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DELTA REPORT

10-K

DHIL - DIAMOND HILL INVESTMENT G

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	2396
CHANGES	257
DELETIONS	716
ADDITIONS	1423

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United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022 December 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 000-24498

DH_Logo_No Tagline_Black.jpg

DIAMOND HILL INVESTMENT GROUP, INC.

(Exact name of registrant as specified in its charter)

Ohio	**65-0190407**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

325 John H. McConnell Blvd, Suite 200, Columbus, Ohio 43215
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (614) 255-3333

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common shares, no par value	**DHIL**	**The NASDAQ Nasdaq Stock Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.
7262(b)) by the registered public accounting firm that prepared or issued its audit report.☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's common shares (the only common equity of the registrant) held by non-affiliates on the NASDAQ The Nasdaq Global Select Market was $522,594,411, $483,389,072, based on the closing price of $173.64 $171.30 on June 30, 2022 June 30, 2023. For these purposes only, calculation of holdings by non-affiliates is based upon the assumption that the registrant's executive officers and directors are affiliates.

The number As of shares February 28, 2024, the registrant had 2,843,585 outstanding of the issuer's common stock, as of February 23, 2023, was 3,053,455 shares.

Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement for the 2023 its 2024 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, are incorporated by reference into Part III of this Annual Report on Form 10-K.

Diamond Hill Investment Group, Inc.
Form 10-K
For the Fiscal Year Ended December 31, 2022 December 31, 2023
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PART I

Item 1. Business

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K (this “Form 10-K”), the documents incorporated herein by reference and statements, whether oral or written, made from time to time by representatives of Diamond Hill Investment Group, Inc., an Ohio corporation organized in 1990 (“DHIL”), and collectively with its subsidiaries, (collectively, the “Company,” “we,” “our,” and “us”), may contain or incorporate “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, as amended (the “PSLR Act”), Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such statements are provided under the “safe harbor” protection of the Private Securities Litigation Reform Act of 1995. PSLR Act. Forward-looking statements include, but are not limited to, statements regarding anticipated operating results, prospects and levels of assets under management, technological developments, economic trends (including interest rates and market volatility), expected transactions and similar matters. The words “may,” “believe,” “expect,” “anticipate,” “target,” “goal,” “project,” “estimate,” “guidance,” “forecast,” “outlook,” “would,” “will,” “continue,” “likely,” “should,” “hope,” “seek,” “plan,” “intend,” and variations of such words and similar expressions identify such forward-looking statements. Similarly, descriptions of the Company’s objectives, strategies, plans, goals, or targets are also forward-looking statements. Forward-looking statements are based on our expectations at the time such statements are made, speak only as of the dates they are made and are susceptible to a number of risks, uncertainties and other factors. While the Company believes that the assumptions underlying its forward-looking statements are reasonable, investors are cautioned that any of the assumptions could prove to be inaccurate and, accordingly, the Company's actual results and experiences could may differ materially from the anticipated results or other expectations expressed in its forward-looking statements.

Factors that could may cause such actual results or experiences to differ materially from results discussed in the forward-looking statements include, but are not limited to: (i) any reduction in the Company's assets under management (“AUM”) or assets under advisement (“AUA”); (ii) withdrawal, renegotiation, or termination of investment advisory agreements; (iii) damage to the Company's reputation; (iv) failure to comply with investment guidelines or other contractual requirements; (v) challenges from the competition the Company faces in its business; (vi) challenges from industry trends towards lower fee strategies and model portfolio arrangements; (vii) adverse regulatory and legal developments;

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(vii) (viii) unfavorable changes in tax laws or limitations; (viii) (ix) interruptions in or failure to provide critical technological service by the Company or third parties; (ix) (x) adverse civil litigation and government investigations or proceedings; (x) (xi) failure to adapt to or successfully incorporate technological changes, such as artificial intelligence, into the Company's business; (xii) risk of loss on the Company's investments; (xi) (xiii) lack of sufficient capital on satisfactory terms; (xii) (xiv) losses or costs not covered by insurance; (xiii) (xv) a decline in the performance of the Company's products; (xiv) (xvi) changes in interest rates and inflation; (xv) (xvii) changes in national and local economic and political conditions; (xvi) (xix) the continuing economic uncertainty in various parts of the world; (xvii) (xviii) the after-effects of the COVID-19 pandemic and the actions taken in connection therewith; (xviii) (xx) political uncertainty caused by, among other things, political parties, economic nationalist sentiments, tensions surrounding the current socioeconomic landscape, landscape; and (xix), other risks identified from time-to-time in other our public documents on file with the U. S. U.S. Securities and Exchange Commission ("SEC"), including those discussed below in Item 1A. 1A of this Form 10-K.

All future written and oral forward-looking Forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. above, in Item 1A of this Form 10-K, and in our other public documents on file with the SEC. New risks and uncertainties arise from time to time, and factors that the Company currently deems immaterial may become material, and it is impossible for the Company to predict these events or how they may affect it. The Company assumes undertakes no obligation to update any forward-looking statements after the date of this Form 10-K they are made, whether as a result of new information, future events or developments, except as required by federal securities laws, although it may do so from time to time. The Company undertakes no obligation to publicly update forward-looking statements. Readers are advised however, to consult any further disclosures the Company makes on related subjects in its public announcements and SEC filings. The Company does not endorse any projections regarding future performance that may be made by third parties.

Overview

DHIL derives its consolidated revenue and net income from investment advisory and fund administration services provided by its wholly-owned wholly owned subsidiary, Diamond Hill Capital Management, Inc., an Ohio corporation ("DHCM"). DHCM is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and is the investment adviser and administrator for the Diamond Hill Funds, a series of open-end mutual funds (each a "Fund," and collectively, the "Funds"), a series of open-end mutual funds. . DHCM also provides investment advisory and related services to the Diamond Hill Micro Cap Fund, LP ("DHMF"), a private fund, as well as, separately managed accounts, collective investment trusts model delivery programs and ("CITs"), other pooled vehicles including sub-advised funds. funds, and model delivery programs.

The Company believes focusing on generating excellent, long-term investment outcomes and building enduring client partnerships will enable it to grow its intrinsic value to achieve a compelling, long-term return for its shareholders.

The Company accomplishes this through its shared investment principles, including: (i) valuation-disciplined active portfolio management, (ii) fundamental bottom-up research, (iii) a long-term, business-owner mindset, and (iv) a client alignment philosophy that ensures clients' interests come first. Client alignment is emphasized through: (i) a strategic capacity discipline that protects portfolio managers' abilities to generate excess returns, (ii) personal investment by portfolio managers in the strategies they manage, (iii) portfolio manager compensation being driven by long-term investment results in client portfolios, and (iv) a fee philosophy focused on a fair sharing of the economics among clients, employees, and shareholders. The Company's core cultural values of curiosity, ownership, trust, and respect create an environment where investment professionals focus on investment results and all teammates focus on the overall client experience.

The Company offers a variety of investment strategies designed for long-term strategic allocations from institutionally-oriented institutionally oriented investors in key asset classes, aligning its investment team's competitive advantages with its clients' needs.

Assets Under Management

DHCM's principal source of revenue is investment advisory fee income earned from managing client accounts under investment advisory and sub-advisory agreements. The fees earned depend on the type of investment strategy, account size, and servicing requirements. DHCM's revenues depend largely on the total value and composition of its AUM. Accordingly, net cash flows from clients, market fluctuations, and the composition of AUM impact the Company's Company's revenues and results of operations. The Company DHCM also has certain agreements that allow it to earn performance-based fees if investment returns exceed targeted amounts over a specified measurement period.

Model Delivery Programs - Assets Under Advisement

DHCM provides strategy-specific model portfolios to sponsors of model delivery programs. DHCM is paid for its services by the program sponsors at a pre-determined rate based on assets under advisement ("AUA") AUA in the model delivery programs. DHCM does not have discretionary investment authority over individual client accounts in the model delivery programs, and therefore, the AUA are is not included in the Company's AUM.

The Company's revenues are highly dependent on both the value and composition of AUM and AUA. The following tables show is a summary of the Company's AUM by product and investment objective, as well as net client cash flows, strategy, a roll-forward of the change in AUM, and a summary of AUA for each of the past five years ended December 31, 2022 December 31, 2023:

	Assets Under Management and Assets Under Advisement As of December 31,				
(in millions)	2022	2021	2020	2019	2018
Diamond Hill Funds	$14,745	$19,786	$17,615	$16,148	$13,440

	Assets Under Management and Assets Under Advisement As of December 31,				
(in millions)	2023	2022	2021	2020	2019
Diamond Hill Funds					

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Separately managed accounts	Separately managed accounts	6,220	7,232	5,611	5,222	4,310
Collective investment trusts	Collective investment trusts	1,040	603	318	30	1
Other pooled vehicles	Other pooled vehicles	2,758	3,407	2,867	1,999	1,357
Total AUM	Total AUM	24,763	31,028	26,411	23,399	19,108
Total AUA	Total AUA	1,802	2,098	1,099	933	476
Total AUM and AUA	Total AUM and AUA	$26,565	$33,126	$27,510	$24,332	$19,584

		Assets Under Management by Investment Strategy As of December 31,										
		Assets Under Management by Investment Strategy As of December 31,								Assets Under Management by Investment Strategy As of December 31,		
(in millions)	(in millions)	2022	2021	2020	2019	2018	(in millions)	2023	2022	2021	2020	2019
U.S. Equity	**U.S. Equity**											
Large Cap	Large Cap	$16,478	$21,285	$15,075	$12,316	$ 9,611						
Large Cap												
Large Cap												
Small-Mid Cap	Small-Mid Cap	2,646	3,183	2,810	3,243	2,770						
Mid Cap	Mid Cap	899	1,165	992	569	143						
All Cap Select		392	438	446	528	432						
Select												
Small Cap	Small Cap	306	597	556	795	1,048						
Large Cap Concentrated	Large Cap Concentrated	99	64	27	28	26						
Micro Cap	Micro Cap	15	16	—	—	—						
Total U.S. Equity	Total U.S. Equity	20,835	26,748	19,906	17,479	14,030						
Alternatives	**Alternatives**											
Alternatives												
Alternatives												
Long-Short												
Long-Short												
Long-Short	Long-Short	1,752	1,998	2,056	3,605	3,767						
Total Alternatives	Total Alternatives	1,752	1,998	2,056	3,605	3,767						
Global/International Equity	**Global/International Equity**											
Global/International Equity												
Global/International Equity												
International												
International												
International	International	52	56	17	13	3						
Global(a)	Global(a)	—	—	16	22	15						

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Total Global/International Equity	Total Global/International Equity	52	56	33	35	18
Fixed Income	**Fixed Income**					
Fixed Income						
Fixed Income						
Short Duration Securitized Bond						
Short Duration Securitized Bond						
Short Duration Securitized Bond	Short Duration Securitized Bond	1,308	1,613	1,132	809	579
Core Fixed Income	Core Fixed Income	792	622	541	300	55
Long Duration Treasury	Long Duration Treasury	33	51	62	52	52
Corporate Credit(b)	Corporate Credit(b)	—	—	2,020	1,147	757
High Yield(b)	High Yield(b)	—	—	724	135	54
Total Fixed Income	Total Fixed Income	2,133	2,286	4,479	2,443	1,497
Total-All Strategies	Total-All Strategies	24,772	31,088	26,474	23,562	19,312
Total-All Strategies						
Total-All Strategies						
(Less: Investments in affiliated funds)(c)	(Less: Investments in affiliated funds)(c)	(9)	(60)	(63)	(163)	(204)
Total AUM	Total AUM	24,763	31,028	26,411	23,399	19,108
Total AUA(d)	Total AUA(d)	1,802	2,098	1,099	933	476
Total AUM and AUA	Total AUM and AUA	$26,565	$33,126	$27,510	$24,332	$19,584

(a) The Diamond Hill Global Fund was liquidated on December 17, 2021.

(b) The Diamond Hill Corporate Credit and the Diamond Hill High Yield investment advisory contracts (the "High Yield-Focused Advisory Contracts") were sold to Brandywine Global Investment Management, LLC ("Brandywine Global") effective July 30, 2021.

(c) Certain of the Funds own shares of the Diamond Hill Short Duration Securitized Bond Fund. The Company reduces the total AUM of each Fund that holds such shares by the AUM of the investments held in this affiliated Fund.

(d) AUA is primarily comprised of model portfolio assets related to the Large Cap and All Cap Select strategies.

		Change in Assets Under Management For the Year Ended December 31,										Change in Assets Under Management For the Year Ended December 31,
	Change in Assets Under Management For the Year Ended December 31,											
(in millions)	(in millions)	2022	2021	2020	2019	2018	(in millions)	2023	2022	2021	2020	2019
AUM at beginning of the year	AUM at beginning of the year	$31,028	$26,411	$23,399	$19,108	$22,317						
Net cash inflows (outflows)	Net cash inflows (outflows)											
Diamond Hill Funds	Diamond Hill Funds	(2,433)	1,994	879	(499)	(978)						
Diamond Hill Funds												
Diamond Hill Funds												
Separately managed accounts	Separately managed accounts	(73)	168	(63)	(394)	(99)						
Collective investment trusts	Collective investment trusts	486	182	236	26	—						
Other pooled vehicles	Other pooled vehicles	(221)	(221)	477	190	(25)						
		(2,241)	2,123	1,529	(677)	(1,102)						
	(494)											
Sale of High Yield-Focused Advisory Contracts	Sale of High Yield-Focused Advisory Contracts	—	(3,456)	—	—	—						

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Net market appreciation/(depreciation) and income	Net market appreciation/(depreciation) and income	(4,024)	5,950	1,483	4,968	(2,107)
Increase (decrease) during the year	Increase (decrease) during the year	(6,265)	4,617	3,012	4,291	(3,209)
AUM at end of the year	AUM at end of the year	24,763	31,028	26,411	23,399	19,108
AUA at end of year	AUA at end of year	1,802	2,098	1,099	933	476
Total AUM and AUA at end of year	Total AUM and AUA at end of year	$26,565	$33,126	$27,510	$24,332	$19,584

Capacity

The Company's ability to retain and grow its AUM has been, and will continue to be, primarily driven by delivering attractive long-term investment results, which requires strict adherence to capacity discipline. If the Company determines the size of a strategy could impede its ability to meet investment return goals, the Company will close that strategy to new clients. The Company's commitment to capacity discipline inherently impacts its ability to grow its AUM. Investment results will always be prioritized over asset accumulation. As

The Company's capacity as of December 31, 2022, the Company's Large Cap and Small-Mid Cap strategies were closed to most new investors. The Company plans to reopen its Large Cap strategy on February 28, 2023.

Today, the Company's existing capacity is December 31, 2023 was estimated to be $40 billion to $50 billion in domestic equities, $15 billion $20 billion to $20 billion $30 billion in international equities, and $50 billion to $65 billion in fixed income. The Company's firm level firm-level capacity increases with the development of new products or strategies.

Growth Strategy

As a deliberately capacity-constrained organization, the The Company's growth centers first and foremost on delivering an investment and client experience that enables investors to experience better outcomes over the long-term. The Company's client alignment philosophy guides it to develop strategies and offer vehicles that meet clients' objectives, capitalize on its investment team's research capabilities, and align with its investment principles.

The Company looks to attract like-minded, long-term focused clients across all of its offerings. In order to To ensure efficient business development and relationship management, the Company has dedicated resources toward content-led marketing and sales enablement efforts. The Company believes that the combination of these efforts will lead to a deeper understanding of its investment strategies, and ultimately, longer holding periods for investors.

The Company focuses its efforts primarily on asset allocators with centralized research teams, allowing efficient delivery of services to a larger and more diverse client base. These tend to be highly sophisticated buyers conducting conduct deep research and pairing pair the Company's strategies with complementary strategies to meet holistic client objectives. These asset allocators include centralized research teams at institutional consulting firms, wirehouses, banks, independent broker dealers, (IBD) and independent registered investment advisory firms (RIAs). firms. The Company aims to partner with investors who maintain a long-term orientation and align with its investment principles.

Distribution Channels

The Company offers a variety of investment strategies designed for long-term strategic allocations from institutionally-oriented investors in key asset classes, aligning its investment team's competitive advantages with its clients' needs. Below The following table is a summary of AUM by distribution channel for each of the five years ended December 31, 2022 December 31, 2023:

AUM by Distribution Channel
As of December 31,

AUM and AUA by Distribution Channel
As of December 31,

AUM and AUA by Distribution Channel
As of December 31,

AUM and AUA by Distribution Channel
As of December 31,

(in millions)

(in millions)

(in millions)	(in millions)	2022	2021	2020	2019	2018
Diamond Hill Funds:	Diamond Hill Funds:					
Diamond Hill Funds:						
Diamond Hill Funds:						
Registered investment adviser						
Registered investment adviser						

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Registered investment adviser	Registered investment adviser	$ 3,787	$ 4,633	$ 4,315	$ 3,603	$ 3,243
Independent broker-dealer	Independent broker-dealer	4,135	5,304	4,274	3,563	2,900
Independent broker-dealer						
Independent broker-dealer						
Wirehouse						
Wirehouse						
Wirehouse	Wirehouse	2,843	4,195	3,529	3,026	2,319
Bank trust	Bank trust	1,718	2,256	2,546	2,907	2,672
Bank trust						
Bank trust						
Defined contribution						
Defined contribution						
Defined contribution	Defined contribution	2,085	3,249	2,716	2,723	1,904
Other	Other	177	149	235	326	402
Other						
Other						
Total Diamond Hill Funds						
Total Diamond Hill Funds						
Total Diamond Hill Funds	Total Diamond Hill Funds	14,745	19,786	17,615	16,148	13,440
Separately managed accounts:	Separately managed accounts:					
Separately managed accounts:						
Separately managed accounts:						
Institutional consultant						
Institutional consultant						
Institutional consultant	Institutional consultant	2,432	2,960	2,504	2,397	2,122
Financial intermediary	Financial intermediary	3,067	3,594	2,371	1,777	1,506
Financial intermediary						
Financial intermediary						
Direct						
Direct						
Direct	Direct	721	678	736	1,048	682
Total separately managed accounts	Total separately managed accounts	6,220	7,232	5,611	5,222	4,310
Total separately managed accounts						
Total separately managed accounts						
Collective investment trusts						
Collective investment trusts						
Collective investment trusts	Collective investment trusts	1,040	603	318	30	1
Other pooled vehicles	Other pooled vehicles	2,758	3,407	2,867	1,999	1,357
Other pooled vehicles						
Other pooled vehicles						
Total AUM	Total AUM	24,763	31,028	26,411	23,399	19,108
Total AUA		1,802	2,098	1,099	933	476

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Total AUM						
Total AUM						
Total AUA(a)						
Total AUA(a)						
Total AUA(a)						
Total AUM and AUA	Total AUM and AUA	$ 26,565	$ 33,126	$ 27,510	$ 24,332	$ 19,584
Total AUM and AUA						
Total AUM and AUA						

(a) 100% of AUA is from financial intermediaries.

Fund Administration Activities

DHCM provides fund administration services to the Funds. Fund administration services are broadly defined to include the following services: portfolio and regulatory compliance; treasury and financial oversight; oversight of back-office service providers, such as the custodian, fund accountant, and transfer agent; and general business management and governance of the Funds.

Competition

Competition in the investment management industry is intense, and DHCM's competitors include investment management firms, broker-dealers, banks, and insurance companies, some of whom offer various investment alternatives, including passive index strategies. Many of DHCM's competitors are better known, offer a broader range of investment products, and have more dedicated resources for business development and marketing.

Regulation

DHCM's firm and business are The Company is subject to various federal, state, and non-U.S. laws and regulations. As a matter of public policy, regulatory bodies are charged with safeguarding the integrity of the securities and other financial markets, and with protecting the interests of participants in those markets, including investment advisory clients and shareholders of investment funds. If an adviser fails to comply with these laws and regulations, these regulatory bodies have broad administrative powers, including the power to limit, restrict, or prohibit an investment adviser from carrying on its business. Possible sanctions that regulatory bodies may impose include civil and criminal liability, the suspension of individual employees, limitations on engaging in certain lines of business for specified periods of time, revocation of investment adviser, broker-dealer, and other registrations, censures, and fines.

DHCM is registered with the SEC under the Advisers Act and operates in a highly regulated environment. The Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary duties, recordkeeping requirements, operational requirements, and disclosure obligations. All of the Funds are registered with the SEC under the Investment Company Act of 1940, as amended (the "1940 ("1940 Act"), and are required to make notice filings with all states where the Funds are offered for sale. Virtually all aspects of DHCM's investment advisory and fund administration business are subject to various federal and state laws and regulations.

DHCM is a "fiduciary" under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with respect to benefit plan clients, and therefore, is subject to ERISA regulations. ERISA and applicable provisions of the Internal Revenue Code of 1986, as amended, impose certain duties on persons who are fiduciaries, prohibit certain transactions involving ERISA plan clients, and provide monetary penalties for violations of these prohibitions. The U.S. Department of Labor, which administers ERISA, has been increasingly active in proposing and adopting regulations affecting the asset management industry.

DHCM's trading activities for client accounts are regulated by the SEC under the Exchange Act, which includes regulations governing trading on inside information, market manipulation, and a broad number of trading and market regulation requirements in the United States (*e.g.*, volume limitations and reporting obligations).States.

The preceding descriptions of the regulatory and statutory provisions applicable to DHCM are not exhaustive or complete and are qualified in their entirety by reference to the respective statutory or regulatory provisions. Failure to comply with these requirements could have a material adverse effect on DHCM's business.

Contractual Relationships with the Funds

DHCM is highly dependent on its contractual relationships with the Funds. If any of DHCM's advisory or administration agreements with the Funds were terminated or not renewed, or were amended or modified to reduce fees, DHCM would be materially and adversely affected. DHCM generated approximately 71% 68%, 69% 71%, and 75% 69% of its 2023, 2022, 2021, and 2020 2021 revenues, respectively, from its advisory and administration agreements with the Funds. DHCM believes that it has strong relationships with the Funds and their board of trustees, and DHCM has no reason to believe that these advisory or administration contracts will not be renewed in the future. However, there is no assurance that the Funds will choose to continue their relationships with DHCM. Please see Item 1A for risk factors regarding this relationship.

Human Capital

The Company believes its people are its greatest asset, and each role within the firm contributes to our its goals of generating excellent, long-term investment outcomes and building enduring client partnerships.

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Workforce Data

Attracting, developing, and retaining talented employees is integral to the Company’s human capital strategy and critical to its success. The Company depends on highly skilled personnel, with specialized expertise and extensive experience in the investment management industry. As of December 31, 2023 and December 31, 2022, the Company employed 129 full-time equivalent employees. As of December 31, 2021, the Company's number of full-time equivalent employees was 128.

The Company's average employee tenure is approximately 7.5 eight years, and nearly 25% one-third of its employees have been with the Company more than 10 years of service. years. The Company’s five-year average employee turnover rate is approximately 8.3% 7%. The Company’s employees are based in 12 states, although and approximately 78% 80% of its employees reside in Ohio.

Competitive Pay and Benefits

The Company’s competitive compensation and benefits are designed to help attract, retain, and motivate employees who embody its values. The Company aligns its employees’ compensation with client outcomes, individual and team results, and company performance. The Company intentionally designs its benefits to provide support to teammates and their families, which enables its teammates to focus on client outcomes.

Culture

The Company’s culture emphasizes four key values: curiosity, ownership, trust and respect. The way its employees embody the these core values creates an exceptional corporate the Company’s culture. The culture allows the Company to attract and retain employees who share its commitment to client alignment, are motivated by investment excellence, and are committed to delivering superior excellent outcomes.

Employees who are curious focus on continuous self-improvement and have a passion for learning. They are open-minded, seek differing perspectives, and go beyond surface-level assumptions. Employees who think and act like business owners naturally embrace a long-term mindset. They lead by example and accept accountability for ensuring excellent strong client outcomes. Employees who embrace trust act with integrity, are authentic and honest in interactions with others, and put client interests ahead of all others. Employees who are motivated by giving and receiving respect communicate and provide feedback candidly, transparently, and with positive intent. They are humble in their assumptions and listen to better understand others. They embrace, value, and celebrate diversity, inclusion, and differences in all forms.

The Company’s culture revolves around the fact that Diamond Hill DHCM is a fiduciary first and foremost. The primary focus is serving its clients and the Company believes this client-centric approach is difficult for competitors to replicate. clients. The Company’s long-term, valuation-disciplined investment principles are foundational to its culture and have been consistently implemented since the firm’s inception. All members of the investment team believe in, and adhere to, the same investment principles. Our The Company’s employees invest alongside our its clients, and portfolio managers have significant personal investments in the strategy or strategies they manage.

Diversity, Equity, and Inclusion

The Company views diversity, equity, and inclusion (“DEI”) as essential parts of its business and operating model. DEI is embedded in the policies, practices, and strategic initiatives of the Company, and is linked to its core values. The Company believes clients are best served by decision making that engages and encourages varied perspectives.

As of December 31, 2022 December 31, 2023, females represented 42% 50% of DHIL’s Board board of Directors (the “Board” directors (“Board”), 66% of the Company’s management team, and approximately 33% 32% of its employees. As of December 31, 2022 December 31, 2023, racial or ethnic minorities represented approximately 15% 14% of the Company’s workforce. workforce and 17% of the Board. Please see additional demographic details on the Company’s website.

DEI is a continuous journey, and the Company recognizes that transparency and accountability are critical to driving real change within the firm, in the industry, and within its community. Learn more about the Company’s DEI philosophy, commitments and annual progress on the Company’s website. The information on our website, including our DEI annual reports, is not incorporated by reference in or otherwise considered a part of this Form 10-K or any other report or document we file with, or furnish to, the SEC. The Company’s DEI initiatives are driven by employees on cross-functional across functional teams who are enthusiastic about leading sustainable efforts under four areas of focus: Workforce Diversity, Inclusive Culture, Vendor & Policy, workforce diversity, inclusive culture, vendor and Philanthropy & Community. Highlights of the Company’s 2022 DEI initiatives include:

- The Company has distributed and/or committed more than half of its $1M in pledged funds to partners policy, and organizations that align with its DEI efforts.
- The Company became a signatory to the DEI Code for the Investment Profession in the United States philanthropy and Canada launched in 2022 in conjunction with the CFA Institute.
- The Company website now features a dedicated DEI section including its DEI philosophy, commitments and inaugural annual progress report. community.

SEC Filings

The Company maintains a website at www.diamond-hill.com. The Company’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports that it files or furnishes from time-to-time pursuant to Section 13(a) or 15(d) of the Exchange Act, are made available free of charge, on or through the Investor Relations section of the Company’s website, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Information contained on the Company’s website is not part of this Form 10-K or any other report or document that it files with, or furnishes to, the SEC. These reports are also available free of charge on the SEC’s website at http://www.sec.gov.

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ITEM 1A. Risk Factors

The Company's future results of operations, financial condition, liquidity, and capital resources as well as the market price of its common stock, shares, are subject to various risks, including those risks mentioned below and elsewhere in this Form 10-K as well as those risks that are discussed from time-to-time in the Company's other filings with the SEC. Investors should carefully consider these risks before making an investment decision regarding the Company's common shares. securities. There may be additional risks of which the Company is currently unaware, or which the Company currently considers to be immaterial. The occurrence of any of these risks could have a material adverse effect on the Company's financial condition, results of operations, liquidity, capital resources and the value of its common stock. securities. Please see "Forward Looking Statements" within Part I, Item 1, of this Form 10-K.

Business Risks

<u>Poor investment results or adverse ratings of the Company's products could affect its ability to attract new clients or could reduce its AUM, potentially negatively impacting revenue and net income.</u>

If the Company fails to deliver acceptable investment results for its clients, both in the short and long-term, the Company could experience diminished investor interest and a decreased level of AUM.

Investment strategies are assessed and rated by independent third parties, including rating agencies, industry analysts, and publications. Investors can be influenced by such ratings. If a strategy receives an adverse report, it could negatively impact the Company's AUM and revenue.

<u>The Company's success depends on its key personnel, and its financial performance could be negatively affected by the loss of their services.</u>

The Company's success depends on highly skilled personnel, including portfolio managers, research analysts, and management, many of whom have specialized expertise and extensive experience in the investment management industry. Financial services professionals are in high demand, and the Company faces significant competition for qualified employees. Other than the Company's Chief Executive Officer, its employees do not have employment contracts and generally can terminate their employment at any time. The Company may not be able to retain or replace key personnel. In order to To retain or replace its key personnel, the Company may be required to increase compensation, which would decrease its net income. The loss of key personnel could damage the Company's reputation and make it more difficult to retain and attract new employees and clients. A loss of client assets resulting from the departure of key personnel may materially decrease the Company's revenues and net income. Specifically, Charles Bath, a co-portfolio manager on our Large Cap strategy, which is our largest strategy by AUM and revenues, announced his retirement from the Company effective December 31, 2024. It is possible his departure could lead to increased redemptions resulting in a material decline in AUM and revenue. The Company has had a well-defined succession plan in place since 2018, when Austin Hawley was named co-portfolio manager on the Large Cap strategy. Mr. Hawley has worked closely with Mr. Bath for over 15 years, including the last six years as a co-portfolio manager.

<u>The Company's investment results and/or growth in its AUM may be constrained if appropriate investment opportunities are not available or if the Company closes certain of its investment strategies to new investors.</u>

The Company's ability to deliver strong excellent investment results depends in large part on its ability to identify appropriate investment opportunities in which to invest client assets. If the Company is unable to identify sufficient investment opportunities for existing and new client assets on a timely basis, its investment results could be adversely affected. The risk that appropriate investment opportunities may be unavailable is influenced by a number of factors, including general market conditions, and is likely to increase if the Company's AUM increases rapidly. Our The Company's efforts to establish and develop new strategies may face challenges or ultimately be unsuccessful, which could impact our its results of operations, our reputation, and and/or culture. In addition, if the Company determines that sufficient investment opportunities are not available for an investment strategy, or it believes that it is necessary to continue to produce attractive returns from an investment strategy, the Company will consider closing the investment strategy to new investors. As of December 31, 2022, the Company has two investment strategies closed to new investors. If the Company misjudged the point at which it would be optimal to close an investment strategy, the investment results of the strategy could be negatively impacted. The Company has closed investment strategies in the past and may do so again in the future. As of December 31, 2023, the Company does not have any closed investment strategies.

<u>The Company is subject to substantial competition in all aspects of its business.</u>

The Company's investment products compete against investment products and services from:

- Asset management firms;
- Mutual fund companies;
- Commercial banks and thrift institutions;
- Insurance companies;
- Exchange-traded funds;
- Private funds, including hedge funds and private equity funds; and
- Brokerage and investment banking firms.

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Many of the Company’s competitors have substantially greater resources and may operate in more markets or offer a broader range of products, including passively managed or “index” products. Some of these institutions operate in a different regulatory environment, which may give them certain competitive advantages in the investment products and portfolio structures that they offer. The Company competes with other providers of investment services primarily based upon its philosophy, performance, and client service. Some institutions have a broader array of products and distribution channels, which makes it more difficult for the Company to compete. If current or potential clients decide to use one of the Company’s competitors, it could face a significant decline in market share, AUM, AUA, revenues, and net income. If the Company is required to lower its fees to remain competitive, its net income could be significantly reduced because some of the Company’s expenses are fixed, especially over shorter periods of time, and its expenses may not decrease in proportion to the decrease in revenues. Additionally, over the past several years, investors have generally shown a preference for passive investment products over actively managed strategies. If this trend continues, the Company’s AUM, revenues, and net income may be negatively impacted.

Industry trends towards lower fee strategies and model portfolio arrangements could adversely impact the Company’s revenues.

Market and competitive pressures in recent years have created a trend towards lower management fees in the asset management industry and there can be no assurance that the Company will be able to maintain its current fee structure. As a result, a shift in in the Company’s AUM from higher to lower fee generating clients and strategies could result in a decrease in profitability even if its AUM increases or remains unchanged. Similarly, in recent years, there has been a trend in clients shifting their assets from higher fee mutual funds and separately managed accounts to lower fee model portfolio arrangements. As a result, a shift in the Company's client assets from AUM to AUA could result in a decrease in Company revenues.

The loss of access to, or increased fees required by, third-party distribution sources to market the Company’s portfolios and access its client base could adversely affect the Company’s results of operations.

The Company’s ability to attract additional AUM is dependent on its relationship with third-party financial intermediaries. The Company compensates some of these intermediaries for access to investors and for various marketing services provided. These distribution sources and client bases may not continue to be accessible to the Company for reasonable terms, or at all. If such access is restricted or eliminated, it could have an adverse effect on the Company's Company’s results of operations. Fees paid to financial intermediaries for investor access and marketing services have generally increased in recent years. If such fee increases continue, refusal to pay them could restrict the Company's Company’s access to those client bases while paying them could adversely affect its profitability.

A significant portion of DHCM's revenues are based on advisory and administration agreements with the Funds that are subject to termination without cause and on short notice.

DHCM is highly dependent on its contractual relationships with the Funds. If DHCM's DHCM’s advisory or administration agreements with the Funds were terminated or not renewed, or were amended or modified to reduce fees, DHCM would be materially and adversely affected. Generally, these agreements are terminable by either party upon 60 days’ prior written notice without penalty. The Funds’ agreements are subject to annual approval by either: (i) the their board of trustees, of the Funds, or (ii) a vote of the majority of the outstanding voting securities of each Fund. These agreements automatically terminate in the event of their assignment by either DHCM or the Funds. DHCM generated approximately 71% 68%, 69% 71%, and 75% 69% of its 2023, 2022, 2021, and 2020 2021 revenues, respectively, from its advisory and administration agreements with the Funds, including 34% 30%, 11% 12%, and 10% from the advisory contracts with the Diamond Hill Large Cap Fund, the Diamond Hill Long-Short Fund, and the Diamond Hill Small-Mid Cap Fund, respectively, during 2022. 2023. The loss of any of the Diamond Hill Large Cap Fund, the Diamond Hill Long-Short Fund, or the Diamond Hill Small-Mid Cap Fund contracts would have a material adverse effect on DHCM. DHCM believes that it has strong relationships with the Funds and their boards board of trustees, and it has no reason to believe that these advisory or administration contracts will not be renewed in the future. However, there can be no assurance that the Funds will choose to continue their relationships with DHCM.

