Prospectus February 28, 2010
As Amended April 30, 2010

DIAMOND HILL
funds

	Class A	Class C	Class I
Diamond Hill Small Cap Fund	DHSCX	DHSMX	DHSIX
Diamond Hill Small-Mid Cap Fund	DHMAX	DHMCX	DHMIX
Diamond Hill Large Cap Fund	DHLAX	DHLCX	DHLRX
Diamond Hill Select Fund	DHTAX	DHTCX	DHLTX
Diamond Hill Long-Short Fund	DIAMX	DHFCX	DHLSX
Diamond Hill Financial Long-Short Fund	BANCX	BSGCX	DHFSX
Diamond Hill Strategic Income Fund	DSIAX	DSICX	DHSTK

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Fund Summaries

Diamond Hill Small Cap Fund

Class / Ticker **A** DHSCX **C** DHSMX **I** DHSIX

Investment Objective

The investment objective of the Diamond Hill Small Cap Fund is to provide long-term capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in Diamond Hill Funds. More information about these and other discounts is available from your financial professional and in the Sales Charges section on page 31 of the fund's prospectus and the Shares of the Funds section on page 35 of the fund's statement of additional information.

Shareholder Fees (fees paid directly from your investment)

	Class A	Class C	Class I
Maximum Sales Charge (load) Imposed on Purchases as a % of offering price	5.00%	None	None
Maximum Deferred Sales Charge (on redemptions in the first year)	None	1.00%	None

Annual Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

	Class A	Class C	Class I
Management fees	0.80%	0.80%	0.80%
Distribution (12b-1) fees	0.25%	1.00%	NONE
Other expenses[1]	0.30%	0.30%	0.19%
Acquired fund fees and expenses[2]	0.03%	0.03%	0.03%
Total annual operating expenses	**1.38%**	**2.13%**	**1.02%**

1 Other expenses have been restated to reflect current fees.

2 Acquired fund fees and expenses are not reflected in the Financial Highlights or audited financial statements.

Expense Example

This Example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the fund for the time periods indicated. It also shows costs if you sold your shares at the end of the period or continued to hold them. The Example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	$633	$915	$1,217	$2,075
Class C	Sold	$316	$667	$1,144	$2,462
	Held	$216	$667	$1,144	$2,503
Class I	Sold or Held	$104	$325	$563	$1,248

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 47% of the average value of its portfolio.

Principal Investment Strategy

The fund, under normal market conditions, invests at least 80% of its assets in common stocks of U.S. companies with small market capitalizations that the Adviser believes are undervalued. "Assets" means net assets, plus the amount of borrowings (if any) for investment purposes. This is a non-fundamental investment policy that can be changed by the fund upon 60 days' prior notice to shareholders. Small cap companies are defined as companies with market capitalizations at the time of purchase below $2.5 billion or in the range of those market capitalizations of companies included in the Russell 2000 Index. The size of the companies included in the Russell 2000 Index will change with market conditions.

The fund's Adviser utilizes a two-step security selection process to find intrinsic value regardless of overall market conditions. This "bottom up" process begins with fundamental research of companies. Fundamental research takes into consideration only those factors that are directly related to a company itself, rather than the overall state of the market. The objective is to find companies with solid growth prospects based on company-specific strategies or industry factors. The Adviser thoroughly examines prospective companies' corporate and financial histories and scrutinizes management philosophies, missions and forecasts. Once a company is deemed to be attractive by this rigorous process, the Adviser applies a proprietary valuation model as a tool for stock selection.

Once a stock is selected, the Adviser continues to monitor the company's strategies, financial performance and competitive environment. The fund may sell a security if the fund's Adviser believes that the company's fundamentals are deteriorating or if the Adviser identifies a stock that it believes offers a better investment opportunity.

Main Risks

All investments carry a certain amount of risk and the fund cannot guarantee that it will achieve its investment objective. An investment in the fund is not a deposit or obligation of any bank, is not endorsed or guaranteed by any bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. You may lose money by investing in the fund. Below are the main risks of investing in the fund.

Equity Market Risk Overall stock market risks may affect the value of the fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the fund's investments goes down, your investment in the fund decreases in value.

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

Securities Lending Risk The fund may lend its portfolio securities to brokers, dealers and financial institutions. The risk in lending portfolio securities, as with other extensions of credit, consists of possible loss of rights in the collateral should the borrower fail financially.

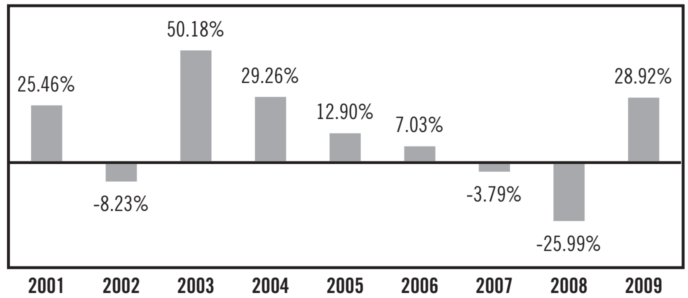
Management Risk The adviser's judgments about the attractiveness, value and potential appreciation of particular asset class or individual security in which the fund invests may prove to be incorrect and there is no guarantee that individual companies that do not perform as anticipated. The value of an individual company can be more volatile than the market as a whole, and the Adviser's intrinsic value-oriented approach may fail to produce the intended results.

Performance

The following bar chart and table show two aspects of the fund: volatility and performance. The bar chart shows the volatility – or variability – of the fund's annual total returns over time, and shows that fund performance can change from year to year. The table shows the fund's average annual total returns for certain time periods compared to the returns of a broad-based securities index. The bar chart and table provide some indication of the risks of investing in the fund. Of course, the fund's past performance is not necessarily an indication of its future performance. *Updated performance information is available at no cost by visiting www.diamond-hill.com or by calling 888-226-5595.*

Class A Annual Total Return years ended 12/31

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: 2Q '03, +28.68%   **Worst Quarter:** 3Q '01, -22.80%

Average Annual Total Returns as of 12/31/09

The average annual total returns for the fund's Class A and C shares are reduced to reflect the maximum applicable sales charges for each class of shares and assume Class C shareholders redeem all of their shares at the end of the period indicated and pay the contingent deferred sales charge then applicable. After-tax returns are calculated using the highest historical individual federal marginal income tax rate and do not reflect the impact of state and local taxes. Actual after-tax returns depend on a shareholder's tax situation and may differ from those shown. After-tax returns are not relevant for shareholders who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. After-tax returns for Class A shares will vary from the after-tax returns presented for Class C and Class I shares.

	Inception Date of Class	One Year	Five Year	Since Inception
Class A Before Taxes	12/29/00	22.47%	1.05%	9.98%
After Taxes on Distributions		22.47%	0.64%	9.57%
After Taxes on Distributions and Sale of Fund Shares		14.61%	0.82%	8.73%
Class C Before Taxes	2/20/01	26.99%	1.33%	9.78%
Class I Before Taxes	4/29/05	29.43%	2.48%	10.84%
Russell 2000 Index		27.17%	0.51%	4.26%

Historical performance for Class C shares and Class I shares prior to their inception is based on the performance of Class A shares. Class C and Class I performance has been adjusted to reflect differences in sales charges and expenses between classes.

The Russell 2000 Index is a market-capitalization weighted index measuring performance of the smallest 2,000 companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 3000 Index is a market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. One cannot invest directly in an index. Unlike mutual funds, the index does not incur expenses. If expenses were deducted, the actual returns of this index would be lower.

Portfolio Management

Investment Adviser
Diamond Hill Capital Management, Inc.

Portfolio Managers
Thomas Schindler
Portfolio Manager
since 12/00

Christopher Bingaman
Assistant Portfolio Manager
since 4/08

Christopher Welch
Assistant Portfolio Manager
since 4/07

Buying and Selling Fund Shares

Minimum Initial Investment
Classes A and C: $5,000
Class I: $50,000

Minimum Additional Investment
All classes: $100

To Place Orders
Mail:
Diamond Hill Small Cap Fund
c/o JPMorgan Chase Bank, NA
PO Box 5354
Cincinnati, OH 45201-5354

Phone: 888-226-5595

Transaction Policies

In general, you can buy or sell shares of the fund by mail or phone on any business day. You can generally pay for shares by check or wire. You may be charged wire fees or other transaction fees; ask your financial professional. When selling shares, you will receive a check, unless you request a wire. You also may buy and sell shares through a financial professional. Orders to buy and sell shares are processed at the next NAV (share price) to be calculated after we receive your request in good order. NAVs are calculated only on days when the New York Stock Exchange is open for regular trading. *For more about buying and selling shares, including policies and restrictions that may apply to you, ask your financial professional or see* Pricing Your Shares *on page 30 of the fund's prospectus.*

Dividends, Capital Gains and Taxes

The fund's distributions may be taxable as ordinary income or capital gains, except when your investment is in an IRA, 401(k) or other tax-advantaged investment plan. However, you may be subject to tax when you withdrawal monies from a tax-advantaged plan.

Potential Conflicts of Interest

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's web site for more information.

Diamond Hill Small-Mid Cap Fund

Class / Ticker **A** DHMAX **C** DHMCX **I** DHMIX

Investment Objective

The investment objective of the Diamond Hill Small-Mid Cap Fund is to provide long-term capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in Diamond Hill Funds. More information about these and other discounts is available from your financial professional and in the Sales Charges section on page 31 of the fund's prospectus and the Shares of the Funds section on page 35 of the fund's statement of additional information.

Shareholder Fees (fees paid directly from your investment)

	Class A	Class C	Class I
Maximum Sales Charge (load) Imposed on Purchases as a % of offering price	5.00%	None	None
Maximum Deferred Sales Charge (on redemptions in the first year)	None	1.00%	None

Annual Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

	Class A	Class C	Class I
Management fees	0.75%	0.75%	0.75%
Distribution (12b-1) fees	0.25%	1.00%	None
Other expenses[1]	0.30%	0.30%	0.19%
Acquired fund fees and expenses[2]	0.03%	0.03%	0.03%
Total annual operating expenses	**1.33%**	**2.08%**	**0.97%**

1 Other expenses have been restated to reflect current fees.

2 Acquired fund fees and expenses are not reflected in the Financial Highlights or audited financial statements.

Expense Example

This Example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the fund for the time periods indicated. It also shows costs if you sold your shares at the end of the period or continued to hold them. The Example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	$629	$900	$1,192	$2,021
Class C	Sold	$311	$652	$1,119	$2,410
	Held	$211	$652	$1,119	$2,410
Class I	Sold or Held	$99	$309	$536	$1,190

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 74% of the average value of its portfolio.

Principal Investment Strategy

The fund, under normal market conditions, invests at least 80% of its assets in common stocks of U.S. companies with small and medium market capitalizations that the Adviser believes are undervalued. "Assets" means net assets, plus the amount of borrowings (if any) for investment purposes. This is a non-fundamental investment policy that can be changed by the fund upon 60 days' prior notice to shareholders. Small and mid cap companies are defined as companies with market capitalizations at the time of purchase between $500 million and $10 billion or in the range of those market capitalizations of companies included in the Russell 2500 Index. The size of the companies included in the Russell 2500 Index will change with market conditions.

The fund's Adviser utilizes a two-step security selection process to find intrinsic value regardless of overall market conditions. This "bottom up" process begins with fundamental research of companies. Fundamental research takes into consideration only those factors that are directly related to a company itself, rather than the overall state of the market. The objective is to find companies with solid growth prospects based on company-specific strategies or industry factors. The Adviser thoroughly examines prospective companies' corporate and financial histories and scrutinizes management philosophies, missions and forecasts. Once a company is deemed to be attractive by this rigorous process, the Adviser applies a proprietary valuation model as a tool for stock selection.

Once a stock is selected, the Adviser continues to monitor the company's strategies, financial performance and competitive environment. The fund may sell a security if the fund's Adviser believes that the company's fundamentals are deteriorating or if the Adviser identifies a stock that it believes offers a better investment opportunity.

Main Risks

All investments carry a certain amount of risk and the fund cannot guarantee that it will achieve its investment objective. An investment in the fund is not a deposit or obligation of any bank, is not endorsed or guaranteed by any bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. You may lose money by investing in the fund. Below are the main risks of investing in the fund.

Equity Market Risk Overall stock market risks may affect the value of the fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the fund's investments goes down, your investment in the fund decreases in value.

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

Securities Lending Risk The fund may lend its portfolio securities to brokers, dealers and financial institutions. The risk in lending portfolio securities, as with other extensions of credit, consists of possible loss of rights in the collateral should the borrower fail financially.

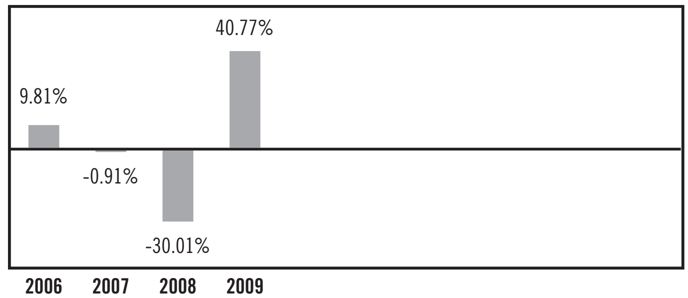
Management Risk The adviser's judgments about the attractiveness, value and potential appreciation of particular asset class or individual security in which the fund invests may prove to be incorrect and there is no guarantee that individual companies that do not perform as anticipated. The value of an individual company can be more volatile than the market as a whole, and the Adviser's intrinsic value-oriented approach may fail to produce the intended results.

Performance

The following bar chart and table show two aspects of the fund: volatility and performance. The bar chart shows the volatility – or variability – of the fund's annual total returns over time, and shows that fund performance can change from year to year. The table shows the fund's average annual total returns for certain time periods compared to the returns of a broad- based securities index. The bar chart and table provide some indication of the risks of investing in the fund. Of course, the fund's past performance is not necessarily an indication of its future performance. *Updated performance information is available at no cost by visiting www.diamond-hill.com or by calling 888-226-5595.*

Class A Annual Total Return years ended 12/31

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: 2Q '09, +30.19% **Worst Quarter:** 4Q '08, -24.08%

Average Annual Total Returns as of 12/31/09

The average annual total returns for the fund's Class A and C shares are reduced to reflect the maximum applicable sales charges for each class of shares and assume Class C shareholders redeem all of their shares at the end of the period indicated and pay the contingent deferred sales charge then applicable. After-tax returns are calculated using the highest historical individual federal marginal income tax rate and do not reflect the impact of state and local taxes. Actual after-tax returns depend on a shareholder's tax situation and may differ from those shown. After-tax returns are not relevant for shareholders who hold Fund shares in tax-deferred accounts or to shares held by non-taxable entities. After-tax returns for Class A shares will vary from the after-tax returns presented for Class C and Class I shares.

	Inception Date of Class	One Year	Since Inception
Class A Before Taxes	12/31/05	33.77%	0.45%
After Taxes on Distributions		33.77%	0.19%
After Taxes on Distributions and Sale of Fund Shares		21.95%	0.29%
Class C Shares Before Taxes	12/31/05	38.86%	1.04%
Class I Shares Before Taxes	12/31/05	41.36%	2.15%
Russell 2500 Index		34.39%	0.01%

The Russell 2500 Index is a market-capitalization weighted index measuring performance of the smallest 2,500 companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 3000 Index is a market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. You cannot invest directly in an index. Unlike mutual funds, the index does not incur expenses. If expenses were deducted, the actual returns of this index would be lower.

Portfolio Management

Investment Adviser
Diamond Hill Capital Management, Inc.

Portfolio Managers

Christopher Welch
Portfolio Manager
since 12/05

Thomas Schindler
Assistant Portfolio Manager
since 4/07

Christopher Bingaman
Assistant Portfolio Manager
since 4/07

Buying and Selling Fund Shares

Minimum Initial Investment
Classes A and C: $2,500
Class I: $50,000

Minimum Additional Investment
All classes: $100

To Place Orders
Mail:
Diamond Hill Small-Mid Cap Fund
c/o JPMorgan Chase Bank, NA
PO Box 5354
Cincinnati, OH 45201-5354

Phone: 888-226-5595

Transaction Policies

In general, you can buy or sell shares of the fund by mail or phone on any business day. You can generally pay for shares by check or wire. You may be charged wire fees or other transaction fees; ask your financial professional. When selling shares, you will receive a check, unless you request a wire. You also may buy and sell shares through a financial professional. Orders to buy and sell shares are processed at the next NAV (share price) to be calculated after we receive your request in good order. NAVs are calculated only on days when the New York Stock Exchange is open for regular trading. *For more about buying and selling shares, including policies and restrictions that may apply to you, ask your financial professional or see* Pricing Your Shares *on page 30 of the fund's prospectus.*

Dividends, Capital Gains and Taxes

The fund's distributions may be taxable as ordinary income or capital gains, except when your investment is in an IRA, 401(k) or other tax-advantaged investment plan. However, you may be subject to tax when you withdrawal monies from a tax-advantaged plan.

Potential Conflicts of Interest

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's web site for more information.

Diamond Hill Large Cap Fund

Class / Ticker **A** DHLAX **C** DHLCX **I** DHLRX

Investment Objective:

The investment objective of the Diamond Hill Large Cap Fund is to provide long-term capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in Diamond Hill Funds. More information about these and other discounts is available from your financial professional and in the Sales Charges section on page 31 of the fund's prospectus and the Shares of the Funds section on page 35 of the fund's statement of additional information.

Shareholder Fees (fees paid directly from your investment)

	Class A	Class C	Class I
Maximum Sales Charge (load) Imposed on Purchases as a % of offering price	5.00%	None	None
Maximum Deferred Sales Charge (on redemptions in the first year)	None	1.00%	None

Annual Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

	Class A	Class C	Class I
Management fees	0.60%	0.60%	0.60%
Distribution (12b-1) fees	0.25%	1.00%	None
Other expenses[1]	0.30%	0.30%	0.19%
Acquired fund fees and expenses[2]	0.01%	0.01%	0.01%
Total annual operating expenses	**1.16%**	**1.91%**	**0.80%**

1 Other expenses have been restated to reflect current fees.

2 Acquired fund fees and expenses are not reflected in the Financial Highlights or audited financial statements.

Expense Example

This Example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the fund for the time periods indicated. It also shows costs if you sold your shares at the end of the period or continued to hold them. The Example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	$612	$850	$1,106	$1,839
Class C	Sold	$294	$600	$1,032	$2,233
	Held	$194	$600	$1,032	$2,233
Class I	Sold or Held	$82	$255	$444	$990

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 31% of the average value of its portfolio.

Principal Investment Strategy

The fund, under normal market conditions, invests at least 80% of its assets in common stocks of U.S. companies with large market capitalizations that the Adviser believes are undervalued. "Assets" means net assets, plus the amount of borrowings (if any) for investment purposes. This is a non-fundamental investment policy that can be changed by the fund upon 60 days' prior notice to shareholders. Large cap companies are defined as companies with market capitalizations at the time of purchase of $5 billion or greater, or in the range of those market capitalizations of companies included in the Russell 1000 Index. The size of the companies included in the Russell 1000 Index will change with market conditions.

The fund's Adviser utilizes a two-step security selection process to find intrinsic value regardless of overall market conditions. This "bottom up" process begins with fundamental research of companies. Fundamental research takes into consideration only those factors that are directly related to a company itself, rather than the overall state of the market. The objective is to find companies with solid growth prospects based on company-specific strategies or industry factors. The Adviser thoroughly examines prospective companies' corporate and financial histories and scrutinizes management philosophies, missions and forecasts. Once a company is deemed to be attractive by this rigorous process, the Adviser applies a proprietary valuation model as a tool for stock selection.

