Diamond Hill International Fund Commentary

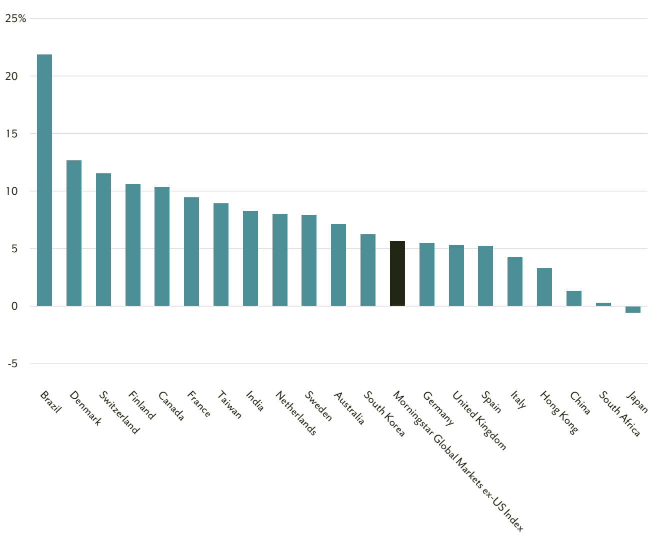
As of June 30, 2021

Market Commentary

International equity markets moved higher in Q2, closing out the first half of the year with mid-single digit gains 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 21% on economic growth prospects. We also saw strong equity gains in Russia, Denmark and Switzerland. Japanese stocks ended the quarter in negative territory, as did those in Thailand, Indonesia and Malaysia.

All sectors in the Morningstar Global Markets ex-U.S. Index advanced in Q2, with particular strength in the health care and energy sectors, which posted 9.7% and 8.5% gains, respectively. 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 communication services sectors, which advanced 0.9% and 1.5%, respectively.

MORNINGSTAR GLOBAL MARKETS EX-U.S. INDEX—2Q21



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

TEAM

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Portfolio Manager

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Portfolio Manager

Performance Discussion

In Q2, the portfolio outpaced the Morningstar Global Markets ex-U.S. Index. We benefited from positive stock selection in Japan, Canada and the U.K., while our stocks in India and China underperformed. From a sector perspective, strong stock selection in the technology, communication services and consumer sectors aided relative results. Our health care and industrials holdings also performed well. Partially offsetting those positives was the underperformance of our financials and materials holdings.

On an individual holdings basis, top contributors to return included U.S. enterprise communications software company BlackBerry, U.K. telecommunications services provider BT Group and Switzerland-based jewelry company Richemont. Blackberry's stock got swept up in another spike in retail trading in Q2 (for more detail, check out our latest blog "Value Investing in a World of Meme Stocks and #YOLO"). Given our conviction in our long-term valuation assumptions under multiple scenarios, we were able to trade around this latest bout of volatility, using the current market price to our advantage.

BT Group is Britain's largest broadband and mobile operator. Its share price was boosted during the quarter after holding company Altice UK bought a 12.1% stake in the company. Altice UK was formed by telecom billionaire Patrick Drahi to hold the BT stake due to their favorable outlook on the company.

Richemont has benefited from strong topline sales within its jewelry segment, as well as from the ongoing recovery of its specialist watchmaker and online distributors businesses. This coupled with operating margin expansion, robust free cash flow generation and a net cash position give us continued confidence in the long-term prospects of Richemont's business.

Other top contributors in the quarter included U.S. search engine Alphabet (Google's parent company) and U.K.-based alcoholic beverage company Diageo. Alphabet performed well as the company reported strong operating results, and Diageo preannounced strong revenue and operating profit growth as its markets recover from the pandemic.

The portfolio's largest detractors included Thai banking and financial services company Kasikornbank and Prosus, the international internet assets division of South African multinational holding company Naspers. As previously mentioned, stocks in Thailand struggled during the quarter, declining -3%, as the country's economic reopening was delayed by a third wave of COVID-19. Kasikornbank was not immune to generally pessimistic market sentiment. We continue to like Kasikornbank over the long term and believe that further improvement in asset quality will prove to be a tailwind as the country emerges from the pandemic. Prosus shares declined in tandem with shares of its largest investment, Tencent, which was subject to more regulatory scrutiny along with the rest of the Chinese internet sector.

Other bottom contributors in the quarter, which posted modest share price declines, included Indian banking and financial services company HDFC Bank, U.S. diversified media and entertainment company Walt Disney and U.K. insurance company Beazley. Our long-term fundamental outlook on these companies remains unchanged.

Portfolio Activity

We initiated two new positions in Q2—Zynga and Credicorp. Zynga is a mobile game developer with popular social games such as Words With Friends and FarmVille. The company is investing significantly in new game launches that we expect should materialize into real cash flow this year and next. Its business model is light on operating expenditures (outside of marketing new games), and they have net cash on the balance sheet. We also like the stickiness of Zynga's loyal customer base. We believe the combination of its strong content, go-to-market capabilities, scale and secular tailwinds will drive intrinsic value growth over the long term.

Credicorp is Peru's largest bank by market share with dominant positions in banking, microlending, insurance and asset management. We were able to invest at an attractive valuation after the stock was negatively impacted in Q2 by political uncertainty and the presidential election outcome.

We sold U.S. medical device company LivaNova as its shares hit our estimate of intrinsic value. We also sold Alphabet and Mexican airport operator Grupo Aeroportuario del Sureste 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 differing 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 international 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 equity markets and are risks we are monitoring closely.

International equity markets seem to fully reflect the economic progress but remain more attractive on a relative basis than those in the U.S., providing international investors a more opportunistic pond to fish in for new investment ideas. 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

Beazley PLC	2.1%	**HDFC Bank Ltd.**	1.3%
BlackBerry Ltd.	0.9	**Kasikornbank Public Co. Ltd.**	2.1
BT Group PLC	3.4	**Prosus N.V. (Cl N)**	1.9
Compagnie Financiere Richemont S.A.	2.4	**Tencent Holdings Ltd.**	1.5
Credicorp	1.0	**Walt Disney Co.**	2.2
Diageo PLC	4.3	**Zynga, Inc. (Cl A)**	1.7

PERIOD AND ANNUALIZED TOTAL RETURNS AS OF JUNE 30, 2021

	SINCE INCEPTION (12/30/16)	3-YR	1-YR	YTD	2Q21	EXPENSE RATIO
INTERNATIONAL FUND						
Class I	13.51%	10.96%	46.03%	14.83%	7.35%	0.85%
BENCHMARK						
Morningstar Global Markets ex-U.S. Index	11.23	9.56	36.67	9.27	5.49	—

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 International Fund L.P. (the "International 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 International 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 International 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 International Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from December 30, 2016, the inception of the International Partnership and is not the performance of the fund. The assets of the International Partnership were converted, based on their value on June 28, 2019, into assets of the fund. The International 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 ex-U.S. Index is a net total return index designed to provide exposure to the top 97% market capitalization in each of twoeconomic segments, developed markets, excluding the United States, and emerging markets.

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.