Negative public opinion of the Company could cause it to lose clients and adversely affect its stock share price.

Negative public opinion can result from the Company’s actual or alleged conduct in any number of activities, including trading practices, corporate governance and acquisitions, DEI issues, social media and other marketing activities, and actions taken by governmental regulators and community organizations in response to any of the foregoing. Negative public opinion could adversely affect the Company’s ability to attract and maintain clients, could expose the Company to potential litigation or regulatory action, and could have a material adverse effect on its stock share price or result in heightened volatility.

Operational Risks

Cybersecurity attacks could prevent the Company from managing client portfolios, cause the unauthorized disclosure of sensitive or confidential client or employee information or result in misappropriation of information or funds, each of which could severely harm its business.

As part of its business, the Company collects, processes, and transmits sensitive and confidential information about its clients and employees, as well as proprietary information about its business. The Company has policies and procedures pursuant to which it takes numerous security measures to prevent cyberattacks of various kinds as well as fraudulent and inadvertent activity by persons who have been granted access to such sensitive or confidential information. Nevertheless, the Company's Company’s systems, like all technology systems, remain vulnerable to unauthorized access, which can result in theft or corruption of information. In addition, the Company shares information with third parties party vendors upon whom it relies for various functions. The systems of such third parties also are vulnerable to cyber threats. Unauthorized access can come from unrelated third parties through the internet, from access to hardware removed from the Company's premises Company’s or those of third parties parties’ premises, or from employees acting intentionally or inadvertently.

Cybersecurity incidents can involve, among other things: (i) deliberate attacks designed to corrupt the Company's Company’s information systems and make them unusable by the Company to operate its business; (ii) theft of information used by the perpetrators for financial and other gain; or (iii) inadvertent releases of information by employees or third parties with whom the Company does business.

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Cyberattacks that corrupt the Company's Company’s information systems and make them unusable could impair its ability to trade securities in its clients’ accounts. Corruption of the systems of the Company's Company's third-party vendors could impact the Company to the same extent as corruption of its own systems. If information about the Company's Company’s employees or clients is intentionally stolen or inadvertently made public, that information could be used to commit identity theft, obtain credit in an employee’s or client’s name, or steal from an employee. employee or client. If information about the Company's Company’s business is obtained by unauthorized persons, whether through intentional attacks or inadvertent releases of information, it could be used to harm its competitive position.

Whether information is corrupted, stolen, or inadvertently disclosed, and regardless of the type and nature of the information (*e.g.*, proprietary information about the Company's Company’s business or personal information about clients or employees), the results it could have various adverse impacts on, and be multiple and materially harmful to, us, the Company, including the following:

- The Company's Company’s reputation could be harmed, resulting in the loss of clients, vendors, and employees or making payments or concessions to such persons to maintain its relationships with them;
- The Company's Company’s inability to operate its business fully, even if temporarily, and thus, fulfill contracts with clients or vendors, could result in termination of contracts and loss of revenue;
- Harm suffered by clients or vendors whose contracts have been breached, or by clients, vendors, or employees whose information is compromised, could result in costly litigation against us;
- The Company's Company’s need to focus attention on remediation of a cyber cybersecurity issue could take its attention away from the operation of its business, resulting in lost revenue;
- The Company could incur costs to repair systems made inoperable by a cyberattack and to make changes to its systems to reduce future cyber threats. Those changes could include, among other things, obtaining additional technologies as well as employing additional personnel and training employees;
- The interruption of the Company’s business or theft of proprietary information could harm its ability to compete; and
- Any losses that the Company may be responsible to bear may not be covered by insurance.

Any of the above potential impacts of a cybersecurity incident could have a material adverse effect on the Company’s business, financial condition, and results of operations.

<u>The Company may not be able to adapt to technological change.</u>

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve clients while reducing costs. The Company's Company’s future success depends, in part, upon its ability to address client needs by using technology to provide products and services that will satisfy client demands, as well as to create additional efficiencies in its operations. The Company may not be able to implement effectively new technology-driven products and services or be successful in marketing these products and services to its clients. Failure to successfully keep pace with technological changes affecting the financial services industry could negatively affect the Company’s growth, revenue, and profit.

<u>The Company operates in an intensely competitive business environment. It may not be as successful as its competitors incorporating artificial intelligence (“AI”) into its business or adapting to a rapidly changing marketplace.</u>

The Company’s competitors may be larger, more diversified, better funded, and have access to more advanced technology, including AI. These competitive advantages may enable its competition to innovate better and more quickly, or to compete more effectively on quality and price, which could cause the Company to lose business and profitability. Burgeoning interest in AI may increase competition and disrupt the Company’s business model. AI may lower barriers to entry in the industry and the Company may be unable to effectively compete with the products or services offered by new competitors. AI-related changes to the products and services on offer may affect customer expectations, requirements, or tastes in ways that the Company cannot adequately anticipate or adapt to, causing its business to lose revenues, market share, or the ability to operate profitably and sustainably.

<u>Operational risks may disrupt the Company’s business, result in losses, or limit its growth.</u>

The Company is dependent on the capacity and reliability of the communications, information, and technology systems supporting its operations, whether developed, owned, or operated internally by the Company or by third parties. Operational risks, such as trading or operational errors, interruption of the Company’s financial, accounting, trading, compliance, and other data processing systems, the loss of data contained in such systems, or compromised systems due to cyberattack, could result in a disruption of the Company’s business, liability to clients, regulatory intervention, or reputational damage, and thus, adversely affect its business.

Industry, Market, and Economic Risks

<u>The Company's Company’s AUM, which impacts revenue, is subject to significant fluctuations.</u>

The majority of the Company’s revenue is calculated as a percentage of AUM or is related to the general performance of the equity securities markets. A decline in securities prices or in the sale of investment products, or an increase in fund redemptions, generally will reduce revenue and net income. Financial market declines will generally negatively impact the level of the Company’s AUM, and consequently, its revenue and net income. A recession or other economic or political events, whether in the United States or globally could also adversely impact the Company’s revenue, if such events led to a decreased demand for products, a higher redemption rate, or a decline in securities prices. Investor interest in

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the valuation of our the Company's fixed income strategies are affected by changes in interest rates and the overall credit environment. In addition, the majority of our the Company's existing AUM is managed in primarily long-only, equity investment strategies, which exposes us it to greater risk than certain of our its competitors who may manage assets in more diverse strategies.

The Company's Company's investment approach may underperform other investment approaches during certain market conditions.

The Company's Company's investment strategies are best suited for investors with long-term investment time horizons. The Company's Company's investment strategies may not perform well during certain periods of time. Additionally, the Company could have common positions and industry concentrations across its strategies at the same time. As such, factors leading to underperformance may impact multiple strategies simultaneously.

The Company's Company's investment income and asset levels may be negatively impacted by fluctuations in its investment portfolio.

The Company currently has a substantial portion of its assets invested in investment strategies that it manages. All of these investments are subject to market risk and the Company's non-operating investment income could be adversely affected by adverse market performance. Fluctuations in investment income are expected to occur in the future.

Trading in the Company's common shares is limited, which may adversely affect the time and the price at which shareholders can sell their shares.

Although the Company's common shares are listed on the NASDAQ The Nasdaq Global Select Market, the shares are held by a relatively small number of shareholders, and trading in its common shares is relatively inactive. The spread between the bid and the ask prices is often wide. As a result, shareholders may not be able to sell their shares on short notice, and the sale of a large number of shares at one time could temporarily depress the market price. In addition, certain shareholders, including certain of the Company's directors and officers, own a significant number of shares. The sale of a large number of shares by any such individual could temporarily depress the market price of its shares.

Regulatory Risks

Changes in tax laws and unanticipated tax obligations could have an adverse impact on the Company's financial condition, results of operations, and cash flow.

The Company is subject to federal, state, and local income taxes in the United States. Tax authorities may disagree with certain positions that the Company has taken or may implement changes in tax policy, which may result in the assessment of additional taxes on the Company. The Company regularly assesses the appropriateness of its tax positions and reporting. The Company cannot provide assurances, however, that tax authorities will agree with the positions it has taken, or that the Company will accurately predict the outcomes of audits, and the actual outcomes of these audits could be unfavorable.

The Company's Company's business is subject to substantial governmental regulation, which can change frequently and may increase costs of compliance, reduce revenue, result in fines, penalties, and lawsuits for noncompliance, and adversely affect its results of operations and financial condition.

The Company's Company's business is subject to a variety of federal securities laws, including the Advisers Act, the 1940 Act, the Securities Act, the Exchange Act, the Sarbanes-Oxley Act of 2002, the U.S. PATRIOT Act of 2001, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. 2010, each as amended. In addition, the Company is subject to significant regulation and oversight by the SEC. Changes in legal, regulatory, accounting, tax, and compliance requirements could have a significant effect on the Company's operations and results, including, but not limited to, increased expenses and reduced investor interest in certain funds and other investment products that the Company offers. The Company continually monitors legislative, tax, regulatory, accounting, and compliance developments that could impact its business. The Company and its directors, officers, and employees could be subject to lawsuits or regulatory proceedings for violations of such laws and regulations, which could result in the payment of fines or penalties and cause reputational harm to the Company, which could negatively affect its financial condition and results of operations, as well as divert management's attention from its operations.

General Risk Factors

The Company's insurance policies may not cover all losses and costs to which it may be exposed.

The Company carries insurance in amounts and under terms that it believes are appropriate. The Company's insurance may not cover all liabilities and losses to which it may be exposed. Certain insurance coverage may not be available or may be prohibitively expensive in future periods. As the Company's insurance policies come up for renewal, it may need to assume higher deductibles or pay higher premiums, which could have an adverse impact on its results of operations and financial condition.

Natural disasters, global pandemics, and other unpredictable events could adversely affect the Company's operations.

Natural disasters, outbreaks of epidemics or pandemics, terrorist attacks, extreme weather events or other unpredictable events could adversely affect the Company's revenues, expenses, and net income by:

- Decreasing investment valuations in, and returns on, the investment portfolios that the Company manages and its corporate investments, thus, causing reductions in revenue;
- Causing disruptions in national or global economies that decrease investor confidence and make investment products generally less attractive;
- Reducing the availability of key personnel necessary to conduct the Company's business activities;
- Interrupting the Company's business operations or those of critical service providers;
- Triggering technology delays or failures; and and/or
- Requiring substantial capital expenditures and operating expenses to restore the Company's operations.

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The Company has developed various backup systems and contingency plans but cannot be assured that those preparations will be adequate in all circumstances that could arise, or that material interruptions and disruptions will not occur. The Company also relies to varying degrees on outside vendors for service delivery in addition to technology and disaster contingency support, and there support. There is a risk that these vendors will not be able to perform in an adequate and timely manner. If the Company loses the availability of employees, or if it is unable to respond adequately to such an event in a timely manner, revenues, expenses, and net income could be negatively impacted.

Specifically, the effects of the outbreak of the novel coronavirus (COVID-19) since in early 2020 have negatively affected the global economy, the United States U.S. economy, and the global financial markets, and demonstrated that pandemics may disrupt the Company's operations, which could have an adverse effect on the Company's business, financial condition, and results of operations. Although the long-term effects of the current pandemic cannot currently be predicted, previous occurrences of other pandemic and epidemic diseases had an adverse effect on the economies of those countries in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally, which would adversely affect the Company's business, financial condition and operations.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

The Company is subject to several material risks related to cybersecurity threats. A cybersecurity attack could prevent the Company from managing client portfolios, cause the unauthorized disclosure of sensitive or confidential client or employee information, and/or result in misappropriation of information or funds, which individually or collectively could severely harm its business.

The Company has an Information Security Committee (the "Committee") to identify, assess, and manage cybersecurity risks and to implement necessary policies and procedures to mitigate those risks. The Committee also coordinates employee education efforts throughout the year. The Managing Director of Information Technology serves as the Committee chair and the day-to-day manager of the Company's information security management systems. The Committee is comprised of members having expertise in information technology infrastructure, data security, risk management, compliance, and business continuity and recovery efforts. The Committee identifies and assesses risks by understanding and evaluating the Company's systems, processes, data, and controls. This information is then augmented through participation by certain Committee members in industry threat intelligence groups designed to share best practices and emerging threats related to cybersecurity. The Committee also completes a full cybersecurity risk assessment annually, which drives the implementation of policies and procedures as well as the scope of third-party testing. The Committee has implemented a comprehensive set of cybersecurity policies and procedures that follows standards established by the International Organization for Standardization ("ISO 27001"). Included are policies and procedures to oversee, identify, and mitigate the Company's cybersecurity risks as well as cybersecurity risks to the Company associated with its significant service providers and vendors. The Company's cybersecurity policies and procedures have been independently certified by a third-party as compliant with the ISO 27001 standard. The Committee engages multiple third-party experts to perform penetration tests on a periodic basis, and to assess whether these policies and procedures are designed appropriately and operating effectively.

Cybersecurity oversight forms part of the Board's risk oversight of the Company. The Board oversees efforts by management to manage the cybersecurity risks to which the Company may be exposed. The Board receives at least annual reports and meets periodically with the Chief Compliance Officer and the Managing Director of Information Technology, both of whom serve on the Committee. From its review of these reports and discussions with the Committee and management, the Board ensures it has sufficient awareness of the material cybersecurity risks to which the Company is exposed, enabling a dialogue about how management manages and mitigates those risks. The Board currently has three members who have obtained certifications in cybersecurity oversight.

ITEM 2. Properties

The Company leases office space and conducts its general operations at one location, the address of which is 325 John H. McConnell Boulevard, Suite 200, Columbus, Ohio 43215.

The Company does not own any real estate or interests in real estate.

ITEM 3. Legal Proceedings

There are currently no pending legal proceedings that the Company believes will have a material adverse effect on its consolidated financial statements.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

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ITEM 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

The following performance graph compares the cumulative total shareholder return of an investment in the Company's DHIL common shares to that of the Russell Microcap® 2000 Index and the Russell 2000 Asset Managers & Custodians Index (the "R2000 A&C Index"), and to a peer group index of publicly-traded asset management firms ("Peer Group") for the five-year period ended on December 31, 2022 December 31, 2023. The graph assumes that the value of the investment in the Company's DHIL common shares and each index was $100 on December 31, 2017 December 31, 2018. Total return includes reinvestment of all dividends. The Russell Microcap® 2000 Index makes up less than 3% measures the performance of the approximately 2,000 small-cap U.S. equities, and was selected as a broad equity market and is a market-value-weighted index comprised of the smallest 1,000 securities in the small-cap Russell 2000® Index plus the next 1,000 smallest securities. companies with comparable market capitalization to DHIL. The R2000 A&C Index is comprised of the Asset Managers & Custodians subsector of the Russell 2000 Index. Peer Group returns are weighted by the Index, and provides a comparison to companies with comparable market capitalization of each firm at to DHIL that operate in the beginning of same industry as the measurement period. Effective December 31, 2022, the Company has elected to replace the Russell Microcap Index and the Peer Group returns with the R2000 A&C Index as it believes that index provides a broader comparison than the Peer Group. Company. The historical information set forth below is not necessarily indicative of future performance. The Company does not make or endorse any predictions as to future stock share performance.

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	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	Cumulative 5 Year Total Return
Diamond Hill Investment Group, Inc.	$100	$76	$76	$87	$127	$128	28 %
Russell 2000 Asset Managers & Custodians Index(a)	$100	$84	$108	$145	$184	$143	43 %
Russell Microcap® Index	$100	$87	$106	$129	$154	$120	20 %
Peer Group (b)	$100	$73	$92	$107	$134	$99	(1)%

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	Cumulative 5 Year Total Return
Diamond Hill Investment Group, Inc.	$100	$100	$115	$167	$168	$156	56 %
Russell 2000 Index	$100	$126	$151	$173	$138	$161	61 %
Russell 2000 Asset Managers & Custodians Index(a)	$100	$129	$173	$220	$171	$235	135 %

(a) The R2000 A&C Index used to calculate the returns includes the following companies:

AlTi Global, Inc.(1)	Cowen Inc.		Patria Investments Ltd.(1)
Altisource Portfolio Solutions S.A.	Diamond Hill Investment Group, Inc.	Perella Weinberg Partners	
Ares Management Corporation	Federated Hermes, Inc.	PJT Partners, Inc.	
Arlington Asset Investment Corp.	Focus Financial Engines, Partners, Inc.	Pzena Investment Management, Inc.	
Artisan Partners Asset Management, Inc.	Focus Financial Partners, GAMCO Investors, Inc.	Sculptor Capital Management, Inc.	
Ashford Inc.	GAMCO Investors, GCM Grosvenor, Inc.	Silvercrest Asset Management Group Inc.	
AssetMark Financial Holdings, Inc.	GCM Grosvenor, Greenhill & Co., Inc.	StepStone Group, Inc.	
Associated Capital Group, Inc.	Greenhill & Co., Inc. Hamilton Lane Incorporated	Victory Capital Holdings, Inc.	
Avantax, Inc.	Manning & Napier, Inc.	Virtus Investment Partners, Inc.	
B. Riley Financial, Inc.	Hamilton Lane Incorporated	Virtus Investment Partners, Inc.	
Blucora, Inc.	Manning & Napier, MMA Capital Holdings, Inc.	Waddell & Reed Financial, Inc.	
BrightSphere Investment Group, Inc.	Medley Management, Inc. Morgan Group Holding Co.	Westwood Holdings Group, Inc.	
Brookfield Business Corp.	MMA Capital Oppenheimer Holdings Inc.	WisdomTree, Inc.	
Cohen & Steers, Inc.	Morgan Group Holding Co. P10, Inc.(1)		
Cowen Inc.	Oppenheimer Holdings Inc.		

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(b) (1) The Peer Group is based upon all publicly-traded asset managers with market cap of less than $5 billion, excluding: (i) firms whose primary business is hedge funds or private equity, and (ii) firms with multiple lines of business. The following companies are included Added to the R2000 A&C Index in the Peer Group: 2023.

Alliance Bernstein Holding L.P.	Hennessy Advisors, Inc.	Virtus Investment Partners, Inc.
Artisan Partners Asset Management, Inc.	Manning & Napier, Inc.	Wisdomtree Investments, Inc.
Cohen & Steers, Inc.	Pzena Investment Management, Inc.	Westwood Holdings Group, Inc.
Federated Hermes, Inc.	Teton Advisors, Inc.	
GAMCO Investors, Inc.	U.S. Global Investors, Inc.	

Financial Engines, Inc. and Medley Management, Inc. were removed from the R2000 A&C Index in 2023.

DHIL's common shares trade on the NASDAQ The Nasdaq Global Select Market under the ticker symbol DHIL. The following table sets forth the high and low daily close prices during each quarter of 2022 2023 and 2021: 2022:

		2022				2021			
		High Price	Low Price	Quarterly Dividend Per Share	Special Dividend Per Share	High Price	Low Price	Quarterly Dividend Per Share	Special Dividend Per Share
Quarter ended:	Quarter ended:								
March 31	March 31	$206.90	$174.42	$ 1.50	—	$175.00	$141.51	1.00	—
June 30	June 30	$192.73	$166.54	$ 1.50	—	$178.79	$158.59	1.00	—
September 30	September 30	$196.00	$163.40	$ 1.50	—	$184.60	$161.00	1.00	—
December 31	December 31	$195.99	$161.51	$ 1.50	$ 4.00	$231.22	$178.75	1.00	$19.00

Due to the relatively low trading volume of DHIL's common shares, bid/ask spreads can be wide at times, and therefore, quoted prices may not be indicative of the price a shareholder may receive in an actual transaction. During the years ended December 31, 2022 2023 and 2021, 2022, approximately 2,472,866 3,143,990 and 2,635,186, 2,472,866, of DHIL's common shares were traded, respectively.

Each fiscal quarter, the Board determines whether to approve and pay a regular quarterly dividend. In addition to the regular quarterly dividends, the Board will decide whether to approve and pay an additional special dividend in the fourth quarter of each fiscal year. year, the Board decides whether to approve and pay a special dividend. Although DHIL currently expects to pay regular quarterly dividends, depending on the circumstances and the Board's judgment, DHIL may not pay such dividends as described. quarterly or special dividends.

The approximate number of record holders of DHIL's DHIL common shares as of February 23, 2023 February 28, 2024 was 75. 71. The approximate number of beneficial holders of DHIL's DHIL common stock shares held by brokers, banks, and other intermediaries was greater than 8,000 as of February 23, 2023 February 28, 2024.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table sets forth information regarding repurchases of DHIL's DHIL common stock shares during the quarter ended December 31, 2022 December 31, 2023:

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Period	Total Number of Shares Purchased(a)		Average Price Paid Per Share	Total Number of Shares Purchased as part of Publicly Announced Programs(b)		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs(b)
October 1, 2022 through October 31, 2022	19,929	$	165.25	14,739	$	15,994,565
November 1, 2022 through November 30, 2022	937		174.71	937		15,830,865
December 1, 2022 through December 31, 2022	2,600	$	175.00	2,600		15,375,875
Total	23,466			18,276	$	15,375,875

Period	Total Number of Shares Purchased(a)		Average Price Paid Per Share	Total Number of Shares Purchased as part of Publicly Announced Programs(b)		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs(b)
October 1, 2023 through October 31, 2023	40,329	$	155.20	39,419	$	35,235,719
November 1, 2023 through November 30, 2023	47,130		160.36	47,130		27,677,936
December 1, 2023 through December 31, 2023	7,657	$	161.61	7,657		26,440,462
Total	95,116			94,206	$	26,440,462

(a) The Company regularly withholds common shares for tax payments due upon the vesting of employee restricted stock. shares. During the quarter ended December 31, 2022 December 31, 2023, the Company withheld 5,190 910 DHIL common shares of common stock for employee tax withholding obligations at an average price paid per share of $165.00. $168.57.

(b) On February 25, 2022 May 10, 2023, the Board authorized approved a repurchase plan, authorizing management to repurchase up to $50.0 million of Company DHIL common shares (the "2022 in the open market and in private transactions in accordance with applicable securities laws ("2023 Repurchase Program"). The 2022 2023 Repurchase Program will expire on May 10, 2025, or upon the earlier of (i) February 25, 2024, or (ii) the completion of all authorized purchases under the program.

In connection with the 2022 2023 Repurchase Program, the Company has DHIL entered into a Rule 10b5-1 repurchase plan. This plan trading arrangement. The Rule 10b5-1 trading arrangement is intended to qualify for the safe harbor under Rule 10b5-1 of the Exchange Act. A Rule 10b5-1 plan trading arrangement allows a company to purchase its stock shares at times when it would not ordinarily be in the market because of its trading policies or the possession of material nonpublic information. Because repurchases under the a Rule 10b5-1 plan trading arrangement are subject to specified parameters and certain price, timing, and volume restraints specified in the plan, arrangement, there is no guarantee as to the exact number of common shares that will be repurchased or that there will be any repurchases at all pursuant to the plan. Purchases may be made in the open market or through privately negotiated transactions. arrangement. Purchases in the open market will be made in compliance are intended to comply with Rule 10b-18 under the Exchange Act. As of December 31, 2023, $26.4 million remained available for repurchases under the 2023 Repurchase Program.

Sale of Unregistered Securities

During the quarter ended December 31, 2022 December 31, 2023, DHIL did not sell any shares of its common stock shares that were not registered under the Securities Act.

ITEM 6. [Reserved]

Not applicable.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this Item 7, the Company discusses and analyzes its consolidated results of operations for the past three fiscal years and other factors that may affect its future financial performance. This discussion should be read in conjunction with the Company's consolidated financial statements and notes to consolidated financial statements contained in this Form 10-K.

Certain statements the Company makes under this Item 7 constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. PSLR Act. See "Cautionary Note Regarding Forward-Looking Statements" in Part I, Item 1. You should also consider the Company's forward-looking statements in light of the risks discussed Part I, Item 1A, as well as our consolidated financial statements, related notes and other financial information appearing elsewhere in this Form 10-K and our other filings with the SEC.

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Business Environment[1]

The performance of the U.S. and international equity markets, as well as the U.S. fixed income market, have a direct impact on the Company's operations and financial position. 2022 was A significant portion of the year's gains in equities came in the final two months. The MSCI All Country World Index advanced 6.75% through the end of October but finished the year with a difficult operating environment 22.20% return.Non-U.S. developed markets rose 18% for active investment managers.

A difficult market environment driven by high inflation and rising interest rates resulted in both U.S. equity and U.S. fixed income asset classes generating negative returns in 2022 the year (as represented measured by the S&P 500 MSCI EAFE Index) and emerging markets were up 10% (as measured by the MSCI EM Index). U.S. stocks outpaced their developed market counterparts, rising 26% (as measured by the Russell 3000 Index).For the year, small-cap stocks were up nearly 17%, mid-cap stocks delivered just over 17%, and large-cap stocks were up a resounding 27% (all returns as measured by the respective Russell indices).Fixed income returns were similarly back-end loaded.The Bloomberg U.S. Corporate Bond Index and returned 8.50% in the fourth quarter, compared to the full-year return of 8.52%.The Bloomberg U.S. Aggregate Bond Index). Across Index finished 2023 with a return of 5.53%, the industry, many investors withdrew their long-term investments leading to best calendar year return since 2020 (7.51%).The Bloomberg U.S. Securitized Index ended the year with a 5.08% return, the sector's best return since 2019 (6.44%).

Despite positive market returns in 2023, combined $365 billion of outflows from U.S. mutual funds fund and exchange traded funds fund ("ETFs") flows were a modest +$70B. This is up from 2022 which saw $369 billion in 2022. This represents outflows but marks the worst third lowest total flows over the past 20 years. Passively managed funds had inflows of $527 billion while actively managed funds had outflows of $458 billion. Investors favored ETFs over mutual funds as ETFs brought in $580 billion compared to outflows of $510 billion in mutual funds.These flow trends have persisted for a number of years, resulting in 2023 becoming the first year on record since in which total assets in passive products exceeded those of actively managed products.

U.S. equity products saw $24 billion in aggregate net outflows.All nine U.S. Equity Morningstar Inc. began tracking the data in 1993, and was driven heavily by Categories saw active product net outflows, while large value products saw net outflows from fixed income funds. In particular, U.S. both actively managed taxable bond funds had $379 billion in outflows in 2022, a decline and passively managed large value funds.This followed meaningful outperformance of 11% on an organic growth basis from prior period assets.

Investors contributed $50 billion to U.S. Equity funds in aggregate while also allocating away from growth funds as the Russell 3000 1000 Growth Index underperformed (+42.68%) versus the Russell 3000 1000 Value Index for (up 11.46%) driven by the first time since 2016. However, actively managed U.S. equity funds had meaningful outflows results of $231 billion, compared to inflows a small number of $281 billion for their passive counterparts. companies with large weightings in the growth index.Despite these overall flow trends, actively managed U.S. equity funds with a five-star Morningstar RatingTM did have had positive flows, a reminder that investors will continue have continued to select the best performing actively managed investment strategies.

Active Taxable bond funds in aggregate brought in $223 billion, $161 billion of which was into passively managed ETFs.Flows were led by the intermediate core bond category, which had inflows of $123 billion.Within this category, ETFs accounted for share of total assets has increased from 15% to 20% from 2019 to 2023.

There were nearly 400 new actively managed ETF products introduced to the market in 2023.While actively managed ETF assets represent only 6% of all total ETF assets, the $118 billion of actively managed ETF inflows represented 20% of total ETF flows.We expect continued ETF product development in 2022 but represented just 5% of the $6.5 trillion in ETFs at the end of the year. The Company believes the increased inflows are attributable in part to newly launched active ETFs converted from mutual funds industry including actively managed and to funds offering investors daily transparency of their portfolio holdings. fully transparent offerings. Today, ETFs do not allow managers to enforce any kind limit the capacity of capacity discipline on their offerings, which limits the Company believes is critical to protecting its ability to deliver excellent investment outcomes applicability of this vehicle for clients. many of the Company's strategies.

The Company continues to pursue ways to partner with clients to deliver its intellectual property, directly to them, including through model-delivery. These forms of model-delivery, separately managed accounts ("SMAs"), and other investment vehicles. Active mutual funds have lost share within intermediary investors asset allocations to SMAs, ETFs, and models. SMAs and model delivery have an advantage advantages over ETFs by enabling clients to further personalize portfolios to their unique preferences and tax situations. The Company continues to Other vehicles with non-daily redemptions may see companies invest in growing demand among investors seeking investment strategies focused on less liquid securities. These strategies and deploy technology to offer customized portfolios at scale at their firms private market investments are a meaningful and believe this will be beneficial for end investors.

increasing share of institutional investors asset allocations and search activity.

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[1] All net asset and flow data stated in this section Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations are sourced from Morningstar, Inc. © 2022 2023 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Investment Results

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It is imperative that the Company provide its clients with excellent generate strong long-term investment returns over long periods of time. Investment results are results. Strong investment performance is the key driver of long-term success as well as and meaningfully influences the Company's ability to grow AUM. attract and retain clients.

The strategies offered by the Company have delivered what it believes generally tended to be strong long-term investment returns fare well compared to its their peers in the relevant Morningstar categories. Performance compared Relative returns versus core benchmarks have been more challenging, as many valuation-sensitive investors have struggled to a keep pace with core benchmark, however, has been challenging over the past decade or more for valuation sensitive investors.

benchmarks.

Below is a summary of the performance of the Diamond Hill Funds compared to their respective Morningstar categories and the Company's investment strategy composite returns compared to their respective benchmarks. Note that a number of the Company's strategies do not yet have a 10-year or 15-year track record. To see more detail, a table is included below these illustrations which provides information on inception date, performance since inception, and the U.S. equity strategies' performance relative to the Core and Value benchmarks.

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Total number of funds included in the 1-, 3-, 5-, 10-, and 15-year periods are 10, 9, 9, 6, and 5, respectively.Percentage of Fund assets that outperform is based on the Fund assets as of December 31, 2022 December 31, 2023. Total fund assets for the 1-, 3-, 5-, 10-, and 15-year periods are $14.8B, $14.7B, $14.7B, $12.8B, $15.9B, $15.9B, $15.9B, $12.6B, and $12.8B $12.5B, respectively, which represents between 50% 45% and 60% of total firm Company assets for each period.

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The percentage of the Company's composites that outperform their benchmark includes all our composites (excluding Long-Duration Treasury) vs vs. the primary benchmark for each composite, except for the Long-Short Composite which uses a blended index that is a 60%/40% weighted blend of the Russell 1000 Index and the Bloomberg U.S. Treasury Bills 1-3 Month Index as of December 31, 2022 December 31, 2023. The percentage of composite assets that outperform is based on total Company composite assets as of December 31, 2022 December 31, 2023, excluding wrap fee accounts and restricted accounts. Composite net returns are calculated using the highest applicable standard separate account fee schedule. Total composite assets for the 1-, 3-, 5-, 10-, and 15-year periods are $21.2B, $21.0B, $21.0B, $18.2B, $24.0B, $23.8B, $23.8B, $20.5B, and $18.2B $19.4B, respectively, which represents between 73% 70% and 85% 88% of total firm Company assets for each period. None of the Company's composites and composite assets outperformed their benchmarks for both the 10- and 15-year periods.

While the Company's equity-focused strategies use core benchmarks to evaluate investment performance over full market cycles, many clients also compare results to value benchmarks. The following is a summary of the investment returns for each of the Company's strategies as of December 31, 2022 December 31, 2023, relative to their respective core and value indices, as applicable.