Once a stock is selected, the Adviser continues to monitor the company's strategies, financial performance and competitive environment. The fund may sell a security if the fund's Adviser believes that the company's fundamentals are deteriorating or if the Adviser identifies a stock that it believes offers a better investment opportunity. If the market capitalization of a company in the fund's portfolio decreases to the point where the company is no longer a large capitalization company, the fund may continue to hold the investment for future capital growth opportunities.

Main Risks

All investments carry a certain amount of risk and the fund cannot guarantee that it will achieve its investment objective. An investment in the fund is not a deposit or obligation of any bank, is not endorsed or guaranteed by any bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. You may lose money by investing in the fund. Below are the main risks of investing in the fund.

Equity Market Risk Overall stock market risks may affect the value of the fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the fund's investments goes down, your investment in the fund decreases in value.

Securities Lending Risk The fund may lend its portfolio securities to brokers, dealers and financial institutions. The risk in lending portfolio securities, as with other extensions of credit, consists of possible loss of rights in the collateral should the borrower fail financially.

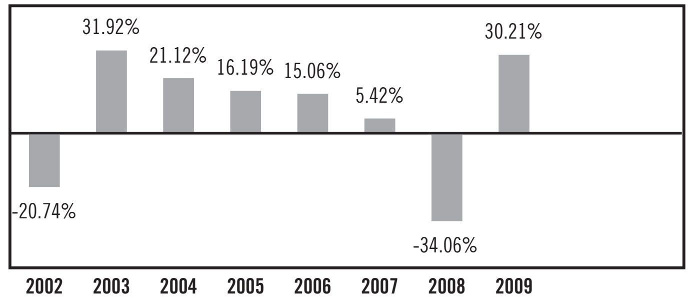
Management Risk The adviser's judgments about the attractiveness, value and potential appreciation of particular asset class or individual security in which the fund invests may prove to be incorrect and there is no guarantee that individual companies that do not perform as anticipated. The value of an individual company can be more volatile than the market as a whole, and the Adviser's intrinsic value-oriented approach may fail to produce the intended results.

Performance

The following bar chart and table show two aspects of the fund: volatility and performance. The bar chart shows the volatility – or variability – of the fund's annual total returns over time, and shows that fund performance can change from year to year. The table shows the fund's average annual total returns for certain time periods compared to the returns of a broad-based securities index. The bar chart and table provide some indication of the risks of investing in the fund. Of course, the fund's past performance is not necessarily an indication of its future performance. *Updated performance information is available at no cost by visiting www.diamond-hill.com or by calling 888-226-5595.*

Class A Annual Total Return years ended 12/31

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: 2Q '09, +17.90% **Worst Quarter:** 4Q '08, -21.56%

Average Annual Total Returns as of 12/31/09

The average annual total returns for the fund's Class A and C shares are reduced to reflect the maximum applicable sales charges for each class of shares and assume Class C shareholders redeem all of their shares at the end of the period indicated and pay the contingent deferred sales charge then applicable. After-tax returns are calculated using the highest historical individual federal marginal income tax rate and do not reflect the impact of state and local taxes. Actual after-tax returns depend on a shareholder's tax situation and may differ from those shown. After-tax returns are not relevant for shareholders who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. After-tax returns for Class A shares will vary from the after-tax returns presented for Class C and Class I shares.

	Inception Date of Class	One Year	Five Years	Since Inception
Class A Before Taxes	6/29/01	23.72%	2.82%	4.60%
After Taxes on Distributions		23.70%	2.41%	4.27%
After Taxes on Distributions and Sale of Fund Shares		15.44%	2.34%	3.90%
Class C Before Taxes	9/25/01	28.34%	3.09%	4.41%
Class I Shares Before Taxes	1/31/05	30.71%	4.29%	5.47%
Russell 1000 Index		28.43%	0.79%	1.23%

Historical performance for Class C shares and Class I shares prior to their inception is based on the performance of Class A shares. Class C and Class I performance has been adjusted to reflect differences in sales charges and expenses between classes.

Russell 1000 is a widely recognized unmanaged market-capitalization weighted index measuring the performance of the 1,000 largest U.S. companies, based on total market capitalization basis. The Russell 1000 does not take into account the deduction of expenses associated with a mutual fund, such as investment management and accounting fees. You cannot invest directly in an index. Unlike mutual funds, the index does not incur expenses. If expenses were deducted, the actual returns of this index would be lower.

Portfolio Management

Investment Adviser
Diamond Hill Capital Management, Inc.

Portfolio Managers

Charles Bath
Portfolio Manager
since 10/02

William Dierker
Assistant Portfolio Manager
since 4/07

Christopher Welch
Assistant Portfolio Manager
since 7/09

Buying and Selling Fund Shares

Minimum Initial Investment
Classes A and C: $2,500
Class I: $50,000

Minimum Additional Investment
All classes: $100

To Place Orders
Mail:
Diamond Hill Large Cap Fund
c/o JPMorgan Chase Bank, NA
PO Box 5354
Cincinnati, OH 45201-5354

Phone: 888-226-5595

Transaction Policies

In general, you can buy or sell shares of the fund by mail or phone on any business day. You can generally pay for shares by check or wire. You may be charged wire fees or other transaction fees; ask your financial professional. When selling shares, you will receive a check, unless you request a wire. You also may buy and sell shares through a financial professional. Orders to buy and sell shares are processed at the next NAV (share price) to be calculated after we receive your request in good order. NAVs are calculated only on days when the New York Stock Exchange is open for regular trading. *For more about buying and selling shares, including policies and restrictions that may apply to you, ask your financial professional or see* Pricing Your Shares *on page 30 of the fund's prospectus.*

Dividends, Capital Gains and Taxes

The fund's distributions may be taxable as ordinary income or capital gains, except when your investment is in an IRA, 401(k) or other tax-advantaged investment plan. However, you may be subject to tax when you withdrawal monies from a tax-advantaged plan.

Potential Conflicts of Interest

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's web site for more information.

Diamond Hill Select Fund

Class / Ticker **A** DHTAX **C** DHTCX **I** DHLTX

Investment Objective

The investment objective of the Diamond Hill Select Fund is to provide long-term capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in Diamond Hill Funds. More information about these and other discounts is available from your financial professional and in the Sales Charges section on page 31 of the fund's prospectus and the Shares of the Funds section on page 35 of the fund's statement of additional information.

Shareholder Fees (fees paid directly from your investment)

	Class A	Class C	Class I
Maximum Sales Charge (load) Imposed on Purchases as a % of offering price	5.00%	None	None
Maximum Deferred Sales Charge (on redemptions in the first year)	None	1.00%	None

Annual Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

	Class A	Class C	Class I
Management fees	0.70%	0.70%	0.70%
Distribution (12b-1) fees	0.25%	1.00%	None
Other expenses[1]	0.30%	0.30%	0.19%
Acquired fund fees and expenses[2]	0.02%	0.02%	0.02%
Total annual operating expenses	**1.27%**	**2.02%**	**0.91%**

[1] Other expenses have been restated to reflect current fees.

[2] Acquired fund fees and expenses are not reflected in the Financial Highlights or audited financial statements.

Expense Example

This Example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the fund for the time periods indicated. It also shows costs if you sold your shares at the end of the period or continued to hold them. The Example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	$623	$883	$1,162	$1,957
Class C	Sold	$305	$634	$1,088	$2,348
	Held	$205	$634	$1,088	$2,348
Class I	Sold or Held	$93	$290	$504	$1,120

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 57% of the average value of its portfolio.

Principal Investment Strategy

The fund, under normal market conditions, invests its assets in 30 to 40 select common stocks of U.S. companies that the Adviser believes are undervalued. This is a non-fundamental investment policy that can be changed by the fund upon 60 days' prior notice to shareholders.

The fund's Adviser utilizes a two-step security selection process to find intrinsic value regardless of overall market conditions. This "bottom up" process begins with fundamental research of companies. Fundamental research takes into consideration only those factors that are directly related to a company itself, rather than the overall state of the market. The objective is to find companies with solid growth prospects based on company-specific strategies or industry factors. The Adviser thoroughly examines prospective companies' corporate and financial histories and scrutinizes management philosophies, missions and forecasts. Once a company is deemed to be attractive by this rigorous process, the Adviser applies a proprietary valuation model as a tool for stock selection.

Once a stock is selected, the Adviser continues to monitor the company's strategies, financial performance and competitive environment. The fund may sell a security if the fund's Adviser believes that the company's fundamentals are deteriorating or if the Adviser identifies a stock that it believes offers a better investment opportunity.

Main Risks

All investments carry a certain amount of risk and the fund cannot guarantee that it will achieve its investment objective. An investment in the fund is not a deposit or obligation of any bank, is not endorsed or guaranteed by any bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. You may lose money by investing in the fund. Below are the main risks of investing in the fund.

Equity Market Risk Overall stock market risks may affect the value of the fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the fund's investments goes down, your investment in the fund decreases in value.

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

Securities Lending Risk The fund may lend its portfolio securities to brokers, dealers and financial institutions. The risk in lending portfolio securities, as with other extensions of credit, consists of possible loss of rights in the collateral should the borrower fail financially.

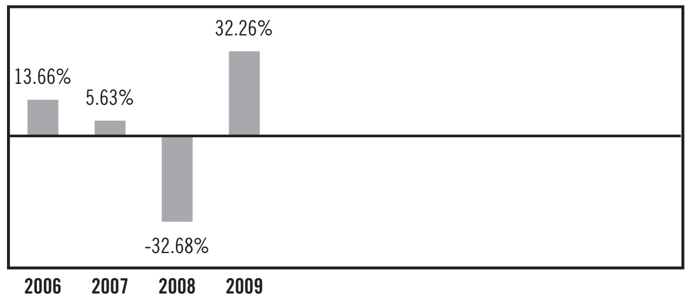
Management Risk The adviser's judgments about the attractiveness, value and potential appreciation of particular asset class or individual security in which the fund invests may prove to be incorrect and there is no guarantee that individual companies that do not perform as anticipated. The value of an individual company can be more volatile than the market as a whole, and the Adviser's intrinsic value-oriented approach may fail to produce the intended results.

Performance

The following bar chart and table show two aspects of the fund: volatility and performance. The bar chart shows the volatility – or variability – of the fund's annual total returns over time, and shows that fund performance can change from year to year. The table shows the fund's average annual total returns for certain time periods compared to the returns of a broad-based securities index. The bar chart and table provide some indication of the risks of investing in the fund. Of course, the fund's past performance is not necessarily an indication of its future performance. *Updated performance information is available at no cost by visiting www.diamond-hill.com or by calling 888-226-5595.*

Class A Annual Total Return years ended 12/31

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: 2Q '09, +19.60% **Worst Quarter:** 4Q '08, -20.73%

Average Annual Total Returns as of 12/31/09

The average annual total returns for the fund's Class A and C shares are reduced to reflect the maximum applicable sales charges for each class of shares and assume Class C shareholders redeem all of their shares at the end of the period indicated and pay the contingent deferred sales charge then applicable. After-tax returns are calculated using the highest historical individual federal marginal income tax rate and do not reflect the impact of state and local taxes. Actual after-tax returns depend on a shareholder's tax situation and may differ from those shown. After-tax returns are not relevant for shareholders who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. After-tax returns for Class A shares will vary from the after-tax returns presented for Class C and Class I shares.

	Inception Date of Class	One Year	Since Inception
Class A Before Taxes	12/31/05	25.63%	0.38%
After Taxes on Distributions		25.63%	-0.66%
After Taxes on Distributions and Sale of Fund Shares		16.66%	-0.09%
Class C Before Taxes	12/31/05	30.86%	0.97%
Class I Before Taxes	12/31/05	33.63%	2.08%
Russell 3000 Index		28.34%	-0.53%

The Russell 3000 Index is a market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. You cannot invest directly in an index. Unlike mutual funds, the index does not incur expenses. If expenses were deducted, the actual returns of this index would be lower.

Portfolio Management

Investment Adviser
Diamond Hill Capital Management, Inc.

Portfolio Managers

William Dierker
Portfolio Manager
since 9/06

Charles Bath
Assistant Portfolio Manager
since 4/07

Christopher Welch
Assistant Portfolio Manager
since 7/09

Buying and Selling Fund Shares

Minimum Initial Investment
Classes A and C: $2,500
Class I: $50,000

Minimum Additional Investment
All classes: $100

To Place Orders
Mail:
Diamond Hill Select Fund
c/o JPMorgan Chase Bank, NA
PO Box 5354
Cincinnati, OH 45201-5354

Phone: 888-226-5595

Transaction Policies

In general, you can buy or sell shares of the fund by mail or phone on any business day. You can generally pay for shares by check or wire. You may be charged wire fees or other transaction fees; ask your financial professional. When selling shares, you will receive a check, unless you request a wire. You also may buy and sell shares through a financial professional. Orders to buy and sell shares are processed at the next NAV (share price) to be calculated after we receive your request in good order. NAVs are calculated only on days when the New York Stock Exchange is open for regular trading. *For more about buying and selling shares, including policies and restrictions that may apply to you, ask your financial professional or see* Pricing Your Shares *on page 30 of the fund's prospectus.*

Dividends, Capital Gains and Taxes

The fund's distributions may be taxable as ordinary income or capital gains, except when your investment is in an IRA, 401(k) or other tax-advantaged investment plan. However, you may be subject to tax when you withdrawal monies from a tax-advantaged plan.

Potential Conflicts of Interest

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's web site for more information.

Diamond Hill Long-Short Fund

Class / Ticker **A** DIAMX **C** DHFCX **I** DHLSX

Investment Objective

The investment objective of the Diamond Hill Long-Short Fund is to provide long-term capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in Diamond Hill Funds. More information about these and other discounts is available from your financial professional and in the Sales Charges section on page 31 of the fund's prospectus and the Shares of the Funds section on page 35 of the fund's statement of additional information.

Shareholder Fees (fees paid directly from your investment)

	Class A	Class C	Class I
Maximum Sales Charge (load) Imposed on Purchases as a % of offering price	5.00%	None	None
Maximum Deferred Sales Charge (on redemptions in the first year)	None	1.00%	None

Annual Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

	Class A	Class C	Class I
Management fees	0.90%	0.90%	0.90%
Distribution (12b-1) fees	0.25%	1.00%	NONE
Other expenses			
Administration fees[1]	0.30%	0.30%	0.19%
Dividend expenses on short sales	0.37%	0.37%	0.37%
Total other expenses	0.67%	0.67%	0.56%
Acquired fund fees and expenses[2]	0.02%	0.02%	0.02%
Total annual operating expenses	**1.84%**	**2.59%**	**1.48%**

1 Administration fees have been restated to reflect current fees.

2 Acquired fund fees and expenses are not reflected in the Financial Highlights or audited financial statements.

Expense Example

This Example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the fund for the time periods indicated. It also shows costs if you sold your shares at the end of the period or continued to hold them. The Example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	$678	$1,050	$1,446	$2,551
Class C	Sold	$362	$805	$1,375	$2,925
	Held	$262	$805	$1,375	$2,925
Class I	Sold or Held	$151	$468	$808	$1,768

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 44% of the average value of its portfolio.

Principal Investment Strategy

The fund, under normal market conditions, invests its assets in common stocks of U.S. companies that the Adviser believes are undervalued. This is a non-fundamental investment policy that can be changed by the fund upon 60 days' prior notice to shareholders.

The fund's Adviser utilizes a two-step security selection process to find intrinsic value regardless of overall market conditions. This "bottom up" process begins with fundamental research of companies of all capitalization ranges. Fundamental research takes into consideration only those factors that are directly related to a company itself, rather than the overall state of the market. The objective is to find companies with solid growth prospects based on company-specific strategies or industry factors. The Adviser thoroughly examines prospective companies' corporate and financial histories and scrutinizes management philosophies, missions and forecasts. Once a company is deemed to be attractive by this rigorous process, the Adviser applies a proprietary valuation model as a tool for stock selection.

Once a stock is selected, the Adviser continues to monitor the company's strategies, financial performance and competitive environment. The fund may sell a security if the fund's Adviser believes that the company's fundamentals are deteriorating or if the Adviser identifies a stock that it believes offers a better investment opportunity.

The fund also will sell securities short. Short sales are effected when it is believed that the price of a particular security will decline, and involves the sale of a security which the fund does not own in hopes of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the fund must borrow the security, and the fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the fund. The frequency of short sales will vary substantially in different periods, and it is not intended that any specified portion of the fund's assets will as a matter of practice be invested in short sales. The fund will not make a short sale if, immediately before the transaction, the market value of all securities sold short exceeds 40% of the value of the fund's net assets.

Main Risks

All investments carry a certain amount of risk and the fund cannot guarantee that it will achieve its investment objective. An investment in the fund is not a deposit or obligation of any bank, is not endorsed or guaranteed by any bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. You may lose money by investing in the fund. Below are the main risks of investing in the fund.

Equity Market Risk Overall equity market risks may affect the value of the fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the fund's investments goes down, your investment in the fund decreases in value.

Short Sale Risk The fund will incur a loss as a result of a short sale if the price of the security sold short increases in value between the date of the short sale and the date on which the fund purchases the security to replace the borrowed security. In addition, a lender may request, or market conditions may dictate, that securities sold short be returned to the lender on short notice, and the fund may have to buy the securities sold short at an unfavorable price. If this occurs, any anticipated gain to the fund may be reduced or eliminated or the short sale may result in a loss. The fund's losses are potentially unlimited in a short sale transaction. Short sales are speculative transactions and involve special risks, including greater reliance on the Adviser's ability to accurately anticipate the future value of a security.

Securities Lending Risk The fund may lend its portfolio securities to brokers, dealers and financial institutions. The risk in lending portfolio securities, as with other extensions of credit, consists of possible loss of rights in the collateral should the borrower fail financially.

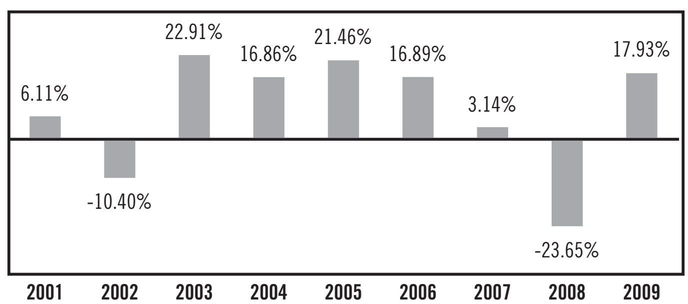
Management Risk The adviser's judgments about the attractiveness, value and potential appreciation of particular asset class or individual security in which the fund invests may prove to be incorrect and there is no guarantee that individual companies that do not perform as anticipated. The value of an individual company can be more volatile than the market as a whole, and the Adviser's intrinsic value-oriented approach may fail to produce the intended results. In addition, there is no guarantee that the use of long and short positions will succeed in limiting the fund's exposure to domestic stock market movements, sector-swings or other risk factors. The strategy used by the fund involves complex securities transactions that involve risks different than direct equity investments.

Performance

The following bar chart and table show two aspects of the fund: volatility and performance. The bar chart shows the volatility – or variability – of the fund's annual total returns over time, and shows that fund performance can change from year to year. The table shows the fund's average annual total returns for certain time periods compared to the returns of a broad-based securities index. The bar chart and table provide some indication of the risks of investing in the fund. Of course, the fund's past performance is not necessarily an indication of its future performance. *Updated performance information is available at no cost by visiting www.diamond-hill.com or by calling 888-226-5595.*

Class A Annual Total Return years ended 12/31

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: 4Q 01, +19.96% **Worst Quarter:** 3Q 01, -26.08%

Average Annual Total Returns as of 12/31/09

The average annual total returns for the fund's Class A and C shares are reduced to reflect the maximum applicable sales charges for each class of shares and assume Class C shareholders redeem all of their shares at the end of the period indicated and pay the contingent deferred sales charge then applicable. After-tax returns are calculated using the highest historical individual federal marginal income tax rate and do not reflect the impact of state and local taxes. Actual after-tax returns depend on a shareholder's tax situation and may differ from those shown. After-tax returns are not relevant for shareholders who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. After-tax returns for Class A shares will vary from the after-tax returns presented for Class C and Class I shares.

