

DIAMOND HILL

INVESTED IN THE LONG RUN

Leadership and Long-term Client Partnerships

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Chief Executive Officer, Diamond Hill

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**“Strive not to be a success, but rather
to be of value.”**

Albert Einstein

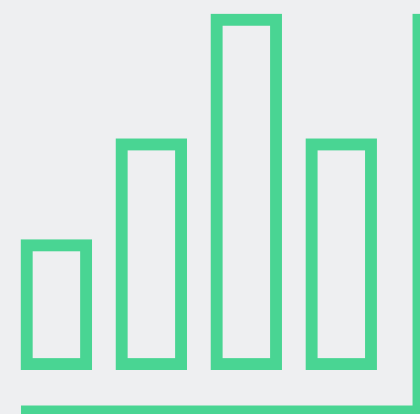
Living our purpose together

Our collective purpose

**Help investors achieve
financial goals**



**Maximize alpha
generation/risk mitigation**



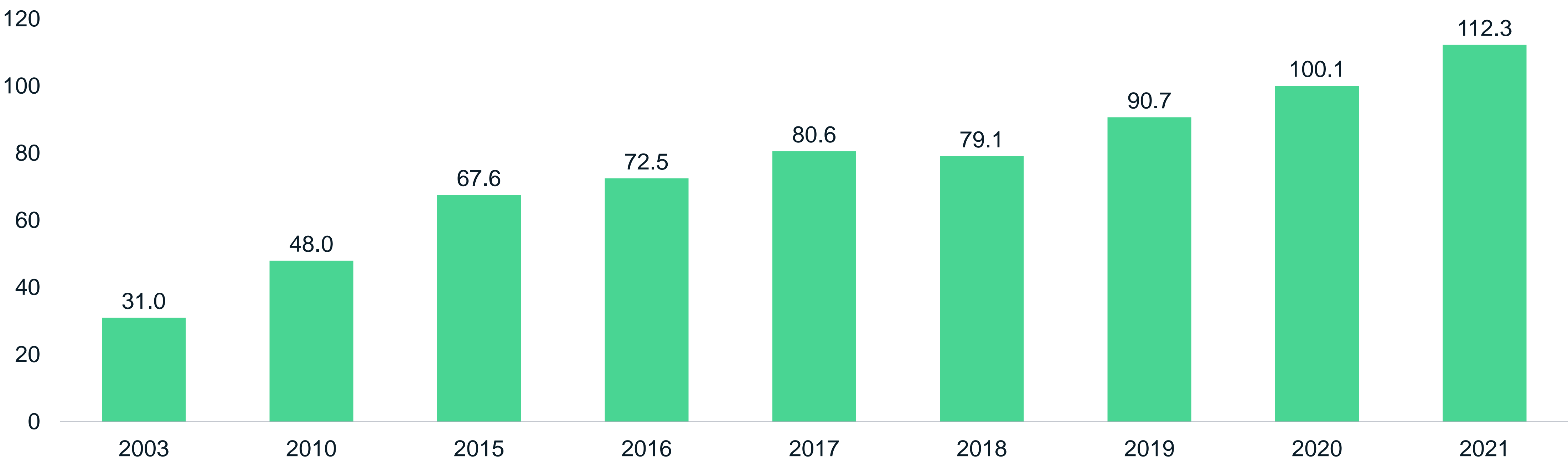
**Be a positive force for
industry change**



What gets in the way?

Size and complexity

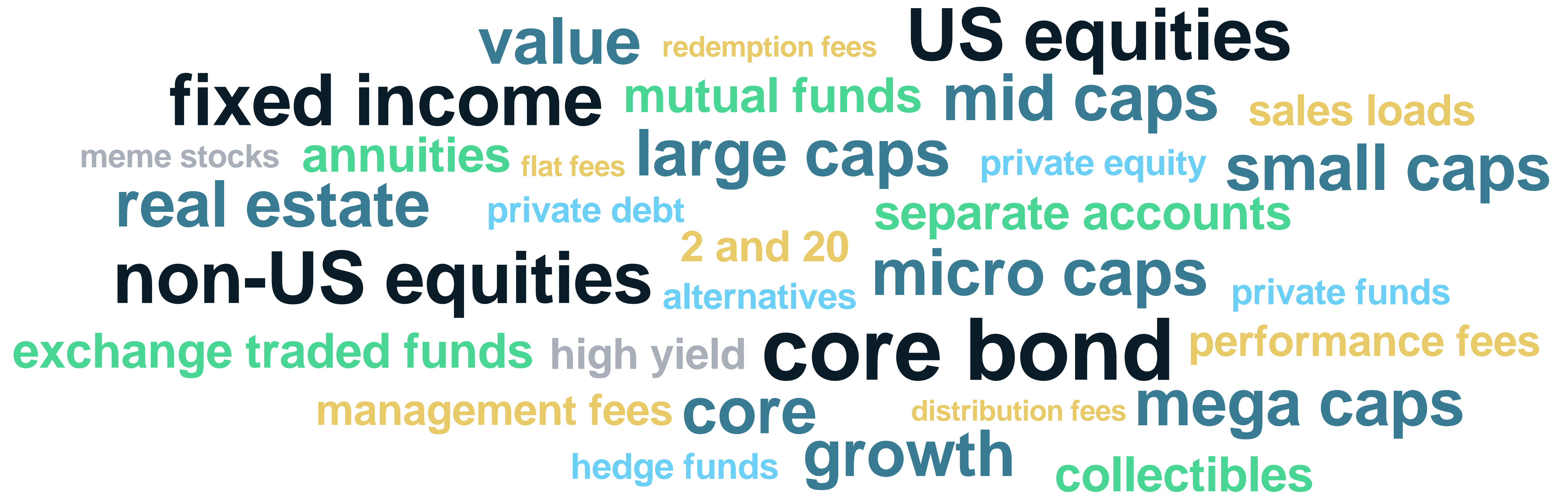
Global AUM (\$ trillions)



