Diamond Hill All Cap Select Strategy

As of June 30, 2021

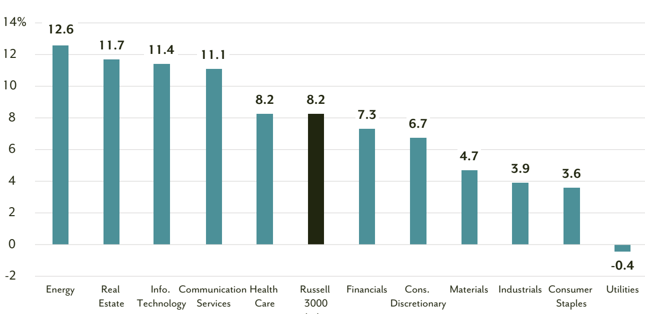
Market Commentary

Equity markets moved higher in Q2, closing out the first half of the year with double-digit gains as the economic recovery picked up steam. Vaccination rates continued to rise—albeit at a slower pace—and many states lifted mask mandates giving consumers more confidence that conditions are improving. The White House announced a tentative infrastructure spending deal, which contributed to the rosy economic outlook. With a backdrop of improving economic conditions, inflation ticked up, though it remains unclear whether it's transitory or the beginning of a longer-term trend.

Most sectors in the Russell 3000® Index advanced in Q2, with double-digit gains in energy (12%), real estate (11%), technology (11%) and communication services (11%). With a strong economic rebound and expectations for rising inflation, the energy sector continues seeing strong gains. After taking a breather in Q1, technology stocks rallied on the back of higher economic growth, including Facebook, which advanced more than 18%. Relative laggards this quarter were the more defensive sectors of the market, including consumer staples and utilities, which returned 3.6% and -0.4%, respectively.

In a reversal from Q1, large cap stocks posted the strongest gains (up 8.5%) followed closely by mid caps (up 7.5%) and then small caps (up 4.3%). Also changing course this quarter was the preference for value—growth stocks' advance roughly doubled value's in the large and mid cap market segments. Interestingly, small cap value stocks edged out small growth by 64 basis points. Value stocks across all market cap segments still lead by a wide margin year to date due to their strong Q1 performance.

RUSSELL 3000® INDEX SECTOR RETURNS - 2Q21



Source: FactSet, as of 6/30/2021.

TEAM

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

Performance Discussion

The portfolio did not keep pace with the Russell 3000® Index in Q2, due in part to the underperformance of our technology holdings. Additionally, relative results were hampered by what we did not own in tech, namely software companies, which advanced nearly 15%. Our holdings in the consumer staples and financials sectors also trailed those in the index. Helping to offset some of those relative shortfalls was positive security selection among our industrials, utilities and materials stocks. Despite a challenging relative quarter, the portfolio has advanced over 22% in the first half of the year, outpacing the index by a wide margin.

On an individual holdings basis, top contributors to return included casino operator Red Rock Resorts, private equity firm KKR & Co. and industrial materials manufacturer WESCO International. Red Rock Resorts, which controls over half the Las Vegas locals market, is benefiting from pent-up demand, but it also executed well through the pandemic—controlling costs by selectively reopening facilities, improving its balance sheet and delivering record margins. KKR & Co. continues to benefit from the improving growth and cash flow dynamics of the increasingly clearer fundraising cycle and improving prospects for monetizing prior investments.

WESCO, a leader in electrical, industrial and communications materials, continues making progress on its integration of Anixter—an acquisition that closed in early 2020—and is strategically paying down merger-related debt. With increased scale and added synergy from its acquisition, we believe Wesco is well positioned as it generates strong free cash flow. Other top contributors in the quarter included social media company Facebook and specialty chemicals producer W.R. Grace.