	Inception Date of Class	One Year	Five Year	Since Inception
Class A Before Taxes	6/30/00	12.02%	4.61%	6.05%
After Taxes on Distributions		12.02%	4.07%	5.68%
After Taxes on Distributions and Sale of Fund Shares		7.81%	3.74%	5.13%
Class C Before Taxes	2/13/01	16.02%	4.89%	5.82%
Class I Before Taxes	1/31/05	18.39%	6.11%	6.86%
Russell 1000 Index		28.43%	0.79%	-0.60%

Historical performance for Class C shares and Class I shares prior to their inception is based on the performance of Class A shares. Class C and Class I performance has been adjusted to reflect differences in sales charges and expenses between classes.

Russell 1000 is a widely recognized unmanaged market-capitalization weighted index measuring the performance of the 1,000 largest U.S. companies, based on total market capitalization basis. The Russell 1000 does not take into account the deduction of expenses associated with a mutual fund, such as investment management and accounting fees. You cannot invest directly in an index. Unlike mutual funds, the index does not incur expenses. If expenses were deducted, the actual returns of this index would be lower.

Portfolio Management

Investment Adviser
Diamond Hill Capital Management, Inc.

Portfolio Managers

Charles Bath
Portfolio Manager
since 10/02

Christopher Bingaman
Assistant Portfolio Manager
since 4/07

R.H. (Ric) Dillon
Portfolio Manager
since 6/00

Buying and Selling Fund Shares

Minimum Initial Investment
Classes A and C: $2,500
Class I: $50,000

Minimum Additional Investment
All classes: $100

To Place Orders
Mail:
Diamond Hill Long-Short Fund
c/o JPMorgan Chase Bank, NA
PO Box 5354
Cincinnati, OH 45201-5354

Phone: 888-226-5595

Transaction Policies

In general, you can buy or sell shares of the fund by mail or phone on any business day. You can generally pay for shares by check or wire. You may be charged wire fees or other transaction fees; ask your financial professional. When selling shares, you will receive a check, unless you request a wire. You also may buy and sell shares through a financial professional. Orders to buy and sell shares are processed at the next NAV (share price) to be calculated after we receive your request in good order. NAVs are calculated only on days when the New York Stock Exchange is open for regular trading. *For more about buying and selling shares, including policies and restrictions that may apply to you, ask your financial professional or see* Pricing Your Shares *on page 30 of the fund's prospectus.*

Dividends, Capital Gains and Taxes

The fund's distributions may be taxable as ordinary income or capital gains, except when your investment is in an IRA, 401(k) or other tax-advantaged investment plan. However, you may be subject to tax when you withdrawal monies from a tax-advantaged plan.

Potential Conflicts of Interest

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's web site for more information.

Diamond Hill Financial Long-Short Fund

Class / Ticker **A** BANCX **C** BSGCX **I** DHFSX

Investment Objective

The investment objective of the Diamond Hill Financial Long-Short Fund is to provide long-term capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in Diamond Hill Funds. More information about these and other discounts is available from your financial professional and in the Sales Charges section on page 31 of the fund's prospectus and the Shares of the Funds section on page 35 of the fund's statement of additional information.

Shareholder Fees (fees paid directly from your investment)

	Class A	Class C	Class I
Maximum Sales Charge (load) imposed on Purchases as a % of offering price	5.00%	None	None
Maximum Deferred Sales Charge (on redemptions in the first year)	None	1.00%	None

Annual Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

	Class A	Class C	Class I
Management fees	1.00%	1.00%	1.00%
Distribution (12b-1) fees	0.25%	1.00%	NONE
Other expenses			
Administration fees[1]	0.30%	0.30%	0.19%
Dividend expenses on short sales	0.19%	0.19%	0.19%
Total other expenses	0.49%	0.49%	0.38%
Acquired fund fees and expenses[2]	0.02%	0.02%	0.02%
Total annual operating expenses	**1.76%**	**2.51%**	**1.40%**

1 Administration fees have been restated to reflect current fees.

2 Acquired fund fees and expenses are not reflected in the Financial Highlights or audited financial statements.

Expense Example

This Example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the fund for the time periods indicated. It also shows costs if you sold your shares at the end of the period or continued to hold them. The Example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	$670	$1,026	$1,406	$2,469
Class C	Sold	$354	$782	$1,335	$2,846
	Held	$254	$782	$1,335	$2,846
Class I	Sold or Held	$143	$443	$766	$1,680

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 85% of the average value of its portfolio.

Principal Investment Strategy

The fund, under normal market conditions, invests at least 80% of its assets in U.S. equity securities of banks, thrifts, specialty lending institutions, insurance companies, real estate investment trusts and other financial services companies that the Adviser believes are undervalued. "Assets" means net assets, plus the amount of borrowings (if any) for investment purposes. This is a non-fundamental investment policy that can be changed by the fund upon 60 days' prior notice to shareholders.

The fund's Adviser utilizes a two-step security selection process to find intrinsic value regardless of overall market conditions. This "bottom up" process begins with fundamental research of companies within the sector of all capitalization ranges. Fundamental research takes into consideration only those factors that are directly related to a company itself, rather than the overall state of the market. The objective is to find companies with solid growth prospects based on company-specific strategies or industry factors. The Adviser thoroughly examines prospective companies' corporate and financial histories and scrutinizes management philosophies, missions and forecasts. Once the Adviser deems a company to be attractive following this rigorous process, the

Adviser applies a proprietary valuation model as a tool for stock selection.

Once a stock is selected, the Adviser continues to monitor the company's strategies, financial performance and competitive environment. The fund may sell a security if the Adviser believes that the company's fundamentals are deteriorating or if the Adviser identifies a stock that it believes offers a better investment opportunity.

The fund also will sell securities short. Short sales are effected when it is believed that the price of a particular security will decline, and involves the sale of a security which the fund does not own in hopes of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the fund must borrow the security, and the fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the fund. The frequency of short sales will vary substantially in different periods, and it is not intended that any specified portion of the fund's assets will as a matter of practice be invested in short sales. The fund will not make a short sale if, immediately before the transaction, the market value of all securities sold short exceeds 40% of the value of the fund's net assets.

Main Risks

All investments carry a certain amount of risk and the fund cannot guarantee that it will achieve its investment objective. An investment in the fund is not a deposit or obligation of any bank, is not endorsed or guaranteed by any bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. You may lose money by investing in the Fund. Below are the main risks of investing in the fund.

Equity Market Risk Overall stock market risks may affect the value of the fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the fund's investments goes down, your investment in the fund decreases in value.

Sector Risk Because the fund's portfolio is concentrated in the financial services industry, it is subject to risks in addition to those that apply to the general equity market. Economic, legislative or regulatory developments may occur which significantly affect the entire sector. This may cause the fund's net asset value to fluctuate more than that of a fund that does not concentrate in a particular industry.

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

Short Sale Risk The fund will incur a loss as a result of a short sale if the price of the security sold short increases in value between the date of the short sale and the date on which the fund purchases the security to replace the borrowed security. In addition, a lender may request that securities sold short be returned to the lender on short notice, and the fund may have to buy the securities sold short at an unfavorable price. If this occurs, any anticipated gain to the fund may be reduced or eliminated or the short sale may result in a loss. The fund's losses are potentially unlimited in a short sale transaction. Short sales are speculative transactions and involve special risks, including greater reliance on the Adviser's ability to accurately anticipate the future value of a security.

Securities Lending Risk The fund may lend its portfolio securities to brokers, dealers and financial institutions. The risk in lending portfolio securities, as with other extensions of credit, consists of possible loss of rights in the collateral should the borrower fail financially.

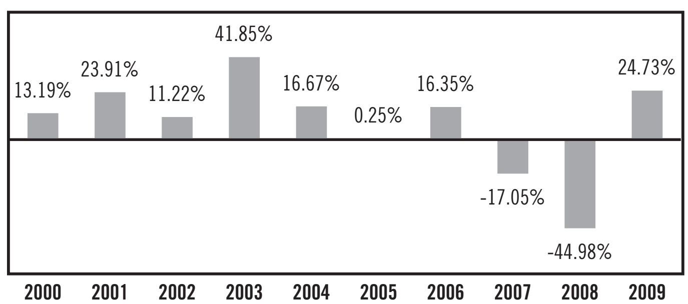
Management Risk The adviser's judgments about the attractiveness, value and potential appreciation of particular asset class or individual security in which the fund invests may prove to be incorrect and there is no guarantee that individual companies that do not perform as anticipated. In addition, there is no guarantee that the use of long and short positions will succeed in limiting the fund's exposure to domestic stock market movements, capitalization, sector-swings or other risk factors. The strategy used by the fund involves complex securities transactions that involve risks different than direct equity investments.

Performance

The following bar chart and table show two aspects of the fund: volatility and performance. The bar chart shows the volatility – or variability – of the fund's annual total returns over time, and shows that fund performance can change from year to year. The table shows the fund's average annual total returns for certain time periods compared to the returns of a broad-based securities index. The bar chart and table provide some indication of the risks of investing in the fund. Of course, the fund's past performance is not necessarily an indication of its future performance. *Updated performance information is available at no cost by visiting www.diamond-hill.com or by calling 888-226-5595.*

Class A Annual Total Return years ended 12/31

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: 2Q '09, +42.00% **Worst Quarter:** 1Q '09, -29.25%

Average Annual Total Returns as of 12/31/09

The average annual total returns for the fund's Class A and C shares are reduced to reflect the maximum applicable sales charges for each class of shares and assume Class C shareholders redeem all of their shares at the end of the period indicated and pay the contingent deferred sales charge then applicable. After-tax returns are calculated using the highest historical individual federal marginal income tax rate and do not reflect the impact of state and local taxes. Actual after-tax returns depend on a shareholder's tax situation and may differ from those shown. After-tax returns are not relevant for shareholders who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. After-tax returns for Class A shares will vary from the after-tax returns presented for Class C shares.

	Inception Date of Class	One Year	Five Year	Ten Years
Class A Before Taxes	8/1/97	18.44%	-8.81%	5.00%
After Taxes on Distributions		18.20%	-9.49%	3.98%
After Taxes on Distributions and Sale of Fund Shares		12.32%	-7.28%	4.27%
Class C Before Taxes	6/3/99	22.81%	-8.59%	4.81%
Class I Before Taxes	12/31/06	25.31%	-7.61%	5.68%
S&P 1500 Supercompositive Financial Index		15.46%	-10.58%	-2.04%

Historical performance for Class I shares prior to its inception is based on the performance of Class A shares. Class I performance has been adjusted to reflect differences in sales charges and expenses between classes.

The S&P 1500 Supercomposite Financial Index is a market capitalization-weighted index which is comprised of companies that represent the Financial Services Sector weighting within the S&P 1500 Supercomposite. The S&P 1500 Supercomposite is a broad-based market capitalization-weighted index of 1500 U.S. companies that is comprised of the S&P 400, S&P 500 and S&P 600 Indexes. You cannot invest directly in an index. Unlike mutual funds, the index does not incur expenses. If expenses were deducted, the actual returns of this index would be lower.

Portfolio Management

Investment Adviser
Diamond Hill Capital Management, Inc.

Portfolio Managers

Christopher Bingaman
Portfolio Manager
since 7/01

Austin Hawley
Assistant Portfolio Manager
since 12/09

John Loesch
Assistant Portfolio Manager
since 12/09

Buying and Selling Fund Shares

Minimum Initial Investment
Classes A and C: $2,500
Class I: $50,000

Minimum Additional Investment
All classes: $100

To Place Orders
Mail:
Diamond Hill Financial Long-Short Fund
c/o JPMorgan Chase Bank, NA
PO Box 5354
Cincinnati, OH 45201-5354

Phone: 888-226-5595

Transaction Policies

In general, you can buy or sell shares of the fund by mail or phone on any business day. You can generally pay for shares by check or wire. You may be charged wire fees or other transaction fees; ask your financial professional. When selling shares, you will receive a check, unless you request a wire. You also may buy and sell shares through a financial professional. Orders to buy and sell shares are processed at the next NAV (share price) to be calculated after we receive your request in good order. NAVs are calculated only on days when the New York Stock Exchange is open for regular trading. *For more about buying and selling shares, including policies and restrictions that may apply to you, ask your financial professional or see* Pricing Your Shares *on page 30 of the fund's prospectus.*

Dividends, Capital Gains and Taxes

The fund's distributions may be taxable as ordinary income or capital gains, except when your investment is in an IRA, 401(k) or other tax-advantaged investment plan. However, you may be subject to tax when you withdrawal monies from a tax-advantaged plan.

Potential Conflicts of Interest

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's web site for more information.

Diamond Hill Strategic Income Fund

Class / Ticker **A** DSIAX **C** DSICX **I** DHSTK

Investment Objective

The investment objective of the Diamond Hill Strategic Income Fund is to provide current income and an attractive total return.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in Diamond Hill Funds. More information about these and other discounts is available from your financial professional and in the Sales Charges section on page 31 of the fund's prospectus and the Shares of the Funds section on page 35 of the fund's statement of additional information.

Shareholder Fees (fees paid directly from your investment)

	Class A	Class C	Class I
Maximum Sales Charge (load) Imposed on Purchases as a % of offering price	3.50%	None	None
Maximum Deferred Sales Charge (on redemptions in the first year)	None	1.00%	None

Annual Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

	Class A	Class C	Class I
Management fees	0.50%	0.50%	0.50%
Distribution (12b-1) fees	0.25%	1.00%	NONE
Other expenses[1]	0.30%	0.30%	0.19%
Acquired fund fees and expenses[2]	0.00%	0.00%	0.00%
Total annual operating expenses	**1.05%**	**1.80%**	**0.69%**

1 Other expenses have been restated to reflect current fees.

2 Acquired fund fees and expenses are not reflected in the Financial Highlights or audited financial statements.

Expense Example

This Example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the fund for the time periods indicated. It also shows costs if you sold your shares at the end of the period or continued to hold them. The Example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	$602	$817	$1,050	$1,718
Class C	Sold	$283	$566	$975	$2,116
	Held	$183	$566	$975	$2,116
Class I	Sold or Held	$70	$221	$384	$859

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 83% of the average value of its portfolio.

Principal Investment Strategy

The fund, under normal market conditions, invests at least 80% of its assets in income-producing securities including investment-grade and non-investment grade corporate bonds, preferred stocks of any market capitalization, real estate investment trusts ("REITs"), convertible corporate bonds, convertible preferred income-producing securities, structured instruments (debt securities issued by agencies of the U.S. Government (such as Ginnie Mae, Fannie Mae, and Freddie Mac), banks, corporations, and other business entities whose interest and/or principal payments are indexed to certain specific foreign currency exchange rates, interest rates, or one or more other reference indices or obligations), U.S. Government and agency securities, closed-end investment companies, master limited partnerships, equity securities of any market capitalization, and derivatives, such as futures contracts, option and swaps.

The fund's Adviser selects securities for the fund by analyzing both individual securities and different market sectors. The Adviser selects the individual securities after performing a risk/reward analysis that includes an evaluation of interest rate risk, credit risk, and the complex legal and technical structure of the security. The Adviser seeks to enhance the fund's performance by allocating relatively more of its portfolio to the sectors that the Adviser expects to offer the best prospects for current income and capital appreciation in relation to the risks borne.

Main Risks

All investments carry a certain amount of risk and the fund cannot guarantee that it will achieve its investment objective. An investment in the fund is not a deposit or obligation of any bank, is not endorsed or guaranteed by any bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. You may lose money by investing in the fund. Below are the main risks of investing in the fund.

Fixed Income Risk The fund invests in fixed income securities. These securities will increase or decrease in value based on changes in interest rates. If rates increase, the value of the fund's fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases. Your investment will decline in value if the value of the fund's investments decreases.

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

Credit Risk There is a risk that issuers and counterparties will not make payments on securities and repurchase agreements held by a fund. Such default could result in losses to the fund. In addition, the credit quality of securities held by the fund may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security and in shares of the fund. Lower credit quality also may affect liquidity and make it difficult for the fund to sell the security.

Equity Market Risk Overall stock market risks may affect the value of the fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the fund's investments goes down, your investment in the fund decreases in value.

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

Closed-end Fund Risk The value of the shares of closed-end investment companies may be lower than the value of the portfolio securities held by the closed-end investment company. Closed-end investment companies may trade infrequently, with small volume, which may make it difficult for the fund to buy and sell shares. Also, the market price of closed-end investment companies tends to rise more in response to buying demand and fall more in response to selling pressure than is the case with larger capitalization companies.

High Yield Risk The fund may purchase fixed income securities rated below the investment grade category. Securities in this rating category are speculative. Changes in economic conditions or other circumstances may have a greater effect on the ability of issuers of these securities to make principal and interest payments than they do on issuers of higher grade securities.

Real Estate Risk REITs, although not a direct investment in real estate, are subject to the risks associated with investing in real estate. The value of these securities will rise and fall in response to many factors, including economic conditions, the demand for rental property and changes in interest rates

Securities Lending Risk The fund may lend its portfolio securities to brokers, dealers and financial institutions. The risk in lending portfolio securities, as with other extensions of credit, consists of possible loss of rights in the collateral should the borrower fail financially.

Structured Instrument Risk Structured instruments may be less liquid than other debt securities, and the price of structured instruments may be more volatile. Although structured instruments may be sold in the form of a corporate debt obligation, they may not have some of the protection against counterparty default that may be available with respect to publicly traded debt securities (i.e., the existence of a trust indenture).

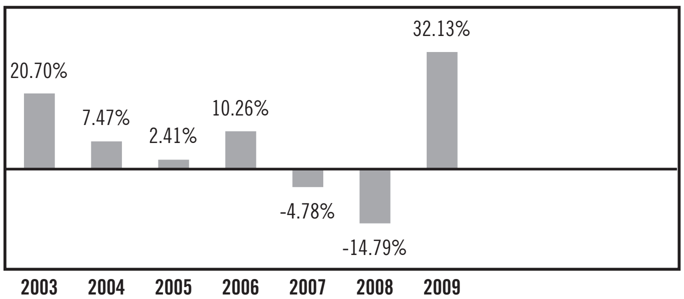
Management Risk The adviser's judgments about the attractiveness, value and potential appreciation of particular asset class or individual security in which the fund invests may prove to be incorrect and there is no guarantee that individual companies that do not perform as anticipated.

Performance

The following bar chart and table show two aspects of the fund: volatility and performance. The bar chart shows the volatility – or variability – of the fund's annual total returns over time, and shows that fund performance can change from year to year. The table shows the fund's average annual total returns for certain time periods compared to the returns of a broad-based securities index. The bar chart and table provide some indication of the risks of investing in the fund. Of course, the fund's past performance is not necessarily an indication of its future performance. *Updated performance information is available at no cost by visiting www.diamond-hill.com or by calling 888-226-5595.*

Class A Annual Total Return years ended 12/31

Returns do not reflect sales charges, and would be lower if they did.