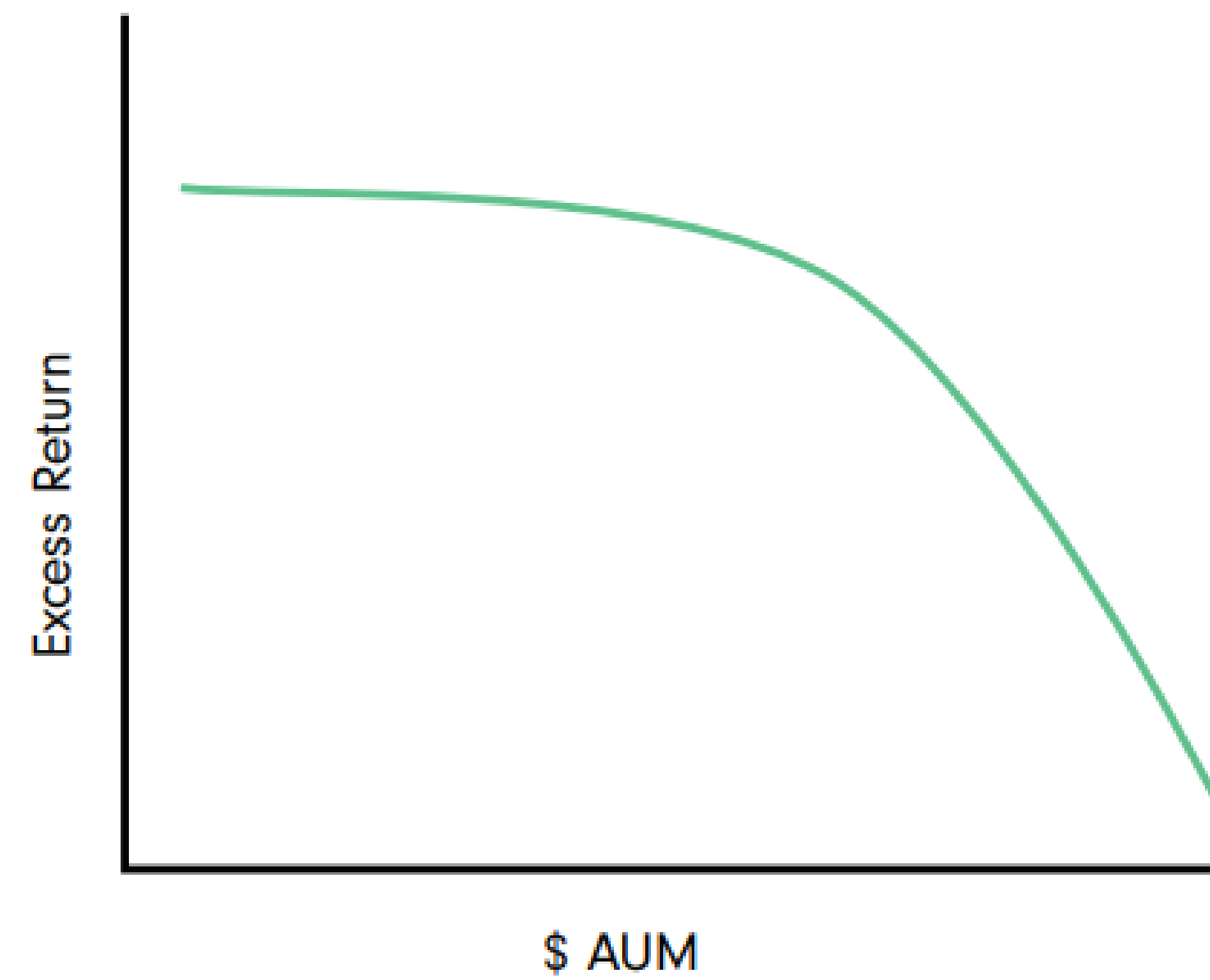
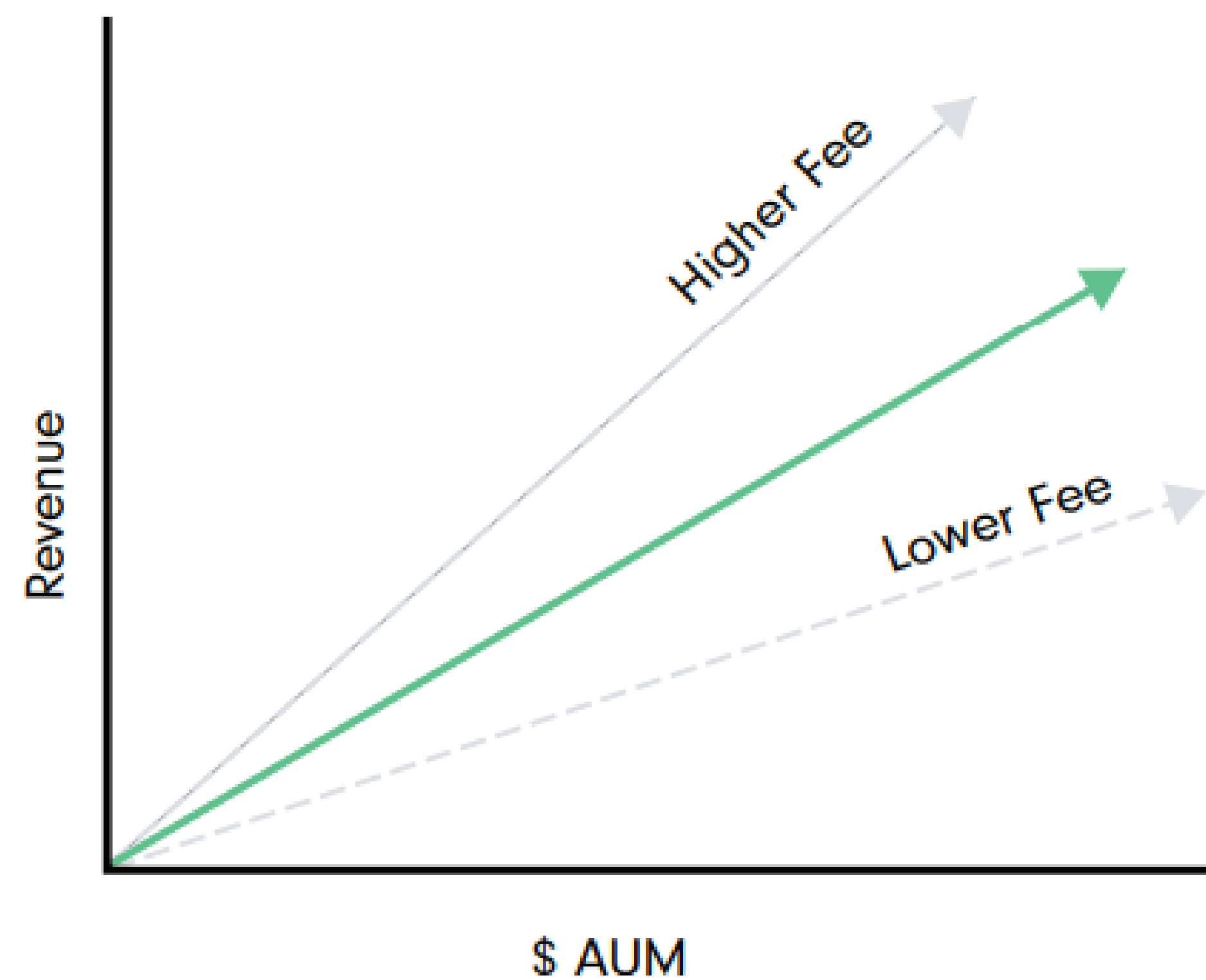
Note: Market sizing includes assets professionally managed in exchange for management fees; AuM includes captive AuM of insurance groups or pension funds where AuM is delegated to asset management entities with fees paid; 44 markets are covered globally, including offshore AuM. For all countries where the currency is not the US dollar, we applied the end-of-year 2021 exchange rate to all years in order to synchronize current and historic data; values differ from those in prior studies because of fluctuations in exchange rates, revised methodology, and changes in source data. Flow analysis is based on our global benchmarking, which includes 101 leading asset managers, representing \$69 trillion AuM, or ~62% of global AuM

Sources: BCG Global Asset Management Market Sizing 2022; BCG Global Asset Management Benchmarking Database 2022. Used with permission.