Cognizant Technology Solutions was our biggest decliner during the quarter. The IT services provider has experienced a higher-than-normal level of employee attrition of late given the highly competitive nature of the industry, which has hampered near-term revenue growth. Shares of mortgage company Mr. Cooper Group sold off in Q2 as refinancing activity slowed down. The booming refi market has driven outsized profits in recent quarters, but an eventual slowdown was not unexpected in this cyclical industry.

DIAMOND HILL CAPITAL MANAGEMENT

As of June 30, 2021, Diamond Hill owned equity shares of Facebook, Inc.
Please see GIPS report in the appendix.

Cal-Maine, the largest producer and distributor of fresh eggs in the U.S., was another bottom contributor. The environment for shell eggs has been challenging over the past 12 months. During 2020, producers that typically sell into restaurants and cafeterias responded to the demand shock by shifting into grocery stores where Cal-Maine operates—pressuring pricing. The economic reopening has improved the oversupply, but pricing remains challenged as an increase in eating away from home has pressured demand. We continue to think the long-term opportunity for Cal-Maine is in its cage-free production capabilities. Cal-Maine's ongoing investments here have depressed free cash flow in the near term but should bear long-term fruit, particularly as California looks to go 100% cage-free in 2022.

Other bottom contributors in the quarter included consumer apparel manufacturer Hanesbrands and diversified media and entertainment company Walt Disney.

Portfolio Activity

With continued gains in equity markets, finding undervalued businesses has been more challenging of late. That said, we continue to find small pockets of interesting ideas. In Q2, we added one new holding to the portfolio—Freeport-McMoRan. Freeport-McMoRan is a copper-focused mining company with high quality assets around the world. As global demand for electrification and construction increases, the supply of new copper-producing projects has lagged. This supply-and-demand dynamic has created an attractive opportunity to invest in a strong business that is oriented toward strengthening end markets.

We sold our position in SBA Communications, a stock we owned only a short time, as its share price quickly appreciated before we were able to build a larger position. We also exited our positions in payment processing and services provider Visa and online travel services provider Booking Holdings.

Market Outlook

Vaccination progress globally has allowed economies to reopen and consumers to dust off the cobwebs of being in a prolonged lockdown. Many economic sectors are recovering quickly as pent-up demand is unleashed. That said, some industries may take years to return to prior levels, e.g., business travel. Additionally, the COVID-19 Delta variant, which has caused a spike in cases and hospitalizations, could be a deterrent to further economic progress as we move into the second half of the year.

Fiscal and monetary stimulus remains at unprecedented levels. The White House is pursuing additional spending measures to support the economy, including the aforementioned infrastructure plan. The Fed remains extraordinarily accommodative, but its recent comments acknowledged stronger economic activity and an uptick in inflation. The Fed's outlook was mostly unchanged in its recent meeting, which seemed to curb some inflation concerns. Rate hikes are now expected to occur in 2023 rather than 2024, but continued economic strength, federal stimulus, wage growth and supply/demand tightness could alter that course and force the Fed to pull the timeframe forward. Rising inflation and the higher interest rates that may come with it could be a headwind for equity markets and are risks we are monitoring closely.

Along with real GDP growth above historic averages, corporate earnings are expected to come in markedly higher in 2021. Equity markets seem to fully reflect the economic progress with forward P/E multiples near historic highs. From current levels, equity market returns over the next five years are expected to be in the mid-single digit range.

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 June 30, 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	2Q21
ALL CAP SELECT COMPOSITE									
Gross of Fees	11.92	11.35	11.01	14.48	18.96	18.06	72.42	22.99	6.54
Net of Fees	11.18	10.62	10.32	13.81	18.23	17.30	71.27	22.58	6.36
BENCHMARKS									
Russell 3000 Index	7.71	8.92	10.78	14.70	17.89	18.73	44.16	15.11	8.24
Russell 3000 Value Index	8.01	7.83	7.99	11.54	11.99	12.23	45.40	17.67	5.16

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 - 3/31/21. 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 - 3/31/21. 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 June 30, 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