Best Quarter: 2Q '09, +16.64% **Worst Quarter:** 3Q '08, -12.28%

Average Annual Total Returns as of 12/31/09

The average annual total returns for the fund's Class A and C shares are reduced to reflect the maximum applicable sales charges for each class of shares and assume Class C shareholders redeem all of their shares at the end of the period indicated and pay the contingent deferred sales charge then applicable. After-tax returns are calculated using the highest historical individual federal marginal income tax rate and do not reflect the impact of state and local taxes. Actual after-tax returns depend on a shareholder's tax situation and may differ from those shown. After-tax returns are not relevant for shareholders who hold Fund shares in tax-deferred accounts or to shares held by non-taxable entities. After-tax returns for Class A shares will vary from the after-tax returns presented for Class C and Class I shares.

	Inception Date of Class	One Year	Five Year	Since Inception
Class A Before Taxes	9/30/02	27.51%	3.16%	6.55%
After Taxes on Distributions		24.41%	1.11%	4.32%
After Taxes on Distributions and Sale of Fund Shares		17.76%	1.57%	4.37%
Class C Before Taxes	9/30/02	30.34%	3.13%	6.36%
Class I Before Taxes	01/31/05	32.69%	4.30%	7.35%
Merrill Lynch U.S. Corporate, Government and Mortgage Index		5.24%	5.09%	4.89%

Historical performance for Class I shares prior to its inception is based on the performance of Class A shares. Class I performance has been adjusted to reflect differences in sales charges and expenses between classes.

The Merrill Lynch U.S. Corporate, Government and Mortgage Index includes a mixture of government bonds, corporate bonds and mortgage pass through securities of investment grade quality, having a maturity greater than or equal to one year. The Merrill Lynch U.S. Corporate, Government and Mortgage Index does not take into account the deduction of expenses associated with a mutual fund, such as investment management and accounting fees. One cannot invest directly in an index. Unlike mutual funds, the index does not incur expenses. If expenses were deducted, the actual returns of this index would be lower.

Portfolio Management

Investment Adviser
Diamond Hill Capital Management, Inc.

Portfolio Managers

William Zox
Portfolio Manager
since 4/06

William Dierker
Assistant Portfolio Manager
since 1/09

Christopher Bingaman
Assistant Portfolio Manager
since 4/08

Buying and Selling Fund Shares

Minimum Initial Investment
Classes A and C: $2,500
Class I: $50,000

Minimum Additional Investment
All classes: $100

To Place Orders
Mail:
Diamond Hill Strategic Income Fund
c/o JPMorgan Chase Bank, NA
PO Box 5354
Cincinnati, OH 45201-5354

Phone: 888-226-5595

Transaction Policies

In general, you can buy or sell shares of the fund by mail or phone on any business day. You can generally pay for shares by check or wire. You may be charged wire fees or other transaction fees; ask your financial professional. When selling shares, you will receive a check, unless you request a wire. You also may buy and sell shares through a financial professional. Orders to buy and sell shares are processed at the next NAV (share price) to be calculated after we receive your request in good order. NAVs are calculated only on days when the New York Stock Exchange is open for regular trading. *For more about buying and selling shares, including policies and restrictions that may apply to you, ask your financial professional or see* Pricing Your Shares *on page 30 of the fund's prospectus.*

Dividends, Capital Gains and Taxes

The fund's distributions may be taxable as ordinary income or capital gains, except when your investment is in an IRA, 401(k) or other tax-advantaged investment plan. However, you may be subject to tax when you withdrawal monies from a tax-advantaged plan.

Potential Conflicts of Interest

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's web site for more information.

Fund Details

Additional Information About Investment Strategies and Related Risks

Diamond Hill Strategic Income Fund

Investment Strategy

The Adviser actively manages the Diamond Hill Strategic Income fund's portfolio, seeking to limit fluctuation in the fund's share price due to changes in market interest rates, while selecting investments that should offer current income based upon the Adviser's credit analysis. The fund attempts to provide current income by selecting market sectors that offer risk/reward advantages based on structural risks and credit trends. Individual securities that are purchased by the fund are subject to a disciplined risk/reward analysis both at the time of purchase and on an ongoing basis. This analysis includes an evaluation of interest rate risk, credit risk and risks associated with the complex legal and technical structure of the investments.

The fund invests primarily in income producing securities. The Adviser attempts to select securities offering attractive risk-adjusted yields over comparable Treasury securities. Corporate and asset-backed securities offer higher yields compared to Treasury securities to compensate for their additional risks, such as credit risk.

Principal Securities in Which the Fund Invests

The Adviser intends to achieve the fund's objectives by investing in income producing securities. These securities include investment-grade and non-investment grade corporate debt securities, including notes, bonds, debentures and commercial paper. The credit risks of corporate debt securities vary widely based on the strength of the issuer and the priority of repayment. For example, higher ranking (senior) debt securities have a higher repayment priority than lower ranking (subordinated) debt securities. The fund also will invest in convertible corporate bonds, U.S. Treasury and Agency securities, mortgage and asset-backed securities and inflation-indexed bonds, which are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. The fund may invest in preferred stocks, including trust preferred and convertible preferred stocks. Preferred stocks are equity securities with rights superior to those of common stocks and convertible preferred stock is preferred stock of an issuer that may be convertible within a specified time period into a certain number of shares of common stock of the same or a different issuer.

As part of its investment strategy, the fund may invest in real estate investment trusts ("REITs"), master limited partnerships ("MLPS"), structured instruments, derivatives and closed-end funds. REITs are pooled investment vehicles that invest primarily in income producing real estate or real estate related loans or interests. REITs generally are classified as equity REITs, mortgage REITs or hybrid REITs. An equity REIT, which owns properties, generates income from rental and lease properties. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments. Hybrid REITs are designed to strike a balance between equity investments and mortgage-backed investments and derive their income from the collection of rents, the realization of capital gains from the sale of properties and from the collection of interest payments on outstanding mortgages held within the trust.

MLPS' are passive investment vehicles, in which 85% to 90% of operating profits and losses are usually passed through the ownership structure to the limited partners. This pass through creates passive income or losses, along with dividend and investment income.

Structured instruments are debt securities issued by agencies of the U.S. Government (such as the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Government National Mortgage Association (Ginnie Mae)), banks, corporations, and other business entities whose interest and/or principal payments are indexed to certain specific foreign currency exchange rates, interest rates, or one or more other reference indices. Structured instruments frequently are assembled in the form of medium-term notes, but a variety of forms are available and may be used in particular circumstances. Structured instruments are commonly considered to be derivatives.

Derivative contracts are financial instruments that require payments based upon changes in the values of underlying securities, currencies, commodities, financial indices or other assets. Depending upon how the fund uses derivative contracts and the relationships between the market value of a derivative contract and the underlying asset, derivative contracts may increase or decrease the fund's exposure to interest rate and currency risks, and also may expose the fund to liquidity and leverage risks. Over-the-counter ("OTC") contracts also expose the fund to credit risks in the event that a counterparty defaults on the contract. The fund may invest in futures contracts, options and swaps, all of which are considered to be derivatives.

Finally, the fund may invest in closed-end investment companies. Closed-end investment companies are a type of mutual fund, the shares of which are not redeemable by the issuing investment company. Rather, the shares, once issued and sold by the issuing investment company, are bought and sold either on the OTC market or on some stock exchanges. The value of the shares is set by the transactions on the secondary market and may be higher or lower than the value of the portfolio securities that make up the closed-end investment company.

Investment Risks

The main risks associated with investing in the funds are described below and in the Fund Summaries at the front of this prospectus.

General Risks All mutual funds carry a certain amount of risk. You may lose money on your investment in the funds. The funds are subject to management risk because they are actively managed funds. The funds may not achieve their objective if the adviser's expectations regarding particular securities or markets are not met. The investment objective of each fund may be changed without the affirmative vote of a majority of the outstanding shares of the fund. Any such change may result in a fund having an investment objective different from the objective that the shareholders considered appropriate at the time of investment in the fund.

Equity Market Risk The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the funds or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general (or in particular, the types of securities in which the funds invest) may decline over short or extended periods of time. When the value of a fund's securities goes down, your investment in the fund decreases in value.

Sector Risk Because the fund's portfolio is concentrated in the financial services sector, it is subject to risks in addition to those that apply to the general equity market. Economic, legislative or regulatory developments may occur which significantly affect the entire sector. This may cause the fund's net asset value to fluctuate more than that of a fund that does not concentrate in a particular industry.
For example:

- Extensive governmental regulation may limit both the amounts and types of loans and other financial commitments banks and other lending institutions can make, and the interest rates and fees they can charge.
- Profitability is largely dependent on the availability and cost of capital funds, and can fluctuate significantly when interest rates change.
- Credit losses resulting from financial difficulties of borrowers can negatively affect the banking industry, while underwriting losses (including catastrophic losses) can adversely influence the insurance industry.

Smaller Cap Company Risk Investments in smaller companies involve greater risks than investments in larger, more established companies. Historically, smaller company securities have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less-than-certain growth prospects of small and medium capitalization companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller companies to changing economic conditions. In addition, less frequent trading, with smaller volume than larger capitalization companies, may make it difficult for the fund to buy and sell shares of smaller companies. Also, the market price for smaller and medium capitalization companies tends to rise more in response to demand and fall more in response to selling pressure than is the case with larger capitalization companies. Further, smaller companies may lack depth of management, may be unable to generate funds necessary for growth or development, or may be developing or marketing new products or services for which markets are not yet established and may never become established. Smaller companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans that have a floating interest rate.

Short Sale Risk The Diamond Hill Long-Short Fund, the Diamond Hill Financial Long-Short Fund and the Diamond Hill Strategic Income Fund may engage in short sales. When the Adviser believes that a security is overvalued, it may sell the security short and borrow the same security from a broker or other institution to complete the sale. If the price of the security decreases in value, the fund may make a profit and, conversely, if the security increases in value, the fund will incur a loss because it will have to replace the borrowed security by purchasing it at a higher price. There can be no assurance that the fund will be able to close out the short position at any particular time or at an acceptable price. Although the fund's gain is limited to the amount at which it sold a security short, its potential loss is not limited. A lender may request that the borrowed securities be returned on short notice; if that occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur. This means that the fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short, with purchases on the open market at prices significantly greater than those at which the securities were sold short.

At any time that the fund has an open short sale position, the fund is required to segregate with its custodian (and to maintain such amount until the fund replaces the borrowed security) an amount of cash or U.S. Government securities or other liquid securities equal to the difference between (i) the current market value of the securities sold short and (ii) any cash or U.S. Government securities required to be deposited with the broker in connection with the short sale (not including the proceeds from the short sale). As a result of these requirements, the fund will not gain any leverage merely by selling short, except to the extent that it earns interest on the immobilized cash or government securities while also being subject to the possibility of gain or loss from the securities sold short. However, depending on arrangements made with the broker or custodian, the fund may not receive any payments (including interest) on the deposits made with the broker or custodian. These deposits do not have the effect of limiting the amount of money the fund may lose on a short sale—the fund's possible losses may exceed the total amount of deposits. A fund will not make a short sale if, immediately before the transaction, the market value of all securities sold short exceeds 40% of the value of the Long Short Fund's net assets, 40% of the value of the Financial Long-Short Fund's net assets, or 20% of the value of the Strategic Income Fund's net assets.

The amount of any gain will be decreased and the amount of any loss increased by any premium or interest the fund may be required to pay in connection with a short sale. It should be noted that possible losses from short sales differ from those that could arise from a cash investment in a security in that the former may be limitless while the latter can only equal the total amount of the fund's investment in the security. For example, if the fund purchases a $10 security, the most that can be lost is $10. However, if the fund sells a $10 security short, it may have to purchase the security for return to the lender when the market value is $50, thereby incurring a loss of $40.

As the Adviser adjusts the composition of the portfolio to deal with the risk discussed above, the fund may have a high portfolio turnover rate. Increased portfolio turnover may result in higher costs for brokerage commissions, dealer mark-ups and other transaction costs and may also result in taxable capital gains. Higher costs associated with increased portfolio turnover may offset gains in a fund's performance. In addition, because of the asset segregation requirement, the fund may be required to liquidate other portfolio securities that it otherwise might not have sold in order to meet its obligations, such as paying for redemptions of fund shares.

Securities Lending Risk The funds may lend their portfolio securities to brokers, dealers and financial institutions under guidelines adopted by the Board of Trustees, including a requirement that the fund receive collateral equal to no less than 100% of the market value of the securities loaned. The risk in lending portfolio securities, as with other extensions of credit, consists of possible loss of rights in the collateral should the borrower fail financially. In determining whether to lend securities, a fund's advisor will consider all relevant facts and circumstances, including the creditworthiness of the borrower. Lending portfolio securities results in additional income to the fund.

Illiquid Securities Risk No fund will knowingly invest more than 15% of the value of its net assets in securities that are illiquid. An illiquid investment is any investment that cannot be disposed of within seven days in the normal course of business at approximately the amount at which it is valued by the fund. The price a fund pays for illiquid securities or receives upon resale may be lower than the price paid or received for similar securities with a more liquid market. In addition, there may be no market or a limited market in which to sell illiquid securities.

Convertible Securities Risk The market value of convertible securities and other debt securities tends to fall when prevailing interest rates rise. The value of convertible securities also tends to change whenever the market value of the underlying common or preferred stock fluctuates.

Investment Company Risk If a fund invests in shares of another investment company, shareholders will indirectly bear fees and expenses charged by the underlying investment companies in which the fund invests in addition to the fund's direct fees and expenses. The fund also will incur brokerage costs when it purchases ETFs and closed-end funds. Furthermore, investments in other funds could affect the timing, amount and character of distributions to shareholders and therefore may increase the amount of taxes payable by investors in the Fund.

ETF Risk The price movement of an ETF may not track the underlying index and may result in a loss. In addition, shareholders bear both their proportionate share of a fund's expenses and similar expenses of the underlying investment company when the fund invests in shares of another investment company.

Closed-end Fund Risk The value of shares of a closed-end investment company are set by the transactions on the secondary market and may be higher or lower than the value of the portfolio securities that make up the closed-end investment company. Closed-end investment companies may trade infrequently, with small volume, which may make it difficult for the fund to buy and sell shares. Also, the market price of closed-end investment companies tends to rise more in response to buying demand and fall more in response to selling pressure than is the case with larger capitalization companies.

Closed-end investment companies may issue senior securities (including preferred stock and debt obligations) for the purpose of leveraging the closed-end fund's common shares in an attempt to enhance the current return to such closed-end fund's common shareholders. The fund's investment in the common shares of closed-end funds that are financially leveraged may create an opportunity for greater total return on its investment, but at the same time may be expected to exhibit more volatility in market price and net asset value than an investment in shares of investment companies without a leveraged capital structure.

Closed end funds in which a fund invests may issue auction preferred shares ("APS"). The dividend rate for the APS normally is set through an auction process. In the auction, holders of APS may indicate the dividend rate at which they would be willing to hold or sell their APS or purchase additional APS. The auction also provides liquidity for the sale of APS. A fund may not be able to sell its APS at an auction if the auction fails. An auction fails if there are more APS offered for sale than there are buyers. A closed end fund may not be obligated to purchase APS in an auction or otherwise, nor may the closed end fund be required to redeem APS in the event of a failed auction. As a result, a fund's investment in APS may be illiquid. In addition, if the fund buys APS or elects to retain APS without specifying a dividend rate below which it would not wish to buy or continue to hold those APS, the fund could receive a lower rate of return on its APS than the market rate.

High Portfolio Turnover Risk A fund may engage in active and frequent trading leading to increased portfolio turnover and higher transaction costs, which may adversely affect the funds performance and may produce increased taxable distributions.

Redemption Risk The Funds could experience a loss when selling securities to meet redemption requests by shareholders if the redemption requests are unusually large or frequent, occur in times of overall market turmoil or declining prices for the securities sold, or when the securities the Fund wishes to or is required to sell are illiquid.

Temporary Defensive Position Risk To respond to unusual circumstances, a fund may invest up to 100% of its assets in cash and cash equivalents for temporary defensive purposes. These investments may prevent the portfolio from meeting its investment objective.

Additional Investment Risks Particular to the Diamond Hill Strategic Income Fund

Fixed Income Risk The fund invests in fixed income securities. These securities will increase or decrease in value based on changes in interest rates. If rates increase, the value of the fund's fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases. Your investment will decline in value if the value of the fund's investments decreases. Fixed income securities with greater interest rate sensitivity and longer maturities tend to produce higher yields, but are subject to greater fluctuations in value. Usually, changes in the value of fixed income securities will not affect cash income generated, but may affect the value of your investment.

Inflation-Indexed Bonds Inflation-indexed bonds are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal. The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates may rise, leading to a decrease in value of inflation-indexed bonds. Short-term increases in inflation may lead to a decline in value. Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

High Yield Securities Risk The Strategic Income Fund also may invest in non-investment grade bonds, also known as high yield securities or junk bonds. High yield securities provide greater income and opportunity for gain, but entail greater risk of loss of principal. High yield securities are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. These investments may be issued by companies which are highly leveraged, less creditworthy or financially distressed. Although these investments generally provide a higher yield than higher-rated debt securities, the high degree of risk involved in these investments can result in substantial or total losses. The market for high yield securities is generally less active than the market for higher quality securities and the market price of these securities can change suddenly and unexpectedly.

Prepayment and Call Risk The fund invests in mortgage-backed and asset-backed securities. The issuer of these securities and other callable securities may be able to repay principal in advance, especially when interest rates fall. Changes in prepayment rates can affect the return on investment and yield of mortgage- and asset-backed securities. When mortgages and other obligations are prepaid and when securities are called, the fund may have to reinvest in securities with a lower yield. The fund also may fail to recover additional amounts (i.e., premiums) paid for securities with higher interest rates, resulting in an unexpected capital loss. Furthermore, some asset-backed securities may have additional risk because they may receive little or no collateral protection from the underlying assets, and are also subject to the risk of default described under "*Credit Risk*."

Government Securities Risk The fund invests in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities. These securities may be backed by the credit of the government as a whole or only by the issuing agency. U.S. Treasury bonds, notes, and bills and some agency securities, such as those issued by the Federal Housing Administration and Ginnie Mae, are backed by the full faith and credit of the U.S. government as to payment of principal and interest and are the highest quality government securities. Other securities issued by U.S. government agencies or instrumentalities, such as securities issued by the Federal Home Loan Banks and Freddie Mac, are supported only by the credit of the agency that issued them, and not by the U.S. government. Securities issued by the Federal Farm Credit System, the Federal Land Banks, and Fannie Mae are supported by the agency's right to borrow money from the U.S. Treasury under certain circumstances, but are not backed by the full faith and credit of the U.S. government. No assurance can be given that the U.S. government would provide financial support to its agencies and instrumentalities if not required to do so by law. However, on September 7, 2008, the U.S. Treasury Department and the Federal Housing Finance Authority (the "FHFA") announced that Fannie Mae and Freddie Mac had been placed into conservatorship, a statutory process designed to stabilize a troubled institution with the objective of returning the entity to normal business operations. The U.S. Treasury Department and the FHFA at the same time established a secured lending facility and a Secured Stock Purchase Agreement with both Fannie Mae and Freddie Mac to ensure that each entity had the ability to fulfill its financial obligations. The FHFA announced that it does not anticipate any disruption in pattern of payments or ongoing business operations of Fannie Mae or Freddie Mac. Neither the U.S. government nor its agencies guarantee the market value of their securities, and interest rate changes, prepayments and other factors may affect the value of government securities.

Derivatives Risk The fund may use derivatives in connection with its investment strategies. Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investment and could result in losses that significantly exceed the fund's original investment. Derivatives also are subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. The use of derivatives for hedging or risk management purposes may not be successful, resulting in losses to the funds, and the cost of such strategies may reduce a funds returns.