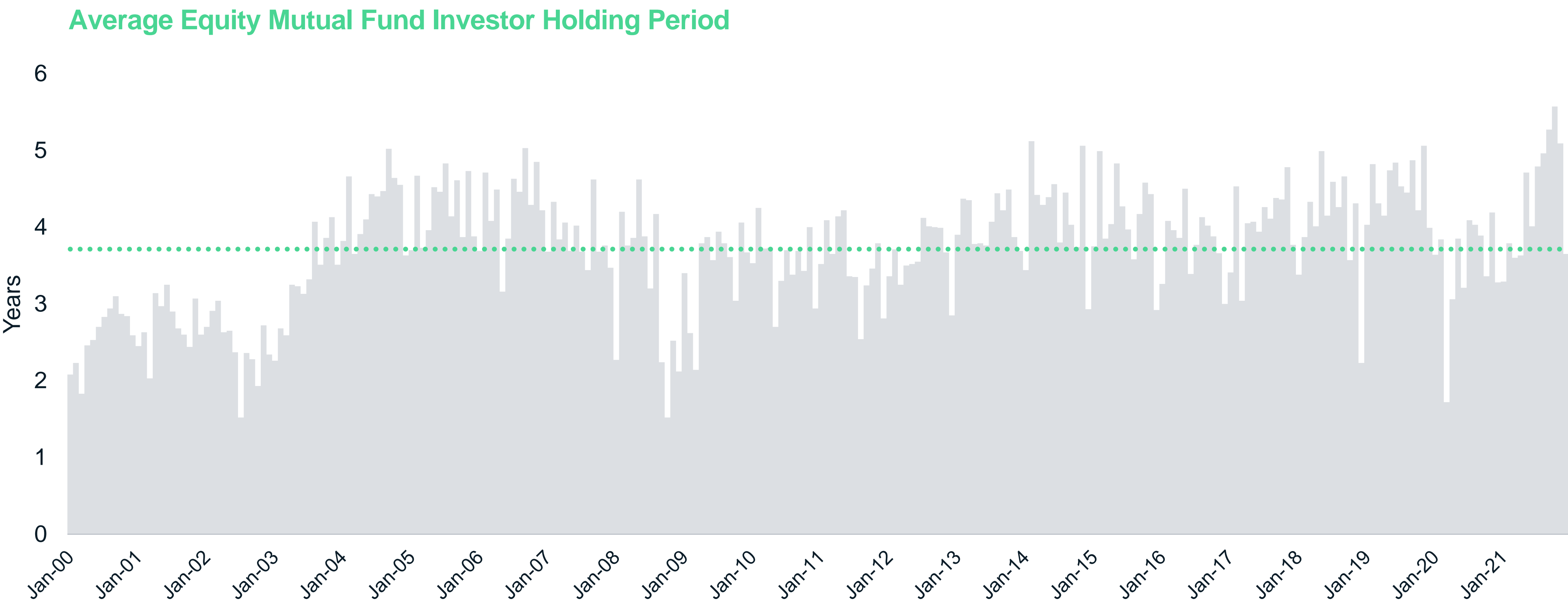
Complexity continues to increase



Misalignment of incentives



Clients tend toward short-termism



Source: 2022 QAIB-VA Report, DALBAR Inc www.dalbar.com. Holding period reflects the length of time the average investor holds a mutual fund if the current redemption rate persists.

