Quarterly Commentary

December 31, 2017

Small Cap Fund *(closed to new investors)*	**Financial Long-Short Fund**
Small-Mid Cap Fund *(closed to new investors)*	**Research Opportunities Fund**
Mid Cap Fund	**Short Duration Total Return Fund**
Large Cap Fund	**Core Bond Fund**
All Cap Select Fund	**Corporate Credit Fund**
Long-Short Fund *(closed to new investors)*	**High Yield Fund**

Our Mission

At Diamond Hill, ***we serve*** our clients by providing investment strategies that deliver lasting value through a shared commitment to our intrinsic value-based investment philosophy, long-term perspective, disciplined approach and alignment with our clients' interests.

VALUE

We believe market price and intrinsic value are independent in the short-term but tend to converge over time.

LONG-TERM

We maintain a long-term focus both in investment analysis and management of our business.

DISCIPLINE

We invest with discipline to increase potential return and protect capital.

PARTNERSHIP

We align our interests with those of our clients through significant personal investment in our strategies.

Diamond Hill Fourth Quarter 2017 Market Review

As of December 31, 2017

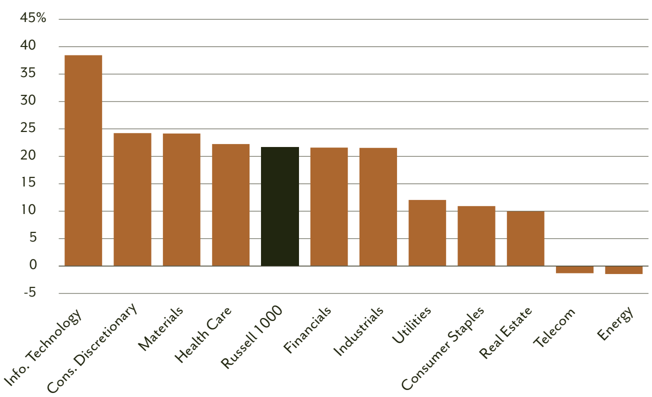
Equity Markets

The fourth quarter was a continuation of the strong U.S. equity markets we experienced throughout 2017. All sectors within the Russell 1000 Index posted a positive return in the quarter, with consumer discretionary delivering the best performance (+9.89%) followed by information technology (+8.94%) and financials (+8.30%).

The financials sector benefited during the quarter from the passage of U.S. tax code changes, which helped offset ongoing sluggishness in the macro environment including tepid loan growth and a flattening yield curve. An additional increase to the federal funds rate in December also helped boost U.S. bank stocks.

For the full year, information technology was the top-performing sector (+38.45%), significantly outperforming the Russell 1000 (+21.69%). The consumer discretionary, materials, health care, financials, and industrials sectors all delivered returns above 20%.

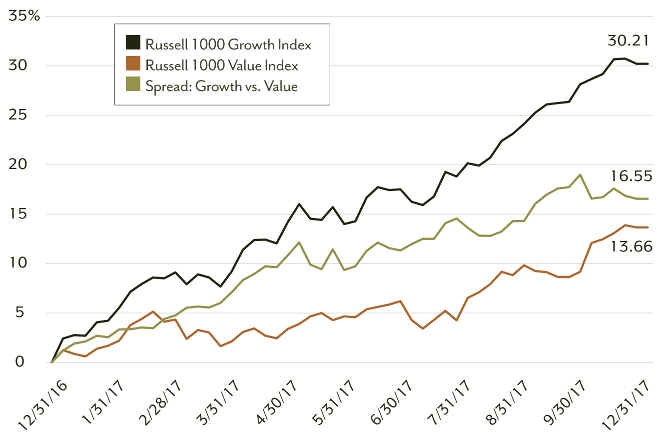
RUSSELL 1000 SECTOR RETURNS - 2017



Source: FactSet

A major theme in 2017 was the performance of growth over value, a gap which continued to widen as the year went on. Investors placed a premium on growth which propelled the Russell 1000 Growth Index to a more than 16% lead over the Russell 1000 Value Index. Sector performance further explains this gap: the Russell 1000 Growth has more than 50% of its weight in technology and health care stocks which both outperformed in 2017, while the Russell 1000 Value is heavily weighted in underperforming sectors (energy, telecommunication, and consumer staples).

RUSSELL 1000 GROWTH VS. RUSSELL 1000 VALUE INDEX - 2017



Source: Morningstar Direct

Fixed Income Markets

Treasury

The story in the Treasury market in 2017 was the flattening of the yield curve. This trend continued in the fourth quarter as the shorter end of the curve climbed and the longer end of the curve contracted. Specifically, the yield on the one-year and two-year Treasuries moved higher by 44 basis points and 40 basis points, respectively, while the yield on the 30-year Treasury dropped 12 basis points. This movement resulted in strong performance on the longer end, with the 30-year Treasury the only part of the yield curve to have a positive return in the quarter (+3.00%). The Treasury segment of the Bloomberg Barclays U.S. Aggregate Index returned only 0.05% during the fourth quarter but finished the year up 2.31%. The Federal Reserve remained extremely transparent, increasing the federal funds rate by 25 basis points while communicating their intention to raise rates another three times in 2018.

Securitized

Commercial mortgage-backed securities finished the year strong, leading the securitized sector once again during the quarter. Residential mortgage-backed securities rebounded slightly, delivering stronger performance compared to previous quarters. Asset-backed securities was the worst-performing segment of the securitized market, but still delivered attractive relative returns to comparable-duration Treasuries.