The value of futures and options held by the fund may fluctuate based on a variety of market and economic factors. In some cases, the fluctuations may offset (or be offset by) changes in the value of securities held in the fund's portfolio. All transactions in futures and options involve the possible risk of loss to the fund of all or a significant part of its investment. In some cases, the risk of loss may exceed the amount of the fund's investment. When the fund sells a futures contract or writes a call option without holding the underlying securities, currencies or futures contracts, its potential loss is unlimited. The fund will, however, be required to set aside with its custodian bank liquid assets in amounts sufficient at all times to satisfy the fund's obligations under futures and options contracts. The successful use of futures and exchange-traded options depends on the availability of a liquid secondary market to enable the fund to close its positions on a timely basis. There can be no assurance that such a market will exist at any particular time. In the case of options traded over-the-counter, the fund is at risk that the other party to the transaction may default on its obligations, or will not permit the fund to terminate the transaction before its scheduled maturity.

Interest rate swaps involve the exchange by the fund with another party of their respective commitments to pay or receive interest, for example, an exchange of floating rate payments for fixed rate payments with respect to a notional amount of principal. A currency swap is an agreement to exchange cash flows on a notional amount of two or more currencies based on the relative value differential among them and an index swap is an agreement to swap cash flows on a notional amount based on changes in the values of the reference indices. A credit default swap contract gives one party (the buyer) the right to recoup the economic value of a decline in the value of debt securities of the reference issuer if the credit event (a downgrade or default) occurs. This value is obtained by delivering a debt security of the reference issuer to the party in return for a previously agreed payment from the other party (frequently, the par value of the debt security). Swap agreements are not exchange-traded, but rather are private contracts into which the fund and a swap counterparty enter as principals, the fund may experience a loss or delay in recovering assets if the counterparty defaults on its obligations.

The fund will segregate liquid assets at its custodian bank in an amount sufficient to cover its current obligations under swap agreements. Swap agreements are not exchange-traded, but rather are private contracts into which the fund and a swap counterparty enter as principals, the fund may experience a loss or delay in recovering assets if the counterparty defaults on its obligations.

Master Limited Partnerships (MLPS) MLPS investment returns are enhanced during periods of declining/low interest rates and tend to be negatively influenced when interest rates are rising. As an income vehicle, the unit price can be influenced by general interest rate trends independent of specific underlying fundamentals. In addition, most MLPS are fairly leveraged and typically carry a portion of "floating" rate debt. As such, a significant upward swing in interest rates would also drive interest expense higher. Furthermore, most MLPS grow by acquisitions partly financed by debt, and higher interest rates could make it more difficult to transact accretive acquisitions.

Real Estate Securities Risk The value of real estate securities in general, and REITs in particular, are subject to the same risks as direct investments in real estate and will depend on the value of the underlying properties or the underlying loans or interests. The value of these securities will rise and fall in response to many factors, including economic conditions, the demand for rental property and interest rates. When the profits, revenues, or value of real property owned by a REIT declines or fails to meet market expectations, the value of the REIT may decline as well. Increases in interest rates typically lower the present value of a REIT's future earnings stream, and may make financing property purchases and improvements more costly. Since the market price of REIT stocks may change based upon investors' collective perceptions of future earnings, the value of REITs held in the fund will generally decline when investors anticipate or experience rising interest rates. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of any credit extended. REITs are dependent upon management skills, are not diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs also are subject to the possibilities of failing to qualify for tax free pass-through of income under the Code and failing to maintain their exemption from registration under the Investment Company Act of 1940, as amended. Investment in REITs involves risks similar to those associated with investing in small capitalization companies, and REITs (especially mortgage REITs) are subject to interest rate risks. When interest rates decline, the value of a REIT's investment in fixed rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT's investment in fixed rate obligations can be expected to decline.

Structured Instrument Risk Structured instruments may be less liquid than other debt securities, and the price of structured instruments may be more volatile. If the value of the reference index or underlying obligation changes in a manner other than that expected by the Adviser, principal and/or interest payments on the structured instrument may be substantially less than expected. In addition, although structured instruments may be sold in the form of a corporate debt obligation, they may not have some of the protection against counterparty default that may be available with respect to publicly traded debt securities (i.e., the existence of a trust indenture).

Temporary Strategies

From time to time, each fund may take temporary defensive positions that are inconsistent with the fund's principal investment strategies, in attempting to respond to adverse market, economic, political, or other conditions. During these times, the funds may invest up to 100% of their assets in cash and cash equivalents. For example, a fund may hold all or a portion of its assets in money market instruments (high quality income securities with maturities of less than one year), securities of money market funds or U.S. Government repurchase agreements. A fund may also invest in such investments at any time to maintain liquidity or pending selection of investments in accordance with its policies. These investments may prevent, a fund from achieving its investment objective. If a fund acquires securities of money market funds, the shareholders of the fund will be subject to duplicative management fees and other expenses.

Portfolio Holdings Disclosure

No later than 30 days after the end of each month, each fund will make available a complete uncertified schedule of its portfolio holdings as of the last day of that month. In addition to this monthly disclosure, each fund may also make publically available its portfolio holdings at other dates as may be determined from time to time. Not later than 60 days after the end of each quarter, each fund will make available a complete, certified schedule of its portfolio holdings as of the last day of that quarter. In addition to providing hard copies upon request, the funds will post these schedules on the funds' web site at www.diamond-hill.com.

Shareholders may request portfolio holdings schedules at no charge by calling 888-226-5595. A description of the funds' policies and procedures with respect to the disclosure of the funds' portfolio holdings is available in the Statement of Additional Information.

Management of the Funds

Diamond Hill Capital Management, Inc. (the "Adviser"), 325 John H. McConnell Boulevard, Suite 200, Columbus, Ohio 43215, manages the day-to-day investment decisions of the funds and continuously reviews, supervises and administers each of the funds' investment programs. The Adviser has been an investment adviser to individuals, pension and profit sharing plans, trusts, corporations and other institutions since June 2, 1988. As of December 31, 2009, the Adviser managed approximately $6.3 billion in assets.

Pursuant to investment advisory contracts between the Adviser and the respective funds, the Adviser, subject to the supervision of the Board of Trustees and in conformity with the stated objective and policies of the funds, manages both the investment operations of the respective funds and the composition of such funds' portfolios, including the purchase, retention and disposition of securities. In connection therewith, the Adviser is obligated to keep certain books and records of the funds. The Adviser also administers the corporate affairs of the funds, and in connection therewith, furnishes such funds with office facilities, together with those ordinary clerical and bookkeeping services which are not being furnished by the funds' custodian, and the funds' sub-administrator, sub-fund accountant and sub-transfer agent. The management services of the Adviser are not exclusive under the terms of the investment advisory contracts and the Adviser is free to, and does, render management services to others.

The Diamond Hill Small Cap Fund, Diamond Hill Small-Mid Cap Fund, Diamond Hill Large Cap Fund, Diamond Hill Select Fund, Diamond Hill Long-Short Fund, Diamond Hill Financial Long-Short Fund, and Diamond Hill Strategic Income Fund are authorized to pay the Adviser an annual fee equal to 0.80%, 0.75%, 0.60%, 0.70%, 0.90%, 1.00%, and 0.50% respectively, of their average daily net assets.

Portfolio Managers

Fund	Portfolio Manager	Assistant Portfolio Manager(s)
Small Cap	Thomas Schindler	Christopher Bingaman Christopher Welch
Small-Mid Cap	Christopher Welch	Christopher Bingaman Thomas Schindler
Large Cap	Charles Bath	William Dierker Christopher Welch
Select	William Dierker	Charles Bath Christopher Welch
Long-Short	Charles Bath R.H. (Ric) Dillon	Christopher Bingaman
Financial Long-Short	Christopher Bingaman	Austin Hawley John Loesch
Strategic Income	William Zox	Christopher Bingaman William Dierker

The Portfolio Manager (PM) holds ultimate responsibility and accountability for the investment results of the portfolio and has full authority to make all investment decisions. The Assistant Portfolio Managers (APM) provides significant analytical support to the PM and serves as a backup to the PM with authority to make investment decisions when the PM is unavailable.

Mr. Bath has a Bachelor of Science degree in Accounting from Miami University, a Master's of Business Administration from The Ohio State University and holds the CFA designation. He has been the Managing Director – Equities for the Adviser since September 2002. From 1985 to September 2002, Mr. Bath was a senior portfolio manager for Gartmore Global Investments, a global investment firm affiliated with Nationwide Insurance, where he managed the Gartmore Total Return Fund. At the time of his departure from Gartmore, Mr. Bath was also managing three other funds; the four Gartmore funds he managed had combined total net assets of approximately $3.3 billion. Mr. Bath was first employed by Nationwide Insurance as an investment professional in 1982.

Mr. Bingaman has a Bachelor of Arts degree in Finance (cum laude) from Hillsdale College, a Masters degree in Business Administration from the University of Notre Dame and holds the CFA designation. He has been an investment professional with the Adviser since March 2001. From 1998 to March 2001, Mr. Bingaman was a Senior Equity Analyst for Villanova Capital/Nationwide Insurance. In 1997, Mr. Bingaman was an Equity Analyst for Dillon Capital Management, an investment advisory firm.

Mr. Dierker has a B.S.B.A. in accounting from Xavier University and holds the CFA designation. He has been an investment professional with the Adviser since September 2006. From September 2004 to August 2006, Mr. Dierker was a Senior Portfolio Manager/Senior Vice President at Federated Investors. He was a Senior Portfolio Manager and Managing Director of the value equity team at Banc One Investment Advisers from April 2003 to September 2004. He served as an Investment Officer with Nationwide Insurance Enterprise from March 1998 through September 1999; as Vice President, Equity Securities with Nationwide from September 1999 to January 2002; and as Vice President/Portfolio Manager with Gartmore Global Investments, a subsidiary of Nationwide, from January 2002 to April 2003.

Mr. Dillon has a Masters degree in Business Administration from the University of Dayton, a B.S. degree and Master of Arts degree from The Ohio State University and holds the CFA designation. He has been President and Chief Investment Officer of the Adviser since May 2000. From 1997 to 2000, Mr. Dillon served as Vice President of Loomis Sayles & Co., an investment advisory firm. From 1993 to 1997, Mr. Dillon served as the President and Chief Investment Officer of Dillon Capital Management, an investment advisory firm.

Mr. Hawley has a Bachelor of Arts degree in History (cum laude) from Dartmouth College, a Masters degree in Business Administration (with distinction) from Tuck School of Business at Dartmouth College and holds the CFA designation. He has been an investment professional with the Adviser since August 2008. From July 1999 to July 2002, Mr. Hawley was an Investment Associate at Putnam Investments. He was an Equity Analyst at Putnam Investments from July 2004 to July 2008.

Mr. Loesch has Bachelor of Science in Public Affairs, Public Financial Management from Indiana University, a Masters degree in Business Administration (cum laude) from the University of Notre Dame and holds the CFA designation. He has been an investment professional with the Adviser since June 2007. From July 2003 to May 2006 Mr. Loesch was an Analyst at Nationwide Financial. He was a Financial Advisor at UBS Financial Services from June 2001 to July 2003.

Mr. Schindler has a Bachelor of Science degree in Finance from The Ohio State University (summa cum laude) and holds the CFA designation. He has been an investment professional with the Adviser since May 2000. From 1999 to 2000, Mr. Schindler served as a Portfolio Manager for Loomis Sayles & Co., an investment advisory firm. From 1997 to 1999, Mr. Schindler served as an investment analyst for Nationwide Insurance. From 1996 to 1997, Mr. Schindler served as an analyst for Dillon Capital Management, an investment advisory firm.

Mr. Welch has a Bachelor of Arts degree in Economics from Yale University and holds the CFA designation. He has been an investment professional with the Adviser since November 2005. From 2004 to November 2005, Mr. Welch was a Portfolio Manager for Fiduciary Trust Company International, an investment management firm. From 1995 to 2002, Mr. Welch served as Portfolio Manager and Senior Equity Analyst for Nationwide Insurance and its mutual fund unit, Gartmore Global Investments.

Mr. Zox has a Bachelor of Arts degree from Williams College, a Juris Doctor degree from the Moritz College of Law at The Ohio State University and a Masters of Law degree from the University of Florida College of Law in taxation and holds the CFA designation. He has been an investment professional with the Adviser since January 2001. From 1993 to 2000, he was a tax associate and then a tax partner with the law firm of Schottenstein, Zox & Dunn Co., L.P.A.

The Statement of Additional Information provides additional information about each portfolio manager's compensation structure, other managed accounts and ownership of securities in their managed fund(s). A discussion of the basis for the Board of Trustees' approval of the funds' advisory agreement is in the Trust's Semi-Annual Report.

Your Account

Pricing Your Shares

When you buy and sell shares of a fund, the price of the shares is based on the fund's net asset value per share (NAV) next determined after the order is received. The NAV is calculated at the close of trading (normally 4:00 p.m., Eastern time) on each day the New York Stock Exchange is open for business. On occasion, the NYSE will close before 4:00 p.m. ET. When that happens, purchase requests received by the fund or an authorized agent of the fund after the NYSE closes will be effective the following business day. A separate NAV is calculated for each share class of a fund. The NAV for a class is calculated by dividing the value of the fund's total assets (including interest and dividends accrued but not yet received), allocable to such class, minus liabilities (including accrued expenses) allocable to such class, by the total number of that class' shares outstanding. The market value of a fund's investments is determined primarily on the basis of readily available market quotations. Certain short-term securities are valued at amortized cost, which approximates market value.

If market quotations are not readily available or if available market quotations are determined not to be reliable or if a security's value has been materially affected by events occurring after the close of trading on the exchange or market on which the security is principally traded (for example, a natural disaster affecting an entire country or region, or an event that affects an individual company), but before the fund's NAV is calculated, that security may be valued at its fair value in accordance with policies and procedures adopted by the fund's Board of Trustees. Without a fair value price, short term traders could take advantage of the arbitrage opportunity and dilute the NAV of long term investors. In addition, securities trading on overseas markets present time zone arbitrage opportunities when events effecting portfolio security values occur after the close of the overseas market, bur prior to the close of the U.S. market. Fair valuation of the fund's portfolio securities can serve to reduce arbitrage opportunities available to short term traders, but there is no assurance that fair value pricing policies will prevent dilution of the fund's NAV by short term traders. Fair valuation involves subjective judgments and it is possible that the fair value determined for a security may differ materially from the value that could be realized upon the sale of the security.

If you purchase shares of any of the funds through a Processing Organization, as discussed below, it is the responsibility of the authorized agent to transmit properly completed purchase orders so that they will be received timely by the Trust. Any change in price due to the failure of the Trust to receive an order timely must be settled between the investor and the authorized agent placing the order.

How to Purchase Shares

The funds will not accept investments from foreign investors (e.g. foreign financial institutions; non-U.S. persons). The funds have instructed the transfer agent accordingly. If the funds accept such investments, the fund is required to conduct due diligence on such foreign investors as required under Section 312 of the USA Patriot Act.

Class A and Class C shares are available to the general public. Class I shares are only available for purchase by institutional investors such as corporations, pension and profit share or defined contribution plans, foundations, and any organization authorized to act in a fiduciary, advisory, custodial or agency capacity. Minimum initial investment amounts for Class A, Class C, and Class I are $2,500, $2,500 and $50,000 respectively, except Class A and Class C shares of the Small Cap Fund, which are $5,000. The funds may waive the investment minimums for some types of retirement accounts (such as 401(k) accounts), some wrap fee accounts and in other circumstances as it may judge appropriate.

Important Information About Procedures for Opening an Account

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, residential address, date of birth, government identification number and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. If we do not receive these required pieces of information, there may be a delay in processing your investment request, which could subject your investment to market risk. If we are unable to immediately verify your identity, the fund may restrict further investment until your identity is verified. However, if we are unable to verify your identity, the fund reserves the right to close your account without notice and return your investment to you at the NAV determined on the day in which your account is closed. If we close your account because we are unable to verify your identity, your investment will be subject to market fluctuation, which could result in a loss of a portion of your principal investment.

Fund Supermarkets and Clearing Organizations

You may purchase shares of the funds through a fund supermarket or clearing organization, which is a broker-dealer, bank or other financial institution that purchases shares for its customers ("Processing Organization"). Some of the funds have authorized certain Processing Organizations to receive purchase and sale orders on their behalf. Before investing in the funds through a Processing Organization, you should read carefully any materials provided by the Processing Organization together with this prospectus.

When shares are purchased this way, there may be various differences. The Processing Organization may:

- Charge a fee for its services.
- Act as the shareholder of record of the shares.
- Set different minimum initial and additional investment requirements.
- Impose other charges and restrictions.
- Designate intermediaries to accept purchase and sale orders on the fund's behalf.
- Impose an earlier cut-off time for purchase and redemption requests.

The Trust considers a purchase or sale order as received when an authorized Processing Organization, or its authorized designee, receives the order in proper form. These orders will be priced based on the respective fund's net asset value next computed after such order is received in proper form. It is the responsibility of the authorized agent to transmit properly completed purchase orders so that they will be received timely by the Trust.

Shares held through a Processing Organization may be transferred into your name following procedures established by your Processing Organization and the Trust. Certain Processing Organizations may receive compensation from the Trust, the Adviser or their affiliates.

Fund Direct Purchase

You may also make a direct initial investment by following these steps:

- Complete and sign an investment application form which you can request by calling the fund at 888-226-5595 between the hours of 8:30 a.m. and 7:00 p.m. Eastern time on days the funds are open for business.
- Make your check (drawn on a U.S. bank and payable in U.S. dollars) payable to the fund in which you are investing. We do not accept third party checks.
- Mail the application and check to:
  (Fund Name)
  c/o JPMorgan Chase Bank, N.A.
  P.O. Box 5354
  Cincinnati, OH 45201-5354

To purchase shares of a fund by wire, call the fund at 888-226-5595 between the hours of 8:30 a.m. and 7:00 p.m. Eastern time on days the funds are open for business for instructions. A fund will accept wire orders only on a day on which the fund, the Custodian and the Transfer Agent are open for business. A wire purchase will be considered made when the wired money is received and the purchase is accepted by the fund. Any delays that may occur in wiring money, including delays that may occur in processing by the banks, are not the responsibility of the fund or the Transfer Agent. There is presently no fee for the receipt of wired funds, but the funds may charge a fee in the future.

CAT Program

When making your initial investment in a fund, you may choose to participate in the fund's continuing automatic transfer ("CAT") program by completing the CAT section of the application form discussed above. Purchase amounts are automatically debited each month from your bank account through ACH (automated clearing house) and are subject to the payment of any applicable sales charge.

Sales Charges

Shares of a fund are purchased at the public offering price (their NAV plus any applicable sales charge).

The funds' principal underwriter compensates Financial Intermediaries (broker-dealers), including processing organizations, who sell shares of the funds. Compensation comes from sales charges, Rule 12b-1 fees and payments by the principal underwriter or affiliates of the principal underwriter and from its or their own resources. The following tables show the sales charges for each class of shares and the percentage of your investment that is paid as a commission to the principal underwriter and a Financial Intermediary.

Class A Shares

The public offering price for Class A shares of the Small Cap Fund, Small-Mid Cap Fund, Large Cap Fund, Select Fund, Long-Short Fund and Financial Long-Short Fund is the next determined NAV plus a sales charge, unless you qualify for a waiver of the sales charge. The table below shows the amount of sales charge you would pay at different levels of investment and the commissions paid to Financial Intermediaries at each level of investment.