Creating better outcomes

Aligning interests with our clients

Strategically manage AUM



Invest alongside clients



Measure long-term success

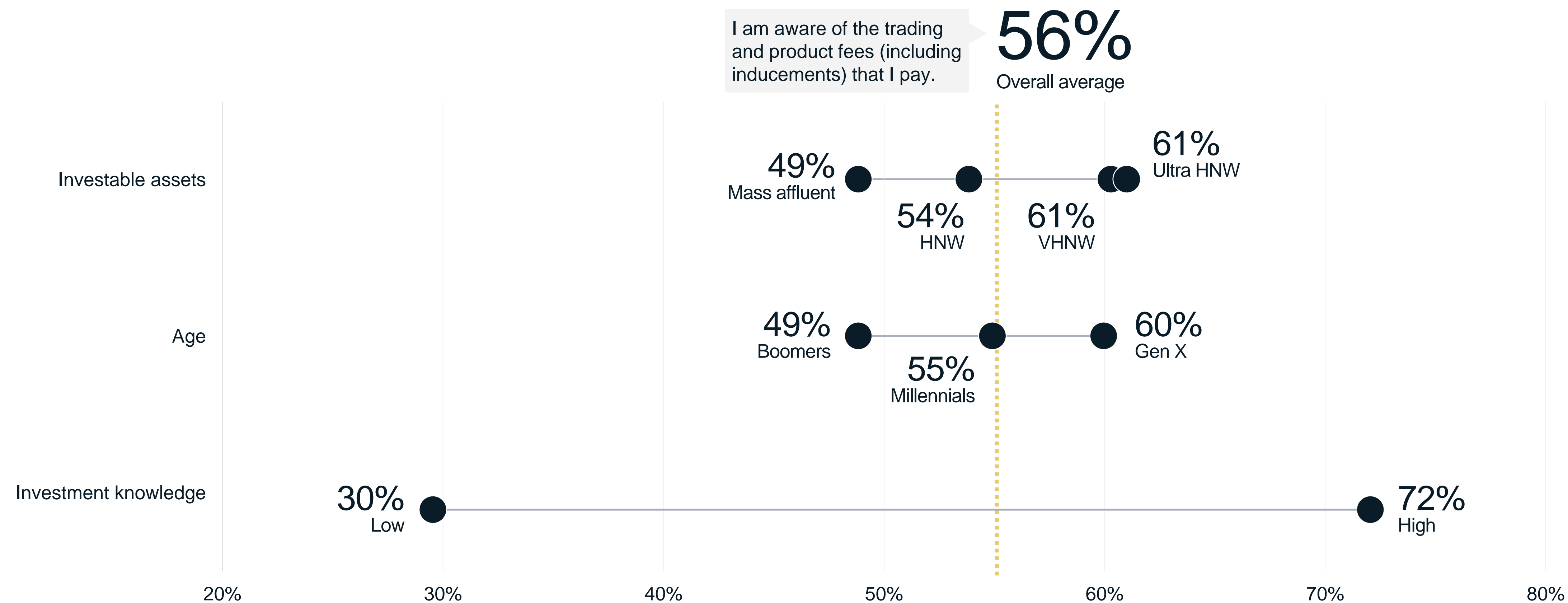


Investment process transparency

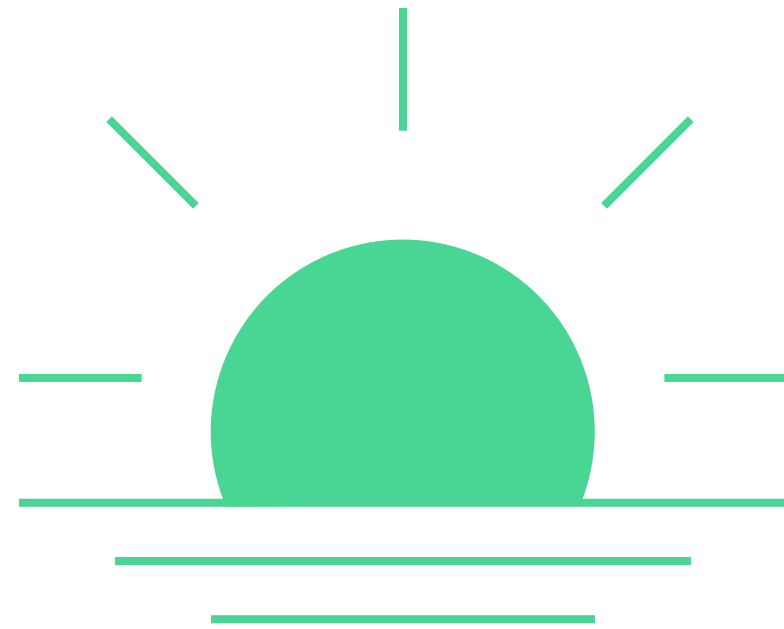


Fee transparency

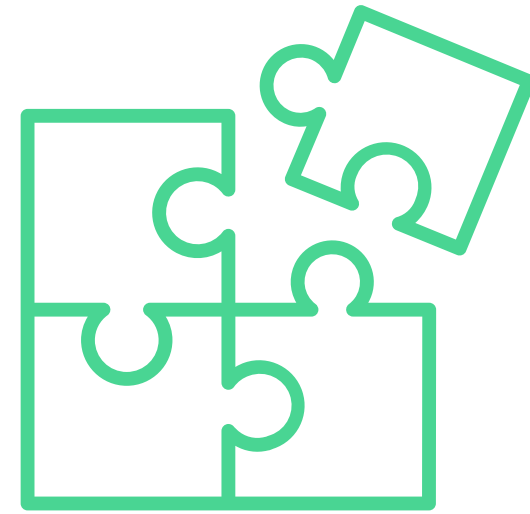
Percentage of clients in each category who are aware of all trading and product fees they pay



Mitigate behavioral biases



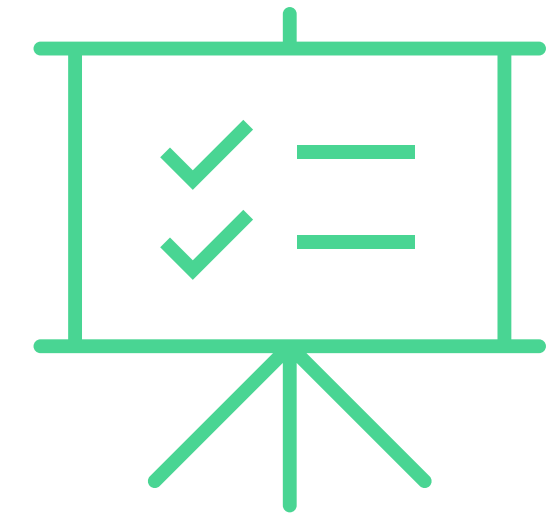
**Take a
long-term view**



**Employ a
disciplined process**



Remain calm



Revisit goals

Clients are demanding more



DEI

Diversity, equity and inclusion is a business imperative.



Remote/hybrid work

Flexible work structures are not only popular but also help advance diversity.



Technology

Technology is changing the investment industry in meaningful ways.



ESG

ESG risks are investment risks.