	As of December 31, 2022												
	As of December 31, 2023												
U.S. Equity Composites	U.S. Equity Composites	Inception	1 Year	3 Year	5 Year	10 Year	Since Inception	U.S. Equity Composites	Inception	1 Year	3 Year	5 Year	
Diamond Hill Large Cap	**Diamond Hill Large Cap**	**6/30/2001**	**(13.35)%**	**6.01 %**	**7.37 %**	**11.47 %**	**8.79 %**	**Diamond Hill Large Cap**	**6/30/2001**	**13.68 %**	**7.39 %**	**12.35 %**	
Russell 1000 Index	Russell 1000 Index		(19.13)%	7.35 %	9.13 %	12.37 %	7.66 %	Russell 1000 Index		26.53 %	8.97 %		15
Russell 1000 Value Index	Russell 1000 Value Index		(7.54)%	5.96 %	6.67 %	10.29 %	7.12 %	Russell 1000 Value Index		11.46 %	8.86 %		10
Diamond Hill Large Cap Concentrated	**Diamond Hill Large Cap Concentrated**	**12/31/2011**	**(13.12)%**	**6.51 %**	**7.84 %**	**11.82 %**	**11.58 %**	**Diamond Hill Large Cap Concentrated**	**12/31/2011**	**16.62 %**	**8.67 %**	**13.02 %**	
Russell 1000 Index	Russell 1000 Index		(19.13)%	7.35 %	9.13 %	12.37 %	12.74 %	Russell 1000 Index		26.53 %	8.97 %		15
Russell 1000 Value Index	Russell 1000 Value Index		(7.54)%	5.96 %	6.67 %	10.29 %	10.93 %	Russell 1000 Value Index		11.46 %	8.86 %		10

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Diamond Hill Mid Cap	**Diamond Hill Mid Cap**	**12/31/2013**	**(13.12)%**	**3.94 %**	**4.87 %**	**NA**	**6.81 %**	**Diamond Hill Mid Cap**	**12/31/2013**	**9.88 %**		**7.86 %**		**9.20 %**	
Russell Midcap Index	Russell Midcap Index		(17.32)%	5.88 %	7.10 %	NA	8.59 %	Russell Midcap Index			17.23 %		5.92 %		12
Russell Midcap Value Index	Russell Midcap Value Index		(12.03)%	5.82 %	5.72 %	NA	7.78 %	Russell Midcap Value Index			12.71 %		8.36 %		11
Diamond Hill Small-Mid Cap	**Diamond Hill Small-Mid Cap**	**12/31/2005**	**(13.54)%**	**4.79 %**	**5.16 %**	**9.83 %**	**8.14 %**	**Diamond Hill Small-Mid Cap**	**12/31/2005**	**11.50 %**		**8.15 %**		**10.39 %**	
Russell 2500 Index	Russell 2500 Index		(18.37)%	5.00 %	5.89 %	10.03 %	8.15 %	Russell 2500 Index			17.42 %		4.24 %		11
Russell 2500 Value Index	Russell 2500 Value Index		(13.08)%	5.22 %	4.75 %	8.93 %	7.22 %	Russell 2500 Value Index			15.98 %		8.81 %		10
Diamond Hill Small Cap	**Diamond Hill Small Cap**	**12/31/2000**	**(14.67)%**	**4.25 %**	**3.28 %**	**7.81 %**	**9.32 %**	**Diamond Hill Small Cap**	**12/31/2000**	**23.35 %**		**11.86 %**		**11.23 %**	
Russell 2000 Index	Russell 2000 Index		(20.44)%	3.10 %	4.13 %	9.01 %	7.47 %	Russell 2000 Index			16.93 %		2.22 %		9
Russell 2000 Value Index	Russell 2000 Value Index		(14.48)%	4.70 %	4.13 %	8.48 %	8.19 %	Russell 2000 Value Index			14.65 %		7.94 %		10
Diamond Hill Select	**Diamond Hill Select**	**6/30/2000**	**(17.14)%**	**8.24 %**	**7.89 %**	**11.89 %**	**9.69 %**	**Diamond Hill Select**	**6/30/2000**	**30.60 %**		**13.02 %**		**16.73 %**	
Russell 3000 Index	Russell 3000 Index		(19.21)%	7.07 %	8.79 %	12.13 %	6.58 %	Russell 3000 Index			25.96 %		8.54 %		15
Russell 3000 Value Index	Russell 3000 Value Index		(7.98)%	5.88 %	6.50 %	10.16 %	7.36 %	Russell 3000 Value Index			11.66 %		8.81 %		10
Alternative Composites	Alternative Composites														
Alternative Composites															
Alternative Composites															
Diamond Hill Long-Short															
Diamond Hill Long-Short															
Diamond Hill Long-Short	**Diamond Hill Long-Short**	**6/30/2000**	**(7.75)%**	**3.70 %**	**5.32 %**	**7.46 %**	**7.06 %**		**6/30/2000**	**13.25 %**		**7.92 %**		**9.39 %**	
60% Russell 1000 Index / 40% BofA ML U.S. T-Bill 0-3 Month Index	60% Russell 1000 Index / 40% BofA ML U.S. T-Bill 0-3 Month Index		(10.86)%	5.22 %	6.37 %	7.87 %	4.80 %	60% Russell 1000 Index / 40% BofA ML U.S. T-Bill 0-3 Month Index			17.82 %		6.60 %		10
International Composites	International Composites														
International Composites															
International Composites															
Diamond Hill International															
Diamond Hill International															
Diamond Hill International	**Diamond Hill International**	**12/31/2016**	**(13.41)%**	**1.45 %**	**3.04 %**	**NA**	**7.28 %**		**12/31/2016**	**18.29 %**		**4.95 %**		**8.90 %**	
MSCI ACWI ex USA Index	MSCI ACWI ex USA Index		(16.00)%	0.07 %	0.88 %	NA	4.85 %	MSCI ACWI ex USA Index			15.62 %		1.55 %		7
Fixed Income Composites	Fixed Income Composites														
Fixed Income Composites															
Fixed Income Composites															
Diamond Hill Short Duration Securitized Bond															

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Diamond Hill Short Duration Securitized Bond													
Diamond Hill Short Duration Securitized Bond	**Diamond Hill Short Duration Securitized Bond**	**7/31/2016**	**(3.31)%**	**0.85 %**	**2.13 %**	**NA**	**2.45 %**		**7/31/2016**	**8.98 %**	**2.70 %**	**3.23 %**	
Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index	Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index		(3.69)%	(0.32)%	0.92 %	NA	0.79 %	Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index		4.61 %	0.09 %		1
Diamond Hill Core Bond	**Diamond Hill Core Bond**	**7/31/2016**	**(11.73)%**	**(1.85)%**	**0.82 %**	**NA**	**0.90 %**	**Diamond Hill Core Bond**	**7/31/2016**	**6.75 %**	**(2.24)%**	**1.79 %**	
Bloomberg Barclays U.S. Aggregate Index	Bloomberg Barclays U.S. Aggregate Index		(13.01)%	(2.71)%	0.02 %	NA	0.06 %	Bloomberg Barclays U.S. Aggregate Index		5.53 %	(3.31)%		1

- Composite returns are net of fees.
- Index returns do not reflect any fees.

Key Financial Performance Indicators

There are a variety of key performance indicators that the Company monitors to evaluate its business results. The following table presents the results of certain key performance indicators over the past three fiscal years:

		For the Years Ended December 31,			For the Years Ended December 31,		
		2022	2021	2020	2023	2022	2021
Ending AUM (in millions)		$24,763	$31,028	$26,411			
Average AUM (in millions)		27,599	30,297	21,907			
Ending AUM and AUA (in millions)							
Average AUM and AUA (in millions)							
Net cash inflows (outflows) (in millions)	Net cash inflows (outflows) (in millions)	(2,241)	2,123	1,529			
Ending AUM and AUA (in millions)		26,565	33,126	27,510			
Total revenue (in thousands)							
Total revenue (in thousands)							
Total revenue (in thousands)	Total revenue (in thousands)	154,496	182,194	126,388			
Net operating income	Net operating income	64,331	76,258	45,538			

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Adjusted net operating income(a)	Adjusted net operating income(a)	$60,352	$83,680	$47,975							
Average advisory fee rate	Average advisory fee rate	0.52 %	0.56 %	0.54 %	Average advisory fee rate	0.47	%	0.49	%	0.53	%
Average advisory fee rate, excluding performance fees	Average advisory fee rate, excluding performance fees	0.52 %	0.52 %	0.54 %	Average advisory fee rate, excluding performance fees	0.47	%	0.48	%	0.49	%
Operating profit margin		42 %	42 %	36 %							
Adjusted operating profit margin(a)		39 %	46 %	38 %							
Net operating profit margin					Net operating profit margin	26	%	42	%	42	%
Adjusted net operating profit margin(a)					Adjusted net operating profit margin(a)	30	%	39	%	46	%

(a) Adjusted net operating income and adjusted net operating profit margin are non-GAAP financial measures. See the “Non-GAAP Financial Measures and Reconciliation” section in Part II, Item 7 in this Form 10-K for the definitions of “GAAP” and “non-GAAP” as well as a reconciliation of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Assets Under Management

The Company derives revenue primarily from DHCM's DHCM’s investment advisory and administration fees. Investment advisory and administration fees paid to DHCM are generally based on the value of the investment portfolios it manages and fluctuate with changes in the total value of its AUM. The Company, through DHCM, recognizes revenue when it DHCM satisfies its performance obligations under the terms of a contract with a client.

Model Delivery Programs - Assets Under Advisement

DHCM provides strategy-specific model portfolios to sponsors of model delivery programs. DHCM is paid for its services by the program sponsor at a pre-determined rate based on AUA in the model delivery programs. DHCM does not have discretionary investment authority over individual client accounts in model delivery programs, and therefore, the AUA are is not included in the Company’s AUM.

The Company’s revenues are highly dependent on both the value and composition of AUM and AUA. The following is a summary of the Company’s AUM by product and investment objective, a roll-forward of the change in AUM, and a summary of AUA for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020: 2021:

		Assets Under Management and Assets Under Advisement As of December 31,						
Assets Under Management and Assets Under Advisement As of December 31,					Assets Under Management and Assets Under Advisement As of December 31,			
(in millions)	(in millions)	2022	2021	2020	(in millions)	2023	2022	2021
Diamond Hill Funds	Diamond Hill Funds	$14,745	$19,786	$17,615				
Separately managed accounts	Separately managed accounts	6,220	7,232	5,611				
Collective investment trusts	Collective investment trusts	1,040	603	318				
Other pooled vehicles	Other pooled vehicles	2,758	3,407	2,867				
Total AUM	Total AUM	24,763	31,028	26,411				
Total AUA	Total AUA	1,802	2,098	1,099				

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Total AUM and AUA	Total AUM and AUA	$26,565	$33,126	$27,510

		Assets Under Management by Investment Strategy As of December 31,						
	Assets Under Management by Investment Strategy As of December 31,					Assets Under Management by Investment Strategy As of December 31,		
(in millions)	(in millions)	2022	2021	2020	(in millions)	2023	2022	2021
U.S. Equity	**U.S. Equity**							
Large Cap	Large Cap	$16,478	$21,285	$15,075				
Large Cap								
Large Cap								
Small-Mid Cap	Small-Mid Cap	2,646	3,183	2,810				
Mid Cap	Mid Cap	899	1,165	992				
All Cap Select		392	438	446				
Select								
Small Cap	Small Cap	306	597	556				
Large Cap Concentrated	Large Cap Concentrated	99	64	27				
Micro Cap	Micro Cap	15	16	—				
Total U.S. Equity	Total U.S. Equity	20,835	26,748	19,906				
Alternatives	**Alternatives**							
Alternatives								
Alternatives								
Long-Short								
Long-Short								
Long-Short	Long-Short	1,752	1,998	2,056				
Total Alternatives	Total Alternatives	1,752	1,998	2,056				
Global/International Equity								
International Equity								
International Equity								
International Equity								
International	International	52	56	17				
Global(a)		—	—	16				
Total Global/International Equity		52	56	33				
International								
International								
Total International Equity								
Fixed Income	**Fixed Income**							
Fixed Income								
Fixed Income								

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Short Duration Securitized Bond				
Short Duration Securitized Bond				
Short Duration Securitized Bond	Short Duration Securitized Bond	1,308	1,613	1,132
Core Fixed Income	Core Fixed Income	792	622	541
Long Duration Treasury	Long Duration Treasury	33	51	62
Corporate Credit(b)		—	—	2,020
High Yield(b)		—	—	724
Total Fixed Income	Total Fixed Income	2,133	2,286	4,479
Total-All Strategies	Total-All Strategies	24,772	31,088	26,474
(Less: Investments in affiliated funds)(c)		(9)	(60)	(63)
Total-All Strategies				
Total-All Strategies				
(Less: Investments in affiliated funds)(a)				
Total AUM	Total AUM	24,763	31,028	26,411
Total AUA(d)		1,802	2,098	1,099
Total AUA(b)				
Total AUM and AUA	Total AUM and AUA	26,565	33,126	27,510

(a) The Diamond Hill Global Fund was liquidated on December 17, 2021.

(b) The High Yield-Focused Advisory Contracts were sold to Brandywine Global effective July 30, 2021.

(c)(a) Certain of the Funds own shares of the Diamond Hill Short Duration Securitized Bond Fund. The Company reduces the total AUM of each Fund that holds such shares by the AUM of the investments held in this affiliated Fund.

(d)(b) AUA is primarily comprised of Large Cap and All Cap Select strategies.

		Change in Assets Under Management For the Year Ended December 31,						
Change in Assets Under Management For the Year Ended December 31,					Change in Assets Under Management For the Year Ended December 31,			
(in millions)	(in millions)	2022	2021	2020	(in millions)	2023	2022	2021
AUM at beginning of the year	AUM at beginning of the year	$ 31,028	$ 26,411	$ 23,399				
Net cash inflows (outflows)	Net cash inflows (outflows)							
Diamond Hill Funds	Diamond Hill Funds	(2,433)	1,994	879				
Diamond Hill Funds								
Diamond Hill Funds								

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Separately managed accounts	Separately managed accounts	(73)	168	(63)
Collective investment trusts	Collective investment trusts	486	182	236
Other pooled vehicles	Other pooled vehicles	(221)	(221)	477
		(2,241)	2,123	1,529
	(494)			
Sale of High Yield-Focused Advisory Contracts	Sale of High Yield-Focused Advisory Contracts	—	(3,456)	—
Net market appreciation (depreciation) and income	Net market appreciation (depreciation) and income	(4,024)	5,950	1,483
Increase (decrease) during the year	Increase (decrease) during the year	(6,265)	4,617	3,012
AUM at end of the year	AUM at end of the year	24,763	31,028	26,411
Total AUA at end of year		1,802	2,098	1,099
AUA at end of the year				
Total AUM and AUA at end of year	Total AUM and AUA at end of year	$ 26,565	$ 33,126	$ 27,510
Average AUM during the year	Average AUM during the year	$ 27,599	$ 30,297	$ 21,907
Average AUM during the year				
Average AUM during the year				
Average AUA during the year				
Total Average AUM and AUA during the year				

Net Cash Inflows (Outflows) Further Breakdown For the Year Ended December 31,

Net Cash Inflows (Outflows) Further Breakdown For the Year Ended December 31,

Net Cash Inflows (Outflows) Further Breakdown For the Year Ended December 31,

(in millions)	(in millions)	2022	2021	2020	(in millions)	2023	2022	2021
Net cash inflows (outflows)	Net cash inflows (outflows)							
Equity	Equity	$(2,247)	$ 958	$ (284)				
Equity								
Equity								
Fixed Income	Fixed Income	6	1,165	1,813				

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	$(2,241)	$2,123	$1,529
$			

2023 Discussion of Net Cash Outflows

Flows out of the Company’s equity strategies were largely driven by flows out of its Large Cap strategy, which experienced net outflows of $1.4 billion. Net outflows from the Company’s other equity strategies totaled approximately $0.5 billion. Outflows from the equity strategies were partially offset by fixed income net inflows of $1.4 billion into the Company’s fixed income strategies.

2022 Discussion of Net Cash Outflows

Flows out of the Company’s equity strategies were largely driven by flows out of its Large Cap strategy, which experienced net outflows of $1.9 billion. The Large Cap strategy was soft closed during 2022. The strategy will be was fully reopened on February 28, 2023. The Company’s Small-Mid Cap strategy remains soft closed to new investors. Net outflows from the Company’s other equity strategies totaled approximately $0.3 billion. The Company’s fixed income strategies saw mixed results with net flows of $0.3 billion into its Core Bond strategy offsetting outflows from its Short Duration Securitized Bond Fund of $0.2 billion. The Company has seen also saw growth in its collective investment trust CIT offerings. In addition to new clients, some larger plans moved from the Funds into the collective investment trusts. CITs.

2021 Discussion of Net Cash Inflows

Both the Company’s equity and fixed income strategies experienced net inflows during 2021. Flows in the Company’s equity strategies were largely driven by its Large Cap strategy, which experienced net inflows of $2.1 billion. These net inflows were partially offset by net outflows from the Company’s other equity strategies totaling approximately $1.2 billion. The Company's Company’s fixed income strategies, including the High Yield-Focused Advisory Contracts prior to their sale, had net positive flows of $1.2 billion during 2021.

2020 Discussion of Net Cash Inflows

Flows into equity strategies were mixed in 2020. The Company’s Large Cap and Mid-Cap strategies had combined net inflows of $1.6 billion. However, these net inflows were more than offset by the net outflows in the Long-Short, Small Cap and Small-Mid Cap strategies, which collectively had outflows of $1.8 billion. The Company’s fixed income strategies continued to see strong growth in 2020 as each of the strategies met long-term performance objectives compared to peers and benchmarks. The Company’s focused marketing and branding efforts, along with strong performance, led to combined fixed income net inflows of $1.8 billion, with each of the strategies attracting at least $200 million in net inflows.

Consolidated Results of Operations

The following is a table and discussion of the Company’s consolidated results of operations.

(in thousands, except per share amounts and percentages)	(in thousands, except per share amounts and percentages)	2022	2021	% Change	2021	2020	% Change	(in thousands, except per share amounts and percentages)	2023		2022		% Change		202
Total revenue	Total revenue	$154,496	$182,194	(15)%	$182,194	$126,388	44%	Total revenue	$136,716	$	$154,496	(12)%		(12)%	
Net operating income	Net operating income	64,331	76,258	(16)%	76,258	45,538	67%	Net operating income	35,504	64,331	64,331	(45)%		(45)%	
Adjusted net operating income (a)	Adjusted net operating income (a)	60,352	83,680	(28)%	83,680	47,975	74%	Adjusted net operating income (a)	41,434	60,352	60,352	(31)%		(31)%	
Investment income (loss), net	Investment income (loss), net	(20,187)	16,381	(223)%	16,381	6,585	149%	Investment income (loss), net	23,071	(20,187)	(20,187)	NM		NM	
Gain on sale of high yield-focused advisory contracts		6,814	9,000	(24)%	9,000	—	NM								
Gain on sale of High Yield-Focused Advisory Contracts								Gain on sale of High Yield-Focused Advisory Contracts	—		6,814		(100)%		6,81
Income tax expense	Income tax expense	14,088	26,050	(46)%	26,050	13,958	87%	Income tax expense	15,490	14,088	14,088	10%		10%	

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Net income attributable to common shareholders	Net income attributable to common shareholders	40,434	74,201	(46)%	74,201	38,661	92%	Net income attributable to common shareholders	42,226	40,434	40,434	4%	4%
Earnings per share attributable to common shareholders (diluted)	Earnings per share attributable to common shareholders (diluted)	$ 13.01	$ 23.34	(44)%	$ 23.34	$ 12.03	94%	Earnings per share attributable to common shareholders (diluted)	$ 14.32	$	$ 13.01	10%	10%
Adjusted earnings per share attributable to common shareholders (diluted)(a)	Adjusted earnings per share attributable to common shareholders (diluted)(a)	$ 14.40	$ 19.48	(26)%	$ 19.48	$ 10.96	78%	Adjusted earnings per share attributable to common shareholders (diluted)(a)	$ 10.28	$	$ 14.40	(29)%	(29)%
	Operating profit margin	42 %	42 %	NM	42 %	36 %	NM						
	Adjusted operating profit margin (a)	39 %	46 %	NM	46 %	38 %	NM						
Net operating profit margin								Net operating profit margin	26 %		42 %	NM	4
Adjusted net operating profit margin (a)								Adjusted net operating profit margin (a)	30 %		39 %	NM	3

(a) Adjusted net operating income, adjusted earnings per share attributable to common shareholders (diluted), and adjusted net operating profit margin are non-GAAP financial measures. See the "Non-GAAP Financial Measures and Reconciliation" section within this Form 10-K. 10-K for the definition of "non-GAAP" and a reconciliation of the non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Summary Discussion of Consolidated Results of Operations - 2023 Compared to 2022

Revenue for 2023 decreased $17.8 million compared to 2022, primarily due to a 7.5% decrease in total average AUM and AUA, as well as a decrease in the average advisory fee rate (excluding performance-based fees) from 0.48% in 2022 to 0.47% in 2023. Refer to the "Revenue" section below in Part II, Item 7 of this Form 10-K for further details on the decrease in the average advisory fee rate. The Company recognized $1.2 million of performance-based fees during 2023 compared to $1.5 million of performance-based fees during 2022.

Net operating profit margin was 26% for 2023 and 42% for 2022. Adjusted net operating profit margin was 30% for 2023 and 39% for 2022. The decrease in net operating profit margin is primarily due to a 12% decrease in revenues while compensation and related costs (excluding deferred compensation) increased approximately $0.2 million (less than 1%) period-over-period. In addition, the investment gains on the Company's deferred compensation investments increased deferred compensation expense during the current period, decreasing the current period operating margin by 4%. Adjusted net operating profit margin excludes the impact of market movements on the deferred compensation liability and related economic hedges, and the impact of the Diamond Hill International Fund and the Diamond Hill Large Cap Concentrated Fund (the "Consolidated Fund(s)"). Refer to Note 2 to the consolidated financial statements for a detailed description of the funds that are consolidated in each year. Refer to the "Non-GAAP Financial Measures and Reconciliation" section below in Part II, Item 7 of this Form 10-K for further details on adjusted net operating profit margin.

The Company expects that its operating margin will fluctuate from period to period based on various factors, including revenues, investment results in the strategies the Company manages, employee performance, staffing levels, and gains and losses on investments held in the Diamond Hill Fixed Term Deferred Compensation Plan and the Diamond Hill Variable Term Deferred Compensation Plan (together, the "Deferred Compensation Plans").

The Company had $23.1 million in investment income due to market appreciation in 2023, compared to $20.2 million in investment loss due to market declines in 2022.

The Company recorded a gain of $6.8 million from the final payment on the sale of its High Yield-Focused Advisory Contracts during 2022.

Income tax expense increased $1.4 million for 2023, compared to 2022. The increase in income tax expense was primarily due to an increase in the Company's income before taxes, which was partially offset by a decrease in its effective tax rate from 27.6% to 26.4% year-over-year. The decrease in the Company's effective tax rate in 2023 was primarily due to the benefit attributable to redeemable noncontrolling interests.

The Company generated net income attributable to common shareholders of $42.2 million ($14.32 per diluted share) for 2023, compared to $40.4 million ($13.01 per diluted share) for 2022. The year-over-year increase in net income attributable to common shareholders was primarily due to investment income in 2023 compared to investment loss in 2022 due

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to the market environment. The increase in investment income in 2023 was partially offset by a decline of revenues as a result of decreased average AUM and AUA, while the investment losses in 2022 were partially offset by the recognition during 2022 of a $6.8 million gain from the final payment on the sale of the High Yield-Focused Advisory Contracts.

Summary Discussion of Consolidated Results of Operations - 2022 Compared to 2021

Revenue for 2022 decreased $27.7 million compared to 2021, primarily due to a 9% decrease in average AUM and $1.5 million in performance-based fees earned in 2022 compared to $11.9 million of performance-based fees in 2021. A significant performance-based agreement reached its first five-year measurement term on September 30, 2021. Since the initial five-year measurement period ended, the performance-based fee has been calculated annually based on the client investment results over the recently completed five-year period. The average advisory fee rate (excluding performance-based fees) remained unchanged at 0.52% year over year. year-over-year.

Operating Net operating profit margin was 42% for both 2022 and 2021 respectively. Adjusted net operating profit margin was 39% for 2022 and 46% for 2021. Adjusted net operating profit margin excludes the impact of market movements on the deferred compensation liability and related economic hedges, and the impact of the Diamond Hill International Fund and the Diamond Hill Large Cap Concentrated Fund (together, the “Consolidated Funds”). See the "Non-GAAP “Non-GAAP Financial Measures and Reconciliation" Reconciliation” section below in Part II, Item 7 of this Form 10-K.

The Company expects that its operating margin will fluctuate from period-to-period period to period based on various factors, including revenues, investment results in the strategies the Company manages, employee performance, staffing levels, and gains and losses on investments held in deferred compensation plans. the Deferred Compensation Plans.

The Company had $20.2 million in investment losses due to market depreciation declines for 2022 compared to $16.4 million in investment income due to market appreciation for 2021.

The Company recorded a gain of $6.8 million from the final payment on the sale of its High Yield-Focused Advisory Contracts during 2022, and a gain of $9.0 million from the initial payment on the sale of its High Yield-Focused Advisory Contracts during 2021.

Income tax expense decreased $12.0 million for 2022, compared to 2021. The decrease in income tax expense was primarily due to a decrease in the Company’s income before taxes, which was partially offset by an increase in its effective tax rate from 25.6% to 27.6% year-over-year. The increase in the Company’s effective tax rate in 2022 was primarily due to the benefit attributable to redeemable noncontrolling interests.

The Company generated net income attributable to common shareholders of $40.4 million ($13.01 per diluted share) for 2022, compared to $74.2 million ($23.34 per diluted share) for 2021. The year-over-year decrease in net income attributable to common shareholders was primarily due to the decline of revenues as a result of decreased AUM, and the decrease in performance-based fees, as well as and investment losses in 2022 compared to investment gains in 2021 due to the market environment.

Summary Discussion of Consolidated Results of Operations**Revenue**

(in thousands, except percentages)	2023	2022	% Change	2022	2021	% Change
Investment advisory	$ 129,180	$ 144,326	(10)%	$ 144,326	$ 170,138	(15)%
Mutual fund administration, net	7,536	10,170	(26)%	10,170	12,056	(16)%
Total	$ 136,716	$ 154,496	(12)%	$ 154,496	$ 182,194	(15)%

Revenue - 2021 2023 Compared to 2020 2022

Revenue for 2021 increased $55.8 million compared**Investment Advisory Fees.** Investment advisory fees decreased by $15.1 million, or 10%, from 2022 to 2020, 2023. Investment advisory fees are calculated as a percentage of the market value of client accounts at contractual fee rates, which vary by investment product. The decrease in investment advisory fees was primarily due to a 38% increase decrease in total average AUM and $11.9 million in performance-based fees earned in 2021 compared to $0.5 million AUA of performance-based fees in 2020. The increase was partially offset by 7.5% and a decrease in the average advisory fee rate (excluding performance-based fees) from 0.54% 0.48% to 0.52% year 0.47% period over year.

Operating profit margin was 42% period. The average advisory fee rate (excluding performance-based fees) for 2021 and 36% for 2020. Adjusted operating profit margin was 46% for 2021, and 38% for 2020. Adjusted operating profit margin excludes the impact of market movements on the deferred compensation liability and related economic hedges, equity assets decreased from 0.50% in 2022 to 0.49% in 2023, and the impact of the Consolidated Funds. See the “Non-GAAP Financial Measures and Reconciliation” section below average advisory fee rate for fixed income assets decreased from 0.31% in Part II, Item 7 of this Form 10-K.

The Company expects that its operating margin will fluctuate from period 2022 to period based on various factors, including revenues, investment results, employee performance, staffing levels, gains and losses on investments held 0.30% in deferred compensation plans, and the development of investment strategies, products, or channels.

The Company recognized $16.4 million in investment income for 2021 compared to $6.6 million for 2020. The year-over-year increase in investment income was due to a higher average investment balance throughout the year and higher returns on the investments.

The Company recorded a gain of $9.0 million related to the sale of its High Yield-Focused Advisory Contracts in 2021.

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Income tax expense increased $12.1 million for 2021 compared to 2020. The increase in income tax expense was primarily due to an increase in the Company's income before taxes, which was partially offset by a decrease in its effective tax rate from 26.8% to 25.6% year-over-year. 2023. The decrease in the Company's effective tax total average advisory fee rate was due to the growth in 2021 fixed income assets, which increased from 8% of total average AUM and AUA in 2022, to 11% in 2023. The average advisory fee rate is calculated by dividing investment advisory revenues by total average AUM and AUA during the period. Also, the Company recognized $1.2 million of performance-based fees during 2023, compared to $1.5 million of performance-based fees during 2022.

Mutual Fund Administration Fees. Mutual fund administration fees decreased $2.6 million, or 26%, from 2022 compared to 2023. Mutual fund administration fees include administration fees received from the Funds, which are calculated as a percentage of the Funds' average AUM. This decrease was primarily due to the benefit attributable to redeemable noncontrolling interests, and impact of a 13% decrease in excess tax deficits the Funds' average AUM from the vesting of restricted stock, which were partially offset by 2022 compared to 2023, and an increase in state and local taxes from the performance administration fees year-over-year.

The Company generated net income attributable to common shareholders of $74.2 million ($23.34 per diluted share) for 2021 compared to $38.7 million ($12.03 per diluted share) for 2020, primarily due to increased revenues, an increase in investment income, and the gain paid on the sale behalf of the High Yield-Focused Advisory Contracts in 2021.

Revenue Funds as a percentage of average Fund AUM.

(in thousands, except percentages)		2022		2021	% Change		2021		2020	% Change
Investment advisory	$	144,326	$	170,138	(15)%	$	170,138	$	119,125	43%
Mutual fund administration, net		10,170		12,056	(16)%		12,056		7,263	66%
Total	$	154,496	$	182,194	(15)%	$	182,194	$	126,388	44%

Revenue - 2022 Compared to 2021

Investment Advisory Fees. Fees. Investment advisory fees decreased by $25.8 million, or 15%, from 2021 to 2022. Investment advisory fees are calculated as a percentage of the market value of client accounts at contractual fee rates, which vary by investment product.

The Company recognized $1.5 million of performance-based fees in 2022 compared to $11.9 million of performance-based fees recognized in 2021. A significant performance-based agreement reached the end of its first five-year measurement period on September 30, 2021. Since the initial five-year measurement period ended, the performance-based fee has been calculated annually based on the client investment results over the recently completed five-year period.

The remaining decrease in investment advisory fees was due to a decrease of 9% in average AUM year-over-year. year over year. The average advisory fee rate (excluding performance-based fees) was 0.52% for both 2022 and 2021.

Mutual Fund Administration Fees Fees.. Mutual fund administration fees decreased $1.9 million, or 16%, from 2021 compared to 2022. Mutual fund administration fees include administration fees received from the Funds, which are calculated as a percentage of the Funds' Funds' average AUM. This decrease was primarily due to the impact of a 14% decrease in the Funds' Funds' average AUM from 2021 compared to 2022.

Revenue **Expenses**

(in thousands, except percentages)		2023		2022	% Change		2022		2021	% Change
Compensation and related costs, excluding deferred compensation expense (benefit)	$	70,731	$	70,505	—%	$	70,505	$	73,591	(4)%
Deferred compensation expense (benefit)		5,600		(4,402)	NM		(4,402)		7,082	NM
General and administrative		14,935		13,607	10%		13,607		14,021	(3)%
Sales and marketing		6,684		7,160	(7)%		7,160		7,659	(7)%
Mutual fund administration		3,262		3,295	(1)%		3,295		3,582	(8)%
Total	$	101,212	$	90,165	12%	$	90,165	$	105,935	(15)%

Expenses - 2021 2023 Compared to 2020 2022

Investment Advisory Fees Compensation and Related Costs, Excluding Deferred Compensation Expense (Benefit). Investment advisory fees Employee compensation and related costs (excluding deferred compensation benefit) increased by $51.0 million, or 43%, from 2020 to 2021. Investment advisory fees are calculated as a percentage of the market value of client accounts at contractual fee rates, which vary by investment product. The $0.2 million in 2023. This increase in investment advisory fees was is primarily due to an increase in salary and related benefits of 38% $1.3 million, and an increase in average AUM, and $11.9 million in performance-based fees recognized in 2021 as a significant performance-based agreement reached its first five-year measurement term. The Company recognized $0.5 million restricted stock expense of performance-based fees in 2020.

These increases were $1.0 million, partially offset by a decrease in incentive compensation of $2.4 million. On average, the average advisory fee rate (excluding performance-based fees) from 0.54% Company had 129 employees in 2023 and 2022.

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Incentive compensation expense can fluctuate significantly period over period as the Company evaluates investment performance, individual performance, its own performance, and other factors.

Deferred Compensation Expense (Benefit). Deferred compensation expense was $5.6 million for 2023 compared to 0.52% year-over-year. a benefit of $4.4 million for 2022, primarily due to market appreciation on the Deferred Compensation Plans' investments in 2023 compared to market declines in 2022.

The decrease gain (loss) on the Deferred Compensation Plans' investments increases (decreases) deferred compensation expense (benefit) and is included in average advisory fee rate was driven operating income. Deferred compensation expense (benefit) is offset by an increase equal amount in investment income (loss) below net operating income on the mix consolidated statements of assets held in lower fee rate strategies during 2021 income, and thus, has no impact on net income attributable to the Company.

General and Administrative. General and administrative expenses increased by $1.3 million, or 10%, from 2022 compared to 2020.

For 2021, the average advisory fee rates for equity and fixed income strategies, excluding performance-based fees, were 0.54% and 0.39%, respectively. For 2020, the average advisory fee rates for equity and fixed income strategies were 0.57% and 0.40%, respectively.

Mutual Fund Administration Fees.Mutual fund administration fees increased $4.8 million, or 66%, from 2020 to 2021. Mutual fund administration fees include administration fees received from the Funds, which are calculated as a percentage of the Funds' average AUM. The 2023. This increase was primarily due to a 36% an increase in the Funds' average AUM investment research-related expenses of $0.6 million, an increase in consulting expenses of $0.4 million, and an increase in recruiting expenses of $0.3 million.

Sales and Marketing.Sales and marketing expenses decreased by $0.5 million, or 7%, from 2020 2022 compared to 2021, and 2023. The decrease was primarily due to a reduction in administration fees paid on behalf payments made to third party intermediaries as a result of the Funds decrease in the Funds' average AUM period over period.

Mutual Fund Administration. Mutual fund administration expenses decreased by less than $0.1 million, or 1%, from 2022 compared to 2023. Mutual fund administration expenses consist of both variable and fixed expenses. The variable expenses are based on Fund AUM levels and the number of shareholder accounts. The decrease was due to a reduction in variable expenses as a percentage result of the decrease in the Funds' average Fund AUM year period over year. period.

Expenses

(in thousands, except percentages)		2022		2021	% Change		2021		2020	% Change
Compensation and related costs, excluding deferred compensation expense (benefit)	$	70,505	$	73,591	(4)%	$	73,591	$	58,292	26%
Deferred compensation expense (benefit)		(4,402)		7,082	(162)%		7,082		2,219	219%
General and administrative		13,607		14,021	(3)%		14,021		11,003	27%
Sales and marketing		7,160		7,659	(7)%		7,659		6,000	28%
Mutual fund administration		3,295		3,582	(8)%		3,582		3,336	7%
Total	$	90,165	$	105,935	(15)%	$	105,935	$	80,850	31%

Expenses - 2022 Compared to 2021

Compensation and Related Costs, Excluding Deferred Compensation Expense (Benefit).. Employee compensation and benefits decreased by $3.1 million, or 4%, from 2021 compared to 2022. This decrease is due to a decrease in accrued incentive compensation of $6.2 million and a decrease in other compensation expense of $0.7 million, which was partially offset by an increase in restricted stock expense of $3.3 million related to restricted stock grants issued in February of 2022 under the Company's long-term incentive program, and an increase in salary and related benefits of $0.5 million. On average, the Company had 129 full-time equivalent employees in 2022 and 126 in 2021. Incentive compensation expense can fluctuate significantly period over period as the Company evaluates investment performance, individual performance, its own performance, and other factors.

