Select Fund

Investment Objective

- Long-term capital growth by investing in companies selling for less than our appraisal of intrinsic value.
- Suitable for investors with a 5-plus year investment horizon.

Portfolio Management

Bill Dierker, CFA
Manager

Chuck Bath, CFA
Assistant Manager

Chris Welch, CFA
Assistant Manager

Investment Strategy

BUY STRATEGY The Fund seeks to buy securities of companies at prices below our appraisal of intrinsic value. To determine intrinsic value, the business must be understandable and the cash flows must be reasonably estimable. In addition, we seek businesses with a lasting competitive advantage and management with an owner mentality such that shareholders will reap the rewards of the underlying business performance.

SELL STRATEGY Investments are sold when the stock price approximates our appraised intrinsic value. Ideally, this occurs as the stock price has risen and closed the gap with a growing intrinsic value. In a less than ideal situation, our estimate of intrinsic value may be revised such that the market price is no longer at a discount to intrinsic value. In cases where we no longer have confidence we can predict with any reasonable accuracy the business cash flows, the mistake is admitted and the investment is sold. Finally, we may sell one investment in order to raise proceeds for investment in a more attractive alternative.

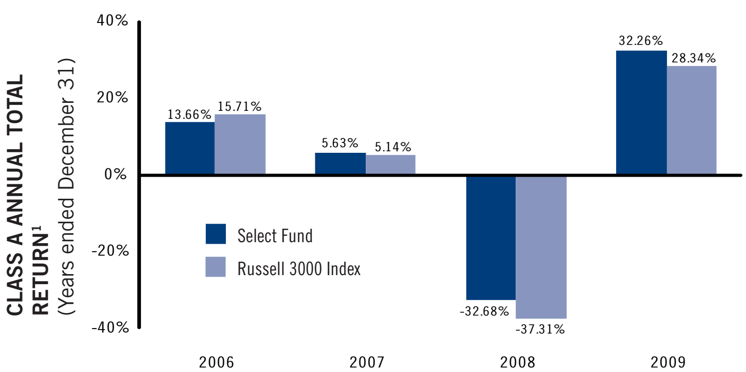
FUND STRUCTURE Typically 30–40 positions. Maximum sector exposure is 35%.

INVESTMENT UNIVERSE The Fund's Adviser anticipates that each of the Fund's investments will also be held in the Diamond Hill Large Cap Fund, Diamond Hill Small-Mid Cap Fund, or the Diamond Hill Small Cap Fund.

Performance Update

Period & Average Annual Total Returns as of December 31, 2009	Fourth Quarter	One Year	Three Years	Five Years	Since Inception (12/30/05)	Total Expense Ratio
PERFORMANCE AT NAV *without sales charges*						
Class A Shares	8.54%	32.26%	-2.03%	—	1.68%	1.31%
Class C Shares	8.36%	31.86%	-2.78%	—	0.97%	2.06%
Class I Shares	8.67%	33.63%	-1.63%	—	2.08%	0.92%
BENCHMARK						
Russell 3000 Index	5.90%	28.34%	-5.42%	—	-0.53%	—
PERFORMANCE AT POP *includes sales charges*						
Class A Shares	3.09%	25.63%	-3.69%	—	0.38%	1.31%
Class C Shares	7.36%	30.86%	-2.78%	—	0.97%	2.06%

The performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's current performance may be lower or higher than the performance data quoted. Investors may obtain performance information current to the last month-end, within 7 business days, at www.diamond-hill.com.



The Russell 3000 is a widely recognized unmanaged market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 3000 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.

[1] Figures do not reflect sales charges. If they did, the returns would be lower.

Best Performers

Security Name	Fourth Quarter Contribution[2]	Position as of December 31
Medtronic, Inc.	0.63%	3.5%
Microsoft Corp.	0.62%	2.9%
Cimarex Energy Co.	0.56%	2.1%
Sysco Corp.	0.54%	3.3%
United Technologies Corp.	0.50%	3.3%

Worst Performers

Security Name	Fourth Quarter Contribution[2]	Position as of December 31
Exterran Holdings, Inc.	-0.10%	1.4%
Assurant, Inc.	-0.08%	0.9%
Wells Fargo & Co.	-0.04%	2.5%
Assured Guaranty Ltd.	-0.03%	2.5%
AirTran Holdings, Inc.	0.02%	0.6%

New Positions

Security Name	Position as of December 31
Assured Guaranty Ltd.	2.8%
Merck & Co, Inc.	2.2%
Prudential Financial, Inc.	2.0%

Eliminated Positions

Security Name
Alliance Data Systems Corp.
American Express Co.
Schering-Plough Corp.

