

Mission

The mission of Diamond Hill is to **serve** our clients through a **disciplined intrinsic-value-based approach** to investing, while maintaining a **long-term perspective**, and **aligning our interests** with those of our clients.

To successfully pursue our mission, we are:

- ◆ **COMMITTED** to the Graham-Buffett investment philosophy, with goals (over 5-year rolling periods) to outperform benchmarks and our peers, and achieve absolute returns sufficient for risk of asset class.
- ◆ **DRIVEN** by our conviction to create lasting value for clients and shareholders.
- ◆ **MOTIVATED** through ownership of Diamond Hill funds and company stock.

Based in Columbus, Ohio,
Diamond Hill offers Mutual Funds,
Separately Managed Accounts &
Private Investment Funds

THE DIAMOND HILL FAMILY OF FUNDS

	Strategy	Share Class			Benchmark(s)	Portfolio Manager(s)	
		Class A	Class C	Class I			
TRADITIONAL STRATEGIES	Small Cap (Inception Date 12/29/00)	Ticker Symbol	DHSCX	DHSMX	DHSIX	Russell 2000 Index	Tom Schindler, CFA
		CUSIP Number	25264S304	25264K103	25264S858		
	Small-Mid Cap (Inception Date 12/30/05)	Ticker Symbol	DHMAX	DHMCX	DHMIX	Russell 2500 Index	Chris Welch, CFA
		CUSIP Number	25264S817	25264S791	25264S783		
Large Cap (Inception Date 6/29/01)	Ticker Symbol	DHLAX	DHLCX	DHLRX	Russell 1000 Index	Chuck Bath, CFA	
	CUSIP Number	25264S502	25264S601	25264S841			
Select (Inception Date 12/30/05)	Ticker Symbol	DHTAX	DHTCX	DHLTX	Russell 3000 Index	Bill Dierker, CFA	
	CUSIP Number	25264S775	25264S767	25264S759			
ALTERNATIVE STRATEGIES	Long-Short (Inception Date 6/30/00)	Ticker Symbol	DIAMX	DHFCX	DHLSX	Russell 1000 Index & 50% Russell 1000 Index / 50% Citi 3 Month T-Bill	Chuck Bath, CFA Ric Dillon, CFA
		CUSIP Number	25264S403	25264E107	25264S833		
	Financial Long-Short (Inception Date 8/1/97)	Ticker Symbol	BANCX	BSGCX	DHFSX	S&P 1500 SuperComposite Financials Index	Chris Bingaman, CFA
		CUSIP Number	25264S106	25264S205	25264S825		
Strategic Income (Inception Date 9/30/02)	Ticker Symbol	DSIAX	DSICX	DHSTX	Merrill Lynch U.S. Corporate, Government & Mortgage Index	Bill Zox, CFA	
	CUSIP Number	25264S882	25264S874	25264S866			