Leadership and culture

Cognitive diversity

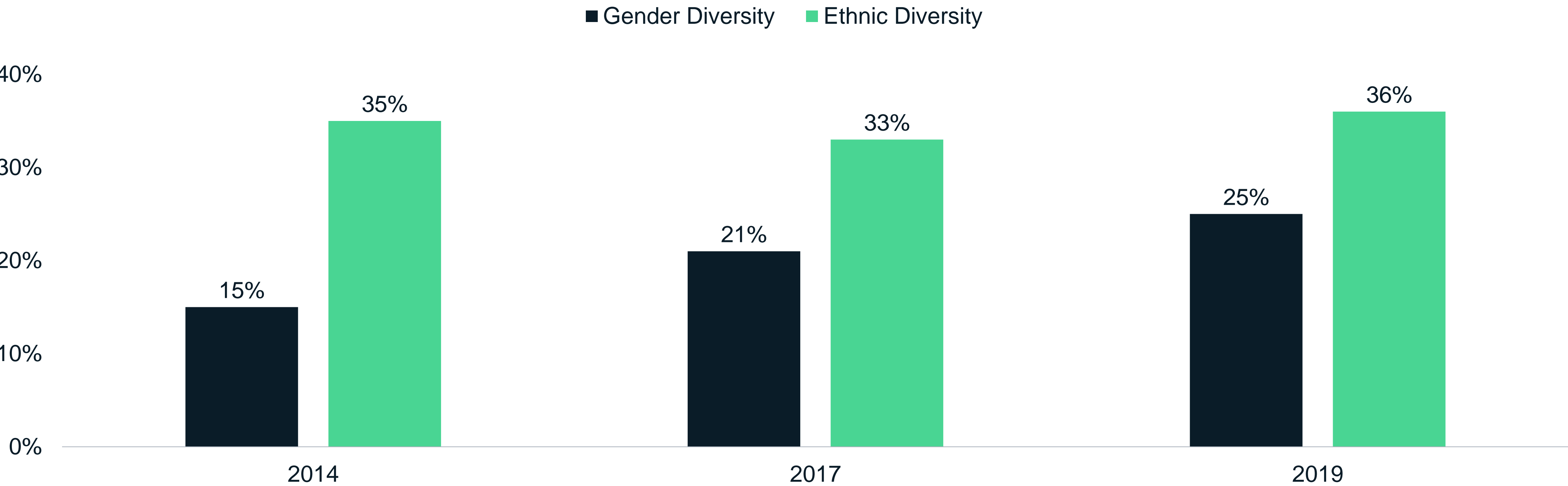


Diversity's influence on culture



Diversity in executive teams

Likelihood of financial outperformance



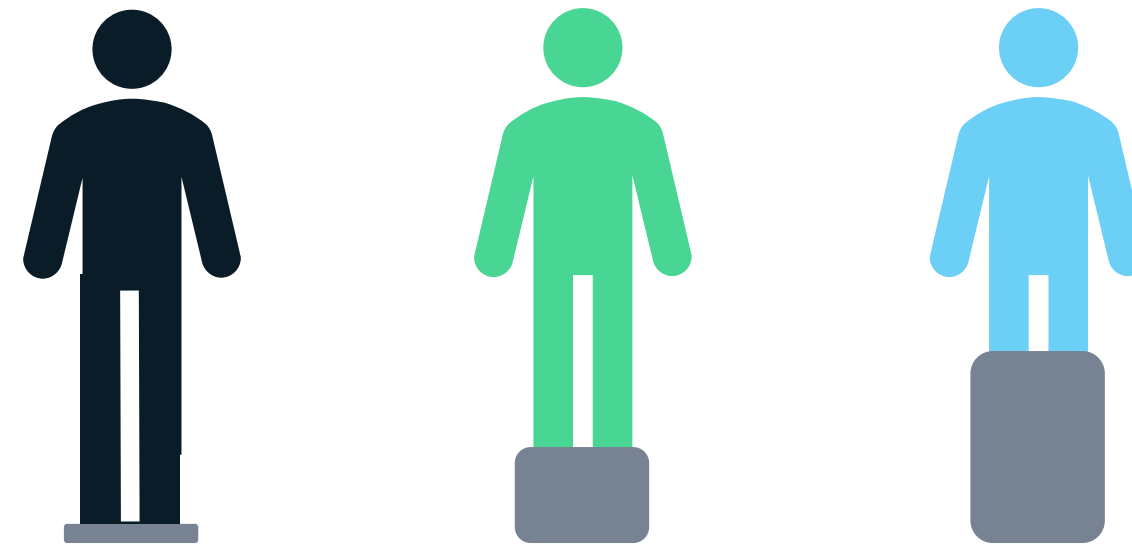
Source: McKinsey & Company, “Diversity Wins: How Inclusion Matters”, 19 May 2020

Building diverse teams



Diversity

The presence of differences within a given setting.



Equity

Ensuring that processes and programs are impartial, fair and provide equal possible outcomes for every individual.



Inclusion

The practice of ensuring that people feel a sense of belonging in the workplace.

An approach to diversity and inclusion



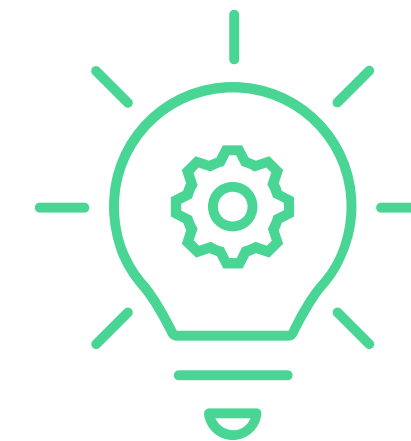
Increase diverse representation, particularly in leadership and critical roles



Strengthen leadership and accountability for delivering on D&I goals



Enable equality of opportunity through fairness and transparency



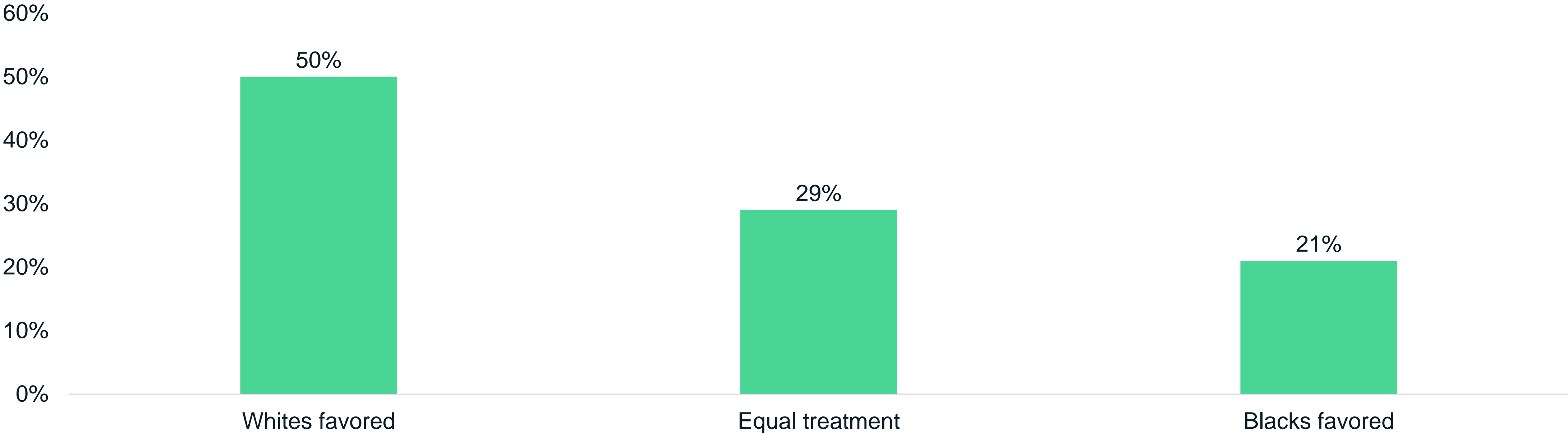
Promote openness, tackling bias and discrimination



Foster belonging through support for multivariate diversity

We all have biases

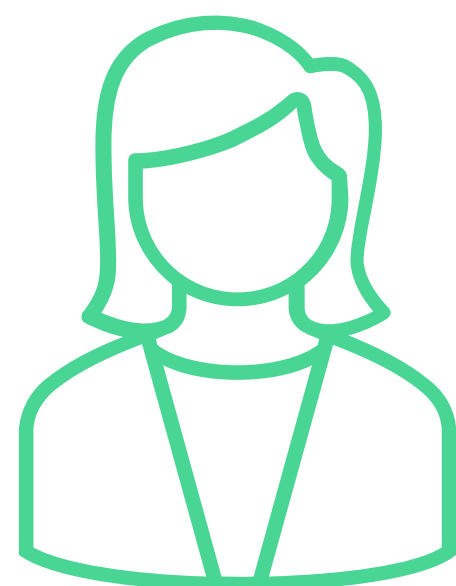
Percentage of differential rate of callback



Source: Bertrand and Mullainthan 2004 “Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination”. *American Economic Review* as referenced in *The Conversation* by Robert Livingston 2021.