Top Ten Holdings

Security	Industry	% of Portfolio
Medtronic, Inc.	Health Care Equipment & Supplies	3.5%
Apache Corp.	Oil, Gas, & Consumable Fuels	3.5%
Sysco Corp.	Food & Staples Retailing	3.3%
United Technologies Corp.	Aerospace & Defense	3.3%
Baxter International, Inc.	Health Care Equipment & Supplies	3.3%
ConAgra Foods, Inc.	Food Products	3.2%
Illinois Tool Works, Inc.	Machinery	3.0%
Abbott Laboratories	Pharmaceuticals	3.0%
Devon Energy Corp.	Oil, Gas, & Consumable Fuels	3.0%
Dover Corp.	Machinery	3.0%

Portfolio Statistics *(Portfolio composition is subject to change)*

Total Net Assets **$34M**
Median Market Capitalization **$29.0B**
Portfolio Turnover Rate (12 months trailing) **57%**
Number of Equity Securities in Portfolio **40**
% of Net Assets in Cash & Cash Equivalents **10.2%**
Weighted Average Trailing Dividend Yield **2.05%**

Risk Statistics *(Since Inception, Class A Load Waived)*

Annualized Standard Deviation (%) **18.07**
Beta (%) **0.97**
Sharpe Ratio **0.03**
Alpha (%) **2.10**
R-squared (%) **94.39**
Upside / Downside Capture Ratio (%) . . . . **101 / 92**

Sector Allocation *(Overweight in bold)*

	Health Care	Energy	Consumer Staples	Financials	Industrials	Information Technology	Consumer Discretionary	Utilities	Materials	Telecom	Cash & Equiv.
Select Fund	**20.7%**	**16.9%**	**14.3%**	12.0%	**11.8%**	9.2%	2.5%	2.4%	—	—	10.2%
Russell 3000 Index	12.7%	10.7%	10.1%	15.0%	10.8%	19.1%	10.5%	3.9%	4.2%	3.0%	—

Fund Identification & Expenses

	Ticker Symbol	CUSIP	Maximum Front-End Sales Charge	Contingent Deferred Sales Charge	Management Fee	Distribution Fee (12b-1)	Other Expenses	Net Operating Expenses
A Shares	DHTAX	25264S775	5.00%	None	0.70%	0.25%	0.36%	1.31%
C Shares	DHTCX	25264S767	None	1.00%	0.70%	1.00%	0.36%	2.06%
I Shares	DHLTX	25264S759	None	None	0.70%	None	0.22%	0.92%

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

Distributions: Annual
Lipper Classification: Multi-Cap Value
Morningstar Classification: Large-Cap Value

[2]Contribution to Return (CR) is an approximate measure of the contribution by an individual position to the overall portfolio return of the stated period. A daily contribution for each position is calculated by multiplying the position's daily ending position weight by its daily total return. The daily total return is determined by summing the end of day stock price and any dividends and dividing the result by the beginning stock price. These daily contributions are then geometrically linked to determine the CR for the entire stated period. The holdings identified do not represent all of the securities purchased, sold, or held in the Fund, and past performance does not guarantee future results.

Performance is not guaranteed. Performance returns assume reinvestment of all distributions. The total return figures for the Fund reflect the maximum sales charge applicable to each class. Class I and Class C shares include performance based on Class A shares, which was achieved prior to the creation of Class I and Class C shares. Class C returns have been restated for sales charges and for fees applicable to Class C shares, which includes a 1.00% 12b-1 fee. These total return figures may reflect the waiver of a portion of a Fund's advisory or administrative fees for certain periods. In such instances, and without such waiver of fees, the total returns would have been lower.

Fund holdings and sector weightings are subject to change without notice. Because this Fund expects to hold a concentrated portfolio of a limited number of securities, a decline in the value of these investments would cause the Fund's overall value to decline to a greater degree than a less concentrated portfolio. *Investors should consider the investment objectives, risks, and charges and expenses of the Diamond Hill Funds carefully before investing; this and other information about the Funds is in the prospectus, which can be obtained at www.diamond-hill.com. Read the prospectus carefully before you invest.*

The maximum sales charge for A shares is 5.00%; C shares have a maximum contingent deferred sales charge (CDSC) of 1.00% for redemptions within the first year of purchase; I shares have no sales charge. Past performance is no guarantee of future results.

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