Deferred Compensation Expense (Benefit).. Deferred compensation benefit was $4.4 million for 2022 compared to an expense of $7.1 million for 2021.

The gain (loss) on deferred compensation plan the Deferred Compensation Plans' investments increases (decreases) deferred compensation expense (benefit) and is included in operating income. Deferred compensation expense (benefit) is offset by an equal amount in investment income (loss) below net operating income on the consolidated statements of income, and thus, has no impact on net income attributable to the Company.

General and Administrative. General and administrative expenses for 2022 decreased by $0.4 million, or 3%, from 2021 compared to 2022. 2021. This decrease was primarily due to a decrease of $0.7 million in consulting fees and $0.5 million of proxy solicitation fees related to the sale of the High Yield-Focused Advisory Contracts in 2021. That decrease was partially offset by a $0.5 million increase in investment research and related conference fees, a $0.1 million increase in insurance expense, and a $0.2 million increase in IT staffing, hardware, and software expenses.

Sales and Marketing.Marketing. Sales and marketing expenses for 2022 decreased by $0.5 million, or 7%, from 2021 compared to 2022. 2021. The decrease was primarily due to decreases of $0.9 million in payments made to third-party intermediaries related to the sale of the Funds on their platforms, and $0.2 million related to its distribution technology platform and related external data costs. The decrease was partially offset by an increase of $0.6 million in sales-related travel expenses.

Mutual Fund Administration Administration.. Mutual fund administration expenses for 2022 decreased by $0.3 million, or 8%, from 2021 compared to 2022. 2021. Mutual fund administration expenses consist of both variable and fixed expenses. The variable expenses are based on Fund AUM levels and the number of shareholder accounts. The decrease

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was due to a reduction in variable expenses as a result of the decrease in the Funds' average AUM period over period. period-over-period.

Expenses - 2021 Compared to 2020

Compensation and Related Costs, Excluding Deferred Compensation Expense. Employee compensation and benefits increased by $15.3 million, or 26%, from 2020 to 2021. This increase was due to increases in incentive compensation of $9.7 million, salary and related benefits of $3.1 million, restricted stock expense of $1.8 million, and other compensation expense of $0.7 million. On average, the Company had 126 full-time equivalent employees for both 2021 and 2020. Incentive compensation expense can fluctuate significantly period over period as the Company evaluates investment performance, individual performance, its own performance, and other factors.

Deferred Compensation Expense. Deferred compensation expense was $7.1 million for 2021, compared to deferred compensation expense of $2.2 million for 2020, primarily due to an increase in market appreciation on the Company's deferred compensation investments period over period.

The gain on deferred compensation plan investments increases deferred compensation expense and is included in operating income. Deferred compensation expense is offset by an equal amount in investment income below net operating income on the consolidated statements of income statement, and thus, has no impact on net income attributable to the Company.

General and Administrative. General and administrative expenses increased by $3.0 million, or 27%, from 2020 to 2021. This increase was partially due to a non-recurring $1.1 million refund related to Ohio commercial activity tax, which was received in 2020 and reduced general and administrative expense. The Ohio commercial activity tax is a gross receipts tax, and therefore, is not included in income taxes. Other increases in 2021 include $0.7 million in consulting fees, $0.5 million of proxy solicitation fees related to the sale of the High Yield-Focused Advisory Contracts, a $0.4 million increase in IT staffing, hardware, and software expense, and a $0.3 million increase in depreciation expense.

Sales and Marketing. Sales and marketing expenses increased by $1.7 million, or 28%, from 2020 to 2021. The increase was primarily due to increases of $0.7 million related to the Company's distribution technology platform and the related external data costs, $0.5 million for payments made to third-party intermediaries related to the sale of the Funds on their platforms, and a $0.5 million increase in advertising expenses.

Mutual Fund Administration. Mutual fund administration expenses increased by $0.2 million, or 7%, from 2020 to 2021. Mutual fund administration expense consists of both variable and fixed expenses. The variable expenses are based on Fund AUM levels and the number of shareholder accounts. The increase was due to an increase in variable expenses as a result of the increase in the average Fund AUM period over period.

Liquidity and Capital Resources

Sources of Liquidity

The Company's current financial condition is liquid, with a significant amount of its assets comprised of cash and cash equivalents, investments, accounts receivable, and other current assets. The Company's main source of liquidity is cash flows from operating activities, which are generated from investment advisory and mutual fund administration fees. Cash and cash equivalents, investments held directly by DHCM, accounts receivable, and other current assets represented $182.9 million $181.8 million and $214.7 million $182.9 million of total assets as of December 31, 2022 December 31, 2023, and 2021, 2022, respectively. The Company believes that these sources of liquidity, as well as its continuing cash flows from operating activities, will be sufficient to meet its current and future operating needs for the next 12 months.

Uses of Liquidity

The Company anticipates that its main uses of cash will be for operating expenses and seed capital to fund new and existing investment strategies. The Board and management regularly review various factors to determine whether the Company has capital in excess of that required for its business and what are the appropriate uses of any such excess capital. capital, including share repurchases and/or the payment of dividends.

Share Repurchases

On February 25, 2022 May 10, 2023, the Board approved the 2022 2023 Repurchase Program. The 2022 2023 Repurchase Program authorizes management to repurchase up to $50.0 million of the DHIL's common shares in the open market and in private transactions in accordance with applicable securities laws. The 2022 2023 Repurchase Program will expire on May 10, 2025, or upon the earlier of: (i) February 2024, and (ii) the completion of all authorized purchases under the program. As of December 31, 2022 December 31, 2023, $15.4 million $26.4 million remained available for repurchases under the 2022 2023 Repurchase Program. Prior to the approval of the 2022 2023 Repurchase Program, the Company repurchased shares under similar prior repurchase programs.

The authority to repurchase share shares may be exercised from time to time as market conditions warrant and is subject to regulatory constraints. The timing, amount, and other terms and conditions of any repurchases will be determined by management in its discretion based on a variety of factors, including the market price of such shares, corporate considerations, general market and economic conditions, and applicable legal requirements.

The following table summarizes the Company's annual share repurchase transactions:

Year	Year	Total Number of Shares Purchased	Average Price Paid Per Share Purchased	Purchase Price of Shares Purchased	Year	Total Number of Shares Purchased	Average Price Paid Per Share Purchased	Purchase Price of Shares Purchased
2023								
2022	2022	217,009	$ 178.45	$38,726,007				

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2021	2021	45,727	171.02	7,820,315
	2020	157,750	118.21	18,646,982
Total	Total	420,486	$ 155.04	$65,193,304

Dividends

Fiscal 2022 2023 was the 15th 16th consecutive year that the Company paid a dividend.

A summary of cash dividends paid during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021 is presented below:

Year	Year	Regular Dividend Per Share	Regular Dividend Total	Special Dividend Per Share	Special Dividend Total	Total Dividend Per Share	Total Dividends	Year	Regular Dividend Per Share	Regular Dividend Total	Special Dividend Per Share	Special Dividend Total	Total Dividend Per Share	Total Dividends
2023														
2022	2022	$ 6.00	$18,637,238	$ 4.00	$ 12,059,669	$ 10.00	$ 30,696,907							
2021	2021	$ 4.00	12,700,876	19.00	60,260,100	23.00	72,960,976							
2020		—	—	$ 12.00	37,976,714	$ 12.00	37,976,714							
Total	Total		$31,338,114		$110,296,483		$141,634,597							

On February 23, 2023 February 28, 2024, the Board approved a regular quarterly dividend for the first quarter of 2023 2024 of $1.50 per share to be paid on March 17, 2023 March 22, 2024, to shareholders of record as of March 6, 2023 March 11, 2024. This dividend is expected to reduce shareholders' shareholders' equity by approximately $4.6 million $4.3 million. Subject to Board approval and compliance with applicable law, the Company expects to pay a regular quarterly dividend of $1.50 per share in 2023. 2024.

In addition to the regular quarterly dividends, the Board will decide whether to approve and pay an additional special dividend in the fourth quarter of each fiscal year. After assessing the current market environment, the level of share repurchases during the year, as well as the regular dividend paid during 2023, the Company decided not to issue a special dividend in 2023. Although the Company currently expects to continue to pay regular quarterly dividends, depending on the circumstances and the Board's judgment, the Company may not pay special quarterly or quarterly special dividends as described.

Working Capital

As of December 31, 2022 December 31, 2023, the Company had working capital of approximately $144.9 million $146.1 million, compared to $168.5 million $144.9 million as of December 31, 2021 December 31, 2022. Working capital includes cash and cash equivalents, accounts receivable, investments (excluding those held in the Company's Deferred Compensation Plans), and other current assets of DHCM, net of accounts payable and accrued expenses, accrued incentive compensation, deferred compensation, and other current DHCM liabilities.

The Company had no debt and the Company believes its available working capital is sufficient to cover current expenses and presently anticipated capital expenditures.

Below is a summary of investments as of December 31, 2022 December 31, 2023 and 2021: 2022:

	As of December 31,	
	2022	2021
	As of December 31,	
	As of December 31,	
	As of December 31,	
	2023	
	2023	
	2023	
Corporate Investments:		
Corporate Investments:		
Corporate Investments:		
Corporate Investments:		
Diamond Hill International Fund		
Diamond Hill International Fund		
Diamond Hill International Fund		

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Diamond Hill Core Bond Fund	Diamond Hill Core Bond Fund	$	41,315,982	$	46,755,404
Diamond Hill International Fund			36,084,204		41,673,154
Diamond Hill Core Bond Fund					
Diamond Hill Core Bond Fund					
Diamond Hill Micro Cap Fund, LP					
Diamond Hill Micro Cap Fund, LP					
Diamond Hill Micro Cap Fund, LP					
Diamond Hill Large Cap Concentrated Fund	Diamond Hill Large Cap Concentrated Fund		10,571,463		12,098,049
Diamond Hill Micro Cap Fund, LP			9,690,916		10,703,473
Diamond Hill Large Cap Concentrated Fund					
Diamond Hill Large Cap Concentrated Fund					
Total Corporate Investments					
Total Corporate Investments					
Total Corporate Investments	Total Corporate Investments		97,662,565		111,230,080
Deferred Compensation Plan Investments in the Funds	Deferred Compensation Plan Investments in the Funds		30,744,990		37,348,294
Deferred Compensation Plan Investments in the Funds					
Deferred Compensation Plan Investments in the Funds					
Total investments held by DHCM	Total investments held by DHCM		128,407,555		148,578,374
Redeemable noncontrolling interest in Consolidated Funds			17,268,156		18,077,627
Total investments held by DHCM					
Total investments held by DHCM					
Redeemable noncontrolling interest in the Consolidated Fund					
Redeemable noncontrolling interest in the Consolidated Fund					
Redeemable noncontrolling interest in the Consolidated Fund					
Total investments	Total investments	$	145,675,711	$	166,656,001
Total investments					
Total investments					

Cash Flow Analysis

Cash Flows from Operating Activities

The Company's cash flows from operating activities are calculated by adjusting net income to reflect other significant operating sources and uses of cash, certain significant non-cash items (such as share-based compensation), and timing differences in the cash settlement of operating assets and liabilities. The Company expects that cash flows provided by operating activities will continue to serve as its primary source of working capital in the near future.

For In 2023, net cash provided by operating activities totaled $34.7 million. Cash provided by operating activities was primarily driven by net income of $43.1 million as well as non-cash adjustments added back to net income consisting of share-based compensation of $11.7 million and depreciation of $1.3 million. These cash inflows were partially offset by the year ended December 31, 2022, net change in securities held by the Consolidated Funds of $10.9 million and the cash impact of timing differences in the settlement of other assets and liabilities of $10.5 million. Net cash provided by operating activities of $34.7 million was inclusive of $9.8 million of cash used in operations by the Consolidated Funds.

In 2022, net cash provided by operating activities totaled $39.5 million. Cash provided by operating activities was primarily driven by net income of $36.9 million, and the add backs of net losses on investments of $24.5 million, share-based compensation of $10.7 million, and depreciation market declines of $1.4 million. These cash inflows were partially offset by the net change in securities held by the Consolidated Funds of $14.0 million, the cash impact of timing differences in the settlement of other assets and liabilities of $13.2 million, and the adjustment to net income of $6.8 million for the gain on sale of the High Yield-Focused Yield-

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Focused Advisory Contracts. Net cash provided by operating activities of $39.5 million was inclusive of $9.5 million $9.5 million of cash used in operations by the Consolidated Funds.

For the year ended December 31, 2021,

In 2021, net cash provided by operating activities totaled $26.3 million. Cash provided by operating activities was primarily driven by net income of $75.6 million, the add back of share-based compensation of $7.4 million, depreciation of $1.3 million, and the cash impact of timing differences in the settlement of assets and liabilities of $12.3 million. These cash inflows were partially offset by net securities purchased by the Diamond Hill International Fund and the Diamond Hill Large Cap Concentrated Fund (together, the "Consolidated Funds") Consolidated Funds of $50.4 million, net gains on investments of $10.9 million, and the adjustment to net income of $9.0 million for the gain on sale of the High Yield-Focused Advisory Contracts. Net cash provided by operating activities of $26.3 million was inclusive of $50.3 million $50.3 million of cash used in operations by the Consolidated Funds.

For the year ended December 31, 2020, net cash provided by operating activities totaled $59.8 million. Cash provided by operating activities was primarily driven by net income of $38.2 million, the add back of share-based compensation of $7.7 million, depreciation of $1.0 million, net securities redeemed by the Consolidated Funds of $3.2 million, and the cash impact of timing differences in the settlement of assets and liabilities of $12.7 million. These cash inflows were partially offset by net gains on investments of $3.0 million. Net cash provided by operating activities of $59.8 million was inclusive of $2.5 million of cash provided by operations by the Consolidated Funds.

Cash Flows from Investing Activities

The Company's cash flows from investing activities consist primarily of capital expenditures and purchases and redemptions in its investment portfolio.

Cash flows used in investing activities totaled $4.2 million in 2023. Cash flows used in investing activities were driven by purchases of Company-sponsored investments of $19.5 million, partially offset by proceeds from the sale of Company-sponsored investments totaling $15.3 million.

Cash flows provided by investing activities totaled $6.0 million for the year ended December 31, 2022. in 2022. The cash provided was due to proceeds from the sale of Company-sponsored investments totaling $6.9 million and $6.8 million of proceeds received from the final payment for the sale of the High Yield-Focused Advisory Contracts. These proceeds were partially offset by purchases of Company-sponsored investments of $7.6 million and property and equipment purchases of $0.1 million.

Cash flows provided by investing activities totaled $27.3 million for the year ended December 31, 2021. in 2021. The cash provided was due to proceeds from the sale of Company-sponsored investments totaling $40.8 million and $9.0 million of proceeds received from the sale of the High Yield-Focused Advisory Contracts. These proceeds were partially offset by purchases of Company-sponsored investments of $21.4 million and property and equipment purchases (primarily capitalized software) of $1.1 million.

Cash flows provided by investing activities totaled $8.4 million for the year ended December 31, 2020. The cash provided was due to proceeds from the sale of Company-sponsored investments totaling $25.7 million. These proceeds were partially offset by purchases of Company-sponsored investments of $14.9 million and property and equipment purchases (primarily capitalized software) of $2.5 million.

Cash Flows from Financing Activities

The Company's cash flows from financing activities consist primarily of repurchases the repurchase of its DHIL common stock, shares, dividends paid on DHIL common shares, DHIL common shares withheld related to employee tax withholding obligations, dividends paid on its common stock, proceeds received under the Diamond Hill Investment Group, Inc. Employee Stock Purchase Plan ("ESPP"), and distributions to, or contributions from, redeemable noncontrolling interest holders.

For In 2023, net cash used in financing activities totaled $46.7 million, consisting of repurchases of DHIL's common shares of $34.6 million, the year ended December 31, 2022 payment of dividends of $17.7 million, and the value of shares withheld to cover employee tax withholding obligations of $5.2 million. These cash outflows were partially offset by net subscriptions received in the Consolidated Funds from redeemable non-controlling interest holders of $10.4 million and proceeds received under the ESPP of $0.4 million.

In 2022, net cash used in financing activities totaled $62.9 million, consisting of repurchases of DHIL's common stock shares of $38.7 million, the payment of dividends of $30.7 million, and the value of shares withheld to cover employee tax withholding obligations of $3.4 million. These cash outflows were partially offset by net subscriptions received in the Consolidated Funds from redeemable non-controlling interest holders of $9.5 million and proceeds received under the ESPP of $0.5 million.

For the year ended December 31, 2021,

In 2021, net cash used in financing activities totaled $71.5 million, consisting of the payment of dividends of $73.0 million, repurchases of DHIL's common stock shares of $7.8 million, and $1.6 million of shares withheld related to employee tax withholding obligations. These cash outflows were partially offset by net subscriptions received in the Consolidated Funds from redeemable non-controlling interest holders of $10.3 million and proceeds received under the ESPP of $0.6 million.

For the year ended December 31, 2020, net cash used in financing activities totaled $62.9 million, consisting of the payment of dividends of $38.0 million, repurchases of DHIL's common stock of $18.7 million, $1.9 million of shares withheld related to employee tax withholding obligations, and net redemptions in the Consolidated Funds from redeemable non-controlling interest holders of $4.3 million.

Supplemental Consolidated Cash Flow Statement

The following table summarizes the condensed cash flows for the years ended December 31, 2022, 2023, 2022, and 2021 and 2020 that are attributable to the Company and to the Consolidated Funds, and the related eliminations required in preparing the consolidated financial statements.

Year Ended December 31, 2022

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		Cash flow attributable to Diamond Hill Investment Group, Inc.	Cash flow attributable to Consolidated Funds	Eliminations	As reported on the Consolidated Statement of Cash Flows
	Year Ended December 31, 2023				
	Cash flow attributable to Diamond Hill Investment Group, Inc.				
Cash flows from operating activities:	Cash flows from operating activities:				
Net income (loss)					
Net income (loss)					
Net income (loss)	Net income (loss)	$40,434,107	$(11,739,448)	$8,176,103	$36,870,762
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation	Depreciation	1,377,610	—	—	1,377,610
Depreciation					
Depreciation					
Share-based compensation	Share-based compensation	10,660,673	—	—	10,660,673
Gain on sale of High Yield-Focused Advisory Contracts		(6,813,579)	—	—	(6,813,579)
Net losses on investments		21,552,322	11,739,448	(8,819,876)	24,471,894
Net (gains) losses on investments					
Net change in securities held by Consolidated Funds	Net change in securities held by Consolidated Funds	—	(14,039,687)	—	(14,039,687)
Other changes in assets and liabilities	Other changes in assets and liabilities	(17,563,539)	4,518,501	—	(13,045,038)
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	49,647,594	(9,521,186)	(643,773)	39,482,635
Net cash provided by (used in) investing activities		5,330,622	—	703,249	6,033,871
Net cash used in investing activities					

Year Ended December 31, 2023			
Cash flow attributable to Diamond Hill Investment Group, Inc.	Cash flow attributable to Consolidated Funds	Eliminations	As reported on the Consolidated Statement of Cash Flows

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Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(72,333,307)	9,521,186	(59,476)	(62,871,597)
Net change during the year	Net change during the year	(17,355,091)	—	—	(17,355,091)
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	80,550,393	—	—	80,550,393
Cash and cash equivalents at end of year	Cash and cash equivalents at end of year	$63,195,302	$ —	$ —	$63,195,302

		Year Ended December 31, 2021			
		Cash flow attributable to Diamond Hill Investment Group, Inc.	Cash flow attributable to Consolidated Funds	Eliminations	As reported on the Consolidated Statement of Cash Flows

	Year Ended December 31, 2022				Year Ended December 31, 2022			
	Cash flow attributable to Diamond Hill Investment Group, Inc.				Cash flow attributable to Diamond Hill Investment Group, Inc.	Cash flow attributable to Consolidated Funds	Eliminations	As reported on the Consolidated Statement of Cash Flows

Cash flows from Operating Activities:	Cash flows from Operating Activities:				
Net income		$74,200,609	$ 5,851,988	$(4,463,058)	$75,589,539
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Net income (loss)					
Net income (loss)					
Net income (loss)					
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation					
Depreciation					
Depreciation	Depreciation	1,281,420	—	—	1,281,420
Share-based compensation	Share-based compensation	7,415,170	—	—	7,415,170
Gain on sale of High Yield-Focused Advisory Contracts	Gain on sale of High Yield-Focused Advisory Contracts	(9,000,000)	—	—	(9,000,000)

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Net gains on investments	(7,599,548)	(5,851,988)	2,572,878	(10,878,658)
Net (gains) losses on investments				
Net change in securities held by Consolidated Funds	—	(50,430,607)	—	(50,430,607)
Other changes in assets and liabilities	12,209,848	125,525	—	12,335,373
Net cash provided by (used in) operating activities	78,507,499	(50,305,082)	(1,890,180)	26,312,237
Net cash provided by (used in) investing activities	(14,631,872)	—	41,896,371	27,264,499
Net cash provided by investing activities				
Net cash provided by (used in) financing activities	(81,803,436)	50,305,082	(40,006,191)	(71,504,545)
Net change during the year	(17,927,809)	—	—	(17,927,809)
Cash and cash equivalents at beginning of year	98,478,202	—	—	98,478,202
Cash and cash equivalents at end of year	$80,550,393	$ —	$ —	$80,550,393

	Year Ended December 31, 2020			
	Cash flow attributable to Diamond Hill Investment Group, Inc.	Cash flow attributable to Consolidated Funds	Eliminations	As reported on the Consolidated Statement of Cash Flows

	Year Ended December 31, 2021			
	Cash flow attributable to Diamond Hill Investment Group, Inc.	Cash flow attributable to Consolidated Funds	Eliminations	As reported on the Consolidated Statement of Cash Flows
Cash flows from Operating Activities:				
Net income	$38,660,545	$ 403,985	$ (899,392)	$38,165,138
Adjustments to reconcile net income to net cash provided by operating activities:				
Net income (loss)				

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Net income (loss)					
Net income (loss)					
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation					
Depreciation					
Depreciation	Depreciation	992,836	—	—	992,836
Share-based compensation	Share-based compensation	7,739,320	—	—	7,739,320
Net gains on investments		(3,500,848)	(403,985)	899,392	(3,005,441)
Gain on sale of High Yield-Focused Advisory Contracts					
Net (gains) losses on investments					
Net change in securities held by Consolidated Funds	Net change in securities held by Consolidated Funds	—	3,179,362	—	3,179,362
Other changes in assets and liabilities	Other changes in assets and liabilities	13,394,030	(692,760)	—	12,701,270
Net cash provided by operating activities		57,285,883	2,486,602	—	59,772,485
Net cash provided by investing activities		6,587,218	—	1,824,482	8,411,700
Net cash used in financing activities		(58,571,152)	(2,486,602)	(1,824,482)	(62,882,236)
Net cash provided by (used in) operating activities					
Net cash provided by (used in) investing activities					
Net cash provided by (used in) financing activities					
Net change during the year	Net change during the year	5,301,949	—	—	5,301,949
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	93,176,253	—	—	93,176,253
Cash and cash equivalents at end of year	Cash and cash equivalents at end of year	$98,478,202	$ —	$ —	$98,478,202

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Material Cash Commitments

The Company's material cash commitments consist of its obligations under its deferred compensation plans, Deferred Compensation Plans, lease obligations, and other contractual amounts that will be due for the purchase of goods and services to be used in its operations. Some of these contractual amounts may be cancellable under certain conditions and may involve termination fees. The Company expects to fund these cash commitments with future cash flow from operations. operations and its Deferred Compensation Plans' investments in the Funds.

Its obligations under the deferred compensation plans Deferred Compensation Plans are disclosed on the consolidated balance sheets with more information included in Note 7 to the consolidated financial statements. Its lease obligations are disclosed in Note 8 to the consolidated financial statements. The Company's other material cash commitments for goods and services used in operations primarily consist of obligations related to long-term software licensing and maintenance contracts.

Non-GAAP Financial Measures and Reconciliation

As supplemental a supplement to information calculated and presented in accordance with U.S. generally accepted accounting principles ("GAAP"), the Company is providing certain financial measures that are based on methodologies other than U.S. generally accepted accounting principles GAAP ("non-GAAP").Management believes the non-GAAP financial measures below are useful measures of the Company's core business activities, are important metrics in estimating the value of an asset management business, and help facilitate comparisons to Company operating performance across periods.These non-GAAP financial measures should not be used as a substitute for financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP") GAAP and may be calculated differently by other companies.The following schedules reconcile the differences between financial measures calculated in accordance with GAAP to non-GAAP financial measures for the years ended December 31, 2022 December 31, 2023, 2022, and 2021, and 2020, respectively.

(in thousands, except percentages and per share data)	Year Ended December 31, 2022 Operating expenses	Net operating income	Non-operating income (loss)	Income tax expense[5]	Net income attributable to common shareholders	Earnings per share attributable to common shareholders (diluted)	Operating profit margin
U.S. GAAP Basis	$ 90,165	$ 64,331	$ (13,373)	$ 14,088	$ 40,434	$ 13.01	42 %
GAAP Basis							
Non-GAAP Adjustments:							
Deferred compensation liability[1]	4,402	(4,402)	4,402	—	—	—	(3) %
Consolidated Funds[2]	—	423	11,317	2,113	6,063	1.95	—
Gain on sale of high-yield focused advisory contracts[3]	—	—	(6,814)	(1,761)	(5,053)	(1.63)	—
Other investment income[4]	—	—	$ 4,468	1,155	3,313	1.07	—
Adjusted Non-GAAP basis	$ 94,567	$ 60,352	—	$ 15,595	$ 44,757	$ 14.40	39 %

(in thousands, except percentages and per share data)	Year Ended December 31, 2023 Total operating expenses	Net operating income	Total non-operating income	Income tax expense[5]	Net income attributable to common shareholders	Earning sha attribu to com shareho - dilu
GAAP Basis	$101,212	$ 35,504	$ 23,071	$ 15,490	$ 42,226	$ 1
Deferred compensation liability[1]						
Deferred compensation liability[1]	(5,600)	5,600	(5,600)	—	—	
Adjusted Non-GAAP Basis						
Adjusted Non-GAAP Basis						
Adjusted Non-GAAP Basis	$ 95,612	$ 41,434	—	$ 11,126	$ 30,308	$ 1

Year Ended December 31, 2021	Year Ended December 31, 2022

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(in thousands, except percentages and per share data)	(in thousands, except percentages and per share data)	Operating expenses	Net operating income	Non-operating income (loss)	Income tax expense(5)	Net income attributable to common shareholders	Earnings per share attributable to common shareholders (diluted)	Operating profit margin
U.S. GAAP Basis		$ 105,936	$ 76,258	$ 25,381	$ 26,050	$ 74,201	$ 23.34	42 %
Non-GAAP Adjustments:	Non-GAAP Adjustments:							
Deferred compensation liability(1)	Deferred compensation liability(1)	(7,082)	7,082	(7,082)	—	—	—	4 %
Consolidated Funds(2)	Consolidated Funds(2)	—	340	(6,192)	(1,160)	(3,304)	(1.04)	—
Gain on sale of high-yield focused advisory contracts(3)		—	—	(9,000)	(2,339)	(6,661)	(2.10)	—
Other investment income(4)	Other investment income(4)	—	—	$ (3,107)	(808)	(2,299)	(0.72)	—
Adjusted Non-GAAP basis		$ 98,854	$ 83,680	—	$ 21,743	$ 61,937	$ 19.48	46 %

(in thousands, except percentages and per share data)	Total operating expenses	Net operating income	Total non-operating loss	Income tax expense(5)	Net income attributable to common shareholders	Earning sha attribu to com shareho - dilu
GAAP Basis	$ 90,165	$ 64,331	$ (13,373)	$ 14,088	$ 40,434	$ 1
Deferred compensation liability(1)						
Deferred compensation liability(1)	4,402	(4,402)	4,402	—	—	
Gain on sale of High Yield-Focused Advisory Contracts(3)						
Adjusted Non-GAAP Basis						
Adjusted Non-GAAP Basis						
Adjusted Non-GAAP Basis	$ 94,567	$ 60,352	—	$ 15,595	$ 44,757	$ 1

		Year Ended December 31, 2020						
(in thousands, except percentages and per share data)	(in thousands, except percentages and per share data)	Operating expenses	Net operating income	Non-operating income (loss)	Income tax expense(5)	Net income attributable to common shareholders	Earnings per share attributable to common shareholders (diluted)	Operating profit margin
U.S. GAAP Basis		$ 80,850	$ 45,538	$ 6,585	$ 13,958	$ 38,661	$ 12.03	36 %
Non-GAAP Adjustments:	Non-GAAP Adjustments:							
Deferred compensation liability(1)	Deferred compensation liability(1)	(2,219)	2,219	(2,219)	—	—	—	2 %

	Year Ended December 31, 2					
(in thousands, except percentages and per share data)	Total operating expenses	Net operating income		Total non-operating income		Inc t expe
GAAP Basis	$105,936	$ 76,258		$ 25,381		$ 26
Deferred compensation liability(1)						
Deferred compensation liability(1)	(7,082)	7,082		(7,082)		

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Consolidated Funds(2)	—	218	(622)	(239)	(661)	(0.21)	— %
Gain on sale of High Yield-Focused Advisory Contracts(3)							
Other investment income(4)	—	—	$ (3,744)	(993)	(2,751)	(0.86)	— %
Adjusted Non-GAAP basis	$ 78,631	$ 47,975	—	$ 12,726	$ 35,249	$ 10.96	38 %
Adjusted Non-GAAP Basis							
Adjusted Non-GAAP Basis							

Consolidated Funds(2)	—	340	340	(6,192)		(6,192)	(1,160)	
Gain on sale of High Yield-Focused Advisory Contracts(3)	—		—		(9,000)			(2
Other investment income(4)	—	—	—	$	$	(3,107)	(808)	
Adjusted Non-GAAP Basis	$ 98,854		$ 83,680		—			$ 21

(1) This non-GAAP adjustment removes the compensation expense resulting from market valuation changes in the deferred compensation plan Deferred Compensation Plans' liability and the related net gains/losses on investments designated as an economic hedge against the related liability. Amounts deferred under the deferred compensation plans Deferred Compensation Plans are adjusted for appreciation/depreciation of investments chosen by participants. The Company believes it is useful to offset the non-operating investment income/ income or loss realized on the hedges against the related compensation expense and remove the net impact to help readers understand the Company's core operating results and to improves improve comparability from period to period.

(2) This non-GAAP adjustment removes the impact that the Consolidated Funds have on the Company's GAAP consolidated statements of income. Specifically, the Company adds back the operating expenses and subtracts the investment income of the Consolidated Funds. The adjustment to net operating income represents the operating expenses of the Consolidated Funds, net of the elimination of related management and administrative fees. The adjustment to net income attributable to common shareholders represents the net income of the Consolidated Funds, net of redeemable non-controlling interests. The Company removes believes removing the impact of the Consolidated Funds because it believes they impact the reader's ability to helps readers understand its core operating results. results and improves comparability from period to period.

(3) This non-GAAP adjustment removes the impact of the gain on the sale of the High Yield-Focused Advisory Contracts. The sale of the High Yield-Focused Advisory Contracts was a nonrecurring discrete transaction, thus, the Company believes that removing the impact of the gain helps readers understand the Company's core operating results and improves comparability period to period.

(4) This non-GAAP adjustment represents the net gains/ gains or losses earned on the Company's non-consolidated investment portfolio that are not designated as economic hedges of the deferred compensation plan Deferred Compensation Plans' liability, non-consolidated seed investments, and other investments. The Company believes adjusting for these non-operating income/ income or loss items helps readers understand the Company's core operating results and improves comparability from period to prior years. period.

(5) The income tax expense impacts were calculated and resulted in an overall non-GAAP effective tax rate of 26.8% for 2023, 25.8% for 2022 and 26.0% for 2021 and 26.5% for 2020. 2021.

Critical Accounting Policies and Estimates

The preparation of financial statements requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures of contingent assets and liabilities. The Company evaluates such estimates, judgments, and assumptions on an ongoing basis, and bases its estimates, judgements, and assumptions on historical experiences, current trends, and various other factors that it believes to be reasonable under the circumstances. By their nature, these estimates, judgments, and assumptions are subject to uncertainty, and actual results may differ materially from these estimates.

Consolidation. The Company consolidates all subsidiaries and certain investments in which the Company has a controlling interest. The Company is generally deemed to have a controlling interest when it owns the majority of the voting interest of a voting rights entity ("VRE") or are deemed to be the primary beneficiary of a variable interest entity ("VIE"). A VIE is an

entity that lacks sufficient equity to finance its activities, or any entity whose equity holders do not have defined power to direct the activities of the entity normally associated with an equity investment. The Company's analysis to determine whether an entity is a VIE or a VRE involves judgment and considers several factors, including an entity's legal organization, equity

structure, the rights of the investment holders, the Company's ownership interest in the entity, and its contractual involvement with the entity. The Company continually reviews and reconsiders its VIE or VRE conclusions upon the occurrence of certain events, such as changes to its ownership interest, or amendments to contract documents.

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Provisions for Income Taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. Judgment is required in assessing the future tax consequences of events that have been recognized in the Company's financial statements or tax returns.

Revenue Recognition on Performance-Based Advisory Contracts. The Company DHCM has certain investment advisory contracts in which a portion of the fees are based on investment performance achieved in the respective client portfolio in excess of a specified hurdle rate. These fees are calculated based on client investment results over rolling five-year periods. The Company records performance-based fees at the end of the contract measurement period because the performance-based fees earned are constrained based on movements in the financial markets.