	Sales Charge as % of		
Amount of Investment	**Public Offering Price**	**Net Amount Invested**	**Financial Intermediary Commission[1]**
Less than $100,000	5.00%	5.26%	4.50%
$100,000 to $250,000	4.00%	4.17%	3.75%
$250,000 to $500,000	3.00%	3.09%	2.75%
$500,000 to $750,000	2.00%	2.04%	1.75%
$750,000 to $1,000,000	1.00%	1.01%	0.75%
$1,000,000 or more	None	None	None

1 As a percent of the public offering price.

The public offering price for Class A shares of the Strategic Income Fund is the next determined NAV plus a sales charge (unless you qualify for a waiver of the sales charge) as shown in the following table.

	Sales Charge as % of		
Amount of Investment	**Public Offering Price**	**Net Amount Invested**	**Financial Intermediary Commission[1]**
Less than $100,000	3.50%	3.63%	3.00%
$100,000 to $250,000	2.75%	2.83%	2.50%
$250,000 to $500,000	2.00%	2.04%	1.75%
$500,000 to $750,000	1.25%	1.27%	1.00%
$750,000 to $1,000,000	0.50%	0.50%	0.25%
$1,000,000 or more	None	None	None

1 As a percent of the public offering price.

The funds permit you to reduce the initial sales charge you pay on Class A Shares by using the Right of Accumulation or a Letter of Intent. Each of these methods for reducing the initial sales charge on Class A Shares is described below. In taking advantage of these methods for reducing the initial sales charge you will pay, you may link purchases of shares of all of the funds in which you invest (as described below), even if such funds are held in accounts with different Financial Intermediaries, as well as purchases of shares of all funds to be held in accounts owned by your spouse or children under the age of 21 who share your residential address. It is your responsibility when investing to inform your Financial Intermediary or the funds that you would like to have one or more funds linked together for purposes of reducing the initial sales charge.

Right of Accumulation You may qualify for a reduction in the initial sales charge for future purchases of Class A Shares based on the current market value of your Class A and Class C holdings from prior purchases through the Right of Accumulation. To calculate the sales charge applicable to your net purchase of Class A Shares, you may aggregate your investment with the current market value of any Class A or Class C Shares of a fund held in:

1. Your account(s);
2. Your spouse's account(s);
3. Joint accounts with qualified spouse;
4. Account(s) of children under the age of 21 who share your residential address;
5. Trust accounts established by any of the individuals in items (1) through (3) above. If the person(s) who established the trust is deceased, the trust account may be aggregated with the account(s) of the primary beneficiary of the trust;
6. Solely controlled business accounts; and
7. Single-participant retirement plans of any of the individuals in items (1) through (3) above.

In order to obtain any reduction in the initial sales charge, you must, before purchasing Class A shares, inform your Financial Intermediary if you have any of the above types of accounts that can be aggregated with your current investment in Class A shares to reduce the applicable sales charge. In order to verify your eligibility for a reduced sales charge, you may be required to provide appropriate documentation, such as an account statement or the social security or tax identification number on an account, so that the funds may verify (1) the number of shares of the funds held in your account(s) with the funds, (2) the number of shares of the funds held in your account(s) with a Financial Intermediary, and (3) the number of shares of the funds held in an account with a Financial Intermediary owned by your spouse or by children under the age of 21 who share your residential address.

Letter of Intent You may purchase Class A Shares at the sales charge rate applicable to the total amount of the purchases you intend to make over a 13-month period. The fund will combine the value of your current purchases with the current value of any Class A Shares you purchased previously for (i) your account, (ii) your spouse's account, (iii) a joint account with your spouse, or (iv) your minor children's trust or custodial accounts. In calculating the total amount of purchases, you may include in your letter purchases made up to 90 days before the date of the Letter. A fiduciary purchasing shares for the same fiduciary account, trust or estate may also consider the value of Class A Shares purchased previously that were sold subject to a sales charge. In other words, a Letter of Intent allows you to purchase Class A Shares of a Fund over a 13-month period and receive the same sales charge as if you had purchased all the shares at the same time. The fund will also consider the value of Class A Shares sold at NAV. Class A Shares purchased with dividends or distributions will not be included in the calculation. To be entitled to a reduced sales charge on the purchase of Class A Shares based on shares you intend to purchase over the 13-month period, you must send the fund a Letter of Intent. The 13-month period begins on the date of the first purchase, including those purchases made in the 90-day period before the date of the Letter. Please note that the purchase price of these prior purchases will not be adjusted.

You are not legally bound by the terms of your Letter of Intent to purchase the amount of shares stated in the Letter. The Letter does, however, authorize the fund to hold in escrow 5% of the total amount you intend to purchase. If you do not complete the total intended purchase of Class A Shares at the end of the 13-month period, the fund's transfer agent will redeem the necessary portion of the escrowed shares to make up the difference between the reduced sales charge rate (based on the amount you intended to purchase) and the sales charge rate that would normally apply (based on the actual amount you purchased).

Additional information regarding the reduction of Class A sales charges is available in the funds' Statement of Additional Information. To take advantage of the Right of Accumulation and/or a Letter of Intent, contact your Financial Intermediary. To determine if you are eligible for these programs or to request a copy of the Statement of Additional Information, call 888-226-5595 between the hours of 8:30 a.m. and 7:00 p.m. Eastern time on days the funds are open for business. These programs may be terminated or amended at any time.

Class C Shares

Class C shares are offered at NAV without any up-front sales charge. However, Class C shares are subject to a contingent deferred sales charge ("CDSC") (based on the lower of the initial investment amount and current NAV) of 1% if redeemed within one year of the purchase date. No CDSC will be charged if you redeem your shares after one year of the purchase date. The holding period for the CDSC begins on the day you buy your shares. Your shares will age one month on that same date the next month and each following month. For example: if you buy shares on the 18th of the month, they will age one month on the 18th day of the next month and each following month. In determining whether the CDSC applies to a redemption of C Shares, C Shares not subject to a CDSC are redeemed first.

The CDSC will be waived (i) on redemption of shares following the death of the shareholder and (ii) on certain redemptions in connection with IRAs and other qualified retirement plans.

The principal underwriter pays a commission of 1.00% of the original purchase price to Financial Intermediaries who sell Class C shares.

Distribution Plans

Each fund has adopted a plan under Rule 12b-1 that allows certain classes of its shares to pay distribution fees. Up to 0.25% of each class' 12b-1 fee can be used as a shareholder servicing fee. Class A shares pay annual 12b-1 expenses of 0.25% and Class C shares pay annual 12b-1 expenses of 1.00% (of which 0.75% is an asset based sales charge and 0.25% is a service fee). Because these fees are paid out of a fund's assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

Additional Compensation to Financial Intermediaries

The funds' Distributor, its affiliates, and Diamond Hill Capital Management, Inc., the Adviser and Administrator, may at their own expense and out of their own legitimate profits, provide additional cash payments to Financial Intermediaries who sell shares of the Diamond Hill Funds. For this purpose, financial planners, banks, insurance companies, retirement or 401(k) plan administrators and others. These additional cash payments are payments over and above the Rule 12b-1 fees and any sales charges which are disclosed elsewhere in this prospectus. These additional cash payments are generally made to Financial Intermediaries that provide shareholder or administrative services, or marketing support. Marketing support may include access to sales meetings, sales representatives and Financial Intermediary management representatives, inclusion of the Diamond Hill Funds on a sales list, including a preferred or select sales list, or other sales programs. These additional cash payments also may be made as an expense reimbursement in cases where the Financial Intermediary provides shareholder services to Diamond Hill Fund shareholders.

Sales Charge Waivers

Sales charges may be waived for the following:

No sales charge is imposed on Class A Shares of the funds if the shares were:

1. Acquired in exchange for shares of another Diamond Hill Fund if a comparable sales charge has been paid for the exchanged shares.
2. Bought by officers, directors or trustees, and employees and their immediate family members (i.e., spouses, children, grandchildren, parents, grandparents and any dependent of the person, as defined in section 152 of the Internal Revenue Code) of:
   - The Diamond Hill Funds;
   - Diamond Hill Investment Group, Inc. and its subsidiaries and affiliates;
   - The Distributor and its subsidiaries and affiliates; or
   - Broker-dealers or financial institutions that have entered into dealer agreements with the funds or their principal underwriter and their subsidiaries and affiliates (or otherwise have an arrangement with a broker-dealer or financial institution with respect to sales of fund shares).
3. Bought by advisory clients of Diamond Hill Investment Group, Inc. and its subsidiaries and affiliates.
4. Bought by certain retirement and deferred compensation plans, and trusts used to fund those plans, including, but not limited to, those plans qualified under sections 401(k), 403(b) or 457 of the Internal Revenue Code and "rabbi trusts."
5. Bought by Financial Intermediaries who have a dealer arrangement with the Distributor, who place trades for their own accounts or for the accounts of their clients and who charge a management, asset allocation, consulting or other fee for their services, or clients of such Financial Intermediaries who place trades for their own accounts if the accounts are linked to the master account of such Financial Intermediary.
6. Bought by an investment adviser, broker-dealer or financial planner, provided arrangements are pre-approved.
7. Bought by a bank, trust company or thrift institution which is acting as a fiduciary exercising investment discretion, provided that appropriate notification of such a fiduciary relationship is reported at the time of the investment to the fund or the fund's Distributor.
8. Bought by employer-sponsored health savings accounts.
9. Bought with proceeds from the sale of Class I Shares of a Diamond Hill Fund or acquired in a transfer of Class I Shares of a fund for Class A Shares of the same fund, but only if the purchase is made within 90 days of the sale or distribution. Appropriate documentation may be required. Exercising the reinvestment privilege will not affect the character of any gain or loss realized on the redemption for federal income tax purposes, except that if the redemptions resulted in a loss, the reinvestment may result in the loss being disallowed under the "wash sale" rules.
10. Bought with proceeds from the sale of Class A Shares of a Diamond Hill Fund, but only if the purchase is made within 90 days of the sale or distribution. Appropriate documentation may be required. Exercising the reinvestment privilege will not affect the character of any gain or loss realized on the redemption for federal income tax purposes, except that if the redemptions resulted in a loss, the reinvestment may result in the loss being disallowed under the "wash sale" rules.
11. Bought in connection with plans of reorganizations of a Diamond Hill Fund, such as mergers, asset acquisitions and exchange offers to which a fund is a party.
12. Bought by a "charitable organization" as defined for purposes of Section 501(c)(3) of the Internal Revenue Code, or by a charitable remainder trust or life income pool established for the benefit of a charitable organization.

To take advantage of any of these Class A sales charge waivers, you must qualify for such waiver. To see if you qualify, call 888-226-5595 between the hours of 8:30 a.m. and 7:00 p.m. Eastern time on days the funds are open for business or contact your Financial Intermediary. These waivers may not continue indefinitely and may be discontinued at any time without notice.

Other Purchase Information

The funds reserve the right to limit the amount of purchases and to refuse to sell to any person. When purchasing shares of the funds by check, the check must be made out to the applicable fund, or the Trust, as the payee. If your check or wire does not clear, you will be responsible for any loss incurred by a fund. If you are already a shareholder of a fund, we reserve the right to redeem shares from any identically registered account in the Trust as reimbursement for any loss incurred or money owed to the Trust. You may be prohibited or restricted from making future purchases in the funds.

How to Redeem Shares

You may redeem all or part of your investment in a fund on any day that the New York Stock Exchange is open for trading, subject to certain restrictions described below. Redemption requests received by a fund or an authorized agent of the fund before 4:00 p.m. ET. (or before the NYSE closes before 4:00 p.m. ET.) will be effective that day. The price you will receive when you redeem your shares will be the NAV (less any applicable sales charges) next determined after the fund receives your properly completed order to sell. You may receive proceeds of your sale in a check or federal wire transfer. The proceeds may be more or less than the purchase price of your shares, depending on the market value of the fund's securities at the time of your sale. A broker may charge a transaction fee to redeem shares. There is a $9 charge for wire redemptions. Any charges for wire redemptions will be deducted from your fund by redemption of shares.

By Mail To redeem, any part of your account in a fund by mail, send a written request, with the following information, to:

(Fund Name)
c/o JPMorgan Chase Bank, N.A.
P.O. Box 5354
Cincinnati, OH 45201-5354

- the fund name;

- your account number;
- the name(s) on your account;
- your address;
- the dollar amount or number of shares you wish to redeem;
- the signature of all registered account owners, signed in the exact name(s) and any special capacity in which they are registered; and
- the Federal tax withholding election (for retirement accounts),
- If the shares to be redeemed have a value of $100,000 or more, your signature(s) must be guaranteed by an original Medallion Signature Guarantee by an eligible guarantor institution outlined below,
- If the name(s) or the address on your account has been changed within 30 days of your redemption request, you must request the redemption in writing with your signature guaranteed by a Medallion Signature Guarantee, regardless of the value of the shares being redeemed.

We accept original signature guarantees from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings and loan associations participating in a Medallion program. The three recognized medallion programs are Securities Transfer Agent Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP) and New York Stock Exchange, Inc. Medallion Signature Program (MSP). SIGNATURE GUARANTEES RECEIVED FROM INSTITUTIONS NOT PARTICIPATING IN THESE PROGRAMS WILL NOT BE ACCEPTED. In certain instances, we may require you to furnish additional legal documents to insure proper authorization.

By Telephone If you have completed the Optional Telephone Redemption and Exchange section of your investment application, you may sell any part of your account by calling the fund at 888-226-5595 between the hours of 8:30 a.m. and 7:00 p.m. Eastern time on days the funds are open for business. IRA accounts are not redeemable by telephone.

Neither the funds, the Transfer Agent nor the Custodian will be liable for complying with telephone instructions they reasonably believe to be genuine or for any loss, damage, cost or expenses in acting on such telephone instructions. The affected shareholders will bear the risk of any such loss. The fund or the Transfer Agent, or both, will employ reasonable procedures to determine that telephone instructions are genuine. If the Fund and/or the Transfer Agent do not employ such procedures, they may be liable for losses due to unauthorized or fraudulent instructions. Such procedures may include, among others, requiring forms of personal identification before acting upon telephone instructions, providing written confirmation of the transactions and/or digital recording telephone instructions.

We may terminate the telephone sale procedures at any time. During periods of extreme market activity it is possible that you may encounter some difficulty in telephoning us, although we have never experienced difficulties in receiving or in a timely fashion responding to telephone requests. If you are unable to reach us by telephone, you may request a sale by mail. An original Medallion Signature Guarantee is required for any telephone redemption request for an amount of $100,000 or more. A telephone redemption request for an amount of $100,000 or more will not be processed until the Medallion Signature Guarantee is received by the Transfer Agent.

Additional Information Redemptions will be remitted to the record holder at the address of record or to bank accounts of the shareholder that have been previously designated by the shareholder. If you are not certain of the requirements for a sale please call the fund at 888-226-5595 between the hours of 8:30 a.m. and 7:00 p.m. Eastern time on days the funds are open for business. We cannot accept, and will return, requests specifying a certain date or share price. The funds may hold proceeds for shares purchased by ACH or check until the purchase amount has been collected, which may be as long as ten business days. Also, when the New York Stock Exchange is closed (or when trading is restricted) for any reason other than its customary weekend or holiday closing or under any emergency circumstances, as determined by the Securities and Exchange Commission, we may suspend sales or postpone payment dates.

Generally, all redemptions will be for cash. However, the funds reserve the right to pay part or all of your redemption proceeds in readily marketable securities instead of cash. If payment is made in securities, the fund will value the securities selected in the same manner in which it computes its NAV. This process minimizes the effect of large redemptions on a fund and its remaining shareholders.

Accounts with Low Balances Maintaining small accounts is costly for the fund and may have a negative effect on performance. Shareholders are encouraged to keep their accounts above the fund's minimum.

- If the value of your account falls below $2,500 you are generally subject to a $5 quarterly fee. Shares from your account are redeemed each quarter to cover the fee, which is returned to the Administrator to offset small account expenses. The fund reserves the right to waive the quarterly fee.
- The fund reserves the right to redeem your remaining shares and close your account if a redemption of shares brings the value of your account below $2,500. In such cases, you will be notified and given at least 30 days to purchase additional shares before the account is closed.
- The above involuntary redemptions constitute a sale of fund shares. You should consult your tax adviser concerning the tax consequences of involuntary redemptions. CDSC fees will be waived on involuntary redemptions of Class C shares.

How to Exchange Shares

You may exchange any or all of your shares in a fund for shares in another fund, subject to the following conditions:

Exchanges of Class A Shares of the Fund You may exchange any and all of your Class A shares in the fund for Class A shares of another fund upon the payment of a sales charge equal to the difference between the sales charge you paid on the Class A shares of the fund and the sales charge payable on the Class A shares you are exchanging into, unless you are eligible for a waiver of the sales charge.

Exchanges of Class C Shares of the Fund You may exchange any and all of your Class C shares of the fund for Class C shares of another fund.

Exchanges of Class I Shares of the Fund You may exchange your Class I shares of a fund only for Class I shares in another fund.

You may request the exchange by telephoning 888-226-5595 between the hours of 8:30 a.m. and 7:00 p.m. Eastern time on days the funds are open for business or writing the fund at 303 Broadway, Suite 900, Cincinnati, OH 45202. Exchanges may be made only if the exchanging fund is registered in your state of residence. The exchange privilege does not constitute an offering or recommendation of a Fund. It is your responsibility to obtain and read a prospectus of the exchanging Fund before you make an exchange.

- If you exchange shares into or out of a fund, the exchange is made at the net asset value per share of each fund next determined after the exchange request is received,

In times of extreme economic or market conditions, exchanging fund shares by telephone may be difficult. To receive a specific day's price, your letter or call must be received before that day's close of the New York Stock Exchange. Each exchange represents the sale of shares from one fund and the purchase of shares in another, which may produce a gain or loss for federal income tax purposes.

Exchanges will be accepted only if the registration of the two accounts is identical or the exchange instructions have a Medallion Signature Guarantee. The funds, the Transfer Agent and the Custodian are not liable for following instructions communicated by telephone that they reasonably believe to be genuine. They will use reasonable procedures to confirm that telephone instructions are genuine. The exchange feature may be modified or discontinued at any time upon notice to you in accordance with federal securities laws.

Share Class Conversions The Internal Revenue Service currently takes the position that a conversion/exchanges of share classes of the same fund is a nontaxable event. Conversion/exchanges of share classes between different funds is generally taxable.

Market Timing Trading Policy

The Diamond Hill Funds do not authorize, and use reasonable methods to discourage, short-term or excessive trading, often referred to as "market timing." Market timing is an investment strategy using frequent purchases, redemptions and/or exchanges in an attempt to profit from short-term market movements. Market timing or excessive trading may result in dilution of the value of fund shares held by long-term shareholders, disrupt portfolio management, and increase fund expenses for all shareholders. The funds will take reasonable steps to discourage excessive short-term trading and the funds' Board of Trustees has adopted the following policies and procedures with respect to market timing. The funds will monitor selected trades on a daily basis in an effort to detect excessive short-term trading. If a fund has reason to believe that a shareholder has engaged in excessive short-term trading, the fund may ask the shareholder to stop such activities or refuse to process purchases or exchanges in the shareholder's accounts. In addition to rejecting purchase orders in connection with suspected market timing activities, The funds can reject a purchase order for any reason. While the funds cannot assure the prevention of all excessive trading and market timing, by making these judgments the funds believe they are acting in a manner that is in the best interests of shareholders.

