Diamond Hill All Cap Select Strategy

As of March 31, 2021

Market Commentary

Following a trying 2020, investors (and people in general) were hopeful that 2021 would bring better times. Thus far, we've seen continued distribution of COVID-19 vaccines globally, gradual steps to reopening economies and broad gains in U.S. stocks across sectors.

In Q1, all sectors in the Russell 3000® Index posted positive returns (for the second quarter in a row)—double-digit gains were seen in the market's more cyclical areas, including energy, financials and industrials, on expectations that U.S. economic growth and demand are picking up steam. On the other end of the spectrum were technology stocks—after 45% plus gains in 2020, tech stocks cooled off in Q1 with a gain just above 1%. Performance among mega-cap stocks varied as evidenced by the FAANG stocks, with Facebook up 7%, Amazon down 5%, Apple down 7%, Netflix down 3%, and Alphabet (Google) up 17%.

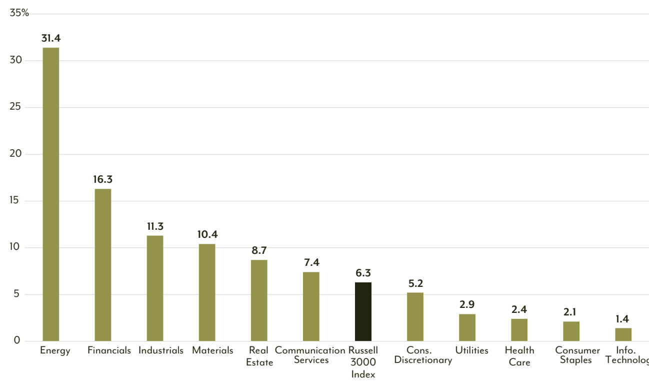
Small cap stocks were the winners this quarter, advancing 12.7% compared to an 8.1% gain for mid caps and a 5.9% gain for large caps. Value bested growth across the market cap spectrum with the widest dispersion in small caps where value led growth by more than 1,600 basis points. Mid cap value stocks beat their growth counterparts by more than 1,300 basis points, and large cap value stocks outpaced large cap growth by roughly 1,000 basis points.

It's fascinating to note that over the past 13 months, which includes a once-in-a-hundred-years (hopefully) global pandemic, U.S. stocks have advanced 36%, and over the past 12 months they have advanced 62% (as measured by the Russell 3000® Index). Those are incredible gains considering what we've been through over the past year. As valuation-disciplined investors, strong market advances like these make our job of finding stocks trading at discounts to their intrinsic value more challenging, but we continue to look for pockets of the market that are not being rewarded.

TEAM

Austin Hawley, CFA Portfolio Manager	**Rick Snowdon, CFA** Portfolio Manager

RUSSELL 3000® INDEX SECTOR RETURNS - 1Q21



Source: FactSet.

Performance Discussion

In Q1, the portfolio outpaced the Russell 3000® Index by a wide margin, driven by broad stock selection strength. Our consumer discretionary holdings advanced over 23% as a group this quarter, strongly outpacing those in the index, which gained just 4.7%. We benefited from our outsized financials exposure and from our underweight position in technology. We also benefited from the relative outperformance of our holdings in the industrials and consumer staples sectors. Given that energy stocks were the strongest performers in the index this quarter, our lack of exposure to the sector worked against us.

On an individual holdings basis, top contributors to return included Hanesbrands, American International Group and Red Rock Resorts. Global consumer apparel manufacturer Hanesbrands reported better-than-expected quarterly results and provided commentary implying the underlying business is seeing solid momentum relative to pre-COVID levels. We continue to be impressed with new leadership's thoughtful assessment of the company and initial vision for future growth. We expect cash flow to be resilient and believe the company is well positioned to improve its competitive stance in upcoming years. Insurance firm AIG, our largest holding, continues to improve its underwriting margins. It has also benefited from strong premium growth in its commercial business. Casino operator Red Rock Resorts continues to see demand return as COVID restrictions are loosened and more people are vaccinated. Operating margins remain elevated as

DIAMOND HILL CAPITAL MANAGEMENT

As of March 31, 2021, Diamond Hill owned equity shares of Facebook, Inc.
Please see GIPS report in the appendix.

management has executed extremely well on its cost management plans. Other top contributors in the quarter included private equity firm KKR & Co. and regional bank Bank OZK.

The portfolio's largest detractors included information technology services provider Cognizant Technology Solutions and consumer apparel manufacturer V.F. Corporation. Information technology services provider Cognizant announced during the quarter that it had reached a settlement to exit a large engagement with a European financial services client. This was a disappointing development amid a turnaround that is otherwise progressing relatively well—on the upside, we view this as a one-time event, not a trend. Aside from the announcement, the company reported good Q4 earnings results. Apparel and footwear company V.F. Corporation lagged this quarter as the market seemed to be concerned with the performance of its largest brand Vans®. The recovery for the brand has been slow due in part to its higher exposure to lockdowns in California and Europe. The company has been proactive in reducing inventory and marketing spend to ensure the long-term brand equity of Vans®. The remainder of its brand portfolio has experienced solid momentum. Our long-term fundamental outlook remains unchanged. Other bottom contributors in the quarter included payment processing and services provider Visa, biopharmaceutical company Pfizer and new holding AbbVie.