Revenue Recognition when Acting as an Agent vs. Principal. The Funds have selected and contractually engaged certain vendors to fulfill various services to benefit the Funds' shareholders or to satisfy regulatory requirements of the Funds. These services include, among others, required fund shareholder mailings, registration services, and legal and audit services. DHCM, in fulfilling a portion of its role under the administration agreement with the Funds, acts as agent to pay these obligations of the Funds. Each vendor is independently responsible for fulfillment of the services it has been engaged to provide and negotiates fees and terms with the management and board of trustees of the Funds. The fee that the Funds pay to DHCM is reviewed annually by the Funds' board of trustees and specifically considers the contractual expenses that DHCM pays on behalf of the Funds. As a result, DHCM is not involved in the delivery or pricing of these services and bears no risk related to these services. Revenue has been recorded net of these Fund expenses, as appropriate for this agency relationship.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's revenues and net income are based primarily on the value of its AUM. Accordingly, declines in financial market values directly and negatively impact its investment advisory revenues and net income.

The Company invests in its investment strategies, which are market risk sensitive financial instruments. These investments have inherent market risk in the form of price risk; that is, risk due to the potential future loss of value that would result from a decline in their fair value. Market prices fluctuate, and the amount realized upon subsequent sale may differ significantly from the reported market value.

The table below summarizes the Company's market risks as of December 31, 2022 December 31, 2023, and shows the effects of a hypothetical 10% increase and decrease in investments.

		Fair Value as of December 31, 2022	Fair Value Assuming a Hypothetical 10% Increase	Fair Value Assuming a Hypothetical 10% Decrease			
	Fair Value as of December 31, 2023				Fair Value as of December 31, 2023	Fair Value Assuming a Hypothetical 10% Increase	Fair Value Assuming a Hypothetical 10% Decrease
Equity investments	Equity investments	$101,265,748	$111,392,323	$ 91,139,173			
Fixed Income investments	Fixed Income investments	44,409,963	48,850,959	39,968,967			
Total	Total	$145,675,711	$160,243,282	$131,108,140			

ITEM 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

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To the Shareholders and Board of Directors
Diamond Hill Investment Group, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Diamond Hill Investment Group, Inc. and subsidiaries (the Company) as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of income, shareholders' equity and redeemable noncontrolling interest, and cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 23, 2023 February 29, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the assets under management data used in the calculation of investment advisory fee revenue for separately managed accounts (excluding performance-based fees), collective investment trusts and other pooled vehicles vehicles.

As discussed in Note 2 to the consolidated financial statements, the Company recognizes investment advisory revenue for its separately managed accounts (excluding performance-based fees), collective investment trusts and other pooled vehicles based on a percentage of its assets under management (AUM). The Company recognized $39.5 million $38.0 million in investment advisory fees related to separately managed accounts (excluding performance-based fees), collective investment trusts and other pooled vehicles during the year ended December 31, 2022 December 31, 2023. AUM is an input to the calculation of the investment advisory fee revenue. Specifically, as it pertains to these accounts, the inputs to the AUM calculation and the calculated AUM value are transmitted through multiple information technology (IT) systems used in the calculation of investment advisory fee revenue.

We identified the evaluation of the AUM data used in the calculation of separately managed accounts (excluding performance-based fees), collective investment trusts and other pooled vehicles investment advisory fee revenue as a critical audit matter. There is a high degree of auditor judgment required to perform procedures to address the Company's use of multiple IT systems to maintain the AUM data, including the use of professionals with specialized skills and knowledge to test the AUM data processed through multiple IT systems.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the inputs to the AUM calculation, as well as controls that reconcile AUM between IT systems. We involved IT professionals with specialized skills and knowledge, who assisted in the testing of application and related general IT controls relevant to the IT systems used to maintain AUM data. We compared AUM used in the calculation of investment advisory fees to the source IT systems for a selection of accounts.

/s/ KPMG LLP

We have served as the Company's auditor since 2012.

Columbus, Ohio
February 23, 2023 29, 2024

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Diamond Hill Investment Group, Inc.
Consolidated Balance Sheets

		December 31,		December 31,	
		2022	2021	2023	2022
ASSETS	**ASSETS**				
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	$ 63,195,302	$ 80,550,393		
Investments	Investments	145,675,711	166,656,001		
Accounts receivable	Accounts receivable	17,329,034	20,443,562		
Prepaid expenses	Prepaid expenses	3,435,269	2,555,296		
Income taxes receivable	Income taxes receivable	1,463,547	—		
Property and equipment, net of depreciation	Property and equipment, net of depreciation	4,348,341	6,100,599		
Deferred taxes	Deferred taxes	14,374,206	9,847,552		
Total assets	Total assets	$249,821,410	$286,153,403		
LIABILITIES AND SHAREHOLDERS' EQUITY	**LIABILITIES AND SHAREHOLDERS' EQUITY**				
Liabilities	Liabilities				
Liabilities					
Liabilities					
Accounts payable and accrued expenses					
Accounts payable and accrued expenses					
Accounts payable and accrued expenses	Accounts payable and accrued expenses	$ 9,177,977	$ 8,588,713		
Accrued incentive compensation	Accrued incentive compensation	32,100,000	37,235,418		
Deferred compensation	Deferred compensation	30,744,990	37,348,294		
Income taxes payable		—	801,740		
Total liabilities					
Total liabilities					
Total liabilities	Total liabilities	72,022,967	83,974,165		
Redeemable noncontrolling interest	Redeemable noncontrolling interest	14,126,198	17,756,336		
Permanent Shareholders' Equity	Permanent Shareholders' Equity				

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Common stock, no par value: 7,000,000 shares authorized; 3,010,457 issued and outstanding at December 31, 2022 (inclusive of 219,459 unvested shares); 3,171,536 issued and outstanding at December 31, 2021 (inclusive of 201,170 unvested shares)		51,688,631	80,434,049
Common shares, no par value: 7,000,000 shares authorized; 2,823,076 issued and outstanding at December 31, 2023 (inclusive of 190,172 unvested shares); 3,010,457 issued and outstanding at December 31, 2022 (inclusive of 219,459 unvested shares)			
Common shares, no par value: 7,000,000 shares authorized; 2,823,076 issued and outstanding at December 31, 2023 (inclusive of 190,172 unvested shares); 3,010,457 issued and outstanding at December 31, 2022 (inclusive of 219,459 unvested shares)			
Common shares, no par value: 7,000,000 shares authorized; 2,823,076 issued and outstanding at December 31, 2023 (inclusive of 190,172 unvested shares); 3,010,457 issued and outstanding at December 31, 2022 (inclusive of 219,459 unvested shares)			
Preferred stock, undesignated, 1,000,000 shares authorized and unissued	Preferred stock, undesignated, 1,000,000 shares authorized and unissued	—	—
Deferred equity compensation	Deferred equity compensation	(17,011,144)	(15,268,705)
Retained earnings	Retained earnings	128,994,758	119,257,558
Total permanent shareholders' equity	Total permanent shareholders' equity	163,672,245	184,422,902
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$249,821,410	$286,153,403

The accompanying notes are an integral part of these consolidated financial statements.

Diamond Hill Investment Group, Inc.
Consolidated Statements of Income

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021

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REVENUES:	**REVENUES:**			
Investment advisory	Investment advisory	$144,325,517	$170,137,609	$119,125,230
Investment advisory				
Investment advisory				
Mutual fund administration, net	Mutual fund administration, net	10,170,502	12,056,228	7,262,488
Total revenue	Total revenue	154,496,019	182,193,837	126,387,718
OPERATING EXPENSES:	**OPERATING EXPENSES:**			
Compensation and related costs, excluding deferred compensation expense (benefit)				
Compensation and related costs, excluding deferred compensation expense (benefit)				
Compensation and related costs, excluding deferred compensation expense (benefit)	Compensation and related costs, excluding deferred compensation expense (benefit)	70,505,216	73,591,327	58,291,670
Deferred compensation expense (benefit)	Deferred compensation expense (benefit)	(4,402,265)	7,082,153	2,218,898
General and administrative	General and administrative	13,606,922	14,020,836	11,002,572
Sales and marketing	Sales and marketing	7,159,686	7,659,423	5,999,846
Mutual fund administration	Mutual fund administration	3,294,983	3,581,960	3,336,575
Total operating expenses	Total operating expenses	90,164,542	105,935,699	80,849,561
NET OPERATING INCOME	**NET OPERATING INCOME**	64,331,477	76,258,138	45,538,157
NON-OPERATING INCOME (LOSS)	**NON-OPERATING INCOME (LOSS)**			
Investment income (loss), net				
Investment income (loss), net				
Investment income (loss), net	Investment income (loss), net	(20,186,511)	16,381,216	6,584,849
Gain on sale of High Yield-Focused Advisory Contracts	Gain on sale of High Yield-Focused Advisory Contracts	6,813,579	9,000,000	—
Total non-operating income (loss)	Total non-operating income (loss)	(13,372,932)	25,381,216	6,584,849

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NET INCOME BEFORE TAXES	**NET INCOME BEFORE TAXES**	50,958,545	101,639,354	52,123,006
Income tax expense	Income tax expense	(14,087,783)	(26,049,815)	(13,957,868)
NET INCOME	**NET INCOME**	36,870,762	75,589,539	38,165,138
Net loss (income) attributable to redeemable noncontrolling interest	Net loss (income) attributable to redeemable noncontrolling interest	3,563,345	(1,388,930)	495,407
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS**	$ 40,434,107	$ 74,200,609	$ 38,660,545
Earnings per share attributable to common shareholders	Earnings per share attributable to common shareholders			
Basic	Basic	$ 13.01	$ 23.34	$ 12.03
Basic				
Basic				
Diluted	Diluted	$ 13.01	$ 23.34	$ 12.03
Weighted average shares outstanding	Weighted average shares outstanding			
Basic	Basic	3,107,604	3,179,497	3,214,564
Basic				
Basic				
Diluted	Diluted	3,107,604	3,179,497	3,214,564

The accompanying notes are an integral part of these consolidated financial statements.

Diamond Hill Investment Group, Inc.

Consolidated Statements of Shareholders' Equity and Redeemable Noncontrolling Interest

	Shares Outstanding	Common Stock	Deferred Equity Compensation	Retained Earnings	Total	Redeemable Noncontrolling Interest
Balance at January 1, 2020	3,294,672	$95,853,477	$(20,331,890)	$117,334,094	$192,855,681	$ 14,178,824
Issuance of restricted stock grants	22,099	2,548,440	(2,548,440)	—	—	—
Amortization of restricted stock grants	—	—	5,227,574	—	5,227,574	—
Common stock issued as incentive compensation	23,640	3,396,359	—	—	3,396,359	—
Issuance of common stock related to 401(k) plan match	20,976	2,511,746	—	—	2,511,746	—
Shares withheld related to employee tax withholding obligations	(19,189)	(1,947,456)	—	—	(1,947,456)	—
Forfeiture of restricted stock grants	(15,625)	(2,904,638)	2,904,638	—	—	—
Repurchases of common stock	(157,750)	(18,646,982)	—	—	(18,646,982)	—
Cash dividends paid of $12.00 per share	—	—	—	(37,976,714)	(37,976,714)	—

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Net income (loss)		—	—	—	38,660,545	38,660,545	(495,407)
Net redemptions of consolidated funds		—	—	—	—	—	(4,311,084)
	Shares Outstanding	Shares Outstanding	Common Shares	Deferred Equity Compensation	Retained Earnings	Total	Redeemable Noncontrolling Interest
Balance at December 31, 2020	Balance at December 31, 2020	3,168,823	$80,810,946	$(14,748,118)	$118,017,925	$184,080,753	$ 9,372,333
Issuance of restricted stock grants	Issuance of restricted stock grants	69,879	11,105,508	(11,105,508)	—	—	—
Amortization of restricted stock grants	Amortization of restricted stock grants	—	—	7,182,299	—	7,182,299	—
Common stock issued as incentive compensation		3,681	529,806	—	—	529,806	—
Issuance of common stock related to 401(k) plan match		506	87,667	—	—	87,667	—
Issuance of common stock related to employee stock purchase plan		4,278	748,472	—	—	748,472	—
Common shares issued as incentive compensation							
Issuance of common shares related to 401(k) plan match							
Issuance of common shares related to employee stock purchase plan							
Shares withheld related to employee tax withholding obligations	Shares withheld related to employee tax withholding obligations	(10,057)	(1,625,413)	—	—	(1,625,413)	—
Forfeiture of restricted stock grants	Forfeiture of restricted stock grants	(19,847)	(3,402,622)	3,402,622	—	—	—
Repurchases of common stock		(45,727)	(7,820,315)	—	—	(7,820,315)	—
Repurchases of common shares							
Cash dividends paid of $23.00 per share	Cash dividends paid of $23.00 per share	—	—	—	(72,960,976)	(72,960,976)	—
Net income	Net income	—	—	—	74,200,609	74,200,609	1,388,930
Net subscriptions of consolidated funds							

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Net deconsolidations of Company sponsored investments	Net deconsolidations of Company sponsored investments	—	—	—	—	—	(3,303,818)
Net subscriptions of consolidated funds		—	—	—	—	—	10,298,891
Balance at December 31, 2021	Balance at December 31, 2021	3,171,536	$80,434,049	$(15,268,705)	$119,257,558	$184,422,902	$ 17,756,336
Issuance of restricted stock grants	Issuance of restricted stock grants	76,143	13,436,439	(13,436,439)	—	—	—
Amortization of restricted stock grants	Amortization of restricted stock grants	—	—	10,530,486	—	10,530,486	—
Common stock issued as incentive compensation		2,743	487,870	—	—	487,870	—
Issuance of common stock related to 401(k) plan match		211	37,313	—	—	37,313	—
Issuance of common stock related to employee stock purchase plan		3,392	619,159	—	—	619,159	—
Common shares issued as incentive compensation							
Issuance of common shares related to 401(k) plan match							
Issuance of common shares related to employee stock purchase plan							
Shares withheld related to employee tax withholding obligations	Shares withheld related to employee tax withholding obligations	(19,302)	(3,436,678)	—	—	(3,436,678)	—
Forfeiture of restricted stock grants	Forfeiture of restricted stock grants	(7,257)	(1,163,514)	1,163,514	—	—	—
Repurchases of common stock		(217,009)	(38,726,007)	—	—	(38,726,007)	—
Repurchases of common shares							
Cash dividends paid of $10.00 per share	Cash dividends paid of $10.00 per share	—	—	—	(30,696,907)	(30,696,907)	—
Net income (loss)	Net income (loss)	—	—	—	40,434,107	40,434,107	(3,563,345)
Net deconsolidations of Company sponsored investments	Net deconsolidations of Company sponsored investments	—	—	—	—	—	(9,528,503)

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Net subscriptions of consolidated funds	Net subscriptions of consolidated funds	—	—	—	—	—	9,461,710
Balance at December 31, 2022	Balance at December 31, 2022	3,010,457	$51,688,631	$(17,011,144)	$128,994,758	$163,672,245	$ 14,126,198
Issuance of restricted stock grants							
Amortization of restricted stock grants							
Issuance of common shares related to 401(k) plan match							
Issuance of common shares related to employee stock purchase plan							
Shares withheld related to employee tax withholding obligations							
Forfeiture of restricted stock grants							
Repurchases of common shares (inclusive of accrued excise tax of $255,969)							
Cash dividends paid of $6.00 per share							
Net income							
Net deconsolidations of Company sponsored investments							
Net subscriptions of consolidated funds							
Balance at December 31, 2023							

The accompanying notes are an integral part of these consolidated financial statements.

Diamond Hill Investment Group, Inc.
Consolidated Statements of Cash Flows

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		Year Ended December 31,			Year Ended December 31,		
		2022	2021	2020	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:	**CASH FLOWS FROM OPERATING ACTIVITIES:**						
Net income	Net income	$36,870,762	$75,589,539	$38,165,138			
Net income							
Net income							
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation							
Depreciation							
Depreciation	Depreciation	1,377,610	1,281,420	992,836			
Share-based compensation	Share-based compensation	10,660,673	7,415,170	7,739,320			
Increase (decrease) in accounts receivable	Increase (decrease) in accounts receivable	3,107,409	(2,666,551)	(582,502)			
Change in current income taxes	Change in current income taxes	(2,265,287)	1,058,278	3,592,561			
Change in deferred income taxes	Change in deferred income taxes	(4,526,654)	(1,410,106)	1,949,407			
Gain on sale of high yield-focused advisory contracts		(6,813,579)	(9,000,000)	—			
Gain on sale of High Yield-Focused Advisory Contracts							
Net loss (gain) on investments	Net loss (gain) on investments	24,471,894	(10,878,658)	(3,005,441)			
Net change in securities held by Consolidated Funds	Net change in securities held by Consolidated Funds	(14,039,687)	(50,430,607)	3,179,362			
Increase (decrease) in accrued incentive compensation	Increase (decrease) in accrued incentive compensation	(4,647,548)	9,365,224	5,180,849			
Increase (decrease) in deferred compensation	Increase (decrease) in deferred compensation	(6,603,304)	4,106,342	2,899,748			
Other changes in assets and liabilities	Other changes in assets and liabilities	1,890,346	1,882,186	(338,793)			

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Net cash provided by operating activities	Net cash provided by operating activities	39,482,635	26,312,237	59,772,485
CASH FLOWS FROM INVESTING ACTIVITIES:	**CASH FLOWS FROM INVESTING ACTIVITIES:**			
Purchase of property and equipment	Purchase of property and equipment	(101,454)	(1,104,981)	(2,450,421)
Purchase of property and equipment				
Purchase of property and equipment				
Purchase of Company sponsored investments	Purchase of Company sponsored investments	(7,606,958)	(21,395,411)	(14,852,892)
Proceeds from sale of Company sponsored investments	Proceeds from sale of Company sponsored investments	6,928,704	40,764,891	25,715,013
Proceeds from sale of high yield-focused advisory contracts		6,813,579	9,000,000	—
Net cash provided by investing activities		6,033,871	27,264,499	8,411,700
Proceeds from sale of High Yield-Focused Advisory Contracts				
Proceeds from sale of High Yield-Focused Advisory Contracts				
Proceeds from sale of High Yield-Focused Advisory Contracts				
Net cash provided by (used in) investing activities				
CASH FLOWS FROM FINANCING ACTIVITIES:	**CASH FLOWS FROM FINANCING ACTIVITIES:**			
Value of shares withheld related to employee tax withholding obligations	Value of shares withheld related to employee tax withholding obligations	(3,436,678)	(1,625,413)	(1,947,456)
Value of shares withheld related to employee tax withholding obligations				
Value of shares withheld related to employee tax withholding obligations				
Payment of dividends	Payment of dividends	(30,696,907)	(72,960,976)	(37,976,714)
Net subscriptions (redemptions) received from redeemable noncontrolling interest holders		9,461,710	10,298,891	(4,311,084)
Repurchase of common stock		(38,726,007)	(7,820,315)	(18,646,982)

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Net subscriptions received from redeemable noncontrolling interest holders				
Repurchase of common shares				
Proceeds received under employee stock purchase plan	Proceeds received under employee stock purchase plan	526,285	603,268	—
Net cash used in financing activities	Net cash used in financing activities	(62,871,597)	(71,504,545)	(62,882,236)
CASH AND CASH EQUIVALENTS	**CASH AND CASH EQUIVALENTS**			
Net change during the year				
Net change during the year				
Net change during the year	Net change during the year	(17,355,091)	(17,927,809)	5,301,949
At beginning of year	At beginning of year	80,550,393	98,478,202	93,176,253
At end of year	At end of year	$63,195,302	$80,550,393	$98,478,202
Supplemental cash flow information:	Supplemental cash flow information:			
Income taxes paid	Income taxes paid	$20,879,724	$26,401,643	$ 8,415,900
Income taxes paid				
Income taxes paid				
Supplemental disclosure of non-cash transactions:	Supplemental disclosure of non-cash transactions:			
Supplemental disclosure of non-cash transactions:				
Supplemental disclosure of non-cash transactions:				
Common stock issued as incentive compensation				
Common stock issued as incentive compensation				
Common stock issued as incentive compensation	Common stock issued as incentive compensation	$ 487,870	$ 529,806	$ 3,396,359
Charitable donation of corporate investments	Charitable donation of corporate investments	$ —	$ 366,555	$ —

The accompanying notes are an integral part of these consolidated financial statements.

Diamond Hill Investment Group, Inc.
Notes to Consolidated Financial Statements

Note 1 Business and Organization

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Diamond Hill Investment Group, Inc., an Ohio corporation ("DHIL"), and its subsidiaries (collectively, the "Company"), DHIL derives its consolidated revenues and net income from investment advisory and fund administration services provided by its wholly-owned subsidiary, Diamond Hill Capital Management, Inc., an Ohio corporation ("DHCM").

DHCM. DHCM is a registered investment adviser. DHCM is the investment adviser and administrator for the Diamond Hill Funds (the "Funds"), a series of open-end mutual funds. Funds. DHCM also provides investment advisory services to Diamond Hill Micro Cap Fund, LP ("DHMF"), DHMF, a private fund, separately managed accounts, collective investment trusts, CITs, other pooled vehicles including sub-advised funds, and model delivery programs.

Note 2 Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") SEC and in accordance with the instructions to Form 10-K. The Company believes that the disclosures contained herein are adequate to make the information presented not misleading.

These consolidated financial statements reflect, in the opinion of the Company, all material adjustments (which include only normal recurring adjustments) necessary to fairly present the Company's financial position as of December 31, 2022 December 31, 2023 and 2021, 2022, and results of operations for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020. 2021.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements as well as the reported amounts of revenue and expense during the reporting period. Estimates have been prepared based on the most current and best available information, but actual results could differ materially from those estimates.

Reclassification

Certain prior period amounts and disclosures may have been reclassified to conform to the current period's financial presentation.

Principles of Consolidation

The accompanying consolidated financial statements include the operations of the Company DHIL and its controlled consolidated subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

The Company DHCM holds certain investments in the Funds and DHMF for general corporate investment purposes, to provide seed capital for newly formed strategies, or to add capital to existing strategies. The Funds are organized in a series fund structure in which there are multiple mutual funds within one trust (the "Trust"). The Trust is an open-end investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). Each individual Fund represents a separate share class of a legal entity organized under the Trust. DHMF is organized as a Delaware limited partnership and is exempt from registration under the 1940 Act.

The Company DHIL consolidates all those subsidiaries and certain investments in over which the Company it has a controlling interest. The Company is generally deemed to have a controlling interest when it owns the majority of the voting interest of a voting rights entity ("VRE") or are is deemed to be the primary beneficiary of a variable interest entity ("VIE"). A VIE is an entity that lacks sufficient equity to finance its activities, or any entity whose equity holders do not have defined power to direct the activities of the entity normally associated with an equity investment. The Company's analysis to determine whether an entity is a VIE or a VRE involves judgment and considers consideration of several factors, including an entity's legal organization, equity structure, the rights of the investment holders, the Company's ownership interest in the entity, and its the Company's contractual involvement with the entity. The Company continually reviews and reconsiders its controlling interest, VIE or VRE conclusions upon the occurrence of certain events, such as changes to its ownership interest, or amendments to contract documents.

The Company performs its consolidation analysis at the individual Fund level and has concluded that the Funds are VREs because the structure of the Funds is such that the shareholders are deemed to have the power through voting rights to direct the activities that most significantly impact each Fund's economic performance. To the extent material, these The Funds are consolidated if Company DHIL ownership, directly or indirectly, represents a majority interest (greater than 50%). The Company records redeemable noncontrolling interests in consolidated investments for which the Company's Company's ownership is less than 100%. As of December 31, 2022 December 31, 2023, the Company has not consolidated any of the Funds. As of December 31, 2022, the Company consolidated the Diamond Hill International Fund. As of December 31, 2021, the Company consolidated the Diamond Hill International Fund and the Diamond Hill Large Cap Concentrated Fund (the "Consolidated Funds"). Fund. The Company de-consolidated deconsolidated the Diamond Hill International Fund during the year ended December 31, 2023 and deconsolidated the Diamond Hill Large Cap Concentrated Fund during the year ended December 31, 2022, de-consolidated as the Company's ownership declined to less than 50% during each of these years. The Company also deconsolidated the Diamond Hill Global Fund during the year ended December 31, 2021, and de-consolidated as the Diamond Hill Core Bond Fund and the Diamond Hill High Yield Fund was liquidated on December 17, 2021. The Fund(s) consolidated during the year ended December 31, 2020, applicable period are referred to as the Company's ownership declined to less than 50% during the years, respectively. "Consolidated Fund(s)."

DHCM is the investment manager advisor of DHMF and is the managing member of Diamond Hill Fund GP, LLC (the "General Partner"), which is the general partner of DHMF. DHCM is wholly-owned by, and consolidated with, the Company. DHIL. Further, DHCM, through its control of the General Partner, DHCM has the power to direct DHMF's economic activities and the right to receive investment advisory fees from DHMF that may be significant. DHMF commenced operations on June 1, 2021, and its underlying assets consist primarily of marketable securities.

The Company concluded DHMF was a VIE given that: (i) DHCM has disproportionately less voting interest than economic interest, and (ii) DHMF's DHMF's limited partners have full power to remove the General Partner (which is controlled by the Company) DHCM, which is controlled by DHIL) due to the existence of substantive kick-out rights. In addition, substantially all of DHMF's DHMF's activities are conducted on behalf of the General Partner, which has disproportionately few voting rights. The Company concluded it is not the primary beneficiary of DHMF as it lacks the power to control DHMF, since DHMF's DHMF's limited partners have single-party kick-out rights and can unilaterally remove the General

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Partner without cause. DHCM's investments in DHMF are reported as a component of the Company's investment portfolio and valued at DHCM's respective share of DHMF's net income or loss.

Gains and losses attributable to changes in the value of DHCM's interests in DHMF are included in the Company's reported investment income. The Company's exposure to loss as a result of its involvement with DHMF is limited to the amount of its investment. DHCM is not obligated to provide, and has not provided, financial or other support to DHMF, except for its investments to date and its contractually provided investment advisory responsibilities. The Company has not provided liquidity arrangements, guarantees, or other commitments to support DHMF's operations, and DHMF's creditors and interest holders have no recourse to the general credit of the Company.

Redeemable Noncontrolling Interest

Redeemable noncontrolling interest represents third-party interests in the Consolidated Funds. This interest is redeemable at the option of the investors, and therefore, is not treated as permanent equity. Redeemable noncontrolling interest is recorded at redemption value, which approximates the fair value each reporting period.

Segment Information

Management has determined that the Company operates in a single business segment, which is providing investment advisory and related services to clients through pooled vehicles, including the Funds and DHMF, collective investment trusts, separately managed accounts, model delivery programs, and CITs, other pooled vehicles including sub-advised funds. funds, and model delivery programs. Therefore, the Company does not present disclosures relating to operating segments in annual or interim financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and money market mutual funds held by DHCM. The Company considers all highly liquid temporary cash instruments with an original maturity of three months or less to be cash equivalents. The Company places its cash on deposit with U.S. financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Company's credit risk in the event of failure of these financial institutions is represented by the difference between the FDIC limit and the total amount on deposit. Management monitors the financial institutions' creditworthiness in conjunction with balances on deposit to minimize risk. The Company from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2023, the Company had $2.8 million and $44.2 million in demand deposits and money market mutual funds, respectively. As of December 31, 2022, the Company had $2.8 million and $60.4 million in demand deposits and money market mutual funds, respectively.

Accounts Receivable

The Company records accounts receivable when they are due and presents them on the balance sheet net of any allowance for doubtful accounts. Accounts receivable are written off when they are determined to be uncollectible. Any allowance for doubtful accounts is estimated based on the Company's historical losses, existing conditions in the industry, and the financial stability of the individual or entity that owes the receivable. No allowance for doubtful accounts was deemed necessary at either December 31, 2022 December 31, 2023 or 2021. 2022. Accounts receivable from the Funds were $9.3 million $9.1 million and $11.8 million $9.3 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Investments

Management determines the appropriate classification of its the Company's investments at the time of purchase and re-evaluates its determination for each reporting period.

Company sponsored investments, where the Company has neither the control nor the ability to exercise significant influence, as well as securities held in the Consolidated Funds, are measured at fair value based on quoted market prices. Unrealized gains and losses are recorded as investment income (loss) in the Company's consolidated statements of income.

Investments classified as equity method investments represent investments in which the Company owns 20% to 50% of the outstanding voting interests in the entity or where it is determined that the Company is able to exercise significant influence but not control over the investments. When using the equity method, the Company recognizes its respective share of the investee's net income or loss for the period, which is recorded as investment income (loss) in the Company's Company's consolidated statements of income.

Property and Equipment

Property and equipment, consisting of leasehold improvements, right-of-use lease assets, computer equipment, capitalized software, furniture, and fixtures are carried at cost less accumulated depreciation. Accumulated depreciation was $8.9 million $10.2 million and $7.5 million $8.9 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Depreciation is calculated using the straight-line method over the estimated lives of the assets.

Implementation costs incurred to develop or obtain internal-use software, including hosting arrangements, are capitalized and expensed on a straight-line basis over either the estimated useful life of the respective software or the term of the hosting arrangement.

Property and equipment is tested for impairment when there is an indication that the carrying amount of an asset may not be recoverable. When an asset is determined to not be recoverable, the impairment loss is measured based on the excess, if any, of the carrying value of the asset over its fair value.

Revenue Recognition – General

The Company recognizes revenue when it DHCM satisfies performance obligations under the terms of a contract with a client. The Company earns substantially all of its revenue from DHCM investment advisory and fund administration contracts. Investment advisory and fund administration fees, generally calculated as a percentage of AUM, are recorded as revenue as services are performed. In addition to fixed fees based on a percentage of AUM, certain client accounts also provide periodic performance-based fees.

Revenue earned under from contracts with clients for that was earned during the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 include:

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	Year Ended December 31, 2023		
	Investment advisory	Mutual fund administration, net	Total revenue
Diamond Hill Funds	$ 84,810,452	$ 7,536,871	$ 92,347,323
Separately managed accounts, excluding performance-based fees	24,898,695	—	24,898,695
Performance-based fees	1,176,351	—	1,176,351
Other pooled vehicles	9,261,533	—	9,261,533
Model delivery	5,211,113	—	5,211,113
Collective investment trusts	3,821,356	—	3,821,356
	$ 129,179,500	$ 7,536,871	$ 136,716,371

	Year Ended December 31, 2022		
	Investment advisory	Mutual fund administration, net	Total revenue
Diamond Hill Funds	$ 98,873,571	$ 10,170,502	$ 109,044,073
Separately managed accounts, excluding performance-based fees	26,200,724	—	26,200,724
Performance-based fees	1,500,225	—	1,500,225
Other pooled vehicles	9,410,541	—	9,410,541
Model delivery	5,910,061	—	5,910,061
Collective investment trusts	2,430,395	—	2,430,395
	$ 144,325,517	$ 10,170,502	$ 154,496,019

	Year Ended December 31, 2021		
	Investment advisory	Mutual fund administration, net	Total revenue
Diamond Hill Funds	$ 113,602,317	$ 12,056,228	$ 125,658,545
Separately managed accounts, excluding performance-based fees	27,882,488	—	27,882,488
Performance-based fees	11,860,051	—	11,860,051
Other pooled vehicles	10,166,928	—	10,166,928
Model delivery	4,977,234	—	4,977,234
Collective investment trusts	1,648,591	—	1,648,591
	$ 170,137,609	$ 12,056,228	$ 182,193,837

	Year Ended December 31, 2020		
	Investment advisory	Mutual fund administration, net	Total revenue
Diamond Hill Funds	$ 88,103,499	$ 7,262,488	$ 95,365,987
Separately managed accounts, excluding performance-based fees	19,772,236	—	19,772,236
Performance-based fees	473,315	—	473,315
Other pooled vehicles	7,606,864	—	7,606,864
Model delivery	2,656,487	—	2,656,487
Collective investment trusts	512,829	—	512,829
	$ 119,125,230	$ 7,262,488	$ 126,387,718

Revenue Recognition – Investment Advisory Fees

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DHCM's investment advisory contracts with clients have a single performance obligation because the contracted services are not separately identifiable from other obligations in the contracts, and therefore, are not distinct. All obligations to provide investment advisory services are satisfied over time by DHCM.

The fees DHCM receives for its services under its investment advisory contracts are based on AUM, which changes based on the value of securities held under each investment advisory contract. These fees are thereby constrained and represent variable consideration, and they are excluded from revenue until the AUM on which DHCM's client is billed is no longer subject to market fluctuations.

DHCM also provides its strategy model portfolios and related services to sponsors of model delivery programs. For its services, DHCM is paid a model delivery fee by the program sponsor at a pre-determined rate based on the amount of assets under advisement ("AUA") AUA in the program.

Revenue Recognition – Performance-Based Fees

DHCM manages certain client accounts that pay performance-based fees. These fees are calculated based on client investment results over rolling five-year periods. The Company records performance-based fees when it is probable that a significant reversal of the revenue will not occur. During the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, the Company recorded $1.5 million $1.2 million, $11.9 million $1.5 million, and $0.5 million $11.9 million, respectively, in performance-based fees. The Company recorded $11.9 million of performance-based fees during the year ended December 31, 2021, as a significant performance-based agreement reached the end of its first five-year measurement period on September 30, 2021. Since After the initial five-year contract measurement period ended, term, the performance-based fee has been is calculated annually based on the client investment results over the recently completed five-year period. The table below shows Company's next performance measurement period will be the twelve months ending September 30, 2024. AUM subject to performance-based fees and the amount of performance-based fees that would be recognized based upon investment results was approximately $518.9 million as of December 31, 2022:

	As of December 31, 2022	
	AUM subject to performance-based fees	Unearned performance-based fees
Contractual Measurement Period Ending:		
Quarter Ending September 30, 2023	$ 454,802,480	$ 306,875
Total	$ 454,802,480	$ 306,875

The contractual end date highlights the time remaining until the performance-based fees are scheduled to be earned. The amount of performance-based fees that would be recognized based upon investments results as of December 31, 2022, will increase or decrease based on future client investment results through the contractual period end. December 31, 2023.