Market Timers may disrupt portfolio management and harm fund performance. To the extent that the funds are unable to identify market timers effectively, long-term investors may be adversely affected. Although the funds use a variety of methods to detect and deter market timing, due to the complexity involved in identifying excessive trading there is no assurance that the funds efforts will identify and eliminate all trades or trading practices that may be considered abusive. In accordance with Rule 22c-2 under the Investment Company Act of 1940, the Trust has entered into information sharing agreements with certain financial intermediaries. Under these agreements, a financial intermediary is obligated to: (1) adopt and enforce during the term of the agreement, a market-timing policy, the terms of which are acceptable to the Trust; (2) furnish the Trust, upon its request, with information regarding customer trading activities in shares of the Trust; and (3) enforce its market-timing policy with respect to customers identified by the Trust as having engaged in market timing. When information regarding transactions in the Trust's shares is requested by the Trust and such information is in the possession of a person that is itself a financial intermediary to a financial intermediary (an "indirect intermediary"), any financial intermediary with whom the Trust has an information sharing agreement is obligated to obtain transaction information from the indirect intermediary or, if directed by the Trust, to restrict or prohibit the indirect intermediary from purchasing shares of the Trust on behalf of other persons.

The funds apply these policies and procedures to all shareholders believed to be engaged in market timing or excessive trading. The funds have no arrangements to permit any investor to trade frequently in shares of the funds, nor will it enter into any such arrangements in the future.

Distribution and Taxes

The following information is provided to help you understand the income and capital gains you may earn while you own fund shares, as well as the federal income taxes you may have to pay. The amount of any distribution varies and there is no guarantee the fund will pay either income dividends or capital gain distributions. For tax advice about your personal tax situation, please speak with your tax adviser.

Income and Capital Gain Distributions The fund intends to qualify each year as a regulated investment company under the Internal Revenue Code. As a regulated investment company, the fund generally pays no federal income tax on the income and gains it distributes to you. The Small Cap Fund, Small-Mid Cap Fund, Large Cap Fund, Select Fund, Long-Short Fund and Financial Long-Short Fund expect to declare and distribute their net investment income, if any, to shareholders annually. The Strategic Income Fund expects to declare and distribute its net investment income, if any, to shareholders monthly. Capital gains, if any, may be distributed at least annually. The fund may distribute income dividends and capital gains more frequently, if necessary, in order to reduce or eliminate federal excise or income taxes on the fund. All income and capital gain distributions are automatically reinvested in shares of the fund unless you request cash distributions on your application or through a written request. If you choose to have dividends or capital gain distributions, or both, mailed to you and the distribution check is returned as undeliverable or is not presented for payment within six months, the Trust reserves the right to reinvest the check proceeds and future distributions in shares of the fund at the fund's then-current NAV until you give the Trust different instructions.

Tax Considerations If you are a taxable investor, dividends and capital gain distributions you receive from the fund, whether you reinvest your distributions in additional fund shares or receive them in cash, are subject to federal income tax, state taxes, and possibly local taxes:

- distributions are taxable to you at either ordinary income or capital gains tax rates;
- distributions of short-term capital gains are paid to you as ordinary income that is taxable at applicable ordinary income tax rates;
- distributions of long-term capital gains are taxable to you as long-term capital gains no matter how long you have owned your fund shares;
- for individuals, a portion of the income dividends paid may be qualified dividend income eligible for long-term capital gains tax rates, provided that certain holding period requirements are met;

- for corporate shareholders, a portion of income dividends may be eligible for the corporate dividend-received deduction, subject to certain limitations and
- distributions declared in December to shareholders of record in such month, but paid in January, are taxable as if they were paid in December.

The amount and type of income dividends and the tax status of any capital gains distributed to you are reported on Form 1099-DIV, which we send to you annually during tax season (unless you hold your shares in a qualified tax-deferred plan or account or are otherwise not subject to federal income tax). The fund may reclassify income after your tax reporting statement is mailed to you. This can result from the rules in the Internal Revenue Code that effectively prevent mutual funds, such as the fund, from ascertaining with certainty, until after the calendar year end, the final amount and character of distributions the fund has received on its investments during the prior calendar year. Prior to issuing your statement, the fund makes every effort to search for reclassified income to reduce the number of corrected forms mailed to shareholders. However, when necessary, the fund will send you a corrected Form 1099-DIV to reflect reclassified information.

Distributions from the fund (both taxable dividends and capital gains) are normally taxable to you when made, regardless of whether you reinvest these distributions or receive them in cash (unless you hold shares in a qualified tax-deferred plan or account or are otherwise not subject to federal income tax).

If you are a taxable investor and invest in the fund shortly before it makes a capital gain distribution, some of your investment may be returned to you in the form of a taxable distribution. This is commonly known as "buying a dividend."

Selling and Exchanging Shares Selling your shares may result in a realized capital gain or loss, which is subject to federal income tax. For tax purposes, an exchange from one Diamond Hill Fund to another is the same as a sale. For individuals, any long-term capital gains you realize from selling fund shares are taxed at a maximum rate of 15% currently. Short-term capital gains are taxed at ordinary income tax rates. You or your tax adviser should track your purchases, tax basis, sales and any resulting gain or loss. If you redeem fund shares for a loss, you may be able to use this capital loss to offset any other capital gains you have.

Other Tax Jurisdictions Distributions and gains from the sale or exchange of your fund shares may be subject to state and local taxes, even if not subject to federal income taxes. State and local tax laws vary; please consult your tax adviser. Non-U.S. investors may be subject to U.S. withholding at a 30% or lower treaty tax rate and U.S. estate tax and are subject to special U.S. tax certification requirements to avoid backup withholding and claim any treaty benefits. The exemption from U.S. withholding for short-term capital gain and interest-related dividends paid by the fund to non-U.S. investors will terminate and no longer be available for dividends paid by the fund with respect to its taxable years beginning after December 31, 2008, unless such exemptions are extended or made permanent.

Tax Status for Retirement Plans and Other Tax-Deferred Accounts When you invest in the fund through a qualified employee benefit plan, retirement plan or some other tax-deferred account, dividend and capital gain distributions generally are not subject to current federal income taxes. In general, these plans or accounts are governed by complex tax rules. You should ask your tax adviser or plan administrator for more information about your tax situation, including possible state or local taxes.

Backup Withholding By law, you may be subject to backup withholding on a portion of your taxable distributions and redemption proceeds unless you provide your correct Social Security or taxpayer identification number and certify that (1) this number is correct, (2) you are not subject to backup withholding, and (3) you are a U.S. person (including a U.S. resident alien).You may also be subject to withholding if the Internal Revenue Service instructs us to withhold a portion of your distributions and proceeds. When withholding is required, the amount is 28% of any distributions or proceeds paid.

This discussion of "Distributions and Taxes" is not intended or written to be used as tax advice. Because everyone's tax situation is unique, you should consult your tax professional about federal, state, local or foreign tax consequences before making an investment in the fund.

Householding

To reduce expenses, we mail only one copy of the funds' prospectus and each annual and semi-annual report to those addresses share by two or more accounts. If you wish to receive individual copies of these documents, please call the funds at 888-226-5595 between the hours of 8:30 a.m. and 7:00 p.m. Eastern time on days the funds are open for business or contact your financial institution. We will begin sending you individual copies thirty days after receiving your request.

Financial Highlights

The financial highlights tables are intended to help you understand the Funds' financial performance for the past 5 years (or, if shorter, the period of the funds' operations). Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the funds (assuming reinvestment of all dividends and distributions). The information has been audited by Ernst & Young LLP, whose report, along with the funds' financial statements are incorporated by reference in the Statement of Additional Information, which is available upon request.

Diamond Hill Small Cap Fund

Class A years ended 12/31

	2009	2008	2007	2006	2005[A]
Net asset value at beginning of year	**$16.53**	**$22.53**	**$25.03**	**$23.95**	**$21.41**
Income (loss) from investment operations:					
Net investment income (loss)	(0.01)	0.13	0.08	0.09	0.02
Net realized and unrealized gains (losses) on investments	4.79	(5.98)	(1.00)	1.60	2.74
Total from investment operations	4.78	(5.85)	(0.92)	1.69	2.76
Less Distributions:					
Dividends from net investment income	—	(0.12)	(0.08)	(0.09)	(0.01)
Distributions from net realized gains	—	(0.03)	(1.50)	(0.52)	(0.21)
Total distributions	—	(0.15)	(1.58)	(0.61)	(0.22)
Net asset value at end of year	**$21.31**	**$16.53**	**$22.53**	**$25.03**	**$23.95**
Total return[B]	**28.92%**	**(25.99)%**	**(3.79)%**	**7.03%**	**12.90%**
Net assets at end of year (000s)	$438,722	$308,832	$315,378	$431,524	$308,925
Ratio of expenses to average net assets	1.38%	1.35%	1.39%	1.42%	1.45%
Ratio of net investment income (loss) to average net assets	(0.09)%	0.75%	0.29%	0.38%	0.19%
Portfolio turnover rate[C]	47%	47%	21%	30%	15%

(A) Class I commenced operations on April 29, 2005.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

(D) Not annualized.

(E) Annualized.

Class C years ended 12/31

	2009	2008	2007	2006	2005[A]
Net asset value at beginning of year	**$15.72**	**$21.44**	**$24.00**	**$23.08**	**$20.79**
Income (loss) from investment operations:					
Net investment loss	(0.13)	(0.01)	(0.15)	(0.10)	(0.08)
Net realized and unrealized gains (losses) on investments	4.53	(5.68)	(0.91)	1.54	2.58
Total from investment operations	4.40	(5.69)	(1.06)	1.44	2.50
Distributions from net realized gains	—	(0.03)	(1.50)	(0.52)	(0.21)
Net asset value at end of year	**$20.12**	**$15.72**	**$21.44**	**$24.00**	**$23.08**
Total return[B]	**27.99%**	**(26.55)%**	**(4.51)%**	**6.23%**	**12.05%**
Net assets at end of year (000s)	$23,172	$16,790	$25,158	$35,035	$41,115
Ratio of expenses to average net assets	2.13%	2.11%	2.14%	2.17%	2.20%
Ratio of net investment loss to average net assets	(0.83)%	(0.03)%	(0.46)%	(0.37)%	(0.61)%
Portfolio turnover rate[C]	47%	47%	21%	30%	15%

Class I years ended 12/31

	2009	2008	2007	2006	2005[A]
Net asset value at beginning of period	**$16.55**	**$22.57**	**$25.08**	**$23.99**	**$19.93**
Income (loss) from investment operations:					
Net investment income	0.04	0.17	0.22	0.21	0.04
Net realized and unrealized gains (losses) on investments	4.83	(5.97)	(1.05)	1.59	4.27
Total from investment operations	4.87	(5.80)	(0.83)	1.80	4.31
Less Distributions:					
Dividends from net investment income	(0.01)	(0.19)	(0.18)	(0.19)	(0.04)
Distributions from net realized gains	—	(0.03)	(1.50)	(0.52)	(0.21)
Total distributions	(0.01)	(0.22)	(1.68)	(0.71)	(0.25)
Net asset value at end of period	**$21.41**	**$16.55**	**$22.57**	**$25.08**	**$23.99**
Total return	**29.43%**	**(25.69)%**	**(3.41)%**	**7.49%**	**21.63%[D]**
Net assets at end of period (000s)	$106,561	$38,967	$32,057	$51,381	$35,434
Ratio of expenses to average net assets	0.99%	0.98%	0.98%	0.99%	0.99%[E]
Ratio of net investment income to average net assets	0.30%	1.17%	0.69%	0.82%	0.74%[E]
Portfolio turnover rate[C]	47%	47%	21%	30%	15%

(A) Class I commenced operations on April 29, 2005.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

(D) Not annualized.

(E) Annualized.

Diamond Hill Small-Mid Cap Fund

Class A years ended 12/31

	2009	2008	2007	2006(A)
Net asset value at beginning of period	**$7.26**	**$10.50**	**$10.91**	**$10.00**
Income (loss) from investment operations:				
Net investment income	0.03	0.10	0.06	0.04
Net realized and unrealized gains (losses) on investments	2.93	(3.25)	(0.15)	0.94
Total from investment operations	2.96	(3.15)	(0.09)	0.98
Less Distributions:				
Dividends from net investment income	—	(0.09)	(0.04)	(0.01)
Distributions from net realized gains	—	—	(0.28)	(0.06)
Total distributions	—	(0.09)	(0.32)	(0.07)
Net asset value at end of period	**$10.22**	**$7.26**	**$10.50**	**$10.91**
Total return(B)	**40.77%**	**(30.01)%**	**(0.91)%**	**9.81%**
Net assets at end of period (000s)	$8,616	$7,557	$10,549	$9,608
Ratio of net expenses to average net assets	1.33%	1.32%	1.33%	1.21%
Ratio of net investment income to average net assets	0.17%	1.11%	0.54%	0.49%
Ratio of gross expenses to average net assets	1.33%	1.32%	1.34%	1.34%
Portfolio turnover rate(C)	74%	91%	39%	33%

Class C years ended 12/31

	2009	2008	2007	2006(A)
Net asset value at beginning of period	**$7.15**	**$10.40**	**$10.85**	**$10.00**
Income (loss) from investment operations:				
Net investment income (loss)	(0.04)	0.04	(0.02)	(0.02)
Net realized and unrealized gains (losses) on investments	2.89	(3.22)	(0.15)	0.93
Total from investment operations	2.85	(3.18)	(0.17)	0.91
Less Distributions:				
Dividends from net investment income	—	(0.07)	—	—
Distributions from net realized gains	—	—	(0.28)	(0.06)
Total distributions	—	(0.07)	(0.28)	(0.06)
Net asset value at end of period	**$10.00**	**$7.15**	**$10.40**	**$10.85**
Total return(B)	**39.86%**	**(30.54)%**	**(1.65)%**	**9.08%**
Net assets at end of period (000s)	$4,361	$2,920	$2,388	$2,368
Ratio of net expenses to average net assets	2.08%	2.05%	2.08%	2.00%
Ratio of net investment income (loss) to average net assets	(0.59)%	0.48%	(0.21)%	(0.27)%
Ratio of gross expenses to average net assets	2.08%	2.05%	2.09%	2.11%
Portfolio turnover rate(C)	74%	91%	39%	33%

(A) Class A, Class C, and Class I commenced operations on December 31, 2005, and commenced public offering and investment operations on January 3, 2006.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

Class I years ended 12/31

	2009	2008	2007	2006(A)
Net asset value at beginning of period	**$7.25**	**$10.50**	**$10.91**	**$10.00**
Income (loss) from investment operations:				
Net investment income	0.04	0.13	0.09	0.04
Net realized and unrealized gains (losses) on investments	2.96	(3.26)	(0.13)	0.98
Total from investment operations	3.00	(3.13)	(0.04)	1.02
Less Distributions:				
Dividends from net investment income	(0.02)	(0.12)	(0.09)	(0.05)
Distributions from net realized gains	—	—	(0.28)	(0.06)
Total distributions	(0.02)	(0.12)	(0.37)	(0.11)
Net asset value at end of period	**$10.23**	**$7.25**	**$10.50**	**$10.91**
Total return	**41.36%**	**(29.77)%**	**(0.44)%**	**10.18%**
Net assets at end of period (000s)	$26,110	$14,815	$18,478	$11,986
Ratio of net expenses to average net assets	0.94%	0.93%	0.93%	0.90%
Ratio of net investment income to average net assets	0.54%	1.49%	0.97%	1.01%
Ratio of gross expenses to average net assets	0.94%	0.93%	0.94%	0.98%
Portfolio turnover rate(C)	74%	91%	39%	33%

(A) Class A, Class C, and Class I commenced operations on December 31, 2005, and commenced public offering and investment operations on January 3, 2006.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

Diamond Hill Large Cap Fund

Class A years ended 12/31

	2009	2008	2007	2006	2005(A)
Net asset value at beginning of year	**$10.47**	**$16.25**	**$16.36**	**$14.44**	**$12.51**
Income (loss) from investment operations:					
Net investment income	0.10	0.15	0.21	0.15	0.05
Net realized and unrealized gains (losses) on investments	3.06	(5.69)	0.69	2.03	1.98
Total from investment operations	3.16	(5.54)	0.90	2.18	2.03
Less Distributions:					
Dividends from net investment income	(0.01)	(0.14)	(0.19)	(0.14)	(0.06)
Distributions from net realized gains	—	(0.10)	(0.82)	(0.12)	(0.04)
Total distributions	(0.01)	(0.24)	(1.01)	(0.26)	(0.10)
Net asset value at end of year	**$13.62**	**$10.47**	**$16.25**	**$16.36**	**$14.44**
Total return(B)	**30.21%**	**(34.06)%**	**5.42%**	**15.06%**	**16.19%**
Net assets at end of year (000s)	$344,456	$254,688	$309,617	$338,286	$96,637
Ratio of net expenses to average net assets	1.18%	1.16%	1.18%	1.21%	1.27%
Ratio of net investment income to average net assets	0.91%	1.23%	1.15%	1.32%	1.08%
Ratio of gross expenses to average net assets	1.18%	1.16%	1.19%	1.21%	1.27%
Portfolio turnover rate(C)	31%	28%	44%	32%	15%

(A) Class I commenced operations on January 31, 2005.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

(D) Not annualized.

(E) Annualized.

Class C years ended 12/31

	2009	2008	2007	2006	2005(A)
Net asset value at beginning of year	**$10.19**	**$15.84**	**$15.99**	**$14.15**	**$12.31**
Income (loss) from investment operations:					
Net investment income (loss)	0.02	0.06	0.06	0.06	0.05
Net realized and unrealized gains (losses) on investments	2.97	(5.55)	0.70	1.95	1.83
Total from investment operations	2.99	(5.49)	0.76	2.01	1.88
Less Distributions:					
Dividends from net investment income	—	(0.06)	(0.09)	(0.05)	—
Distributions from net realized gains	—	(0.10)	(0.82)	(0.12)	(0.04)
Total distributions	—	(0.16)	(0.91)	(0.17)	(0.04)
Net asset value at end of year	**$13.18**	**$10.19**	**$15.84**	**$15.99**	**$14.15**
Total return(B)	**29.34%**	**(34.64)%**	**4.68%**	**14.18%**	**15.25%**
Net assets at end of year (000s)	$25,454	$20,656	$27,084	$22,438	$9,518
Ratio of net expenses to average net assets	1.93%	1.91%	1.93%	1.96%	2.02%
Ratio of net investment income (loss) to average net assets	0.17%	0.48%	0.43%	0.57%	0.26%
Ratio of gross expenses to average net assets	1.93%	1.91%	1.93%	1.96%	2.02%
Portfolio turnover rate(C)	31%	28%	44%	32%	15%

Class I years ended 12/31

	2009	2008	2007	2006	2005(A)
Net asset value at beginning of period	**$10.49**	**$16.29**	**$16.40**	**$14.47**	**$12.38**
Income (loss) from investment operations:					
Net investment income	0.11	0.23	0.25	0.13	0.08
Net realized and unrealized gains (losses) on investments	3.11	(5.74)	0.73	2.12	2.13
Total from investment operations	3.22	(5.51)	0.98	2.25	2.21
Less Distributions:					
Dividends from net investment income	(0.06)	(0.19)	(0.27)	(0.20)	(0.08)
Distributions from net realized gains	—	(0.10)	(0.82)	(0.12)	(0.04)
Total distributions	(0.06)	(0.29)	(1.09)	(0.32)	(0.12)
Net asset value at end of period	**$13.65**	**$10.49**	**$16.29**	**$16.40**	**$14.47**
Total return	**30.71%**	**(33.82)%**	**5.88%**	**15.49%**	**17.84%(D)**
Net assets at end of period (000s)	$347,998	$141,416	$84,129	$59,182	$10,442
Ratio of net expenses to average net assets	0.79%	0.78%	0.78%	0.78%	0.80%(E)
Ratio of net investment income to average net assets	1.28%	1.67%	1.60%	1.82%	1.60%(E)
Ratio of gross expenses to average net assets	0.79%	0.78%	0.78%	0.78%	0.80%(E)
Portfolio turnover rate(C)	31%	28%	44%	32%	15%

(A) Class I commenced operations on January 31, 2005.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

(D) Not annualized.

