Diamond Hill Global Strategy

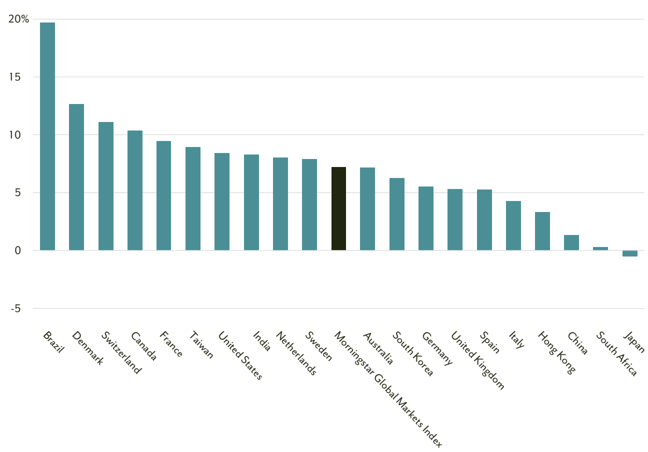
As of June 30, 2021

Market Commentary

Global equity markets moved higher in Q2, closing out the first half of the year with double digit gains (as measured by the MSCI All Country World Index) as the economic recovery progressed in fits and starts. Vaccination rates globally continued to rise—albeit at a slower pace—though certain countries continued to struggle with COVID-19 and the pervasive Delta variant. Stocks in Brazil were clear winners this quarter, advancing more than 19% on economic growth prospects. We also saw strong equity gains in Canada, Switzerland and Denmark. Japanese stocks declined in Q2, partly impacted by a delay in reopening due to a continued rise in COVID-19 cases. Stocks in Indonesia and Thailand also ended the quarter in negative territory.

All sectors in the Morningstar Global Markets Index advanced in Q2, with particular strength in the technology and energy sectors, both advancing more than 10%. Global technology stocks advanced on the back of higher economic growth prospects, as did energy stocks which were also boosted by expectations of rising inflation. Relative laggards this quarter included the utilities and industrials sectors, which advanced 0.2% and 4.7%, respectively.

MORNINGSTAR GLOBAL MARKETS INDEX—2Q21



Source: FactSet, as of 6/30/2021. The chart above includes the top 20 countries by weight in the Index and is sorted by total return.

TEAM

Grady Burkett, CFA
Portfolio Manager

Performance Discussion

In Q2, the portfolio slightly trailed the Morningstar Global Markets Index due in large part to the underperformance of our U.S. holdings. Most of our U.S. holdings posted gains during the quarter but fell short of index peers. We also had a few weaker performers, including Verizon Communications, Walt Disney and Booking Holdings. Helping to offset some of the relative weakness was positive stock selection in Switzerland, Japan, Canada and Germany. From a sector perspective, our technology, communication services and energy stocks lagged those in the benchmark, while we benefited from strength in our consumer staples and consumer discretionary holdings. We also benefited from not owning any utility stocks, given they lagged the market in Q2.

On an individual holdings basis, top contributors to return included Canadian telecom services provider Rogers Communications, Swiss pharmaceuticals company Roche and U.K.-based alcoholic beverage company Diageo.

Rogers has benefited from solid improvements in its wireless, cable and media segments. Wireless subscriber growth has been positive as the company continues to expand service to more rural and underserved areas, while a post-pandemic return of live professional sports broadcasting has boosted revenue in its media segment. Rogers also announced its intent to acquire cable peer Shaw Communications, which we believe will be accretive over the long run.

Roche's stock benefited from news that the FDA approved another pharmaceutical company's Alzheimer's drug, paving the way for easier and faster FDA approvals for Roche's treatments currently in testing. Our thesis that the company can overcome biosimilar competitive pressures is also playing out.

Diageo preannounced better than expected revenue and operating profit growth as its markets continue recovering from the pandemic. The company also resumed its capital return program targeting £1 billion by 2022.

DIAMOND HILL CAPITAL MANAGEMENT

Other top contributors in the quarter included U.S. search engine Alphabet (Google's parent company) and Berkshire Hathaway. Alphabet's stock performed well as the company reported strong operating results. Berkshire has benefited from better than expected earnings driven by its insurance and consumer businesses. In addition, Berkshire continued to deploy free cash flow toward share repurchases at attractive prices.

The portfolio's largest detractors in Q2—Ashmore Group, Walt Disney and Verizon Communications—posted modest share price declines. Ashmore is a British investment manager that primarily invests in emerging markets. Higher inflationary expectations and rising long-term yields in the U.S. have led to some fund outflows from the emerging markets asset class, dampening near-term sentiment on Ashmore. Disney has experienced slower than expected Disney+ subscriber growth, but the company's ability to achieve global scale in streaming over the long term remains. Verizon shares underperformed in Q2 as a smaller switcher pool led to underwhelming net new subscribers. Additionally, increased promotional activity weighed on the industry as a whole.