Revenue Recognition – Mutual Fund Administration

DHCM has an administrative and transfer agency services agreement with the Funds under which DHCM performs certain services for each Fund. These services include performance obligations such as mutual fund administration, fund accounting, transfer agency, and other related functions. These services are performed concurrently under DHCM's agreement with the Funds, all performance obligations to provide these administrative services are satisfied over time, and the Company recognizes the related revenue as time progresses. Each Fund pays DHCM a fee for performing these services, which is calculated using an annual rate multiplied by the average daily net assets of each respective Fund share class. These fees are thereby constrained and represent variable consideration, and they are excluded from revenue until the AUM on which DHCM bills the Funds is no longer subject to market fluctuations.

The Funds have selected and contractually engaged certain vendors to fulfill various services to benefit the Funds' shareholders or to satisfy regulatory requirements of the Funds. These services include, among others, required shareholder mailings, federal and state registrations, and legal and audit services. In fulfilling a portion of its role under the administration and transfer agency services agreement with the Funds, DHCM acts as agent and pays for these services on behalf of the Funds. Each vendor is independently responsible for fulfillment of the services it has been engaged to provide and negotiates its fees and terms directly with the Funds' management and board of trustees. Each year, the Funds' board of trustees reviews the fee that each Fund pays to DHCM, and specifically considers the contractual expenses that DHCM pays on behalf of the Funds. As a result, DHCM is not involved in the delivery or pricing of these services, and bears no risk related to these services. Revenue has been recorded net of these Fund-related expenses.

Mutual fund administration gross and net revenue are summarized below:

		Year Ended December 31,			Year Ended December 31,		
		2022	2021	2020	2023	2022	2021
Mutual fund administration:	Mutual fund administration:						
Administration revenue, gross	Administration revenue, gross	$25,188,386	$29,635,451	$22,296,535			
Administration revenue, gross							
Administration revenue, gross							
Fund related expense	Fund related expense	(15,017,884)	(17,579,223)	(15,034,047)			

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Mutual fund administration revenue, net	Mutual fund administration revenue, net	$10,170,502	$12,056,228	$ 7,262,488

Income Taxes

The Company accounts for current and deferred income taxes through an asset and liability approach. Deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company is subject to examination by federal and applicable state and local jurisdictions for various tax periods. The Company's income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which it does business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws among those jurisdictions, and the inherent uncertainty in estimating the final resolution of complex tax audit matters, the Company's estimates of income tax liabilities may differ materially from actual payments or assessments. The Company regularly assesses its positions with regard to tax exposures and records liabilities for these uncertain tax positions and related interest and penalties, if any, according to the principles of FASB ASC Financial Accounting Standards

Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes.* Taxes. The Company records interest and penalties within income tax expense on the income statement. See Note 9.

Earnings Per Share

Basic and diluted earnings per share ("EPS") excludes dilution and is are computed by dividing net income attributable to common shareholders by the weighted average number of DHIL common shares outstanding for the period, which includes unvested restricted shares. See Note 10. 10**.**

Recently Adopted Accounting Guidance

The Company did not adopt any new accounting guidance during the year ended December 31, 2022 December 31, 2023 that had a material effect on its financial position or results of operations.

Newly Issued But Not Yet Adopted Accounting Guidance

The Company has considered all newly-issued accounting guidance that In December 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-09, "Improvements to Income Tax Disclosures." This update requires certain revisions to income tax disclosures, primarily disclosures related to rate reconciliation and income taxes paid. ASU 2023-09 is applicable to its operations and the preparation of its consolidated effective for financial statements including those it has not yet adopted. issued for annual periods beginning after December 15, 2024. The Company does not believe that any such guidance has or adoption of ASU 2023-09 will have a material effect on materially impact its financial position or results of operations. statements.

Note 3 Investments

The following table summarizes the carrying value of the Company's investments as of December 31, 2022 December 31, 2023 and 2021: 2022:

		As of December 31, 2022	As of December 31, 2021	As of December 31, 2023	As of December 31, 2022
		As of December 31, 2023			
Fair value investments:	Fair value investments:				
Securities held in Consolidated Funds(a)					
Securities held in Consolidated Funds(a)					
Securities held in Consolidated Funds(a)	Securities held in Consolidated Funds(a)	$ 54,740,993	$ 73,855,204		
Company-sponsored investments	Company-sponsored investments	66,828,910	79,173,437		

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Company-sponsored equity method investments	Company-sponsored equity method investments	24,105,808	13,627,360
Total Investments	Total Investments	$145,675,711	$166,656,001

(a) Of the securities held in the Consolidated Funds as of December 31, 2022, the Company DHCM directly held $37.5 million and non-controlling shareholders held $17.2 million. Of the securities held in the Consolidated Funds as

As of December 31, 2021 December 31, 2023, the Company directly held $55.8 million and non-controlling shareholders held $18.1 million.

did not consolidate any of the Funds. As of December 31, 2022, the Company has consolidated the Diamond Hill International Fund. As of December 31, 2021, securities held by the The Company in the Consolidated Funds consisted of the Diamond Hill Large Cap Concentrated Fund and deconsolidated the Diamond Hill International Fund during the year ended December 31, 2023, as the Company's ownership percentage in these investments was greater declined to less than 50%.

The components of net investment income (loss) are as follows:

	For the Year Ended December 31,					
	2022		2021		2020	
Realized gains (losses)	$	(118,408)	$	15,676,405	$	(1,488,059)
Change in unrealized gains / losses		(24,082,672)		(2,352,649)		5,348,243
Dividends		4,193,792		3,221,448		2,824,542
Other		(179,223)		(163,988)		(99,877)
Investment income (loss), net	$	(20,186,511)	$	16,381,216	$	6,584,849

	For the Year Ended December 31,					
	2023		2022		2021	
Realized gains (losses)	$	39,096	$	(118,408)	$	15,676,405
Change in unrealized		15,690,012		(24,082,672)		(2,352,649)
Dividends		7,517,393		4,193,792		3,221,448
Other loss		(175,060)		(179,223)		(163,988)
Investment income (loss), net	$	23,071,441	$	(20,186,511)	$	16,381,216

Company-Sponsored Equity Method Investments

As of December 31, 2023, the Company's equity method investments consisted of DHMF, the Diamond Hill International Fund, and the Diamond Hill Large Cap Concentrated Fund. The Company's ownership percentage in each of these investments was 85%, 49%, and 47%, respectively. The Company's ownership in DHMF, the Diamond Hill International Fund, and the Diamond Hill Large Cap Concentrated Fund includes $6.9 million of investments held in the Deferred Compensation Plans (as defined in Note 7).

As of December 31, 2022, the Company's equity method investments consisted of DHMF and the Diamond Hill Large Cap Concentrated Fund, and the Company's ownership percentage in each of these investments was 85% and 48%, respectively. The Company's ownership in DHMF and the Diamond Hill Large Cap Concentrated Fund includes $3.8 million of deferred compensation plan investments. investments from the Deferred Compensation Plans.

As of December 31, 2021, the Company's only equity method investment was DHMF, which commenced operations on June 1, 2021. The Company's ownership percentage in DHMF as of December 31, 2021 December 31, 2022 was 87%.

As of December 31, 2020, the Company had no equity method investments. During 2020, there were periods of time when the Company's ownership in the Diamond Hill Research Opportunities Fund2 and the Diamond Hill Core Bond Fund was between 20% and 50%, respectively, and thus, a portion of these Funds' income is included in the table below for the year ended December 31, 2020.

The following table includes the condensed summary financial information from the Company's equity method investments as of December 31, 2022 December 31, 2023 and 2021, 2022, and for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020: 2021:

		As of December 31,	
		2022	2021
		As of December 31, 2023	As of December 31, 2022
Total assets	Total assets	$ 38,828,388	$15,879,492

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Total liabilities	Total liabilities		278,675	270,446
Net assets	Net assets		38,549,713	15,609,046
DHCM's portion of net assets	DHCM's portion of net assets	$	24,105,808	$13,627,360

		For the Year Ended December 31,				
	2022	2021	2020			
		For the Year Ended December 31,				
		For the Year Ended December 31,				
		For the Year Ended December 31,				
	2023			2023	2022	2021
Investment income	Investment income	$ 413,528	$ 106,440	$ 4,246,021		
Expenses	Expenses	134,478	37,820	1,114,278		
Net realized gains (losses)		378,476	—	(1,577,639)		
Net realized gains						
Change in unrealized	Change in unrealized	(402,230)	977,920	2,289,667		
Net income	Net income	255,296	1,046,540	3,843,771		
DHCM's portion of net income (loss)	DHCM's portion of net income (loss)	$(405,393)	$ 914,855	$ 1,807,279		

The Company's investments at December 31, 2022 December 31, 2023 and 2021 2022 include its interest in DHMF, an unconsolidated VIE, as the Company is not deemed the primary beneficiary. The Company's maximum risk of loss related to its involvement with DHMF is limited to the carrying value of its investment which was $13.1 million $17.7 million and $13.6 million $13.1 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Note 4 Fair Value Measurements

The Company determines the fair value of its cash equivalents and certain investments using the following broad levels listed below:

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-driven valuations in which all significant inputs are observable.

Level 3 - Valuations derived from techniques in which significant inputs are unobservable. The Company does not value any investments using Level 3 inputs.

These levels are not necessarily an indication of the risk or liquidity associated with investments.

2 In October 2020, the Diamond Hill Research Opportunities Fund merged into the Diamond Hill Long-Short Fund.

The following table summarizes investments that are recognized in the Company's consolidated balance sheet using fair value measurements (excludes investments classified as equity method investments) determined based upon the differing levels as of December 31, 2022 December 31, 2023 and 2021: 2022:

December 31, 2023	**December 31, 2023**	Level 1	Level 2	Level 3	Total
Cash equivalents					
Fair value investments					

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Company-sponsored investments

Company-sponsored investments

Company-sponsored investments

December 31, 2022	December 31, 2022	Level 1	Level 2	Level 3	Total
December 31, 2022					
December 31, 2022					
Cash equivalents					
Cash equivalents					
Cash equivalents	Cash equivalents	$60,412,001	—	—	$60,412,001
Fair value investments	Fair value investments				
Securities held in Consolidated Funds(a)	Securities held in Consolidated Funds(a)	21,542,950	$33,198,043	—	54,740,993
Company-sponsored investments		66,828,910	—	—	66,828,910
December 31, 2021					
Cash equivalents		76,836,186	—	—	76,836,186
Fair value investments					
Securities held in Consolidated Funds(a)					
Securities held in Consolidated Funds(a)	Securities held in Consolidated Funds(a)	41,280,398	$32,574,806	—	73,855,204
Company-sponsored investments	Company-sponsored investments	$79,173,437	—	—	$79,173,437

(a) Of the securities held in the Consolidated Funds as of December 31, 2022, the Company directly held $37.5 million and non-controlling shareholders held $17.2 million. Of the securities held in the Consolidated Funds as of December 31, 2021, the Company directly held $55.8 million and non-controlling shareholders held $18.1 million.

Changes to fair values of the investments are recorded in the Company's consolidated statements of income as investment income (loss), net.

Note 5 Line of Credit

The Company has a committed Line of Credit Agreement (the "Credit Agreement") with a commercial bank that matures on December 14, 2023 December 12, 2024, which permits the Company to borrow up to $25.0 million. Borrowings under the Credit Agreement bear interest at a rate equal to the Secured Overnight Financing Rate plus 1.10%. The Company pays a commitment fee on the unused portion of the facility, accruing at a rate per annum of 0.10%.

The proceeds of the Credit Agreement may be used by the Company and its subsidiaries for ongoing working capital needs, to seed new and existing investment strategies, and for other general corporate purposes. The Credit Agreement contains customary representations, warranties, and covenants.

The Company did not borrow under the Credit Agreement during the year ended December 31, 2022 December 31, 2023, and no borrowings were outstanding as of December 31, 2022 December 31, 2023.

Note 6 Capital Stock

Common Shares

DHIL has only one class of securities outstanding, common shares, no par value per share.

Authorization of Preferred Shares

DHIL's Amended and Restated Articles of Incorporation authorize the issuance of 1,000,000 "blank check" preferred shares with such designations, rights, and preferences as may be determined from time to time by DHIL's board of directors ("Board"). the Board. The Board is authorized, without shareholder approval, to issue preferred shares with dividend,

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liquidation, conversion, voting, or other rights, which could adversely affect the voting or other rights of the holders of the common shares. There were no preferred shares issued or outstanding as of either December 31, 2022 December 31, 2023, or 2021. 2022.

Note 7 Compensation Plans

Share-Based Payment Transactions

The Company maintains the shareholder-approved Diamond Hill Investment Group, Inc. 2022 Equity and Cash Incentive Plan (the "2022 Plan"), which authorizes the issuance of 300,000 common shares of DHIL stock in various forms of equity awards.

As of December 31, 2022 December 31, 2023, there were 292,679 234,952 common shares available for grants under the 2022 Plan. Previously, the Company issued equity awards under the Diamond Hill Investment Group, Inc. 2014 Equity and Cash Incentive Plan (the "2014 Plan").

There are no longer any DHIL common shares available for issuance under the 2014 Plan, although certain grants previously made under the 2014 Plan remain issued and outstanding.

Restricted stock grants represent common shares issued and outstanding upon grant subject to vesting restrictions. The Company issues restricted stock grants that cliff vest after five years to all new Company employees upon hire and additional awards annually to key existing Company employees in the form of three-year graded vesting stock grants.

Restricted stock grants are valued based upon the fair market value of the represent DHIL common shares on the applicable issued and outstanding upon grant date. that remain subject to restrictions until specified vesting conditions are satisfied. The Company issues to all new Company employees upon hire restricted stock grants are recorded as deferred compensation in that cliff vest after five years.After the equity section end of each year, the balance sheet Company also issues to certain key employees restricted stock grants that vest ratably on the grant date and then recognized as compensation expense on a straight-line an annual basis over the vesting period of the respective grant. The Company's policy is to adjust compensation expense for forfeitures as they occur. three years.

Compensation and related costs, excluding deferred compensation expense (benefit) includes expenses related to restricted stock grants of $10.5 million $11.6 million, $7.2 million $10.5 million, and $5.2 million $7.2 million, for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively.

The following table represents a roll-forward of outstanding restricted stock and related activity for the year ended December 31, 2022 December 31, 2023:

	Shares	Weighted-Average Grant Date Price per Share
Outstanding Restricted Stock as of December 31, 2021	201,170	$165.61

		Shares	Shares	Weighted-Average Grant Date Price per Share
Outstanding Restricted Stock as of December 31, 2022				
Grants issued	Grants issued	76,143	176.46	
Grants vested	Grants vested	(50,597)	182.66	
Grants forfeited	Grants forfeited	(7,257)	160.33	
Outstanding Restricted Stock as of December 31, 2022		219,459	$165.62	

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Outstanding Restricted Stock as of December 31, 2023

The weighted-average grant date price per share of restricted stock issued during the years ended December 31, 2021 December 31, 2022 and 2020 2021 was $158.92 $176.46 and $115.32, $158.92, respectively. The total fair value of restricted stock vested, as of their respective vesting dates, during the years ended December 31, 2022 December 31, 2023, 2022, and 2021 and 2020 was $9.1 million $13.8 million, $5.2 million $9.1 million, and $5.2 million, respectively.

Total deferred equity compensation related to unvested restricted stock grants was $17.0 million $15.4 million as of December 31, 2022 December 31, 2023. The recognition of compensation expense related to deferred compensation over the remaining vesting periods is as follows:

	2023	2024	2025	2026	2027	Thereafter	Total
2024							
	2024	2025	2026	2027	2028	Thereafter	Total
$	9,263,069	$5,765,571	$1,511,987	$334,795	$135,722	$ —	$17,011,144

Employee Stock Purchase Plan

Under the Diamond Hill Investment Group, Inc. Employee Stock Purchase Plan (the "ESPP"), ESPP, eligible employees may purchase shares of DHIL's DHIL common stock shares at 85% of the fair market value on the last day of each offering period. Each offering period is approximately three months, coinciding which coincides with the Company's fiscal quarters. During the year ended December 31, 2022 December 31, 2023, ESPP participants purchased 3,392 2,904 DHIL common shares of common stock for $0.5 million $0.4 million and the Company recorded $0.1 million of share-based payment expense related to these purchases. During the year ended December 31, 2021 December 31, 2022, ESPP participants purchased 4,278 3,392 DHIL common shares of common stock for $0.6 million $0.5 million and the Company recorded $0.1 million of share-based payment expense related to these purchases.

As of December 31, 2022 December 31, 2023, 92,330 89,426 DHIL common shares of DHIL's common stock was were reserved for future issuance through the ESPP.

Stock Share Grant Transactions

The following table represents DHIL common shares issued as part of the Company's incentive compensation program during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020: 2021:

		Shares Issued	Grant Date Value
	Shares Issued	Shares Issued	Grant Date Value
December 31, 2023			
December 31, 2022	December 31, 2022	2,743	$ 487,870
December 31, 2021	December 31, 2021	3,681	$ 529,806
December 31, 2020		23,640	$3,396,359

401(k) Plan

The Company sponsors a 401(k) plan in which all Company employees are eligible to participate. Employees Company employees may contribute a portion of their compensation subject to certain limits based on federal tax laws. The Company matches employee contributions equal to 250.0% of the first 6.0% of an employee's compensation contributed to the plan. Since January 1, 2021, the The Company has settled may settle the 401(k) plan matching contributions in cash or common shares of the Company based on the election of the employees. Prior to January 1, 2021 Company. After June 1, 2023, the Company made all matching contributions in DHIL stock. cash. Employees become fully vested vest ratably in the matching contributions after six plan years of employment. over a five year period. The following table summarizes the Company's expenses attributable to the 401(k) plan during the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

		Shares Issued	Share Contributions	Cash Contributions	Total Company Contributions
	Shares Issued	Shares Issued	Share Contributions	Cash Contributions	Total Company Contributions
December 31, 2023					
December 31, 2022	December 31, 2022	211	$ 37,313	$ 2,910,156	$ 2,947,469
December 31, 2021	December 31, 2021	506	$ 87,667	$ 2,779,641	$ 2,867,308

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December 31, 2020	20,976	$ 2,511,746	—	$ 2,511,746

Deferred Compensation Plans

The Company offers two deferred compensation plans: the Diamond Hill Fixed Term Deferred Compensation Plan and the Diamond Hill Variable Term Deferred Compensation Plan (together, the "DC Plans"). Under the DC Deferred Compensation Plans, participants may elect to voluntarily defer, for a minimum of five years (subject to an earlier distribution in the case of the participant's death or disability or a change in control of DHIL), certain incentive compensation that the Company then contributes may contribute into the DC Deferred Compensation Plans. Participants are responsible for designating investment options for the assets they contribute, and the distribution paid to each participant reflects any gains or losses on the assets realized in connection with the DC Deferred Compensation Plans. Assets held in the DC Deferred Compensation Plans are included in the Company's investment portfolio, and the associated obligation to participants is included in deferred compensation liability. Deferred compensation liability was $30.7 million $36.1 million and $37.3 million $30.7 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Note 8 Operating Leases

The Company currently leases office space of approximately 37,829 square feet at one location.

As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, the carrying value of this right-of-use asset, which is included in property and equipment, was approximately $1.1 million $0.6 million and $1.6 million $1.1 million, respectively, net of deferred rent on the consolidated balance sheets. As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, the carrying value of the lease liability was approximately $1.4 million $0.8 million and $2.0 million $1.4 million, respectively, which is included in accounts payable and accrued expenses on the consolidated balance sheets.

The following table summarizes the total lease and the related operating expenses for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020: 2021:

				For the year ended December 31,	
	2022	2021	2020		
2023				2023	2022	2021
$	918,496	$932,637	$947,398		

Lease expense and the related operating expenses are recorded in general and administrative expenses on the consolidated statements of income.

The approximate future minimum lease payments under the operating lease are as follows:

Future Minimum Lease Payments by Year	Future Minimum Lease Payments by Year							
2023	2024	2025	Thereafter	Total			
2024							
2024							
2024					2025	Thereafter	Total
$	624,179	$624,179	$156,044	$ —	$1,404,402		

In addition to the above lease payments, the Company is also responsible for normal operating expenses of the property. These annual operating expenses were approximately $0.4 million in each of 2023, 2022, 2021, and 2020. 2021.

Note 9 Income Taxes

The provision for income taxes consists of:

		For the year ended December 31,			For the year ended December 31,		
		2022	2021	2020	2023	2022	2021
Current federal income tax provision	Current federal income tax provision	$14,494,857	$20,987,801	$ 9,633,927			

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Current state and local income tax provision	Current state and local income tax provision	4,119,580	6,472,120	2,374,534
Deferred income tax expense (benefit)	Deferred income tax expense (benefit)	(4,526,654)	(1,410,106)	1,949,407
Provision for income taxes	Provision for income taxes	$14,087,783	$26,049,815	$13,957,868

The following table reconciles the statutory federal income tax rate to the Company's effective income tax rate:

		2022	2021	2020				
	2023					2023	2022	2021
Statutory U.S. federal income tax rate	Statutory U.S. federal income tax rate	21.0 %	21.0 %	21.0 %	Statutory U.S. federal income tax rate	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal benefit	State and local income taxes, net of federal benefit	4.7	4.8	4.5				
Internal revenue code section 162 limitations	Internal revenue code section 162 limitations	1.5	0.9	1.2				
Excess tax deficit on vesting of restricted stock	Excess tax deficit on vesting of restricted stock	0.1	0.1	1.2				
Income tax benefit from dividends paid on restricted stock	Income tax benefit from dividends paid on restricted stock	(0.9)	(1.0)	(0.9)				
Other	Other	(0.6)	0.2	(0.5)				
Unconsolidated effective income tax rate	Unconsolidated effective income tax rate	25.8 %	26.0 %	26.5 %	Unconsolidated effective income tax rate	26.8 %	25.8 %	26.0 %
Impact attributable to redeemable noncontrolling interest (a)	Impact attributable to redeemable noncontrolling interest (a)	1.8	(0.4)	0.3				
Effective income tax rate	Effective income tax rate	27.6 %	25.6 %	26.8 %	Effective income tax rate	26.4 %	27.6 %	25.6 %

(a) The provision for income taxes includes expense (benefit) attributable to the fact that the Company's operations include the Consolidated Funds, which are not subject to federal income taxes. Accordingly, a portion of the Company's earnings are not subject to corporate tax levels.

Deferred income taxes and benefits arise from temporary differences between taxable income for financial statement and income tax return purposes. Net deferred tax assets consisted of the following as of December 31, 2022 December 31, 2023 and 2021: 2022:

		2022	2021		
	2023			2023	2022
Stock-based compensation	Stock-based compensation	$ 3,416,038	$3,446,638		

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Accrued compensation	Accrued compensation	9,297,425	10,527,397
Unrealized losses (gains)		2,362,688	(3,255,684)
Unrealized (gains) losses			
Property and equipment	Property and equipment	(712,794)	(886,164)
Other assets and liabilities	Other assets and liabilities	10,849	15,365
Net deferred tax assets	Net deferred tax assets	$14,374,206	$9,847,552

The net temporary differences incurred to date will reverse in future periods as the Company generates taxable earnings. The Company believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize the net deferred tax assets recorded. The Company records a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of December 31, 2022 December 31, 2023, no valuation allowance was deemed necessary.

FASB ASC 740, *Income* Taxes, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company recognizes tax benefits related to positions taken, or expected to be taken, on its tax returns, only if the positions are “more-likely-than-not” sustainable. Once this threshold has been met, the Company’s measurement of its expected tax benefits is recognized in its financial statements. The Company did not record an accrual for tax-related uncertainties or unrecognized tax positions as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The Company does not expect a change to the reserve for uncertain tax positions within the next twelve months that would have a material impact on the consolidated financial statements.

The Company and its subsidiaries file income tax returns with the Internal Revenue Service and the taxing authorities of various states. Generally, the Company is subject to federal, state, and local examinations by tax authorities for the tax years ended December 31, 2018 December 31, 2019 through 2022. 2023.

Note 10 Earnings Per Share

The Company’s common shares outstanding consist of all shares issued and outstanding, including unvested restricted shares. Basic and diluted EPS are calculated under the two-class method. The following table sets forth the computation for basic and diluted EPS and reconciliation between basic and diluted shares outstanding:

		Year Ended December 31,			Year Ended December 31,		
		2022	2021	2020	2023	2022	2021
Net income	Net income	$36,870,762	$75,589,539	$38,165,138			
Less: Net loss (income) attributable to redeemable noncontrolling interest	Less: Net loss (income) attributable to redeemable noncontrolling interest	3,563,345	(1,388,930)	495,407			
Net income attributable to common shareholders	Net income attributable to common shareholders	$40,434,107	$74,200,609	$38,660,545			
Weighted average number of outstanding shares		3,107,604	3,179,497	3,214,564			
Dilutive impact of restricted stock units		—	—	—			
Weighted average number of outstanding shares - Basic							
Weighted average number of outstanding shares - Basic							
Weighted average number of outstanding shares - Basic							

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Weighted average number of outstanding shares - Diluted	Weighted average number of outstanding shares - Diluted	3,107,604	3,179,497	3,214,564
Earnings per share attributable to common shareholders	Earnings per share attributable to common shareholders			
Earnings per share attributable to common shareholders				
Earnings per share attributable to common shareholders				
Basic				
Basic				
Basic	Basic	$ 13.01	$ 23.34	$ 12.03
Diluted	Diluted	$ 13.01	$ 23.34	$ 12.03

Note 11 Commitments and Contingencies

The Company indemnifies its directors, officers, and certain employees for certain liabilities that may arise from the performance of their duties to the Company. From time to time, the Company and its subsidiaries may be involved in legal matters incidental to its business. There are currently no such legal matters pending that the Company believes will have a material adverse effect on its consolidated financial statements. However, litigation involves an element of uncertainty, and future developments could cause legal actions or claims to have a material adverse effect on our financial condition, results of operations, and liquidity.

Additionally, in the normal course of business, the Company enters into agreements that contain a variety of representations and warranties and that provide general indemnification obligations. Certain agreements do not contain any limits on the Company's liability and could involve future claims that may be made against the Company that have not yet occurred. Therefore, it is not possible to estimate the Company's potential liability under these indemnities. Further, the Company maintains insurance policies that may provide full or partial coverage against certain of these liabilities.

Note 12 Sale of the High Yield-Focused Investment Advisory Contracts

DHCM entered into an asset purchase agreement dated February 2, 2021 (the "Purchase Agreement") with Brandywine Global, Investment Management, LLC ("Brandywine Global"), a specialist investment manager of Franklin Resources, Inc. The transaction closed on July 30, 2021, at which time Brandywine Global acquired the investment advisory contracts (the "High High Yield-Focused Advisory Contracts") of DHCM's two high yield-focused mutual funds - the Corporate Credit Fund and the High Yield Fund. Contracts. After the closing, the Corporate Credit Fund and the High Yield Fund were renamed as the BrandywineGLOBAL Corporate Credit Fund and the BrandywineGLOBAL High Yield Fund (the "High Yield-Focused Funds").

DHCM determined the gain on this transaction in accordance with FASB ASC 610-20, *Gains and Losses from the Derecognition of Nonfinancial Assets*. DHCM received an initial cash payment at closing of $9.0 million, which was included in gain on sale of
High Yield-Focused Advisory Contracts in the consolidated statements of income during the third quarter of 2021.

Under the terms of the Purchase Agreement, DHCM received an additional payment of $6.8 million based on the net revenue of the High Yield-Focused Funds on July 30, 2022, which effectively closing the transaction. The additional payment was included in gain on sale of High Yield-Focused Advisory Contracts in the consolidated statements of income during the third quarter of 2022.

Note 13 Subsequent Events

On February 23, 2023 February 28, 2024, the Board approved a quarterly cash dividend of $1.50 per share, payable on March 17, 2023 March 22, 2024, to shareholders of record as of March 6, 2023 March 11, 2024.

ITEM 9. Changes in and Disagreements with With Accountants on Accounting and Financial Disclosures

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None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, including the Chief Executive Officer and the Chief Financial Officer, has conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act) as of the end of the period covered by this Form 10-K (the "Evaluation Date"). Based on such evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to ensure that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2022 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023 based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2022 December 31, 2023.

The Company's independent registered public accounting firm, KPMG LLP, has audited the Company's 2022 2023 and 2021 2022 consolidated financial statements included in this Form 10-K and the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, and has issued its Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements and the Company's internal control over financial reporting, which is included in this Form 10-K.

Inherent Limitations on Effectiveness of Controls

There are inherent limitations in the effectiveness of any control system, including the potential for human error and the possible circumvention or overriding of controls and procedures. Additionally, judgments in decision-making may be faulty and breakdowns may occur because of a simple error or mistake. An effective control system can provide only reasonable, not

absolute, assurance that the control objectives of the system are adequately met. Accordingly, management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the control system can prevent or detect all errors or fraud. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Diamond Hill Investment Group, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Diamond Hill Investment Group, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of income, shareholders' equity and redeemable noncontrolling

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interest, and cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 23, 2023 February 29, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Columbus, Ohio
February 23, 2023 29, 2024

ITEM 9B. Other Information

None. During the quarter ended December 31, 2023, no director or officer (as defined under Rule 16a-1 of the Exchange Act) adopted or terminated any Rule 10b5-1 trading arrangements or any non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Information required by this Item 10 is incorporated herein by reference from the Company's definitive proxy statement for its 2023 2024 annual meeting of shareholders, which will be filed with the SEC no later than 120 days after December 31, 2022 December 31, 2023, pursuant to Regulation 14A of the Exchange Act (the "2023 "2024 Proxy Statement"), under the captions: "Delinquent Section 16(a) Reports", "Proposal 1 - Election of Directors", "Proposal 1 - Election of Directors - The Board of Directors and Committees", "Proposal 1 - Election of Directors - Corporate Governance", and "Proposal 1 - Election of Directors - Executive Compensation".

ITEM 11. Executive Compensation

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Information required by this Item 11 is incorporated herein by reference from the 2023 2024 Proxy Statement under the captions: “Proposal 1 - Election of Directors - The Board of Directors and Committees”, “Proposal 1 - Election of Directors - Corporate Governance”, and “Executive Compensation” (excluding the information under the subheadings “Pay Versus Performance Table,” “Tabular List of Important Financial Performance Measures” and “Analysis of Information Presented in the Pay Versus Performance Table”).

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The following table sets forth certain information concerning the Company's equity compensation plans at December 31, 2022 December 31, 2023:

Equity Compensation Plan Information

Plan category	(a) Number of securities to be issued upon the exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
Equity compensation plans approved by security holders	—	—	292,679 [1]

1 Plan category	(a) Number of securities to be issued upon the exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)	(c)
Equity compensation plans approved by security holders	—	—	234,952	1

[1] This amount reflects the common shares that may be issued under the 2022 Plan.

The other information required by this Item 12 is incorporated herein by reference from the 2023 2024 Proxy Statement under the captions: “Security Ownership of Certain Beneficial Owners and Management” and “Proposal 1 – Election of Directors – Executive Compensation.”

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item 13 is incorporated herein by reference from the 2023 2024 Proxy Statement under the caption: “Proposal 1 – Election of Directors – Director Independence” and “Proposal 1 – Election of Directors – Corporate Governance”.

ITEM 14. Principal Accountant Fees and Services

Information required by this Item 14 is incorporated herein by reference from the 2023 2024 Proxy Statement under the caption: “Proposal 2 – Ratification of the Appointment of Independent Registered Public Accounting Firm”.

PART IV

ITEM 15. Exhibit and Financial Statement Schedules

(a) (1) Financial Statements: See “Index to the Consolidated Financial Statements” within Part II. Item 8, Financial Statements and Supplementary Data.

(2) Financial Statement Schedules: All financial statement schedules for which provision is made in the applicable accounting regulations of the SEC are omitted because they are not required or the required information is included in the accompanying financial statements or notes thereto.