(E) Annualized.

Diamond Hill Select Fund

Class A years ended 12/31

	2009	2008	2007	2006(A)
Net asset value at beginning of period	**$6.82**	**$10.61**	**$11.17**	**$10.00**
Income (loss) from investment operations:				
Net investment income	0.04	0.09	0.12	0.10
Net realized and unrealized gains (losses) on investments	2.16	(3.55)	0.53	1.27
Total from investment operations	2.20	(3.46)	0.65	1.37
Less Distributions:				
Dividends from net investment income	—	(0.08)	(0.09)	(0.08)
Distributions from net realized gains	—	(0.25)	(1.12)	(0.12)
Total distributions	—	(0.33)	(1.21)	(0.20)
Net asset value at end of period	**$9.02**	**$6.82**	**$10.61**	**$11.17**
Total return(B)	**32.26%**	**(32.68)%**	**5.63%**	**13.66%**
Net assets at end of period (000s)	$6,910	$4,030	$6,841	$10,036
Ratio of net expenses to average net assets	1.28%	1.28%	1.29%	1.31%
Ratio of net investment income to average net assets	0.60%	1.10%	0.90%	1.04%
Ratio of gross expenses to average net assets	1.28%	1.28%	1.29%	1.32%
Portfolio turnover rate(C)	57%	85%	55%	80%

Class C years ended 12/31

	2009	2008	2007	2006(A)
Net asset value at beginning of period	**$6.78**	**$10.56**	**$11.16**	**$10.00**
Income (loss) from investment operations:				
Net investment income	0.01	0.02	0.02	0.02
Net realized and unrealized gains (losses) on investments	2.15	(3.55)	0.54	1.30
Total from investment operations	2.16	(3.53)	0.56	1.32
Less Distributions:				
Dividends from net investment income	—	—	(0.04)	(0.04)
Distributions from net realized gains	—	(0.25)	(1.12)	(0.12)
Total distributions	—	(0.25)	(1.16)	(0.16)
Net asset value at end of period	**$8.94**	**$6.78**	**$10.56**	**$11.16**
Total return(B)	**31.86%**	**(33.48)%**	**4.78%**	**13.11%**
Net assets at end of period (000s)	$3,472	$3,366	$6,912	$5,661
Ratio of net expenses to average net assets	2.03%	2.01%	2.03%	2.05%
Ratio of net investment income to average net assets	0.07%	0.28%	0.23%	0.32%
Ratio of gross expenses to average net assets	2.03%	2.02%	2.04%	2.06%
Portfolio turnover rate(C)	57%	85%	55%	80%

(A) Class A, Class C, and Class I commenced operations on December 31, 2005, and commenced public offering and investment operations on January 3, 2006.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

Class I years ended 12/31

	2009	2008	2007	2006(A)
Net asset value at beginning of period	**$6.75**	**$10.59**	**$11.16**	**$10.00**
Income (loss) from investment operations:				
Net investment income	0.05	0.11	0.13	0.09
Net realized and unrealized gains (losses) on investments	2.22	(3.58)	0.57	1.32
Total from investment operations	2.27	(3.47)	0.70	1.41
Less Distributions:				
Dividends from net investment income	—	(0.12)	(0.15)	(0.13)
Distributions from net realized gains	—	(0.25)	(1.12)	(0.12)
Total distributions	—	(0.37)	(1.27)	(0.25)
Net asset value at end of period	**$9.02**	**$6.75**	**$10.59**	**$11.16**
Total return	**33.63%**	**(32.85)%**	**6.10%**	**14.04%**
Net assets at end of period (000s)	$23,122	$7,489	$4,667	$3,220
Ratio of net expenses to average net assets	0.89%	0.87%	0.88%	0.84%
Ratio of net investment income to average net assets	1.29%	1.58%	1.37%	1.47%
Ratio of gross expenses to average net assets	0.89%	0.87%	0.89%	0.86%
Portfolio turnover rate(C)	57%	85%	55%	80%

(A) Class A, Class C, and Class I commenced operations on December 31, 2005, and commenced public offering and investment operations on January 3, 2006.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

Diamond Hill Long-Short Fund

Class A years ended 12/31

	2009	2008	2007	2006	2005(A)
Net asset value at beginning of year	**$13.83**	**$18.40**	**$18.57**	**$16.46**	**$13.67**
Income (loss) from investment operations:					
Net investment income	0.00(B)	0.16	0.44	0.26	0.10
Net realized and unrealized gains (losses) on investments	2.48	(4.52)	0.16	2.52	2.83
Total from investment operations	2.48	(4.36)	0.60	2.78	2.93
Less Distributions:					
Dividends from net investment income	—	(0.15)	(0.42)	(0.25)	(0.10)
Distributions from net realized gains	—	(0.06)	(0.35)	(0.42)	(0.04)
Total distributions	—	(0.21)	(0.77)	(0.67)	(0.14)
Net asset value at end of year	**$16.31**	**$13.83**	**$18.40**	**$18.57**	**$16.46**
Total return(C)	**17.93%**	**(23.65)%**	**3.14%**	**16.89%**	**21.46%**
Net assets at end of year (000s)	$965,382	$1,110,982	$965,259	$773,161	$180,035
Ratio of expenses to average net assets	1.85%	1.62%	1.69%	1.77%	1.82%
Ratio of net investment income (loss) to average net assets	0.00%(B)	0.95%	2.46%	2.15%	1.12%
Ratio of expenses to average net assets, excluding dividends on securities sold short	1.48%	1.45%	1.48%	1.51%	1.55%
Portfolio turnover rate(D)	44%	59%	59%	83%	58%(E)

(A) Class I commenced operations on January 31, 2005.

(B) Amount rounds to less than $0.005.

(C) Total returns shown exclude the effect of applicable sales charges.

(D) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

(E) The portfolio turnover rate for December 31, 2005 has been revised to include long-term short selling transactions.

(F) Not annualized.

(G) Annualized.

Class C years ended 12/31

	2009	2008	2007	2006	2005(A)
Net asset value at beginning of year	**$13.28**	**$17.65**	**$17.88**	**$15.92**	**$13.26**
Income (loss) from investment operations:					
Net investment income (loss)	(0.12)	0.04	0.27	0.16	0.03
Net realized and unrealized gains (losses) on investments	2.38	(4.32)	0.16	2.38	2.70
Total from investment operations	2.26	(4.28)	0.43	2.54	2.73
Less Distributions:					
Dividends from net investment income	—	(0.03)	(0.31)	(0.16)	(0.03)
Distributions from net realized gains	—	(0.06)	(0.35)	(0.42)	(0.04)
Total distributions	—	(0.09)	(0.66)	(0.58)	(0.07)
Net asset value at end of year	**$15.54**	**$13.28**	**$17.65**	**$17.88**	**$15.92**
Total return(C)	**17.02%**	**(24.26)%**	**2.41%**	**15.98%**	**20.58%**
Net assets at end of year (000s)	$256,445	$278,069	$303,392	$188,550	$70,891
Ratio of expenses to average net assets	2.60%	2.37%	2.44%	2.52%	2.57%
Ratio of net investment income (loss) to average net assets	(0.76)%	0.22%	1.72%	1.40%	0.37%
Ratio of expenses to average net assets, excluding dividends on securities sold short	2.23%	2.20%	2.23%	2.26%	2.30%
Portfolio turnover rate(D)	44%	59%	59%	83%	58%(E)

Class I years ended 12/31

	2009	2008	2007	2006	2005(A)
Net asset value at beginning of period	**$13.87**	**$18.46**	**$18.63**	**$16.49**	**$13.80**
Income (loss) from investment operations:					
Net investment income	0.05	0.19	0.48	0.28	0.14
Net realized and unrealized gains (losses) on investments	2.50	(4.51)	0.19	2.59	2.73
Total from investment operations	2.55	(4.32)	0.67	2.87	2.87
Less Distributions:					
Dividends from net investment income	(0.00)(B)	(0.21)	(0.49)	(0.31)	(0.14)
Distributions from net realized gains	—	(0.06)	(0.35)	(0.42)	(0.04)
Total distributions	—	(0.27)	(0.84)	(0.73)	(0.18)
Net asset value at end of period	**$16.42**	**$13.87**	**$18.46**	**$18.63**	**$16.49**
Total return	**18.39%**	**(23.36)%**	**3.59%**	**17.37%**	**20.81%(F)**
Net assets at end of period (000s)	$733,909	$657,662	$500,425	$290,734	$56,873
Ratio of expenses to average net assets	1.47%	1.24%	1.29%	1.34%	1.39%(G)
Ratio of net investment income to average net assets	0.37%	1.33%	2.87%	2.60%	1.71%(G)
Ratio of expenses to average net assets, excluding dividends on securities sold short	1.10%	1.08%	1.08%	1.08%	1.10%(G)
Portfolio turnover rate(D)	44%	59%	59%	83%	58%(E)

(A) Class I commenced operations on January 31, 2005.
(B) Amount rounds to less than $0.005.
(C) Total returns shown exclude the effect of applicable sales charges.
(D) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.
(E) The portfolio turnover rate for December 31, 2005 has been revised to include long-term short selling transactions.
(F) Not annualized.
(G) Annualized.

Diamond Hill Financial Long-Short Fund

Class A years ended 12/31

	2009	2008	2007(A)	2006	2005
Net asset value at beginning of year	**$8.48**	**$16.20**	**$20.90**	**$18.48**	**$19.10**
Income (loss) from investment operations:					
Net investment income	0.16(D)	0.45	0.49	0.23	0.29
Net realized and unrealized gains (losses) on investments	1.94	(7.74)	(4.04)	2.79	(0.24)
Total from investment operations	2.10	(7.29)	(3.55)	3.02	0.05
Less Distributions:					
Dividends from net investment income	(0.15)	(0.42)	(0.47)	(0.24)	(0.30)
Distributions from net realized gains	—	(0.01)	(0.68)	(0.36)	(0.37)
Total distributions	(0.15)	(0.43)	(1.15)	(0.60)	(0.67)
Net asset value at end of year	**$10.43**	**$8.48**	**$16.20**	**$20.90**	**$18.48**
Total return(B)	**24.73%**	**(44.98)%**	**(17.05)%**	**16.35%**	**0.25%**
Net assets at end of year (000s)	$8,053	$7,596	$27,597	$38,978	$17,366
Ratio of net expenses to average net assets	1.77%	1.85%	1.81%	1.70%	1.67%
Ratio of net investment income to average net assets	1.92%	2.37%	2.17%	1.80%	1.41%
Ratio of gross expenses to average net assets	1.77%	1.85%	1.82%	1.70%	1.67%
Ratio of net expenses to average net assets, excluding dividends on securities sold short	1.58%	1.56%	1.59%	1.62%	—
Portfolio turnover rate(C)	85%	74%	55%	45%	28%

Class C years ended 12/31

	2009	2008	2007(A)	2006	2005
Net asset value at beginning of year	**$8.12**	**$15.60**	**$20.10**	**$17.84**	**$18.42**
Income (loss) from investment operations:					
Net investment income	0.09(D)	0.21	0.34	0.13	0.15
Net realized and unrealized gains (losses) on investments	1.84	(7.31)	(3.88)	2.63	(0.24)
Total from investment operations	1.93	(7.10)	(3.54)	2.76	(0.09)
Less Distributions:					
Dividends from net investment income	(0.06)	(0.37)	(0.28)	(0.14)	(0.12)
Distributions from net realized gains	—	(0.01)	(0.68)	(0.36)	(0.37)
Total distributions	(0.06)	(0.38)	(0.96)	(0.50)	(0.49)
Net asset value at end of year	**$9.99**	**$8.12**	**$15.60**	**$20.10**	**$17.84**
Total return(B)	**23.81%**	**(45.49)%**	**(17.68)%**	**15.47%**	**(0.49)%**
Net assets at end of year (000s)	$1,295	$1,866	$3,287	$4,620	$2,544
Ratio of net expenses to average net assets	2.52%	2.58%	2.56%	2.45%	2.42%
Ratio of net investment income to average net assets	1.17%	1.76%	1.42%	1.03%	0.67%
Ratio of gross expenses to average net assets	2.52%	2.58%	2.57%	2.45%	2.42%
Ratio of net expenses to average net assets, excluding dividends on securities sold short	2.33%	2.30%	2.34%	2.37%	—
Portfolio turnover rate(C)	85%	74%	55%	45%	28%

(A) Class I commenced operations on December 31, 2006, and commenced public offering and investment operations on January 3, 2007.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

(D) Net investment income per share has been calculated using the average daily shares outstanding during the period.

Class I years ended 12/31

	2009	2008	2007(A)
Net asset value at beginning of period	**$8.43**	**$16.18**	**$20.90**
Income (loss) from investment operations:			
Net investment income	0.21(D)	0.63	0.37
Net realized and unrealized losses on investments	1.92	(7.89)	(3.83)
Total from investment operations	2.13	(7.26)	(3.46)
Less Distributions:			
Dividends from net investment income	(0.19)	(0.48)	(0.58)
Distributions from net realized gains	—	**(0.01)**	**(0.68)**
Total distributions	(0.19)	(0.49)	(1.26)
Net asset value at end of period	**$10.37**	**$8.43**	**$16.18**
Total return	**25.31%**	**(44.79)%**	**(16.61)%**
Net assets at end of period (000s)	$671	$709	$2,464
Ratio of net expenses to average net assets	1.38%	1.47%	1.41%
Ratio of net investment income to average net assets	2.45%	2.80%	2.96%
Ratio of gross expenses to average net assets	1.38%	1.47%	1.42%
Ratio of net expenses to average net assets, excluding dividends on securities sold short	1.19%	1.18%	1.18%
Portfolio turnover rate(C)	85%	74%	55%

(A) Class I commenced operations on December 31, 2006, and commenced public offering and investment operations on January 3, 2007.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

(D) Net investment income per share has been calculated using the average daily shares outstanding during the period.

Diamond Hill Strategic Income Fund

Class A years ended 12/31

	2009	2008	2007	2006	2005(A)
Net asset value at beginning of year	**$8.28**	**$10.41**	**$11.71**	**$11.25**	**$11.63**
Income (loss) from investment operations:					
Net investment income	0.69	0.71	0.68	0.70	0.66
Net realized and unrealized gains (losses) on investments	1.86	(2.19)	(1.20)	0.42	(0.38)
Total from investment operations	2.55	(1.48)	(0.52)	1.12	0.28
Less distributions:					
Dividends from net investment income	(0.68)	(0.64)	(0.67)	(0.66)	(0.66)
Distributions from net realized gains	—	—	(0.11)	—	—
Return of Capital	—	(0.01)	—	—	—
Total distributions	(0.68)	(0.65)	(0.78)	(0.66)	(0.66)
Net asset value at end of year	**$10.15**	**$8.28**	**$10.41**	**$11.71**	**$11.25**
Total return(B)	**32.13%**	**(14.79)%**	**(4.78)%**	**10.26%**	**2.41%**
Net assets at end of year (000s)	$41,048	$31,268	$54,435	$49,372	$31,456
Ratio of net expenses to average net assets	1.08%	1.06%	1.08%	1.12%	1.17%
Ratio of net investment income to average net assets	7.64%	6.60%	6.15%	6.38%	5.74%
Ratio of gross expenses to average net assets	1.08%	1.06%	1.09%	1.12%	1.17%
Portfolio turnover rate(C)	83%	95%	142%	43%	66%

(A) Class I commenced operations on January 31, 2005.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

(D) Not annualized.

(E) Annualized.

Class C years ended 12/31

	2009	2008	2007	2006	2005(A)
Net asset value at beginning of year	**$8.27**	**$10.41**	**$11.70**	**$11.24**	**$11.63**
Income (loss) from investment operations:					
Net investment income	0.58	0.65	0.62	0.62	0.58
Net realized and unrealized gains (losses) on investments	1.91	(2.21)	(1.22)	0.41	(0.40)
Total from investment operations	2.49	(1.56)	(0.60)	1.03	0.18
Less distributions:					
Dividends from net investment income	(0.61)	(0.57)	(0.58)	(0.57)	(0.57)
Distributions from net realized gains	—	—	(0.11)	—	—
Return of Capital	—	(0.01)	—	—	—
Total distributions	(0.61)	(0.58)	(0.69)	(0.57)	(0.57)
Net asset value at end of year	**$10.15**	**$8.27**	**$10.41**	**$11.70**	**$11.24**
Total return(B)	**31.34%**	**(15.51)%**	**(5.43)%**	**9.43%**	**1.57%**
Net assets at end of year (000s)	$21,120	$14,730	$24,638	$26,908	$20,257
Ratio of net expenses to average net assets	1.83%	1.80%	1.83%	1.87%	1.91%
Ratio of net investment income to average net assets	6.88%	5.87%	5.35%	5.63%	5.06%
Ratio of gross expenses to average net assets	1.83%	1.81%	1.84%	1.87%	1.91%
Portfolio turnover rate(C)	83%	95%	142%	43%	66%

Class I years ended 12/31

	2009	2008	2007	2006	2005(A)
Net asset value at beginning of period	**$8.26**	**$10.40**	**$11.69**	**$11.23**	**$11.65**
Income (loss) from investment operations:					
Net investment income	0.73	0.70	0.71	0.73	0.65
Net realized and unrealized gains (losses) on investments	1.85	(2.15)	(1.17)	0.44	(0.42)
Total from investment operations	2.58	(1.45)	(0.46)	1.17	0.23
Less distributions:					
Dividends from net investment income	(0.71)	(0.68)	(0.72)	(0.71)	(0.65)
Distributions from net realized gains	—	—	(0.11)	—	—
Return of Capital	—	(0.01)	—	—	—
Total distributions	(0.71)	(0.69)	(0.83)	(0.71)	(0.65)
Net asset value at end of period	**$10.13**	**$8.26**	**$10.40**	**$11.69**	**$11.23**
Total return	**32.69%**	**(14.55)%**	**(4.31)%**	**10.74%**	**2.03%(D)**
Net assets at end of period (000s)	$64,407	$50,185	$70,205	$54,302	$25,299
Ratio of net expenses to average net assets	0.69%	0.67%	0.68%	0.68%	0.70%(E)
Ratio of net investment income to average net assets	8.05%	7.05%	6.62%	6.89%	6.57%(E)
Ratio of gross expenses to average net assets	0.69%	0.68%	0.68%	0.68%	0.70%(E)
Portfolio turnover rate(C)	83%	95%	142%	43%	66%

(A) Class I commenced operations on January 31, 2005.

(B) Total returns shown exclude the effect of applicable sales charges.

(C) Portfolio turnover rate is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

(D) Not annualized.

(E) Annualized.

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To Learn More

Several additional sources of information are available to you. The Statement of Additional Information (SAI), incorporated into this prospectus by reference, contains detailed information on fund policies and operations. Additional information about the funds' investments is available in the funds' annual and semi-annual report to shareholders. The funds' annual reports contain management's discussion of market conditions and investment strategies that significantly affected the funds' performance during its last fiscal year.

Call the funds at 888-226-5595 between the hours of 8:30 a.m. and 7:00 p.m. Eastern time on days the funds are open for business to request free copies of the SAI and the funds' annual and semi-annual reports, to request other information about the funds and to make shareholder inquiries.

The funds' SAI, annual and semiannual reports to shareholders are also available, free of charge, on the funds' internet site at www.diamond-hill.com.

You may review and copy information about a fund (including the SAI and other reports) at the Securities and Exchange Commission (SEC) Public Reference Room in Washington, D.C. Call the SEC at 202-551-8090 for room hours and operation. You may also obtain reports and other information about a fund on the EDGAR Database on the SEC's Internet site at http://www.sec.gov, and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-1090.

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