Portfolio Activity

We initiated new positions in Facebook, AbbVie and Post Holdings. Facebook is the world's largest social network and owns other large user-base apps such as Instagram, WhatsApp and Messenger. Its family of apps benefits from "network effects" by providing an essential utility to their users, allowing them to connect with friends and share their experiences. We initiated a position in the company based on our belief that its attractive network economics will remain in place over the long term and that the current valuation reflects excessive pessimism related to the near-term impact of regulatory and privacy issues facing the company. We expect Facebook advertising to drive revenue growth with an attractive margin profile.

AbbVie is a global biopharmaceutical company focused on immunology, oncology and aesthetics. In May 2020, the company acquired Allergan, which has a durable product offering that should help lessen the impact of the 2023 patent expiration of AbbVie's largest drug, Humira® (arthritis). The company is also working to offset the patent expiration with two new drugs, Rinvoq™ and Skyrizi™, both intended to replace Humira®. In our view, the company has done a good job of creating a pipeline of new products to fill the Humira® gap and is integrating the Allergan acquisition well, which should provide a more stable revenue stream going forward.

Consumer packaged goods company Post Holdings is one we know well, as we have owned it in the portfolio in the past. We are attracted to this high-quality business run by diligent capital allocators and the diversified nature of the portfolio of businesses Post has accumulated in the packaged foods space. When the stock sold off on fears of weakness in their food service business, we took advantage of what we felt was an attractive entry point.

We exited our positions in diversified technology and industrial company Johnson Controls International and agricultural commodities and products manufacturer Archer-Daniels-Midland, among others.

Market Outlook

After history's largest real GDP decline in early 2020, economic activity has been rebounding—albeit different economic areas are recovering at different paces. Retail spending, for example, has been above 2019 levels for several quarters, while other industries may take years to return to such levels. We expect the recovery to continue in 2021 as vaccines are distributed more broadly and restrictions on day-to-day life are eased.

The fiscal and monetary stimulus implemented in the past 12 months is unprecedented, and the Fed made it clear that it will continue doing what it takes to support the U.S. economy—including its intention to keep short-term interest rates near zero through 2023. President Biden also approved nearly $2 trillion of additional COVID-19 relief and is considering additional spending that could focus on areas like infrastructure, jobs and climate change. Along with real GDP growth above historic averages, corporate earnings are expected to increase dramatically in 2021 and reach new highs. That said, a sharp economic rebound, along with continued stimulus, could spur a rise in inflation. Higher inflation and the interest rates that may come with it could be a headwind for equity markets and are risks we are monitoring closely.

Although equity markets have recently hit all-time highs and corporate earnings may soon do the same, the after-effects of COVID-19 will likely linger more acutely for certain industries. While certain businesses have seen unprecedented spikes in demand, others have seen the opposite and have had to borrow heavily to survive. We have been focused on how businesses have managed their balance sheets and liquidity situations through the crisis, and how long-term competitive positions may have been impacted.

With the distribution of multiple, highly efficacious vaccines progressing, it is expected that the spread of COVID-19 will continue to slow over the next several quarters. Despite the risk of new variants, equity markets seemingly reflect much of the economic recovery to come, with a forward P/E multiple at a historically elevated level. From current levels, equity market returns over the next five years are expected to be below historic norms.

Our primary focus is always on achieving value-added results for our existing clients, and we believe we can achieve better-than-market returns over the next five years through active portfolio management.

Diamond Hill All Cap Select Strategy

As of March 31, 2021

PERIOD AND ANNUALIZED TOTAL RETURNS

Inception Date: June 30, 2000

	SINCE INCEPTION	20-YR	15-YR	10-YR	5-YR	3-YR	1-YR	YTD	1Q21
ALL CAP SELECT COMPOSITE									
Gross of Fees	11.73	11.64	10.69	13.91	16.96	16.46	101.61	15.44	15.44
Net of Fees	10.99	10.91	10.00	13.25	16.26	15.72	100.27	15.25	15.25
BENCHMARKS									
Russell 3000 Index	7.39	8.85	10.05	13.79	16.64	17.12	62.53	6.35	6.35
Russell 3000 Value Index	7.85	7.84	7.65	10.91	11.87	10.99	58.38	11.89	11.89