(3) Exhibits:

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3.1	Amended and Restated Articles of Incorporation of the Company (Incorporated by reference from Exhibit 3(i) to the Current Report on Form 8-K filed with the SEC on May 7, 2002; File No. 000-24498.) DHIL.
3.2	Certificate of Amendment by Shareholders to the Articles of Incorporation of the Company (Incorporated by reference from Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on April 28, 2017; File No. 000-24498.)
3.3	Amended and Restated Code of Regulations of the Company (Incorporated (incorporated by reference from Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC on April 28, 2017; File No. 000-24498. 000-24498).
4.1	Description of the Company's DHIL Capital Stock (Incorporated (incorporated by reference from Exhibit 4.1 to the Annual Report on Form 10-K filed on February 27, 2020; file No. 000-24498).
10.1	Amended and Restated Investment Management Agreement between Diamond Hill Capital Management, Inc. and the Diamond Hill Funds dated November 17, 2011, as amended November 21, 2013 (Incorporated (incorporated by reference from Exhibit 28(d)(xi) to Form N-1A filed by Diamond Hill Funds as a 485BPOS on October 10, 2017; File Nos. 333-22075 and 811-08061).
10.2	Amended and Restated Administrative and Transfer Agency Services Agreement dated as of May 31, 2002, as amended January 1, 2016, between Diamond Hill Capital Management, Inc. and the Diamond Hill Funds (Incorporated (incorporated by reference from Exhibit 28(h)(vii) to Form N-1A filed by Diamond Hill Funds as a 485BPOS on October 10, 2017; File Nos. 333-22075 and 811-08061).
10.3*	Diamond Hill Investment Group, Inc. 2014 Equity and Cash Incentive Plan. (Incorporated (incorporated by reference from Exhibit 10.1 to the Registration Statement on Form S-8 filed with the SEC on June 27, 2014; File No 333-197064. 333-197064).
10.4*	Diamond Hill Investment Group, Inc. 2014 Equity and Cash Incentive Plan Form of Restricted Stock Award Agreement - Employee New Hire (Incorporated (incorporated by reference from Exhibit 10.4 to the Annual Report on Form 10-K filed with the SEC on February 21, 2019; File No. 000-24498. 000-24498).
10.5*	Diamond Hill Investment Group, Inc. 2014 Equity and Cash Incentive Plan Form of Restricted Stock Award Agreement - Employee Long-Term Incentive (Incorporated (incorporated by reference from Exhibit 10.14 to the Annual Report on Form 10-K filed with the SEC on February 25, 2022; File No. 000-24498.) 000-24498).
10.6*	Diamond Hill Investment Group, Inc. 2014 Equity and Cash Incentive Plan Form of Restricted Stock Award Agreement - Director (Incorporated (incorporated by reference from Exhibit 10.15 to the Annual Report on Form 10-K filed with the SEC on February 25, 2022; File No. 000-24498.) 000-24498).
10.7*	Diamond Hill Investment Group, Inc. 2022 Equity and Cash Incentive Plan ((Incorporated incorporated by reference from Exhibit 99.1 to the Registration Statement on Form S-8 filed with the SEC on June 14, 2022; File No 333-265582. 333-265582).
10.8*	2022 Equity and Cash Incentive Plan Form of Restricted Stock Award Agreement - Employee New Hire ((Incorporated incorporated by reference from Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on July 28, 2022; File No. 000-24498. 000-24498).
10.9*	2022 Equity and Cash Incentive Plan Form of Restricted Stock Award Agreement - Employee Long-Term Incentive (Incorporated (incorporated by reference from Exhibit 10.2 to the Quarterly Report on Form 10-Q filed with the SEC on July 28, 2022; File No. 000-24498. 000-24498).
10.10*	2022 Equity and Cash Incentive Plan Form of Restricted Stock Award Agreement - Director (Incorporated (incorporated by reference from Exhibit 10.3 to the Quarterly Report on Form 10-Q filed with the SEC on July 28, 2022; File No. 000-24498. 000-24498).
10.11*	Diamond Hill Investment Group, Inc. Compensation Recoupment and Restitution Policy (Incorporated by reference from Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on April 27, 2020; File No. 000-24498.)
10.12*	Diamond Hill Investment Group, Inc. Compensation Recoupment and Restitution Policy Acknowledgment. (Incorporated by reference from Exhibit 10.6 to the Annual Report on Form 10-K filed with the SEC on February 25, 2022; File No. 000-24498.)
10.13*	Diamond Hill Fixed Term Deferred Compensation Plan ((Incorporated incorporated by reference from Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 30, 2013; File No. 000-24498. 000-24498).
10.14*10.12*	Diamond Hill Variable Term Deferred Compensation Plan ((Incorporated incorporated by reference from Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on April 30, 2013; File No. 000-24498. 000-24498).
10.15*10.13*	First Amendment to the Diamond Hill Fixed Term Deferred Compensation Plan ((Incorporated incorporated by reference from Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 28, 2013; File No. 000-24498. 000-24498).

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10.16*10.14*	First Amendment to the Diamond Hill Variable Term Deferred Compensation Plan ((Incorporated incorporated by reference from Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on May 28, 2013; File No. 000-24498. 000-24498).
10.15*	Second Amendment to the Diamond Hill Variable Term Deferred Compensation Plan.
10.16*	Third Amendment to the Diamond Hill Variable Term Deferred Compensation Plan.
10.17*	Employment Agreement between Heather E. Brilliant and Diamond Hill Capital Management, Inc., dated October 26, 2021 (Incorporated (incorporated by reference from Exhibit 10.1 to the Quarterly Report on Form 10-Q, filed with the SEC on October 26, 2021; File No. 000-24498).
10.18*	Amendment to Employment Agreement for Heather E. Brilliant, dated March 31, 2023 (incorporated by reference from Exhibit 10.1 to the Quarterly Report on Form 10-Q, filed with the SEC on May 10, 2023; File No. 000-24498).
10.19*	10.18*Amendment No. 2 to Employment Agreement between Heather E. Brilliant and Diamond Hill Capital Management, Inc. dated November 14, 2023.
10.20*	Diamond Hill Investment Group, Inc. Employee Stock Purchase Plan (Incorporated (incorporated by reference from Exhibit 10.3 to the Quarterly Report on Form 10-Q filed with the SEC on October 27, 2020; File No. 000-24498. 000-24498).
10.1910.21*	Asset Purchase Agreement By and Between Brandywine Global Investment Management, LLC and Diamond Hill Capital Management, Inc. (Incorporated (incorporated by reference from Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on April 26, 2021; File No. 000-24498. 000-24498).
10.22*	Form of Diamond Hill Investment Group, Inc. Executive Officer and Director Indemnification Agreement.
14.1	Amended Code of Business Conduct and Ethics ((Incorporated incorporated by reference from Exhibit 14.1 to the Annual Report on Form 10-K filed with the SEC on February 27, 2020; File No. 000-24498. 000-24498).
21.1	Subsidiaries of the Company. (Filed herewith).
23.1	Consent of Independent Registered Public Accounting Firm, KPMG LLP. (Filed herewith)
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a). (Filed herewith)
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a). (Filed herewith)
32.1	Section 1350 Certifications. (Furnished herewith)
97	Diamond Hill Investment Group, Inc. Executive Officer Compensation Recoupment and Restitution Policy.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101).

* Denotes management contract or compensatory plan or arrangement.

(b) Exhibits: Reference is made to Item 15(a)(3) above.

(c) Financial Statement Schedules: None required.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

DIAMOND HILL INVESTMENT GROUP, INC.

By: /s/ Heather E. Brilliant

Heather E. Brilliant, Chief Executive Officer and President — February 23, 2023 29, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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REFINITIV

Signature	Title	Date
/s/ Heather E. Brilliant Heather E. Brilliant	Chief Executive Officer and President (Principal Executive Officer)	February 23, 2023 29, 2024
/s/ Thomas E. Line Thomas E. Line	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	February 23, 2023 29, 2024
Richard S. Cooley* Richard S. Cooley	Director	February 23, 2023 29, 2024
Randolph J. Fortener* Randolph J. Fortener	Director	February 23, 2023
James F. Laird* James F. Laird	Director	February 23, 2023 29, 2024
Paula R. Meyer* Paula R. Meyer	Director	February 23, 2023 29, 2024
Nicole R. St. Pierre* Nicole R. St. Pierre	Director	February 23, 2023 29, 2024
L'Quentus Thomas* L'Quentus Thomas	Director	February 23, 2023 29, 2024
Mark J. Zinkula* Mark Zinkula	Director	February 23, 2023

* By /s/ Thomas E. Line

Thomas E. Line

Executed by Thomas E. Line

on behalf of those indicated pursuant to Powers of Attorney

AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
DIAMOND HILL INVESTMENT GROUP, INC.
(reflects all amendments through April 28, 2017)

The undersigned, desiring to form a corporation for profit under Chapter 1701 of the Ohio Revised Code, does hereby certify:

FIRST: The name of the corporation shall be Diamond Hill Investment Group, Inc.

SECOND: The place in Ohio where the principal office of the corporation is to be located is in the City of Columbus, County of Franklin.

THIRD: The purpose for which the corporation is formed is to engage in any lawful act or activity for which corporations may be formed under Sections 1701.01 to 1701.98 of the Ohio Revised Code.

FOURTH: The authorized number of shares of the corporation shall be Eight Million (8,000,000), consisting of Seven Million (7,000,000) common shares, each without par value, and One Million (1,000,000) preferred shares, each without par value.

The directors of the corporation are authorized to adopt amendments to the Articles in respect to any unissued preferred shares and thereby to fix or change, to the fullest extent now or hereafter permitted by Ohio law: the division of such shares into series and the designation and authorized

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number of shares of each series; the dividend or distribution rights, which may be cumulative or noncumulative; the dividend rate, amount or proportion; the dividend participation rights and preferences; the liquidation rights, preferences and price; the

redemption rights and price; the sinking fund requirements; the voting rights; the pre-emptive rights; the conversion rights; the restrictions on issuance of shares; the rights of alteration of express terms; and such other rights, preferences and limitations as shall not be inconsistent with this Article FOURTH or Ohio law.

FIFTH: The directors of the corporation shall have the power to cause the corporation from time to time and at any time to purchase, hold, sell, transfer or otherwise deal with (A) shares of any class or series issued by it, (B) any security or other obligation of the corporation which may confer upon the holder thereof the right to convert the same into shares of any class or series authorized by the articles of the corporation, and (C) any security or other obligation which may confer upon the holder thereof the right to purchase shares of any class or series authorized by the articles of the corporation. The corporation shall have the right to repurchase, if and when any shareholder desires to sell, or on the happening of any event is required to sell, shares of any class or series issued by the corporation. The authority granted in this Article Fifth of these articles shall not limit the plenary authority of the directors to purchase, hold, sell, transfer or otherwise deal with shares of any class or series, securities, or other obligations issued by the corporation or authorized by its articles.

SIXTH: No shareholder of the corporation shall have, as a matter of right, the pre-emptive right to purchase or subscribe for shares of any class, now or hereafter authorized, or to purchase or subscribe for securities or other obligations convertible into or exchangeable for such shares or which by warrants or otherwise entitle the holders thereof to subscribe for or purchase any such share.

SEVENTH: Notwithstanding any provision of the Ohio Revised Code requiring for any purpose the vote, consent, waiver or release of the holders of shares of the corporation

entitling them to exercise two-thirds or any other proportion of the voting power of the corporation or of any class or classes of shares thereof, such action, unless expressly provided otherwise by statute, may be taken by the vote, consent, waiver or release of the holders of shares entitling them to exercise not less than a majority of the voting power of the corporation or of such class or classes.

EIGHTH: In each election of directors, each nominee who receives a majority of the votes cast with respect to such nominee’s election shall be elected as a director; provided, however, that if the election is contested or cumulative voting is in effect pursuant to the Articles and Section 1701.55 of the Ohio Revised Code, then the nominees receiving the greatest number of votes “for” the nominee’s election (up to the number of directors to be elected) shall be elected. For purposes of this Article EIGHTH, “a majority of the votes cast” means that the number of shares voted “for” a nominee’s election must exceed the number of shares voted “against” the nominee’s election, with abstentions and broker non-votes being disregarded. An election shall be considered “contested” if the number of nominees exceeds the number of directors to be elected in such election.

NINTH: No holder of shares of any class of the corporation shall have the right to vote cumulatively in the election of directors of the corporation.

TENTH: These amended and restated articles of incorporation supersede the articles of the corporation existing at the effective date of these amended and restated articles.

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SECOND AMENDMENT TO THE
DIAMOND HILL
VARIABLE TERM DEFERRED COMPENSATION PLAN

This Second Amendment (this “Amendment”) to the Diamond Hill Variable Term Deferred Compensation Plan (the “Plan”) is effective as set forth below.

WHEREAS, Diamond Hill Investment Group, Inc. (the “Company”) sponsors the Plan;

WHEREAS, pursuant to Section 11.00 of the Plan, the Company may amend the Plan provided that the amendment does not have any retroactive effect to reduce amounts allocated to a participant under the Plan without the participant’s consent; and

WHEREAS, the Company desires to amend the Plan as set forth below;

NOW, THEREFORE, the Company hereby amends the Plan as follows effective March 1, 2020:

1. Section 2.13 of the Plan is hereby deleted in its entirety and the following is substituted therefor:

   Eligible Employee: Each person employed by the Company or any of its Affiliates as a portfolio manager, research analyst, ***or other employees designated by the Compensation Committee***, all of whom are a highly compensated employee or a member of a select group of management (both within the meaning of Title I of ERISA) of the Company or any of its Affiliates, as determined by the Committee in its sole discretion.

IN WITNESS WHEREOF, this Amendment to the Plan is hereby executed by a duly authorized officer on March 1, 2020.

DIAMOND HILL INVESTMENT GROUP, INC.

By:
Title: Chief Financial Officer

THIRD AMENDMENT TO THE
DIAMOND HILL
VARIABLE TERM DEFERRED COMPENSATION PLAN

WHEREAS, Diamond Hill Investment Group, Inc. (the “Company”) sponsors the Diamond Hill Variable Term Deferred Compensation Plan, effective May 1, 2013 and as amended by the First Amendment, effective May 1, 2013 (the “Plan”);

WHEREAS, pursuant to Section 11.00 of the Plan, the Company may, at any time, amend the Plan provided that the amendment does not have any retroactive effect to reduce amounts allocated to a Participant’s Accounts under the Plan without the Participant’s consent;

WHEREAS, the Company desires to amend the Plan as set forth in this Third Amendment to the Diamond Hill Variable Term Deferred Compensation Plan (the “ThirdAmendment”); and

WHEREAS, capitalized terms not otherwise defined in this ThirdAmendment shall have the meanings ascribed to them in the Plan.

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NOW, THEREFORE, the Company hereby amends the Plan as follows effective October 1, 2023:

1. Section 7.01(a) of the Plan is hereby deleted in its entirety and the following is substituted therefor:

(a) Subject to Section 7.05 of this Plan, a Participant's Accounts will be distributed in accordance with the applicable Deferral Election Form.

For Plan Years Beginning Before January 1, 2024
For each Plan Year beginning before January 1, 2024, a Participant may elect, at the time he submits a Deferral Election Form as specified in Section 4.01(b), to have distributions of the Incentive Compensation deferred for that Plan Year, as adjusted pursuant to Section 6.03, made: (i) in a single lump sum payment on January 1 following either: (A) the Participant's Termination; or (B) the earlier of (1) a date specified by the Participant on a valid Deferral Election Form in accordance with Section 4.01(b), or (2) the Participant's Termination; or (ii) in up to fifteen (15) substantially equal annual installments beginning on the January 1 following either: (A) the Participant's Termination and on each January 1 thereafter; or (B) the earlier of (1) a date specified by the Participant on a valid Deferral Election Form in accordance with Section 4.01(b) and every January 1 thereafter, or (2) the Participant's Termination and on each January 1 thereafter.

For Plan Years Beginning On or After January 1, 2024
For each Plan Year beginning on or after January 1, 2024, a Participant may elect, at the time he submits a Deferral Election Form as specified in Section 4.01(b), to have distributions of the Incentive Compensation deferred for that Plan Year, as adjusted pursuant to Section 6.03, made: (i) in a single lump sum payment within ninety (90) days following either: (A) the Participant's Termination; or (B) the earlier of (1) a date specified by the Participant on a valid Deferral Election Form in accordance with Section 4.01(b), or (2) the Participant's Termination; or (ii) in up to fifteen (15) substantially equal annual installments beginning within ninety (90) days following either: (A) the Participant's Termination and on each anniversary of the date of the Participant's Termination thereafter; or (B) the earlier of (1) a date specified by the Participant on a valid Deferral Election Form in accordance with Section 4.01(b) and each anniversary of such specified date thereafter, or (2) the Participant's Termination and on each anniversary of the date of the Participant's Termination thereafter.

Notwithstanding the foregoing, subject to Section 7.02 of the Plan, no distribution shall occur until at least the fifth anniversary of the date the Incentive Compensation was deferred unless in the event of death, Disability or Change in Control.

2. Article 9.00 of the Plan is hereby deleted in its entirety and the following is substituted therefor:

9.00 Claims Procedure

9.01Filing Claims. Any Participant or Beneficiary (a "claimant") who believes that he or she is entitled to an unpaid Plan Benefit may file a written notification of his or her claim with the Plan Administrator.

9.02Notification to Claimant. If the claim is wholly or partially denied, the Plan Administrator will, within a reasonable period of time, and within ninety (90) days of the receipt of such claim, or if the claim is a claim on account of Disability (a "Disability Claim"), within forty-five (45) days of the receipt of such claim, provide the claimant with written notice of the denial setting forth in a manner calculated to be understood by the claimant:

(a) The specific reason or reasons for which the claim was denied;

(b) Specific reference to pertinent Plan provisions, rules, procedures or protocols upon which the Plan Administrator relied to deny the claim;

(c) A description of any additional material or information that the claimant may file to perfect the claim and an explanation of why this material or information is necessary;

(d) An explanation of this Plan's claims review procedure and the time limits applicable to such procedure and a statement of the claimant's right to bring a civil action under ERISA §502(a) following an adverse determination upon review; and

(e) In addition, if the claim is a Disability Claim, the written notice of the denial shall include the following:

(i) A discussion of the decision, including an explanation of the basis for disagreeing with or not following: (A) the views presented by the claimant to the Plan of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (B) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (C) a disability determination regarding the claimant presented by the claimant to the Plan made by the Social Security Administration.

(ii) Either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan (collectively, "Internal Rules") relied upon in making the adverse determination or, alternatively, a statement that such Internal Rules do not exist.

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(iii) If the adverse benefit determination is based upon a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the Participant's medical circumstances, or a statement that such an explanation will be provided free of charge upon request.

(iv) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

(v) In the case of an adverse benefit determination, the notification shall be provided in a culturally and linguistically appropriate manner pursuant to Department of Labor Regulation § 2560.503-1(o).

If a claim is not a Disability Claim, the period for deciding the claim may be extended for up to an additional ninety (90) days, if necessary, provided the Plan Administrator notifies the claimant of the extension within the initial ninety (90) day period. Any such extension notice shall be in writing and shall indicate the circumstances requiring an extension of time and the date by which the Plan expects to reach a decision.

If a claim is a Disability Claim, the period for deciding the claim may be extended for up to two (2) additional thirty (30) day periods, provided that the extensions are required for reasons beyond the control of the Plan Administrator. The Plan Administrator must provide the claimant notice of the extension before the expiration of the prior period (i.e., before the expiration of the initial period or the first extension period). Any such extension notice shall be in writing and shall indicate: (1) the circumstances requiring an extension of time; (2) the date by which the Plan expects to reach a decision; (3) the standards on which entitlement to a benefit is based; (4) the unresolved issues that prevent a decision on the claim; and (5) the additional information needed to resolve those issues. The claimant shall be given forty-five (45) days to provide the specified information (this period may be extended if necessary by the Plan Administrator). If the claimant fails to submit information necessary to decide his or her claim, the time for the claim to be decided will be tolled from the date notice requesting additional information is sent to the claimant until the date the claimant responds to the request.

9.03 Review Procedure. If a claim has been wholly or partially denied:

(a) The claimant may request that the Plan Administrator reconsider its initial denial by filing a written appeal within sixty (60) days after receiving written notice that all or part of the initial claim was denied (one hundred eighty (180) days in the case of a denial of a Disability Claim);

(b) The claimant may review pertinent documents and other material upon which the Plan Administrator relied when denying the initial claim; and

(c) The claimant may submit a written description of the reasons for which the claimant disagrees with the Plan Administrator's initial adverse decision; and

(d) If a claim is a Disability Claim, the following additional requirements shall apply:

(i) The review must not afford deference to the initial adverse benefit determination, and must be conducted by an appropriate named fiduciary who is neither the individual nor group who made the initial adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual or group.

(ii) In deciding an appeal that is based in whole or in part on a medical judgment, the appropriate named fiduciary shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. The health care professional that is consulted must not be an individual who was consulted in connection with the adverse benefit determination that is the subject of the appeal, or a subordinate of such an individual.

(iii) The claimant shall be provided with the identity of any medical or vocational experts whose advice was obtained by the Plan Administrator in connection with the adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination.

(iv) Before the Plan can issue an adverse benefit determination on review of a Disability Claim, the claimant shall be provided, free of charge, with any new or additional evidence considered, relied upon, or generated by the Plan, insurer, or other person making the benefit determination (or at the discretion

of the Plan, insurer or other such person) in connection with the claim; such evidence must be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the claimant a reasonable opportunity to respond prior to that date.

(v) Before the Plan can issue an adverse benefit determination on review of a Disability Claim based on a new or additional rationale, the claimant shall be provided, free of charge, with the rationale. The rationale must be provided as soon as possible and sufficiently in

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advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the claimant a reasonable opportunity to respond prior to that date.

An appeal of an initial denial of benefits and all supporting material must be made in writing within the time periods described above and directed to the Plan Administrator. The Plan Administrator is solely responsible for reviewing all benefit claims and appeals and taking all appropriate steps to implement its decision.

The Plan Administrator's decision on review will be sent to the claimant in writing and will include, in a manner calculated to be understood by the claimant:

(i) Specific reason or reasons for the decision;

(ii) Specific references to pertinent Plan provisions upon which the decision is based;

(iii) The claimant's ability to review and receive copies of all documents relating to the claimant's claim for benefits, free of charge;

(iv) An explanation of any voluntary review procedures describing the steps to be taken by a claimant who wishes to submit the claimant's claims for review and the time limits applicable to such procedures;

(v) A statement of the claimant's right to bring a civil action under ERISA Section 502(a); and, with respect to a Disability Claim, any applicable contractual limitations period that applies to the claimant's right to bring such an action including the calendar date on which the contractual limitation period expires for the claim; and

(vi) In addition, if the claim is a Disability Claim, the written notice of the decision shall include the following:

(A) A discussion of the decision, including an explanation of the basis for disagreeing with or not following: (1) the views presented by the claimant to the Plan of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (2) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (3) a disability determination regarding the claimant presented by the claimant to the Plan made by the Social Security Administration.

(B) Either the Internal Rules relied upon in making the adverse determination or, alternatively, a statement that such Internal Rules do not exist.

(C) If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the Participant's medical circumstances, or a statement that such an explanation will be provided free of charge upon request.

(D) The notification shall be provided in a culturally and linguistically appropriate manner pursuant to Department of Labor Regulation § 2560.503-1(o).

The Plan Administrator will consider all information submitted by the claimant, regardless of whether the information was part of the original claim.

The Plan Administrator's decision on review will be made not later than sixty (60) days (forty-five (45) days in the case of a Disability Claim) after the Plan Administrator's receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision will be rendered as soon as possible, but not later than one hundred twenty (120) days (ninety (90) days in the case of a Disability Claim) after receipt of the request for review. This notice to the claimant will indicate the special circumstances requiring the extension and the date by which the Plan Administrator expects to render a decision and will be provided to the claimant prior to the expiration of the initial forty-five (45) day or sixty (60) day period, as applicable.

To the extent permitted by law, the decision of the Plan Administrator (if no review is properly requested) or the decision of the review official on review, as the case may be, will be final and binding on all parties. No legal action for benefits under this Plan will be brought unless and until the claimant has exhausted his or her remedies under this Article 9.00.

IN WITNESS WHEREOF, this Third Amendment to the Plan is hereby executed by a duly authorized officer on December 6, 2023.

DIAMOND HILL INVESTMENT GROUP, INC.

By: ______________________________

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Name: ________________________________

Title: ________________________________

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AMENDMENT NO. 2 TO EMPLOYMENT AGREEMENT
FOR
HEATHER E. BRILLIANT

This Amendment No. 2 is entered into as of the 14th day of November 2023 (this "**Amendment**") to amend the Employment Agreement, dated October 26, 2021 (as amended as of March 31, 2023, the "**Agreement**"), by and between Diamond Hill Capital Management, Inc. ("**DHCM**"), a wholly-owned subsidiary of Diamond Hill Investment Group, Inc. ("**DHIG**", and together with DHCM, the "**Employer**"), and Heather E. Brilliant (the "**Executive**").

WHEREAS, DHIG is a public company whose common shares are listed on the Nasdaq Stock Market LLC ("**Nasdaq**"), and, as such, DHIG is subject to Nasdaq's listing standards;

WHEREAS, on October 2, 2023, Nasdaq Rule 5608 went into effect, which requires each company listed on Nasdaq to adopt a policy no later than December 1, 2023, that complies with specifically enumerated requirements governing the recovery of erroneously awarded incentive-based compensation received by its current or former executive officers on or after October 2, 2023;

WHEREAS, on October 30, 2023, the DHIG Board of Directors (the "**Board**") adopted the Diamond Hill Investment Group, Inc. Executive Officer Compensation Recoupment and Restitution Policy to comply with Nasdaq Rule 5608 (the "**Executive Officer Policy**");

WHEREAS, the Board previously adopted the Diamond Hill Investment Group, Inc. Compensation Recoupment and Restitution Policy, as amended from time to time (the "**Employee Policy**"), that remains in effect and provides for the recoupment or restitution by the Employer of compensation from all employees, including the Executive, under certain circumstances;

WHEREAS, the second paragraph of Section 3(b) of the Agreement provides, in part, that "[a]ny payments or stock issuance to be made pursuant to this Section 3(b) . . . shall be subject to the Employer's Compensation Recoupment and Restitution Policy";

WHEREAS, the Employer and the Executive each desire to amend the second paragraph of Section 3(b) of the Agreement to refer to both the Employee Policy and the Executive Officer Policy; and

WHEREAS, pursuant to Section 18 of the Agreement, the Agreement may be amended only by mutual written agreement executed by the parties that incorporates the provision(s) being amended;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other valuable consideration, the receipt and adequacy of which are agreed to by the parties, the Employer and the Executive hereby mutually agree as follows:

1. The second paragraph of Section 3(b) of the Agreement is hereby deleted in its entirety and replaced with the following:

   "Any payments or stock issuance to be made pursuant to this Section 3(b) will be made to the Executive no later than March 15th of the calendar year following the calendar year for which such Incentive Award is payable and shall be subject to the Employer's compensation clawback, restitution, recoupment, or recovery policies. The Employer may prorate any such Incentive Award where appropriate."

2. This Amendment shall be governed by and construed in accordance with the laws of the State of Ohio applicable to contracts made and performed therein, without giving effect to the conflict of laws principles thereof.

3. This Amendment may be executed, including by electronic signature, in one or more counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

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4. All capitalized terms used but not defined in this Amendment shall have the meaning assigned to them in the Agreement. All other provisions, terms and conditions contained in the Agreement, as amended to date, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized officers or agents to become effective as of the day and year set forth above.

DIAMOND HILL CAPITAL MANAGEMENT, INC.

By:

Title:

Date: November 14, 2023

HEATHER E. BRILLIANT

By:

Date: November 14, 2023

INDEMNIFICATION AGREEMENT

This Indemnification Agreement, dated as of [ ] (this **“*Agreement*”**), is made by and between Diamond Hill Investment Group, Inc., an Ohio corporation (the **“*Company*”**), and [ ] (**“*Indemnitee*”**).

RECITALS:

A. The Ohio Revised Code (the ***“ORC”***) provides that, except where the law, the articles, or the regulations require action to be authorized or taken by shareholders, all of the authority of a corporation shall be exercised by or under the direction of its directors.

B. It is critically important to the Company and its shareholders that the Company be able to attract and retain the most capable persons reasonably available to serve as directors and officers of the Company and its affiliates.

C. There is growing incidence of litigation against directors and officers of public companies, and recent legislative initiatives have increasingly exposed directors and officers to new and broader civil liability as well as an increased risk of criminal proceedings.

D. In recognition of the need for corporations to be able to attract and retain capable persons to serve as directors and officers, the ORC authorizes corporations to indemnify and maintain liability insurance for their directors and officers.

E. The ORC and the Company’s Regulations (the **“*Regulations*”**) provide for indemnification of directors and officers of the Company, and the Company currently maintains directors’ and officers’ liability insurance.

F. The Board has evaluated the sufficiency of the ORC, the Regulations and the liability insurance as to their adequacy to protect directors and officers against the various legal risks and potential liabilities associated with their serving as directors or officers of the Company and its affiliates, and the Board has concluded that the ORC, the Regulations and liability insurance may not provide adequate protection under certain circumstances.

G. Therefore, in order to induce existing directors and officers to continue to serve in such capacity, to induce new directors and officers to serve in such capacity and to enhance directors’ and officers’ ability to serve the Company and its affiliates in an effective manner, the Board has concluded that director and officer indemnification agreements are necessary and advisable.

H. In light of the considerations referred to in the preceding recitals, it is the Company’s intention and desire that the provisions of this Agreement be construed liberally, subject to their express terms, to maximize the protections to be provided to directors and officers hereunder.

AGREEMENT:

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NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein, the parties hereby agree as follows:

1. **Certain Definitions.** In addition to terms defined elsewhere herein, the following terms have the following meanings:

(a) ***"Change in Control"*** means the occurrence of any of the following events:

(i) All or substantially all of the assets of the Company are sold or transferred to another corporation or entity, or the Company is merged, consolidated or reorganized into or with another corporation or entity with the result that upon conclusion of the transaction less than 50% of the outstanding securities entitled to vote generally in the election of directors (or persons performing comparable functions) of the acquiring corporation or entity are owned, directly or indirectly, by persons who were shareholders of the Company prior to the transaction; or

(ii) There is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form or report), each as promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the **"*Exchange Act*"**), disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act (a **"*Person*"**)) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act (a **"*Beneficial Owner*"**)) of securities representing 20% or more of the combined voting power of the then outstanding voting securities of the Company; *provided, however,* that no "Change in Control" shall be deemed to have occurred solely because the Company, a Controlled Affiliate, or any Company-sponsored employee stock ownership plan or any other employee benefit plan of the Company or any Subsidiary either files or becomes obligated to file a report or a proxy statement disclosing Beneficial Ownership by it of shares of the then outstanding voting securities of the Company, whether in excess of 20% or otherwise; or

(iii) The individuals who, at the beginning of any period of two consecutive calendar years, constituted the Directors of the Company cease for any reason to constitute at least a majority thereof unless the nomination for election by the Company's shareholders of each new Director of the Company was approved by a vote of at least two-thirds of the Directors of the Company still in office who were Directors of the Company at the beginning of any such period; or

(iv) The Board determines that (A) any particular actual or proposed merger, consolidation, reorganization, sale or transfer of assets, accumulation of shares or tender offer for shares of the Company or other transaction or event or series of transactions or events will, or is likely to, if carried out, result in a Change in Control falling within Section 1(a)(i), (ii) or (iii) and (B) it is in the best interests of the Company and its shareholders, and will serve the intended purposes of this Agreement, if the provisions of this Agreement referencing Change in Control shall thereupon become immediately operative; *provided, however*, if any such merger, consolidation, reorganization, sale or transfer of assets, tender offer or other transaction or event or series of transactions or events shall be abandoned, or any such accumulations of shares shall be dispersed or otherwise resolved, the Board may, by notice to the Indemnitee, nullify the effect thereof but without prejudice to any action that may have been taken prior to such nullification.

(b) ***"Claim"*** means (i) any threatened, asserted, pending or completed claim, demand, action, suit or proceeding against Indemnitee, whether civil, criminal, administrative, arbitrative, investigative or other (including by or in the right of the Company), and whether made pursuant to federal, state or other law; (ii) any threatened, pending or completed inquiry or investigation, whether made, instituted or conducted by the Company or any other person, (including any governmental entity) that Indemnitee believes in good faith might lead to the institution of any such claim, demand, action, suit or proceeding against Indemnitee; or (iii) any subpoena or any discovery request seeking information, documents or testimony from Indemnitee whether or not the Indemnitee is a party to or the subject of the underlying claim, demand, action, suit or proceeding or the subject of any such inquiry or investigation; provided, however, that a Claim shall not include any threatened, asserted, pending, or completed claim, demand, action, suit, proceeding, inquiry, or investigation that is prohibited by applicable law, regulation, or stock exchange rule (including Rule 10D-1(b)(1)(v) under the Exchange Act and Rule 5608 of The Nasdaq Stock Market).

(c) ***"Controlled Affiliate"*** means any corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit, that is directly or indirectly controlled by the Company. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity or enterprise, whether through the ownership of voting securities, through other voting rights, by contract or otherwise.

(d) ***"Constituent Documents"*** means the Company's Articles of Incorporation (the **"*Articles*"**) and the Regulations.

(e) ***"Disinterested Director"*** means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(f) ***"Expenses"*** means attorneys' and experts' fees and expenses and all other costs and expenses actually and reasonably incurred by Indemnitee in connection with (i) investigating or defending a Claim or being a witness or otherwise responding to any discovery in respect of any Claim, including on appeal and (ii) enforcing or defending the Indemnitee's rights as provided under Section 6; *provided, how*ever, that the term "Expenses" excludes Losses and excludes fees, expenses, costs and other amounts incurred in respect to any Claim, brought by Indemnitee against the Company or any Other Enterprise or against any current or former director, officer, employee, agent, member, manager, or trustee of the Company or any Other Enterprise.

(g) ***"Indemnifiable Claim"*** means any Claim (i) based upon, arising out of or resulting from any actual or alleged act or omission by Indemnitee in his or her capacity as a director, officer, employee or agent of the Company or as a director, officer, employee, member, manager, trustee or agent of any Other Enterprise; or (ii) by reason of the fact that Indemnitee is a current or former director, officer, employee or agent of the Company or by reason of the fact that Indemnitee is a current or former director, officer, employee, member, manager, trustee or agent of any Other Enterprise.

(h) ***"Indemnifiable Expenses"*** means any and all Expenses relating to, arising out of or resulting from any Indemnifiable Claim.

(i) ***"Indemnifiable Losses"*** means any and all Losses relating to, arising out of or resulting from any Indemnifiable Claim.

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(j) ***"Independent Counsel"*** means a nationally or regionally recognized law firm that has expertise in matters of corporation law and that is not currently representing, and had not represented in the past five years (i) the Company (or, if applicable in connection with an Indemnifiable Claim, an Other Enterprise) or Indemnitee in any matter material to either such party, or (ii) any other named (or, as to a threatened matter, reasonably likely to be named) party to the Indemnifiable Claim giving rise to a claim for indemnification hereunder; *provided*, *however*, that "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have an actual or potential conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(k) ***"Losses"*** means any and all damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other) and amounts paid in settlement, including all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing, but excluding Expenses.

(l) ***"Other Enterprise"***means any corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit, as to which Indemnitee is or was serving at the request of the Company as a director, officer, employee, member, manager, trustee or agent. Indemnitee shall be deemed to be serving or to have served at the request of the Company as a director, officer, employee, member, manager, trustee or agent of an Other Enterprise if Indemnitee is or was serving as a director, officer, employee, member, manager, trustee or agent of such Other Enterprise and (i) such entity or enterprise is or at the time of such service was a Controlled Affiliate, or (ii) such entity or enterprise is or at the time of such service was an employee benefit plan (or related trust) sponsored or maintained by the Company or a Controlled Affiliate, or (iii) the Company or a Controlled Affiliate directly or indirectly caused Indemnitee to be nominated, elected, appointed, designated, employed, engaged or selected to serve in such capacity.

