to the company. Similarly, we will vote **AGAINST** any proposal that requests a change we believe will result in economic harm. We may **ABSTAIN** from voting on certain issues where we do not believe we can determine the effect of the proposal.

When voting, we will consider whether or not a shareholder proposal addressing a material environmental or social issue will promote long-term shareholder value in the context of the company's existing business practices. We will generally support proposals requesting increased transparency or disclosure of workplace diversity, gender pay equity, lobbying and political spending, and climate change and sustainability efforts in instances where a company is not already disclosing sufficient information. We will not support requests for increased disclosure when such information would reveal sensitive or proprietary information that could place the company at a competitive disadvantage, or if increased disclosure is administratively impractical.

V. Voting Non-US Securities

Voting proxies of non-US issuers can be much different than voting proxies of US-domiciled companies. It can be more difficult due to issues such as share blocking and country requirements for investors to obtain power of attorney in local markets. In addition, the SEC has acknowledged that in some cases it can be in an investor's best interests not to vote a proxy, for instance, when the costs of voting outweigh the potential benefits of voting. Therefore, proxy voting for non-US issuers will be evaluated and voted, or not voted, on a **CASE-BY-CASE** basis.

Notice of Privacy Policy for Diamond Hill Capital Management, Inc.

We value you as a client and take your personal privacy seriously. In order to enhance our ability to provide you with the best service possible, Diamond Hill Capital Management, Inc. (referred to as "we" or "us") collects, uses and shares certain information about you. This notice explains what information we collect and with whom we share it. The practices described in this notice are applicable to all customers, including prospective, current and former customers. The notice also explains how we protect the security and confidentiality of certain customer information.

In some cases, you may provide personal information to us about another person. In such cases, you should only do so if you have the authorization of such person to provide us with this information and for us to use this information as explained in this notice.

Safeguarding Rule

We maintain physical, electronic and procedural safeguards that comply with federal standards to ensure the safety of non-public personal customer information. In addition, we require service providers to maintain policies and procedures designed to assure only appropriate access to, and use of, information about customers and to maintain physical, electronic and procedural safeguards that comply with federal standards to guard non-public personal customer information.

Information We Collect and Sources of Information

We may collect information about our clients to help identify you, service and manage your account and offer services and products you may find valuable. We collect this information from a variety of sources including:

- Information we receive from you on agreements or other forms, such as your name, address, date of birth, social security number and investment information;
- Information about your transactions and experiences with us, such as your account balance, transaction history and investment selections;
- Information you supply in written, telephonic or electronic communications; and
- Information we obtain from third parties regarding their brokerage, investment advisory, consultant, custodial or other relationship with you, such as your account number, account balance and transaction history with them.

Information We Share

We do not disclose nonpublic personal information about current or former clients to any third parties except as necessary to assist us in responding to inquiries, processing transactions, preparing and mailing account statements and other forms of customer service, or as otherwise required by law. We will not sell, share or rent your personally identifiable information to third parties in



contravention of our Privacy Policy. Your information will not be disclosed for marketing purposes without your consent.

Diamond Hill does not collect any personally identifiable information from anyone who is visiting or browsing our website. We may contract with third parties to perform functions on our behalf including operating certain features of the website, or hosting/maintaining servers used in connection with the website. We may disclose aggregate data about our website and visitors, but we will not disclose to third parties any information that could be used to identify you personally.

Links to Third-Party Websites

As it pertains to our website, our Privacy Policy applies only to Diamond Hill's website, which may contain links to other third-party websites. We are not responsible for the content or the use of these unrelated websites. If you access other websites using the links provided on our website, we encourage you to read the privacy policies specific to those websites before providing any of your personal information.

Questions

Questions regarding our Privacy Policy may be directed to: info@diamond-hill.com.

Revised as of August 3, 2023