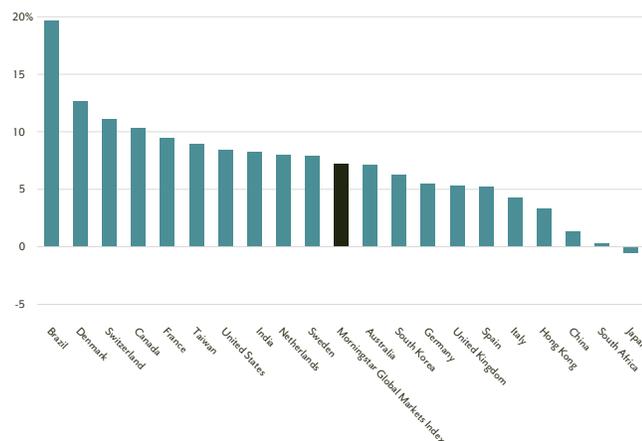


Market Commentary

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.



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 Moët 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.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF JUNE 30, 2021

Alphabet, Inc. (CI A)	2.1%	Roche Holding AG	5.1%
Ashmore Group PLC	4.7	Rogers Communications, Inc. (CI B)	5.6
Berkshire Hathaway, Inc. (CI B)	4.9	Ubisoft Entertainment S.A.	1.6
Booking Holdings, Inc.	1.8	Verizon Communications, Inc.	4.7
Diageo PLC	2.0	Walt Disney Co.	2.8
HDFC Bank Ltd.	0.9		

PERIOD AND ANNUALIZED TOTAL RETURNS AS OF JUNE 30, 2021

	SINCE INCEPTION (12/31/13)	5-YR	3-YR	1-YR	YTD	2Q21	EXPENSE RATIO
GLOBAL FUND							
Class I	7.74%	13.07%	7.92%	41.86%	11.23%	6.54%	0.84%
BENCHMARK							
Morningstar Global Markets Index	9.87	14.43	14.18	40.04	12.26	7.05	—

Risk Disclosure: The Fund invests in non-U.S. securities. Investing in non-U.S. securities may entail risk due to foreign economic and political developments; this risk may be higher when investing in emerging markets. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. There are specialized risks associated with small capitalization issues, such as market illiquidity and greater market volatility, than large capitalization issues.

The views expressed are those of the portfolio managers as of June 30, 2021, are subject to change and may differ from the views of other portfolio managers or the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of results, or investment advice.

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 most recent month-end, within 7 business days, at diamond-hill.com.

The quoted performance for the Fund reflects the past performance of Diamond Hill Global Fund L.P. (the "Global Partnership"), a private fund managed with full investment authority by the fund's Adviser. The Fund is managed in all material respects in a manner equivalent to the management of the predecessor unregistered fund. The performance of the Global Partnership has been restated to reflect the net expenses and maximum applicable sales charge of the fund for its initial years of investment operations. The Global Partnership was not registered under the Investment Company Act of 1940 and therefore was not subject to certain investment restrictions imposed by the 1940 Act. If the Global Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from December 31, 2013, the inception of the Global Partnership and is not the performance of the fund. The assets of the Global Partnership were converted, based on their value on December 29, 2017, into assets of the fund. The Global Partnership's past performance is not necessarily an indication of how the fund will perform in the future either before or after taxes.

Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized.

Fund holdings subject to change without notice.

The Morningstar Global Markets 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. This index does not incur fees and expenses (which would lower the return) and is not available for direct investment.

Index data source: Morningstar, Inc. See diamond-hill.com/disclosures for a full copy of the disclaimer.

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.

An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing or sending any money. This and other important information about the Fund(s) can be found in the Fund's(s) prospectus or summary prospectus which can be obtained at diamond-hill.com or by calling 888.226.5595. Please read the prospectus or summary prospectus carefully before investing. The Diamond Hill Funds are distributed by Foreside Financial Services, LLC (Member FINRA). 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. Like all mutual funds, Diamond Hill Funds are not FDIC insured, may lose value, and have no bank guarantee.