Addressing bias

Self awareness



Exposure and context matter

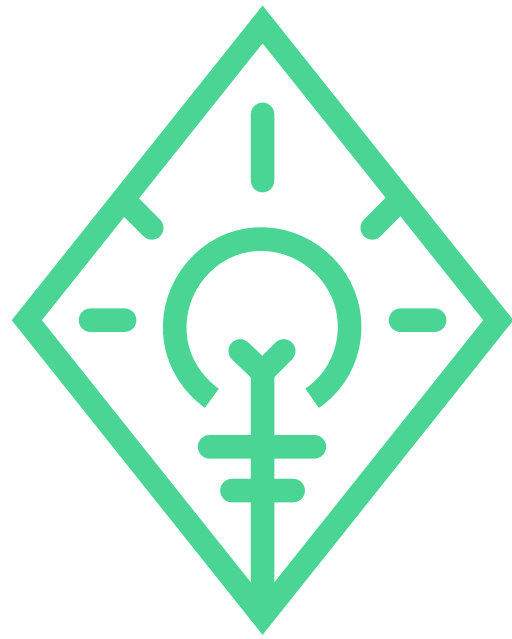


Open and meaningful dialogue

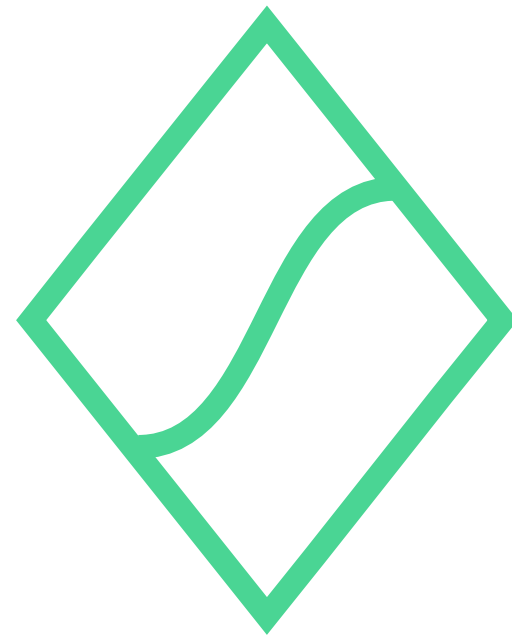


- Discuss assumptions (biases) associated with social upbringing
- Acknowledge emotions and feelings
- Share personal challenges and experiences

Shared values reinforce culture



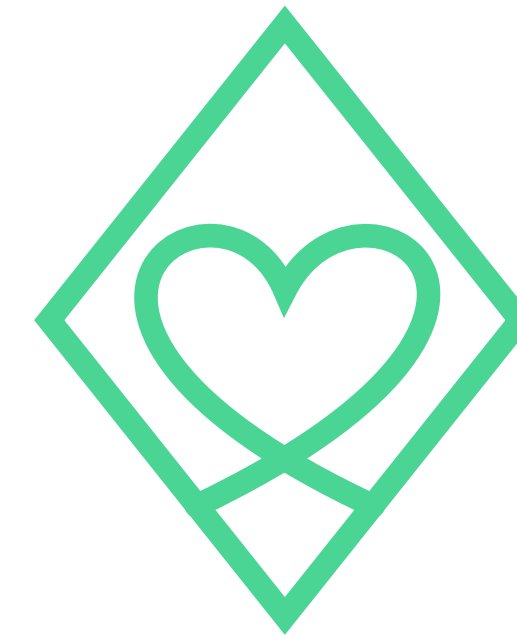
Curiosity



Ownership



Trust



Respect

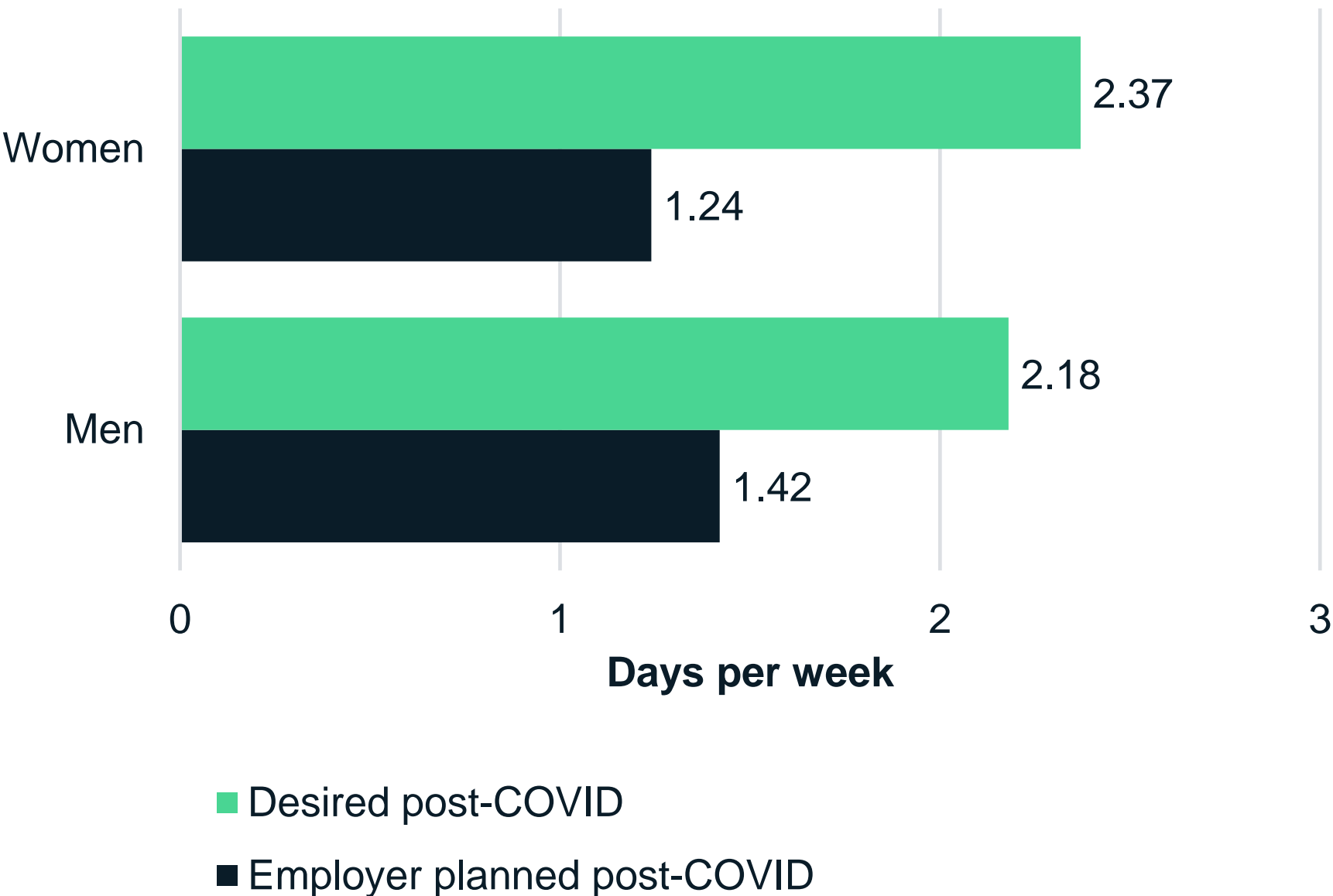
“There is no respect for others without humility in one’s self.”