(m) ***"Standard of Conduct"*** means that the acts or omissions of Indemnitee were not undertaken with deliberate intent to harm the Company or with reckless disregard for the best interests of the Company.

2. Indemnification Obligation.

(a) Subject to the terms of this Agreement, the Company shall indemnify Indemnitee against any and all Indemnifiable Losses and Indemnifiable Expenses which Indemnitee becomes obligated to pay.

(b) Notwithstanding anything to the contrary, the Company shall have no obligation to pay any amount under Section 2(a) of this Agreement or to otherwise indemnify the Indemnitee (and any such amounts shall be deemed to not be Indemnifiable Losses or Indemnifiable Expenses), to the extent:

(i) attributable to the acts or omissions of Indemnitee which were undertaken with deliberate intent to harm the Company or with reckless disregard for the best interests of the Company;

(ii) that payment thereof by the Company is prohibited by applicable law regulation, or stock exchange rule (including Rule 10D-1(b)(1)(v) under the Exchange Act and Rule 5608 of The Nasdaq Stock Market), is otherwise unlawful or violates applicable public policy of the State of Ohio, including (A)Losses attributable to a fine or similar government imposition which the Company is prohibited by applicable law from paying and (B) Losses arising from a Claim made under ORC Section 1701.95; or

(iii) attributable to Claims which are not Indemnifiable Claims, including, for avoidance of doubt and without limitation, amounts attributable to the Indemnitee gaining in fact a personal gain, profit or advantage as to which he or she was not entitled, including (A) from the purchase and sale by the Indemnitee of equity securities of the Company which are recoverable by the Company pursuant to Section 16(b) of the Exchange Act and (B) arising from transactions in publicly traded securities of the Company which were effected by the Indemnitee in violation of Section 10(b) of the Exchange Act or Rule 10b-5 promulgated thereunder.

(c) The applicability of Section 2(b)(i), (ii) or (iii) shall be determined under Section 4 and, pending such determination, nothing in this Section 2(b) shall eliminate or diminish Company's obligations under Section 3 or Section 6 to advance Expenses for attorneys' fees and other costs under Section 3 or Section 6.

3. Advancement of Indemnifiable Expenses.

(a) Subject to the terms of this Agreement, Indemnitee shall have the right to payment, advancement, and/or reimbursement by the Company prior to the final disposition of any Indemnifiable Claim of any and all Indemnifiable Expenses; provided, however, that Indemnitee shall have no such right to the extent that such payment, advancement, and/or reimbursement by the Company is prohibited by applicable law, regulation, or stock exchange rule (including Rule 10D-1(b)(1)(v) under the Exchange Act and Rule 5608 of The Nasdaq Stock Market) and any such amounts shall be deemed to not be Indemnifiable Expenses. Without limiting the generality or effect of the foregoing, within 10 business days after any request by Indemnitee, the Company shall, in accordance with such request (but without duplication), (a) pay such Indemnifiable Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Indemnifiable Expenses, or (c) reimburse Indemnitee for such Indemnifiable Expenses.

(b) For purposes of obtaining payments of Indemnifiable Expenses in advance of final disposition, the Indemnitee shall submit to the Company an undertaking for advancement of Indemnifiable Expenses substantially in the form of Exhibit A attached hereto subject to Indemnitee filling in the blanks therein and selecting from among the bracketed alternatives therein. Such undertaking need not be secured and the Company must accept the undertaking without reference to Indemnitee's ability to repay the Indemnifiable Expenses.

(c) Upon the request of the Company, Indemnitee shall provide the Company with reasonable documentation evidencing Indemnifiable Expenses which were or reasonably likely to be paid or incurred by Indemnitee.

(d) Indemnitee shall repay, without interest, to the Company, any Indemnifiable Expenses previously paid by the Company to the extent:

(i) incurred in respect of acts or omissions of Indemnitee which were undertaken with deliberate intent to harm the Company or with reckless disregard for the best interests of the Company;

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(ii) incurred in respect of any Claim determined not to be an Indemnifiable Claim, including, Claims for amounts attributable to the Indemnitee gaining in fact a personal gain, profit or advantage to which he or she was not entitled, such as violations of Section 16(b) or Section 10(b) of the Exchange Act or Rule 10b-5 promulgated thereunder; *provided* that if there are multiple Claims, only

some of which are determined not to be Indemnifiable Claims, then the amount to be repaid shall be the amount of incremental Expenses attributable solely to defending the Claim or Claims determined not to be Indemnifiable Claims; or

(iii) payment of which by the Company is prohibited by law or otherwise unlawful or violates applicable public policy of the State of Ohio.

(e) It is the intent of this Agreement that the term Indemnifiable Claim be broadly interpreted to favor advances of Indemnifiable Expenses to Indemnitee, except in cases in which there is available at the time advancement of Indemnifiable Expenses is sought clear and convincing factual evidence and/or established applicable law which precludes any good faith basis for indemnification. In all other cases the applicability of Section 3(d)(i), (ii) or (iii) shall be determined under Section 4 and, pending such determination, Indemnifiable Expenses shall be advanced subject to the provisions of this Section 3. No such advancement shall prejudice the right of the Company to recover such Indemnifiable Expenses if it is later determined as provided in this Agreement that Indemnitee is obligated to repay such Indemnifiable Expenses.

4. Determination of Right to Indemnification.

(a) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Indemnifiable Claim or in defense of any claims, issues or matters that are part of an Indemnifiable Claim, Indemnitee shall be indemnified against all Losses and Indemnifiable Expenses relating to, arising out of or resulting from such Indemnifiable Claim or any such claims, issues or matters in accordance with Section 2, and no Indemnification Determination (as defined in Section 4(b)) shall be required. For purposes of this Section 4(a) and without limitation, the termination of any Indemnifiable Claim or any such claim, issue or matter by dismissal, with or without prejudice, shall be deemed to be a success on the merits.

(b) To the extent that the provisions of Section 4(a) are inapplicable to an Indemnifiable Claim (or of any part thereof) that has been finally disposed of, Indemnitee shall be entitled to indemnification against Indemnifiable Losses and Indemnifiable Expenses unless and to the extent that:

(i) a court of competent jurisdiction has made a finding in a final unappealable judgment as to the acts or omissions of Indemnitee which, when applied under Section 2(b)(i), (ii) or (iii), and/or Section 3(d)(i), (ii) or (iii), would result in a denial of indemnification; or

(ii) to the extent Section 4(b)(i) does not apply, it is determined pursuant to Section 4(c) below (an "***Indemnification Determination***") that a Loss and/or Expense is not indemnifiable pursuant to the application of Section 2(b)(i), (ii) or (iii) and/or Section 3(d)(i), (ii) or (iii).

(c) An Indemnification Determination shall be made as provided for in this Section 4(c) and Sections 4(d), (e), (f), (g), (h) and (i):

(i) if a Change in Control has not occurred, or if a Change in Control has occurred but Indemnitee requests that the Indemnification Determination be made be made pursuant to this clause (i), (A) by a majority vote of the Disinterested Directors, (B) if the Disinterested Directors so direct, by a majority vote of a committee of Disinterested Directors, or (C) if a majority of Disinterested Directors is not available or if a majority so directs, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; and

(ii) if a Change in Control has occurred and Indemnitee has not requested that the Indemnification Determination be made pursuant to clause (i), by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee.

Indemnitee will cooperate with the person or persons selected pursuant to section 4(c) to make such Indemnification Determination (such person or persons, the "***Reviewer***"), including providing to the Reviewer, upon reasonable advance request, any documentation or information which is not privileged or

otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company shall reimburse Indemnitee and, if requested by Indemnitee, shall advance to Indemnitee, within five business days of such request, any and all costs and expenses (including attorneys' and experts' fees and expenses) incurred by Indemnitee in so cooperating with the Reviewer. The Reviewer shall make the Indemnification Determination reasonably and in good faith consistent with the terms of this Agreement.

(d) The Company shall use its reasonable best efforts to cause any Indemnification Determination required under Section 4(c) to be made as promptly as practicable. If (i) the Reviewer has not made a determination within 60 days after the later of (A) receipt by the Company of written notice from Indemnitee advising the Company of the final disposition of the applicable Indemnifiable Claim and (B) the final selection of an Independent Counsel (if such determination is to be made by Independent Counsel) and (ii) Indemnitee shall have fulfilled his/her obligations to provide information to and cooperate with the Reviewer pursuant to Section 4(c), then Indemnitee shall be deemed to be entitled to indemnification in respect of the Loss or Expense at issue.

(e) If (i) Indemnitee shall be entitled to indemnification pursuant to Section 4(a), or (ii) Indemnitee has been determined or deemed pursuant to Section 4(b), 4(c) or 4(d) to be entitled to indemnification, then the Company shall pay to Indemnitee, within five business days of the last to occur of preceding clauses (i) and (ii), an amount equal to the unpaid amount of Indemnifiable Losses and Indemnifiable Expenses indemnified hereunder.

(f) If an Indemnification Determination is to be made by Independent Counsel pursuant to Section 4(c)(i), the Independent Counsel shall be selected by the Company, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If an Indemnification Determination is to be made by Independent Counsel pursuant to Section 4(c)(ii), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company

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advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within five business days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; *provided*, *however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 1(j), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences and clause (i) of this sentence shall apply to any such subsequent selection. If no Independent Counsel that is permitted under the foregoing provisions of this Section 4(f) to make the Indemnification Determination shall have been selected within **[30]** days after the Company gives its initial notice pursuant to the first sentence of this Section 4(f) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 4(f), as the case may be, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel by the Court. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 4(c).

(g) In making any Indemnification Determination, the Reviewer shall presume that Indemnitee is entitled to indemnification, and the Company may overcome such presumption only by its producing clear and convincing evidence to the contrary. Without limiting the generality of the foregoing, for purposes of this Agreement, it shall be presumed that: (i) Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; (ii) with respect to any criminal action or proceeding, Indemnitee had no reasonable cause to

believe that Indemnitee's conduct was unlawful; and (iii) each Loss and Expense for which indemnification is claimed was actually and reasonably incurred by Indemnitee. The termination of any Indemnifiable Claim against Indemnitee by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not create a presumption that Indemnitee is not entitled to indemnification, that indemnification hereunder is otherwise not permitted or otherwise adversely affect the right of the Indemnitee to indemnification. In addition, in making any Indemnification Determination, Indemnitee shall be deemed to have satisfied the Standard of Conduct if Indemnitee's act or omission is based on Indemnitee's reliance on information, opinions, reports or statements, including financial statements and other financial data, that were prepared or presented by (i) one or more directors, officers, or employees of the Company who the Indemnitee reasonably believes are reliable and competent in the matters prepared or presented; (ii) counsel, public accountants, or other persons as to matters that the Indemnitee reasonably believes are within the person's professional or expert competence; or (iii) a committee of the Board upon which the Indemnitee does not serve, duly established in accordance with a provision of the Company's Constituent Documents, as to matters within its designated authority, which committee the Indemnitee reasonably believes to merit confidence. In addition, the knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

(h) Any Indemnification Determination that is adverse to Indemnitee may be challenged by Indemnitee in the Court of Common Pleas of Franklin County, Ohio, and any such judicial proceeding shall be a *de novo* review on the merits.

(i) Any Indemnification Determination favorable to Indemnitee finding that Indemnitee is entitled to indemnification shall be binding on the Company and shall not be challenged by the Company except to the extent that the Company has determined that any such indemnification is prohibited by law or is otherwise unlawful.

(j) If the Indemnitee is entitled to indemnity by the Company for some or a portion of Losses or Expenses incurred by him or her, but not for the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion of such Losses or Expenses to which the Indemnitee is entitled.

5. Notices; Defense of Claims.

(a) To obtain indemnification under this Agreement in respect of an Indemnifiable Claim, Indemnitee shall submit to the Company a written request, including a brief description (based upon information then available to Indemnitee) of such Indemnifiable Claim. If, at the time of the receipt of such request, the Company has directors' and officers' liability insurance in effect under which coverage for such Indemnifiable Claim is potentially available, the Company shall give prompt written notice of such Indemnifiable Claim to the applicable insurers in accordance with the procedures set forth in the applicable policies. The Company shall provide to Indemnitee a copy of such notice delivered to the applicable insurers, and copies of all subsequent correspondence between the Company and such insurers regarding the Indemnifiable Claim, in each case substantially concurrently with the delivery or receipt thereof by the Company. The failure by Indemnitee to timely notify the Company of any Indemnifiable Claim shall not relieve the Company from any liability hereunder unless, the Company did not otherwise learn of such Indemnifiable Claim and such failure results in forfeiture by the Company of substantial defenses, rights or insurance coverage.

(b) The Company shall be entitled to assume the defense of any Indemnifiable Claim, and at the request of Indemnitee the Company shall assume the defense of any Indemnifiable Claim, with, in either case, counsel reasonably satisfactory to the Indemnitee; *provided* that the Company shall not have the right or obligation to assume the defense of any claim brought by or in the right of the Company; *and provided further* that if Indemnitee or the Company determines, in good faith, that (i) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict, (ii) the named parties in any such Indemnifiable Claim (including any impleaded parties) include both the Company and Indemnitee and there may be one or more legal defenses available to Indemnitee that are different from or in addition to those available to the Company, or (iii) any such representation by such counsel would be precluded under the applicable standards of professional

conduct then prevailing, then the Company shall not have the right, nor the obligation, to assume the defense of such Indemnifiable Claim and Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any Indemnifiable Claim) at the Company's expense. With respect to any Indemnifiable Claim the defense of which has been assumed by the Company: (i) the Company shall conduct the defense and/or settlement thereof diligently and in good faith, (ii) the Company shall keep Indemnitee reasonably informed regarding the status of such defense and any settlement, (iii) Indemnitee shall reasonably cooperate with the Company in the defense of or otherwise responding to any Indemnifiable Claim, and (iv) Indemnitee may participate (at his or her own expense) in such defense.

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(c) The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any Indemnifiable Claim effected without the Company's prior written consent. The Company shall not, without the prior written consent of the Indemnitee, effect any settlement of any threatened or pending Indemnifiable Claim to which the Indemnitee is a party unless such settlement solely involves the payment of money and includes a complete and unconditional release of Indemnitee from all liability on any claims that are or could be the subject matter of such Indemnifiable Claim. Neither the Company nor Indemnitee shall unreasonably withhold or delay its consent to any proposed settlement; *provided* that Indemnitee may withhold consent to any settlement that provides for other than solely the payment of money or does not provide such complete and unconditional release of Indemnitee.

(d) This Section 5 is subject to the requirements of any applicable policy of liability insurance which gives the insurer the right to approve or consent to counsel.

6. Enforcement by Indemnitee.

(a) It is the intent of the Company that Indemnitee not be required to incur legal fees and or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder. Accordingly, without limiting the generality or effect of any other provision hereof, if: (i) Indemnitee determines in good faith that the Company has failed to comply with any of its obligations under this Agreement (ii) the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding which may result in the denial to, or the recovery from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder; or (iii) Indemnitee takes legal action to enforce any Indemnitee rights under any directors' and officers' liability insurance policies maintained by the Company, then the Company irrevocably authorizes the Indemnitee from time to time to retain counsel of Indemnitee's choice, at the expense of the Company as hereafter provided, to advise and represent Indemnitee in connection with any such interpretation, enforcement, defense or action.

(b) The Company shall, if requested by Indemnitee, reimburse Indemnitee for, or advance to Indemnitee, within five business days of such request, any and all Expenses reasonablypaid or incurred by Indemnitee in connection with any claim, defense or action by Indemnitee in respect of Section 6(a)(i), (ii) or (iii). For purposes of obtaining payments of Expenses in advance of final disposition, the Indemnitee shall submit to the Company a sworn undertaking substantially in the form of Exhibit A attached hereto. Such undertaking to repay Expenses need not be secured and the Company must accept the undertaking without reference to Indemnitee's ability to repay the Expenses.

(c) Indemnitee shall repay to the Company all Expenses paid to or on behalf of Indemnitee under this Section 6 if it is determined by a court of competent jurisdiction in a final nonappealable judgment that the material claims or defenses asserted by Indemnitee pursuant to Section 6(a) were made in bad faith or were frivolous.

7. Liability Insurance. The Company in its discretion may cause to be maintained in effect policies of directors' and officers' liability insurance providing coverage for directors and officers of the Company. Upon request, the Company shall provide Indemnitee with a copy of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials. Indemnitee shall continue to be entitled to the indemnification rights provided under this Agreement regardless of whether liability or other insurance coverage is at any time obtained or retained by the Company or the extent or amount of any such coverage.

8. Non-Exclusivity; No Duplication.

(a) The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the ORC, the Constituent Documents, any policy of insurance or under any other contract or otherwise (collectively, "***Other Indemnity Provisions***"); *provided*, *however*, that (i) to the extent that any change or interpretation is made to any applicable law which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder, and (ii) if there is any change in any applicable law which narrows the right of the Company to indemnify Indemnitee, such changes, to the extent not otherwise required by applicable law to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Indemnifiable Losses or Indemnifiable Expenses to the extent Indemnitee has otherwise actually received payment (net of Expenses incurred in connection therewith) under any Other Indemnity Provisions or otherwise (including from any Other Enterprise) in respect of such Indemnifiable Losses or Indemnifiable Expenses otherwise indemnifiable hereunder. Indemnitee shall repay any Expenses actually advanced to Indemnitee that, at the final disposition of the matter to which the advance related, were in excess of Expenses actually paid by Indemnitee in respect of such matter.

9. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the related rights of recovery of Indemnitee against other persons or entities. Indemnitee shall execute all papers reasonably required to evidence such rights in the Company and shall otherwise reasonably cooperate with the Company in pursuing such subrogated rights subject to the Company reimbursing or advancing all of Indemnitee's reasonable expenses in connection therewith.

10. Successors and Binding Agreement.

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including any person acquiring, directly or indirectly, all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for purposes of this Agreement). Without limiting the preceding sentence, the Company shall require any successor or successors (whether direct or indirect, by asset purchase, merger, consolidation, reorganization or otherwise), by agreement in form and substance satisfactory to Indemnitee and his or her counsel, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. No such assumption by any successor shall release the Company from any liability or obligation hereunder.

(b) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Section 10(a). Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder shall not be assignable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by the Indemnitee's will or by the laws of descent and distribution, and, in the event of any attempted assignment or transfer contrary to this Section 10(b), the Company shall have no liability to pay any amount so attempted to be assigned or transferred. Subject to the foregoing, this Agreement shall inure to the benefit of and be enforceable by the Indemnitee's personal or legal representatives, executors, administrators, heirs and successors.

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(c) This Agreement constitutes the entire agreement and understanding of the Company and Indemnitee in respect of its subject matter and supersedes all prior understandings, agreements and representations by or among the Company and Indemnitee, written or oral, to the extent they relate to the subject matter hereof. All obligations of the Company contained in this Agreement shall apply retroactively beginning to the date the Indemnitee commenced serving in a capacity or having a status referenced in the definition of "Indemnifiable Claim" and shall continue during the period that the Indemnitee remains in such capacity or status and for so long thereafter as the Indemnitee may be subject to any possible new, threatened, pending or completed Indemnifiable Claim.

11. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when (a) hand delivered or dispatched by facsimile or electronic transmission, including by electronic mail (with receipt thereof orally confirmed), or (b) five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid or (c) one business day after having been sent for next-day delivery by a nationally recognized overnight courier service, addressed to the Company at its headquarters (to the attention of the Secretary of the Company) and to Indemnitee at the applicable address shown on the

signature page hereto, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

12. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by and construed in accordance with the substantive laws of the State of Ohio, without giving effect to the principles of conflict of laws of such state.

13. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent, and only to the extent, necessary to make it enforceable, valid or legal. In the event that any court or other adjudicative body shall decline to reform any provision of this Agreement held to be invalid, unenforceable or otherwise illegal as contemplated by the immediately preceding sentence, the parties thereto shall take all such action as may be necessary or appropriate to replace the provision so held to be invalid, unenforceable or otherwise illegal with one or more alternative provisions that effectuate the purpose and intent of the original provisions of this Agreement as fully as possible without being invalid, unenforceable or otherwise illegal.

14. Amendments and Waivers. No provision of this Agreement may be waived, modified or discharged unless such waiver, modification or discharge is agreed to in writing signed by Indemnitee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

15. Certain Interpretive Matters. Unless the context of this Agreement otherwise requires, (a) “it” or “its” or words of any gender include each other gender, (b) words using the singular or plural number also include the plural or singular number, respectively, (c) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Agreement, (d) the terms “Article,” “Section,” or “Exhibit” refer to the specified Article, Section or Exhibit of or to this Agreement, (e) the terms “include,” “includes” and “including” will be deemed to be followed by the words “without limitation” (whether or not so expressed), and (f) the word “or” is disjunctive but not exclusive. Whenever this Agreement refers to a number of days, such number will refer to calendar days unless business days are specified and whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non-business day, then such period or date will be extended until the immediately following business day. As used herein, “business day” means any day other than Saturday, Sunday or a United States federal holiday.

16. Counterparts. This Agreement may be executed in one or more counterparts and by facsimile and electronic transmission (including by .pdf), each of which will be deemed to be an original but all of which together shall constitute one and the same agreement.

17. Specific Performance. Each of the Company and Indemnitee acknowledges and agrees that the other would be damaged irreparably if any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. Accordingly, each party agrees that the other party shall be entitled to an injunction or injunctions to prevent beaches of the provisions of this Agreement and to enforce specifically this Agreement and its terms and provisions in any action instituted in any court of the United States or any state thereof having jurisdiction over the parties and the matter, in addition to any other remedy to which they may be entitled at law or in equity.

18. Termination. This Agreement may be terminated by either party upon not less than 60 days’ prior written notice delivered to the other party; *provided, however*, that any such termination shall in no way affect, limit or diminish the obligations of the Company hereunder with respect to Indemnitee’s service to the Company or any Subsidiary or Other Enterprise prior to the date of such termination. Any termination by the Company may only be made pursuant to a majority vote of the board of directors.

[The remainder of page is intentionally blank; signatures follow]

IN WITNESS WHEREOF, Indemnitee has executed and the Company has caused its duly authorized representative to execute this Agreement as of the date first above written.

Diamond Hill Investment Group, Inc.

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By:

[Name]

[Title]

Indemnitee

By: ____________________________

[Name]

[Address]

[Address]

EXHIBIT A

UNDERTAKING

STATE OF)

) SS

COUNTY OF)

I, __________________________________, being first duly sworn, do depose and say as follows:

1. This Undertaking is submitted pursuant to the Indemnification Agreement, dated ____________, 20__, between Diamond Hill Investment Group, Inc., an Ohio corporation (the “***Company***”) and the undersigned.

2. [I have determined that an Indemnifiable Claim has been made against me]/or/[I am enforcing or defending my rights under the Indemnification Agreement pursuant to Section 6(a)(i)(ii) or (iii)].

3. I am requesting payment of Expenses that I have reasonably incurred or will reasonably incur in [defending or responding to an Indemnifiable Claim as defined in the Indemnification Agreement]/[in pursuing a Claim under Section 6 of the Indemnification Agreement]

4. The Expenses for which payment is requested are, in general, all expenses related to

____.

5. I hereby undertake to repay all amounts paid pursuant hereto if and to the extent it is determined that I am not entitled under the Indemnification Agreement to have the Company pay such amount.

____

[Signature of Indemnitee]

Subscribed and sworn to before me, a Notary Public in and for said County and State, this _____ day of _________, 20__.

[Seal]

My commission expires the ____ day of ___________, 20__.

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Exhibit 21.1 - Subsidiaries of Diamond Hill Investment Group, Inc.

December 31, 2022 2023

Subsidiary company and place of incorporation	Ownership
Diamond Hill Capital Management, Inc. (Ohio)	100%

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-265582, 333-256035, 333-197064) on Form S-8 of our reports dated February 23, 2023 February 29, 2024, with respect to the consolidated financial statements of Diamond Hill Investment Group, Inc. and subsidiaries and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Columbus, Ohio
February 23, 2023 29, 2024

Exhibit 31.1

RULE 13a-14(a) CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Heather E. Brilliant, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 of Diamond Hill Investment Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(f) 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2023 29, 2024

/s/ Heather E. Brilliant

Heather E. Brilliant

Chief Executive Officer and President

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Exhibit 31.2

RULE 13a-14(a) CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Thomas E. Line, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 of Diamond Hill Investment Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(f) 15e-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2023 29, 2024	/s/ Thomas E. Line
	Thomas E. Line
	Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION CERTIFICATIONS PURSUANT TO
TITLE 18, UNITED STATES CODE, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Diamond Hill Investment Group, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Heather E. Brilliant, Chief Executive Officer and President of the Company, and Thomas E. Line, Chief Financial Officer and Treasurer of the Company, certify, pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: that, to the best of each such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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/s/ Heather E. Brilliant

Print Name: Heather E. Brilliant

Title: Chief Executive Officer and President

Date: February 23, 2023 29, 2024

/s/ Thomas E. Line

Print Name: Thomas E. Line

Title: Chief Financial Officer and Treasurer

Date: February 23, 2023 29, 2024

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Diamond Hill Investment Group, Inc.
Executive Officer Compensation Recoupment and Restitution Policy
As of October 2, 2023

This Policy has been adopted by the Board as of the Effective Date. This Policy provides for the recovery of Erroneously Awarded Compensation from Executive Officers in the event of an Accounting Restatement. This Policy is intended to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 and the Listing Rule. Capitalized terms used in this Policy have the respective meanings given to them in Section 1 below.

1. Definitions. For purposes of this Policy, the following capitalized terms have the meanings set forth below.

A. "Accounting Restatement" means an accounting restatement of the Company's financial statements due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

B. "Accounting Restatement Date" means the earlier to occur of: (i) the date the Board, a committee of the Board, or the officer(s) of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

C. "Board" means the Board of Directors of the Company.

D. "Clawback Period" means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Accounting Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

E. "Code" means the Internal Revenue Code of 1986, as amended.

F. "Committee" means the Compensation Committee of the Board.

G. "Company" means Diamond Hill Investment Group, Inc., an Ohio corporation.

H. "Effective Date" means October 2, 2023.

I. "Erroneously Awarded Compensation" means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation received by an Executive Officer during the Clawback Period that exceeds the amount of Incentive-Based Compensation that otherwise would have been received by such Executive Officer had the Incentive-Based Compensation been determined based on the restated amounts in such Accounting Restatement. The amount of Erroneously Awarded Compensation shall be computed without regard to any taxes paid by the relevant Executive Officer (including any taxes withheld by the Company from the Incentive-Based Compensation paid to such Executive Officer). For Incentive-Based Compensation based on (or derived from) stock

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price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the Committee must determine the amount of Erroneously Awarded Compensation related to such Incentive-Based Compensation by making a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

J. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

K. "Executive Officer" means the Company's current and former president, principal financial officer, principal accounting officer (or if there is not such accounting officer, the controller), any vice president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive Officers of the Company's parents or subsidiaries are deemed Executive Officers of the Company if they perform such policy-making functions for the Company. The term "policy-making function" is not intended to include policy-making functions that are not significant. Identification of an Executive Officer for purposes of this Policy includes individuals deemed to be Executive Officers by the Board and/or the Committee and those executive officers identified by the Company pursuant to 17 CFR 229.401(b).

L. "Financial Reporting Measure" means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measure. A financial reporting measure is not required to be presented within the Company's financial statements or included in a filing with the SEC to qualify as a Financial Reporting Measure. For purposes of this Policy, Financial Reporting Measure includes, but is not limited to, stock price and total stockholder return.

M. "Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

N. "Listing Rule" means Nasdaq Rule 5608.

O. "Nasdaq" means The Nasdaq Stock Market.

P. "Policy" means this Diamond Hill Investment Group, Inc. Executive Officer Compensation Recoupment and Restitution Policy, as the same may be amended pursuant to the terms hereof.

Q. "Rule 10D-1" means Rule 10D-1 promulgated under the Exchange Act.

R. "SEC" means the U.S. Securities and Exchange Commission.

2. **Policy Administration.** This Policy will be administered and interpreted by the Committee. The Committee is authorized to make all determinations under this Policy to the extent permitted by the Listing Rule and in compliance with Section 409A of the

Code. All determinations made by the Committee pursuant to this Policy will be final and binding on all persons, including the Company and its affiliates, shareholders, and Executive Officers, and need not be uniform with respect to each individual subject to the Policy.

3. **Policy Application.** This Policy applies to all Incentive-Based Compensation received by a person: (a) after beginning service as an Executive Officer; (b) who served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation; (c) while the Company had a class of securities listed on a national securities exchange or a national securities association; and (d) during the Clawback Period. For purposes of this Policy, Incentive-Based Compensation is considered "received" in the Company's fiscal period during which the relevant Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the terms of this Policy apply to any Incentive-Based Compensation received by Executive Officers on or after the Effective Date even if such Incentive-Based Compensation was approved, awarded, granted, or paid to Executive Officers before the Effective Date.

4. **Recovery of Erroneously Awarded Compensation.** In the event of an Accounting Restatement, the Company shall reasonably promptly determine and recover the amount of any Erroneously Awarded Compensation received by any Executive Officer, as determined pursuant to this Policy. The Committee shall determine, in its sole and absolute discretion, the timing and method for recovering Erroneously Awarded Compensation, to the extent permitted under the Listing Rule and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code, which may include without limitation: (a) seeking reimbursement of all or part of any cash or equity-based award; (b) cancelling prior cash or equity-based awards; (c) canceling or offsetting against any future payable or planned compensation (including, without

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limitation, base salary or cash or equity-based awards); (d) forfeiture of deferred compensation; and (e) any other method authorized by applicable law or contract.

A. The Company's recovery obligation pursuant to this Section 4 shall not apply if any of the following conditions are met and the Committee determines that such recovery would be impracticable:

i. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to Nasdaq;

ii. Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, and provide a copy of the opinion to Nasdaq; or

iii. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant,

to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Code and regulations thereunder.

5. **Indemnification Prohibition.** The Company is prohibited from (a) indemnifying any Executive Officer against the loss of any Erroneously Awarded Compensation, and (b) paying, or reimbursing any Executive Officer for, the cost of any insurance to cover any such loss.

6. **Reporting and Disclosure.** The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including disclosures required by applicable SEC filings.

7. **Amendment; Termination.** The Board may amend this Policy from time to time in its sole and absolute discretion and shall amend this Policy as it deems necessary to comply with applicable laws, rules, or regulations, including SEC rules or the rules of any national securities exchange or a national securities association on which the Company's securities are listed. The Board may terminate this Policy at any time. Notwithstanding anything to the contrary, no amendment or termination of this Policy shall adversely affect in any material way any Incentive-Based Compensation approved, granted, awarded, earned, or paid to an Executive Officer prior to the effective date of such amendment or termination, except solely to the extent such amendment or termination is required by applicable laws, rules, or regulations, including SEC rules or the rules of any national securities exchange or a national securities association on which the Company's securities are listed.

8. **Other Recoupment Rights.** The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may, as a condition to the grant of any benefit and employment with the Company or its subsidiaries, require an Executive Officer to acknowledge and agree that any employment agreement, award agreement or other agreement entered into or provided to such Executive Officer shall be subject to the terms of this Policy; provided, however, that the Committee's failure to do so shall not serve as a waiver of the Company's rights or such Executive Officer's obligations under this Policy with respect to any such employment agreement, award agreement or other agreement. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company, including any remedies or rights of recoupment pursuant to applicable law, rule, regulation, policy or contract (including any compensation plan, employment agreement, award agreement, or similar agreement) or pursuant to any other legal remedies available to the Company. Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages, or other legal remedies the Company or any of its affiliates may have against an Executive Officer arising out of, or resulting from, any actions or omissions by the Executive Officer. This Policy does not amend the Company's Compensation and Recoupment and Restitution Policy, as may be amended from time to time (the "Employee Policy"), and the Employee Policy may be applied by the Company to each Executive Officer after the application of this Policy to such Executive Officer.

9. **Acknowledgement.** Each Executive Officer shall sign and return to the Company, within 45 calendar days following the later of (i) the Effective Date, and (ii) the date the individual becomes an Executive Officer, the acknowledgement attached hereto as Exhibit A, pursuant to which the Executive Officer agrees to be bound by, and to comply with, the terms and conditions of this Policy.

10. **Successors.** This Policy is binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators, or other legal representatives.

11. **Governing Law; Venue.** This Policy and all rights and obligations hereunder are governed by and construed in accordance with the internal laws of the State of Ohio, excluding any choice of law rules or principles that may direct the application of the laws of another jurisdiction. All

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actions arising out of or relating to this Policy shall be heard and determined exclusively in the courts of the State of Ohio, County of Franklin, or, if it has or can acquire jurisdiction, in the United States District Court for the Southern District of Ohio.

*** * * * * * * * * ***

Exhibit A

Diamond Hill Investment Group, Inc.
Executive Officer Compensation Recoupment and Restitution Policy
Acknowledgement

Pursuant to the Diamond Hill Investment Group, Inc. Executive Officer Compensation Recoupment and Restitution Policy (as may be amended pursuant to the terms thereof, the "Policy"), the undersigned acknowledges, agrees and confirms that they have: (i) received and reviewed the Policy, and (ii) been identified by the Board and/or Committee as an Executive Officer of the Company. Capitalized terms used but not defined in this Acknowledgement shall have the respective meanings ascribed to them in the Policy.

To the extent of any inconsistency between the Policy and the terms of any employment agreement or other compensation plan, program, policy, arrangement, or agreement under which any compensation has been or will be approved, granted, awarded, earned, or paid to the undersigned, the terms of the Policy will prevail.

By signing this Acknowledgement, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company or its subsidiaries. In addition, by signing below, the undersigned agrees to be bound by, and to comply with, the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation to the Company to the extent required by, and in a manner consistent with, the Policy.

EXECUTIVE OFFICER

By: ______________________________
Name: ______________________________
Date: ______________________________

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