Other bottom contributors in the quarter included Indian banking and financial services company HDFC Bank and U.S. online travel services provider Booking Holdings. Our long-term fundamental outlook on these companies remains unchanged.

Portfolio Activity

Activity in Q2 was limited as valuations continue to be on the higher end of fair, making it more challenging to find quality businesses trading at a discount to our intrinsic value estimates. We initiated only one new position this quarter—Ubisoft Entertainment. Ubisoft is a France-based video game publisher with popular gaming brands such as Rayman, South Park, Hungry Shark and Idle Miner Tycoon. Although Ubisoft's near-term outlook is weaker than it has been in the past as people spend less time at home, we believe its strong existing game franchises, experienced development teams, and opportunities to monetize its games more effectively will lead to solid long-term value creation. We purchased shares at a significant discount to our estimate of intrinsic value.

We sold French ophthalmic lenses and frames manufacturer EssilorLuxottica as its shares hit our estimate of intrinsic value. We also sold French luxury goods retailer LVMH Moet Hennessy and U.S. financial services provider Morgan Stanley in favor of more attractive opportunities.

Market Outlook

Global economic growth is expected to be driven by continued vaccination and reopening progress. We are seeing a variety of different recovery scenarios across the globe. Some countries are still battling COVID-19 (and variants) with various lockdown measures (e.g., Japan remains in lockdown through mid-August, dashing the hopes of Olympic spectators who will not be allowed in stadiums), while others are slowly reopening their economies as vaccination progress has slowed the spread of the virus.

While concerns exist in certain countries that haven't been able to contain the virus as effectively as others, we believe the global recovery could continue for a considerable period as we are still in the early innings. Many economic sectors are in recovery mode as pent-up demand is unleashed. That said, some industries may take years to return to prior levels.

Inflation concerns in the U.S. have the potential to hamper global markets as U.S. demand drives economic growth in countries all over the world. 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 global equity markets and are risks we are monitoring closely.

Valuations in global markets seem to fully reflect the economic progress, but we continue to find pockets of interesting businesses to consider for investment. 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.

PERIOD AND ANNUALIZED TOTAL RETURNS

Inception Date: December 31, 2013

	SINCE INCEPTION	5-YR	3-YR	1-YR	YTD	2Q21
GLOBAL COMPOSITE						
Gross of Fees	8.73	14.11	8.92	43.18	11.74	6.81
Net of Fees	8.40	13.58	8.20	42.28	11.38	6.64
BENCHMARK						
Morningstar Global Markets Index	9.87	14.43	14.18	40.04	12.26	7.05

CALENDAR YEAR RETURNS (%)

	2014	2015	2016	2017	2018	2019	2020
GLOBAL COMPOSITE							
Gross of Fees	3.69	-4.58	11.42	30.84	-13.90	31.57	2.60
Net of Fees	3.69	-4.58	11.42	30.84	-14.51	30.73	1.93
BENCHMARK							
Morningstar Global Markets Index	4.00	-2.04	8.22	23.87	-9.82	26.24	16.07

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. The verification report(s) is/are available upon request. 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. Verification does not provide assurance on the accuracy of any specific performance report. 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 Global Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Global 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 composite typically invests in companies with a market capitalization of $5 billion or greater. 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 Morningstar Global Markets Index is the benchmark. This index is a net total return index designed to provide exposure to the top 97% of equity market capitalization in both developed and emerging markets. 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 Global separate accounts is as follows: First $20,000,000 = 0.75%; Over $20,000,000 = 0.65%. For calendar year ends 2013-2017, the non-fee paying account percentage of the composite was 100%. 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: Morningstar, Inc. See diamond-hill.com/disclosures for a full copy of the disclaimer.

AS OF YEAR-END	DHCM	GLOBAL COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)	
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Global Composite	Morningstar Global Markets Index
2020	$26.4B	5 or fewer	$16.2M	NA[1]	23.55%	18.41%
2019	23.4B	5 or fewer	21.9M	NA[1]	14.75	11.20
2018	19.1B	5 or fewer	14.7M	NA[1]	12.62	10.55
2017	22.3B	5 or fewer	2.2M	NA[1]	11.56	10.26
2016	19.4B	5 or fewer	1.7M	NA[1]	11.66	10.98
2015	16.8B	5 or fewer	1.5M	NA[1]	NA[2]	NA[2]
2014	15.7B	5 or fewer	1.6M	NA[1]	NA[2]	NA[2]

[1] NA = Not Applicable

[2] Statistics are not presented because 36 monthly returns are not available.
This composite was created in January 2018.

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