Henri Frederic Amiel

Swiss philosopher, poet and critic.

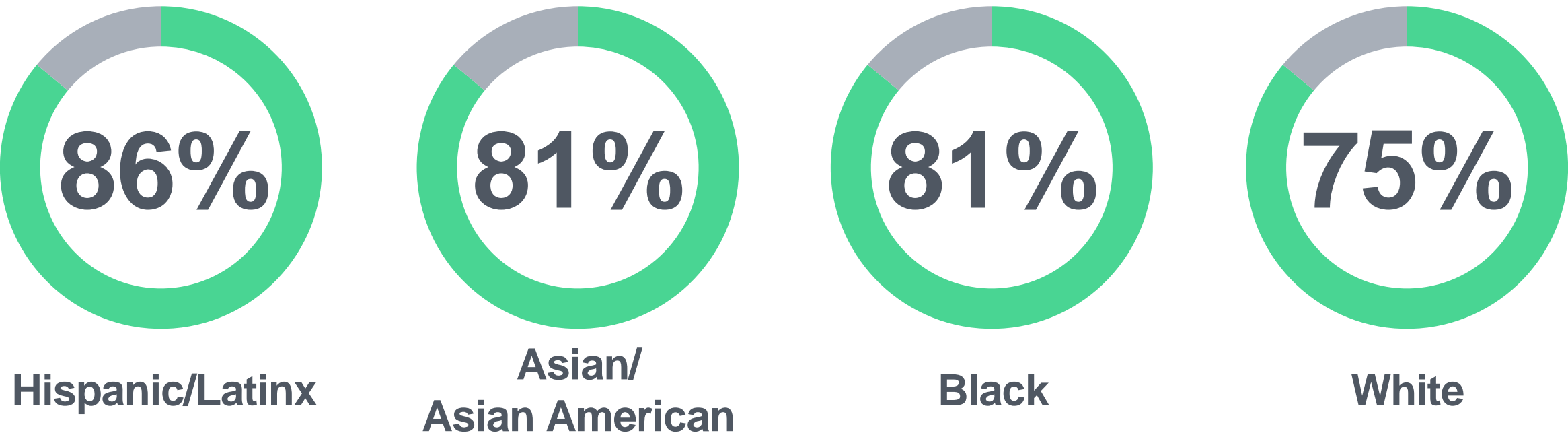
Cultural implications of hybrid work

Post-COVID Work From Home



Desire for flexibility remains strongest among underrepresented groups

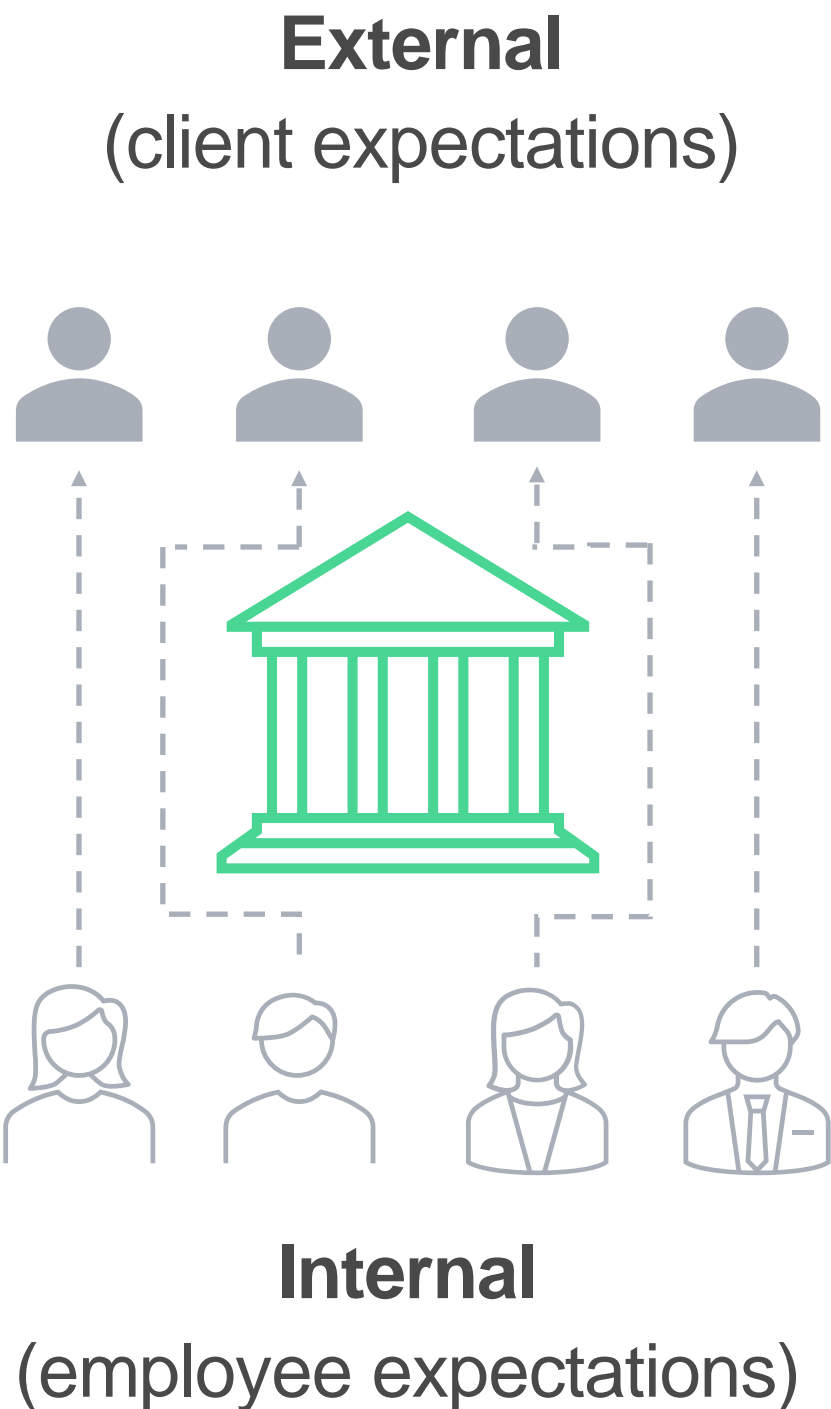
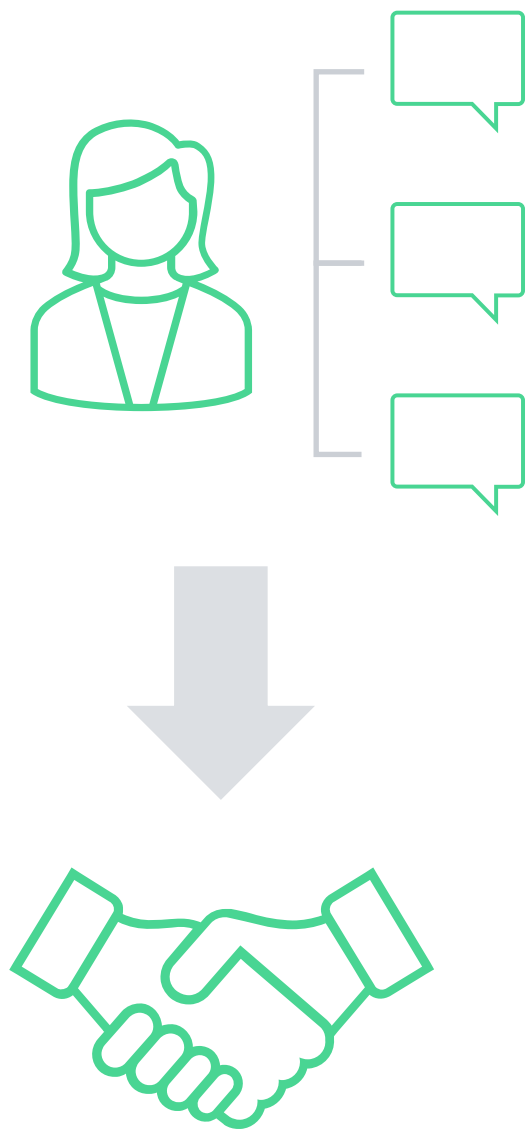
Percentage of US survey respondents who prefer a hybrid or fully remote work arrangement, by race/ethnicity