CALENDAR YEAR RETURNS (%)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ALL CAP SELECT COMPOSITE															
Gross of Fees	15.16	6.57	-32.90	34.83	11.51	-0.58	12.70	45.86	12.59	-0.47	10.83	21.26	-11.19	31.92	15.64
Net of Fees	14.37	5.75	-33.39	33.89	10.74	-1.21	12.00	45.11	12.05	-1.02	10.22	20.60	-11.74	31.14	14.83
BENCHMARKS															
Russell 3000 Index	15.72	5.14	-37.31	28.34	16.93	1.03	16.42	33.55	12.56	0.48	12.74	21.13	-5.24	31.02	20.89
Russell 3000 Value Index	22.34	-1.01	-36.25	19.76	16.23	-0.10	17.55	32.69	12.70	-4.13	18.40	13.19	-8.58	26.26	2.87

Diamond Hill Capital Management Inc. (DHCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. DHCM has been independently verified for the period 5/31/00 - 12/31/20. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The All Cap Select Composite has had a Performance Examination for the period 6/30/00 - 12/31/20. The verification and performance exam reports are available upon request. DHCM is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc.; registration does not imply a certain level of skill or training. DHCM provides investment management services to individuals and institutions through mutual funds and separate accounts. A complete list and description of all composites and policies for valuing investments, calculating performance and preparing GIPS reports are available upon request. In addition, a list of broadly distributed pooled funds is available upon request. The All Cap Select Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's All Cap Select equity strategy. The strategy's investment objective is to achieve long-term capital appreciation by investing in companies selling for less than our estimate of intrinsic value. The strategy typically invests in securities with a market capitalization of $500 million or greater. The strategy's Adviser anticipates that each of the strategy's investments will also be held in one of the other Diamond Hill strategies. The composite results reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Composite returns and benchmark returns are presented gross of withholding taxes on dividends, interest income and capital gains. Returns are calculated using U.S. Dollars. Net returns are calculated by reducing the gross returns by either the actual client fee paid or the highest stated fee in the composite fee schedule, depending on the type of client and account, and are reduced by estimated accrued performance based fees where applicable. Only transaction costs are deducted from gross of fees returns. The Russell 3000 Index is the primary benchmark. This index is an unmanaged market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 3000 Value Index is shown as additional information. This index is an unmanaged market-capitalization weighted index measuring the performance of the broad value segment of the U.S. equity universe including those Russell 3000 Index companies with lower expected growth values. Our selection process may lead to portfolios that differ markedly from the benchmarks presented. Returns may be more volatile than, and/or may not be correlated to these indices, which are for comparative purposes only. The Firm's standard fee schedule for All Cap Select separate accounts is as follows: First $20,000,000 = 0.80%; Over $20,000,000 = 0.70%. The dispersion measure is the asset weighted standard deviation of the annual portfolio returns. Only portfolios represented in the composite for the entire year are included in the calculation. The calculation is not performed if the composite contains 5 or fewer accounts for the full year. No alteration of composites as presented here has occurred because of changes in personnel at any time. **Past performance is not a guarantee of future results.** GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Index data source: London Stock Exchange Group PLC. See diamond-hill.com/disclosures for a full copy of the disclaimer.

AS OF YEAR-END	DHCM	ALL CAP SELECT COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)		
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	All Cap Select Composite	Russell 3000 Index	Russell 3000 Value Index
2020	$26.4B	9	$348.2M	0.15%	25.85%	19.41%	19.95%
2019	23.4B	14	423.0M	0.30	15.30	12.21	12.01
2018	19.1B	13	310.7M	0.10	13.45	11.18	11.05
2017	22.3B	12	332.3M	0.16	11.85	10.09	10.33
2016	19.4B	13	324.6M	0.28	12.03	10.88	10.97
2015	16.8B	13	466.5M	0.16	11.66	10.58	10.74
2014	15.7B	13	374.9M	0.07	10.55	9.29	9.36
2013	12.2B	14	277.8M	0.24	13.39	12.53	12.90
2012	9.4B	18	227.2M	0.16	14.48	15.73	15.81
2011	8.7B	26	284.9M	0.42	18.81	19.35	21.04
2010	8.6B	28	189.0M	0.48	NA[1]	NA[1]	NA[1]
2009	6.3B	29	155.0M	0.97	NA[1]	NA[1]	NA[1]
2008	4.5B	35	83.3M	0.82	NA[1]	NA[1]	NA[1]
2007	4.4B	36	102.2M	0.32	NA[1]	NA[1]	NA[1]
2006	3.7B	34	126.3M	0.75	NA[1]	NA[1]	NA[1]

[1] Statistics are not presented because the 3-year annualized standard deviations are not required prior to 2011. This composite was created in October 2013.

The views expressed are those of Diamond Hill as of March 31, 2021 and are subject to change. It should not be assumed that an investment in the securities identified was or will be profitable. The holdings identified do not represent all of the securities purchased, sold, or recommended for the adviser's clients. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please contact 855.255.8955 or info@diamond-hill.com. These opinions are not intended to be a forecast of future events, a guarantee of results, or investment advice.

Global Investment Performance Standards