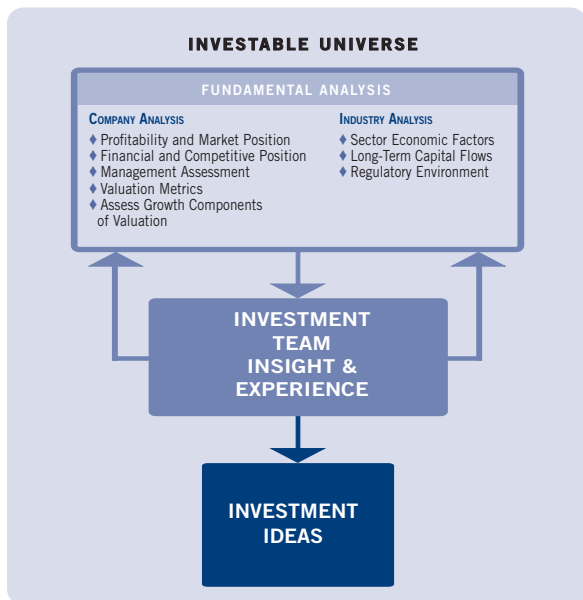


* Morningstar assigns a stewardship grade to funds it covers. The overall stewardship grade is the sum of the following five components that are graded on a scale of A through F: Regulatory Issues, Board Quality, Manager Incentives, Fees, and Corporate Culture. The overall grade will range from an A to an F. Morningstar utilizes a fund's public filings, responses to a survey sent out by Morningstar to the fund company and the expertise of the Morningstar analysts to determine a fund grade. The grades are subject to change without notice. The methodology for the Morningstar Stewardship grade is completely different from the performance-based Morningstar star rating and has no impact on the star rating.

The Small Cap Fund and Small-Mid Cap Fund invest in small capitalization stocks; there are special risks associated with small capitalization issues such as market illiquidity and greater market volatility than large capitalization issues. The Long-Short Fund and Financial Long-Short Fund use short selling

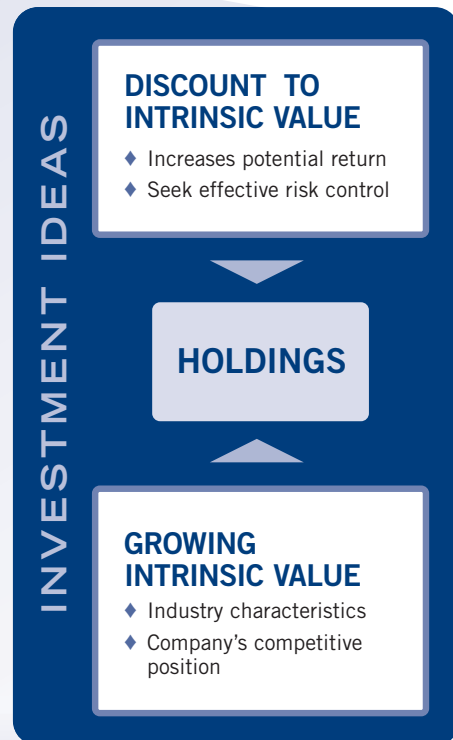
which incurs significant additional risk. Theoretically, stocks sold short have unlimited risk. The Strategic Income Fund invests in fixed income securities; the value of fixed-income securities varies inversely with interest rates; that is, as interest rates rise, the market value of fixed-income securities will decline.

Our investment process¹



Continuous Research & Idea Generation

Through continuous research of public filings, management communications and strategy, industry conditions and business economics, we build a cumulative knowledge base. From this we develop a list of investment ideas.



Determine Value and Decide

We project future cash flows and discount them at the appropriate rate to estimate intrinsic value. If the market price is sufficiently below our estimate of intrinsic value (or above for short positions) we will take a position in the security backed by judgment based on our analysis. We continually retest our investment hypothesis to determine if the holdings should remain the same.

¹ Alternative Strategy Distinctions

- **LONG-SHORT STRATEGIES** For short positions, we employ the inverse of the process for long positions (i.e., selling a position short when the market price is at a premium to our estimate of intrinsic value [IV]).
- **STRATEGIC INCOME** 80% of net assets are invested in various income-producing equity and fixed income securities, with an investment objective of providing an attractive total return.

Assistant Portfolio Management & Research



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This report is authorized for distribution only when preceded or accompanied by a current prospectus for the Diamond Hill Funds, which contains facts concerning the Funds' objectives and policies, management fees, historical performance, expenses, ongoing charges, and other information. 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. Diamond Hill Capital Management, Inc., a registered investment adviser, serves as Investment Adviser to the Diamond Hill Funds and is paid a fee for its services. The Diamond Hill © Funds are distributed by BHIL Distributors, Inc. (Member FINRA), an affiliated company. Like all mutual funds, Diamond Hill Funds are not FDIC insured, may lose value, and have no bank guarantee.



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