Source: Barrera, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731. 1Data from 10,000 US responses through 2021, reweighted to match US population. Details on <https://wfhresearch.com/>. 2Survey of 10,737 knowledge workers in the US, Australia, France, Germany, Japan and the UK between 1 Nov 2021 – 30 Nov 2021.

Engagement has evolved

Paradigm shift towards personalized engagement



Organizational flexibility is key



Data and sales enablement technology need to facilitate this new approach

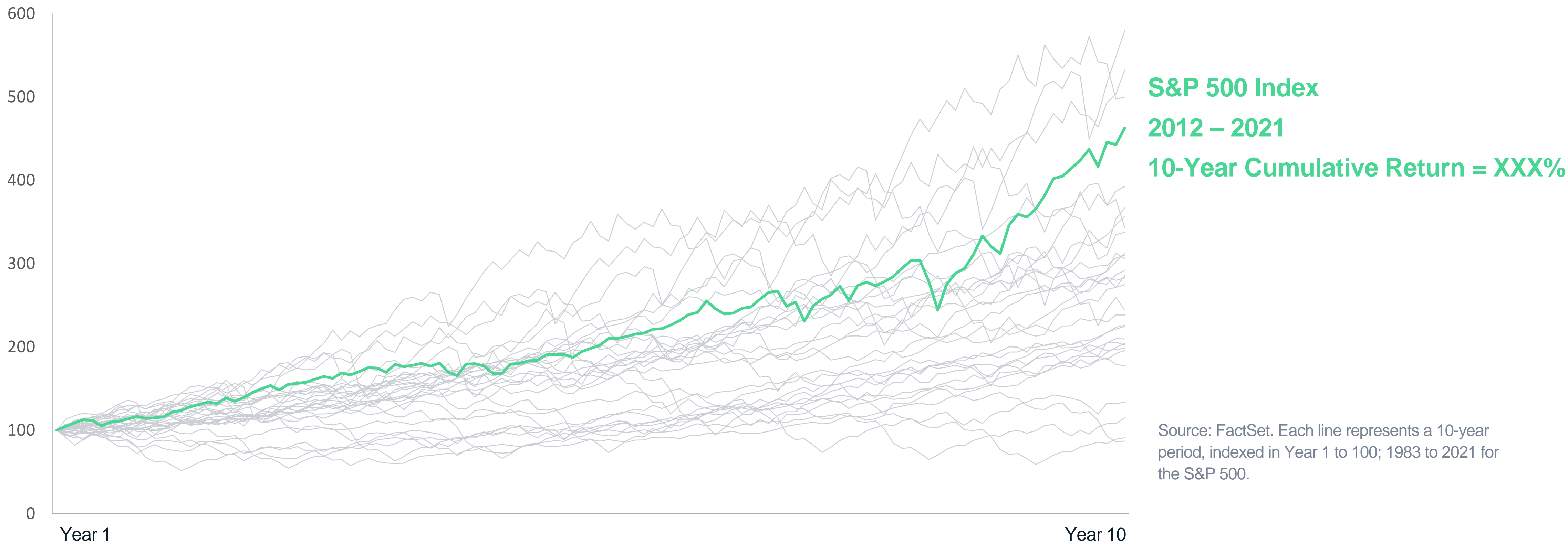
Source: SS&C.

Be the future!

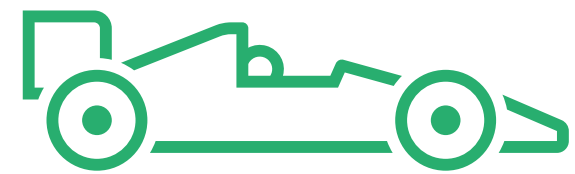
“The purpose of leadership is not to make the present bearable. The purpose of leadership is to make the future possible.”

Joan D. Chittister, Best-selling author and well-known international lecturer

Focus on where we're going, not where we've been



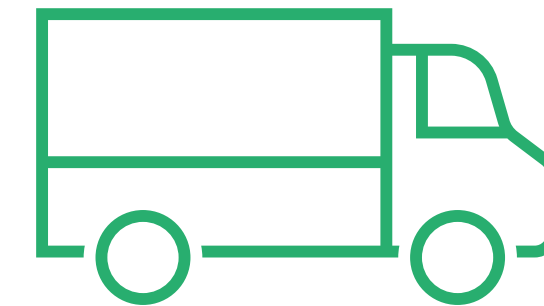
Future success will be driven by...



**Faster product
development**



**Better
distribution**



**More flexible
delivery**



**Stronger brand
building**

True change in DEI will require a proactive, long-term approach



Inclusive culture



Workforce diversity



Philanthropy
and community



Vendors and policy

Ask us anything

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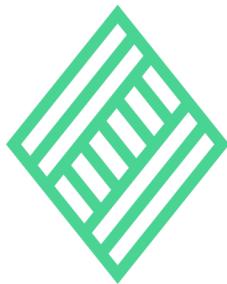
The views expressed are those of Heather Brilliant as of November 2022 and are subject to change without notice. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. Investing involves risk, including the possible loss of principal. Past performance is not a guarantee of future results.

Appendix

Shared investment principles

Diamond Hill | Shared Investment Principles

A consistent foundation that drives results



Active, fundamental approach
Capitalizes on our intellectual curiosity and unique insights



Valuation discipline
Requires investing at a discount to underlying value with a long-term mindset



Ownership
Builds the conviction needed to invest over the long term



Strategic capacity management
Protects our ability to generate competitive investment outcomes



Long term
Looking past the near-term noise to realize the benefits of our deep research

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