Large Cap Concentrated ETF

DIAMOND HILL

INVESTED IN THE LONG RUN

As of 31 Dec 2025

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Quarterly Snapshot

Performance

The Fund returned 1.30% and the Russell 1000 Value Index returned 3.81%.

Key Drivers

Stock selection in health care and information technology were the largest detractors from relative performance. Stock selection in financials and consumer discretionary contributed, along with our underweight to utilities.

Summary

We remain cautious of the AI-driven market exuberance, where investor sentiment often appears to outpace business fundamentals. In contrast, we continue to find more attractive opportunities among high-quality, cash-generative, businesses with more defensive characteristics.

Market and portfolio review

Equity markets continued to move higher in Q4, with the Russell 1000 Value Index increasing 3.8%. The information technology (+11%) and communication services (+9%) sectors were again among the best performers in Q4, driven by continued optimism around artificial intelligence (AI). Health care (+8%) also posted a strong return, while utilities (-1%), real estate (-3%) and consumer discretionary (-0.2%) were the only sectors that declined.

When examining what contributed to the index's return in Q4, it is interesting to note that a large portion of the return came from what many consider growth areas of the market. The most notable example may be Alphabet, which was added to the index in June 2025 at a large weight. Its 29% return in Q4 made it by far the largest contributor to the index's performance for the quarter, and it is now the largest weight in the index by a wide margin. Many information technology stocks also outperformed in Q4, supported by the hundreds of billions of dollars of AI-related capital spending, with several stocks — such as Micron and SanDisk — increasing 50% to 100% or more. The portfolio's lack of exposure to these AI-related companies was responsible for around 70% of the Q4 underperformance, and this same dynamic was also a very large driver of the portfolio's full-year underperformance.

Over the past several quarters, we have been finding more value among more fundamentally stable, higher quality, cash-generative businesses including Colgate, Aon and Berkshire Hathaway. However, these types of companies and defensive areas of the market materially underperformed throughout 2025, creating an additional headwind to relative performance. Fundamentals for these high-quality businesses continue to perform in-line with our expectations, and despite being out of favor, we believe they are some of the more attractive opportunities available in the market today.

Key contributors

- Automobile manufacturer **General Motors** saw strong results as volumes have stabilized across the auto industry. The company has also taken market share while maintaining pricing and growing in the electric vehicle and software services spaces.
- Consumer finance company **Capital One Financial Group** outperformed during the quarter following strong Q3 results, with better-than-expected revenue and expense trends. Shares also benefited from management's clarity around accelerating share buybacks and from generally favorable economic data during the period, which supported investor confidence in spending and credit trends.
- Property and casualty insurer **American International Group (AIG)** reported better-than-expected earnings, with strong expense management and share repurchases offsetting a weakening pricing environment. Shares also benefited from reports that fellow insurer Chubb is exploring a potential acquisition of the company.

Key detractors

- Pet and livestock pharmaceutical manufacturer **Zoetis** underperformed in Q4 after reducing its 2026 outlook, citing fewer veterinary visits by pet owners. Long term, we remain positive on the business given its broad portfolio with multiple growth drivers and a strong pipeline to address several undertreated pet conditions.
- Shares of leading diagnostic lab **Labcorp** declined amid investor concern surrounding lower-than-expected guidance, driven by delays in acquisition closings and weakness in its development pipeline, leading to a restructuring of that business. However, we maintain our conviction in the company's competitive advantages in the diagnostic space, as the company's scale allows it to be a low-cost provider with better-than-average margins.
- Shares of food products manufacturer **Sysco** declined given investor concern surrounding the macro environment for restaurants and the weakening consumer. However, we maintain our conviction in the company's market-leading position and economies of scale with its buying power, wide assortment of products and route density.

New and eliminated positions

- There were no new or eliminated positions in the portfolio during the quarter.

Period and Annualized Total Returns (%)

	Since Inception (26 Feb 2021)	3Y	1Y	YTD	4Q25	Expense Ratio (%)
DHLX | NAV	9.40	13.49	8.97	8.97	1.30	0.55
DHLX | Market Price	9.42	13.52	9.05	9.05	1.38	0.55
Russell 1000 Value Index	10.58	13.90	15.91	15.91	3.81	—
Russell 1000 Index	13.58	22.74	17.37	17.37	2.41	—

Click here for holdings as of 31 December 2025.

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

The views expressed are those of Diamond Hill as of 31 December 2025 and are subject to change without notice. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. Investing involves risk, including the possible loss of principal.

The performance quoted represents past performance. Past performance is not indicative of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's current performance may be lower or higher than the performance quoted. For current to most recent month-end performance, visit diamond-hill.com.

Performance assumes reinvestment of all distributions. Returns for periods less than one year are not annualized.

ETF shares are bought and sold at market price, not net asset value (NAV). Market price returns are based on the consolidated market price and do not represent the returns you would receive if you traded shares at other times. Effective as of the close of business on 26 September 2025, the fund acquired the assets and assumed the performance, financial and other historical information of the Diamond Hill Large Cap Concentrated Fund, an open-end mutual fund (incepted 26 February 2021). The fund's investment objectives, strategies and policies are substantially similar to those of the predecessor mutual fund and it was managed by the same portfolio managers. Performance information for periods prior to 29 September 2025 is the historical performance of the predecessor mutual fund (Class Y) and reflects the operating expenses of the predecessor mutual fund.

Fund holdings subject to change without notice.

Index data source: London Stock Exchange Group PLC. See diamond-hill.com/disclosures for a full copy of the disclaimer.

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

Market price is the official closing price as of the closing time of the NYSE Arca (typically 4 pm, Eastern time). **Net Asset Value (NAV)** is determined at the close of each business day, and represents the dollar value of one share of the Fund; it is calculated by taking the total assets of the fund, subtracting total liabilities, and dividing by the total number of shares outstanding. The NAV is not necessarily the same as the ETF's intraday trading value. ETF investors should not expect to buy or sell shares at NAV.

Carefully consider the Fund's investment objectives, risks and expenses. This and other important information are contained in the Fund's prospectus and summary prospectus, which are available at diamond-hill.com or calling 888.226.5595. Read carefully before investing. The Diamond Hill Funds are distributed by Foreside Financial Services, LLC (Member FINRA). Diamond Hill Capital Management, Inc., a registered investment adviser, serves as Investment Adviser to the Diamond Hill Funds and is paid a fee for its services. Not FDIC insured | No bank guarantee | May lose value