Investment Grade and High Yield Credit

The investment grade corporate sector, as measured by the Bloomberg Barclays U.S. Corporate Index, generated a 1.17% return in the fourth quarter, bringing the full-year 2017 return to 6.42%. The Bloomberg Barclays High Yield Index returned just 0.47% during the fourth quarter, but delivered 7.50% for the full year which followed a very strong 2016. In addition, the high yield default rate is well below the historical average.

Outlook

Assessing the impact of macroeconomic factors has been a more important part of estimating the long-term intrinsic value of companies in recent years; however, it is still just one of many factors that we consider. As always, bottom-up analysis is of primary importance in estimating the intrinsic value of an individual company, which includes both valuation and business fundamentals.

Low interest rates, high corporate profit margins, and steady economic growth with low inflation have continued to contribute to historically high stock valuations. Despite high valuations and extremely low volatility, we see no immediate signs of fundamental excess. Business fundamentals are strong and corporate profit margins are near all-time highs.

High valuations make it more challenging for us to find opportunities to add new names to our equity portfolios. In this environment, where the discount to our estimate of intrinsic value is likely to be narrower, we have focused on maintaining or upgrading the quality of the names we own. When evaluating new and current positions with a smaller discount to our estimate of intrinsic value, we remain focused on assessing risk, which we define as permanent loss of capital.

At current valuation levels, we've historically seen annual stock market returns of 5% or less. We continue to expect positive but below-average equity market returns over the next five years. Prospective returns are likely to be tempered by the combination of above-average price/earnings multiples applied to already very strong levels of corporate profit margins.

Corporate tax reform is likely to boost earnings growth in the near term with most U.S. companies benefiting from a reduced tax burden. In addition, repatriation of cash held overseas and a more competitive tax regime may lead to increased levels of investment in the United States. However, we believe that for most companies, these benefits will largely be competed away over the longer term. Our research team is evaluating the impact of tax reform on a company-by-company basis and updating our estimates of intrinsic value accordingly.

Spread levels in both the investment grade and high yield credit markets remain compressed as investors continue their search for yield. As such, we believe strong fundamental analysis and a focus on long-term company and collateral performance are the keys to security selection in our fixed income strategies.

We believe we can achieve better-than-market returns over the next five years through active portfolio management, and our primary focus is always on achieving value-added results for our existing clients. Our intrinsic value investment philosophy is shared by all of our portfolio managers and research analysts, allowing us to apply our investment discipline consistently across strategies.

Diamond Hill Small Cap Fund Commentary

As of December 31, 2017

(closed to new investors)

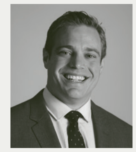
The Fund increased 3.86% (Class I) during the quarter, compared to a 3.34% increase in the Russell 2000 Index.

The Fund's holdings in the industrials and information technology sectors provided the largest contribution to absolute return. The health care sector was the primary detractor from absolute return.

The Fund's outperformance relative to the Index was primarily driven by security selection in the information technology and industrials sectors. Security selection in the health care and consumer discretionary sectors and the Fund's allocation to cash detracted from relative return.

PORTFOLIO MANAGEMENT

Tom Schindler, CFA
Portfolio Manager



Aaron Monroe, CFA
Asst. Portfolio Manager

Chris Welch, CFA
Asst. Portfolio Manager

Best Performers

- Shares of car rental company **Avis Budget Group, Inc.** rose as its North American business rebounded from a difficult first half of 2017. Additionally, investors have been encouraged that industry fleet levels appear to be better aligned with demand.
- Casino operator **Red Rock Resorts, Inc. (Cl A)** announced solid third-quarter results, with Las Vegas revenue growth improving and associated contribution margin returning to normal levels.
- Transportation products and services provider **Trinity Industries, Inc.** announced that it intends to spin off its infrastructure-related businesses (construction products, energy equipment, and inland barges) by the second half of 2018. The company also increased its share repurchase authorization.
- Business software and services provider **DST Systems, Inc.** continues to generate relatively healthy cash flows on largely flat year-over-year revenue and earnings growth. Over the course of the year, the company has repurchased roughly 8% of its shares outstanding.
- Shares of regional bank **BankUnited, Inc.** rallied after the company provided detailed commentary on the financial impact of ending its loss-share agreement with the FDIC, which was more positive than the market expected.

Worst Performers

- Property and casualty insurance company **Navigators Group, Inc.** reported quarterly results that were below expectations, primarily due to a large number of catastrophes and reserve additions.
- Shares of ski resort owner and operator **Vail Resorts, Inc.** fell as skiing conditions have been late to arrive in Colorado and Utah.
- Shares of property and casualty insurance company **Enstar Group Ltd.** underperformed despite a lack of company-specific news. Over the years, Enstar has shown steady growth in book value and we expect that to continue in the future.
- Shares of **LifePoint Health, Inc.** declined amid integration issues with four hospitals it acquired in 2016, as well as ongoing weak utilization trends. We believe the stock is still inexpensive if the company can stabilize operations within these four facilities.
- Shares of food products manufacturer **Post Holdings, Inc.** underperformed as a result of market concerns over growth prospects for the packaged foods industry.

New Positions

We invested in oil and gas exploration and production company **Linn Energy, Inc. (Cl A)** which is implementing a plan to aggressively reallocate capital within the business. Since emerging from bankruptcy, the company has divested over $1.5 billion in assets to help pay down debt and has repurchased a substantial portion of shares outstanding. Over the next year, the company will be split into three public companies which should highlight the value of the underlying assets. We also initiated a position in contract manufacturer **Sanmina Corp.**, which has been gradually diversifying away from traditional electronics manufacturing to industrial, medical, and defensive end markets which are more stable and growth oriented.

Eliminated Positions

We eliminated our position in life insurance company **American Equity Investment Life Holding Co.** as the shares approached our estimate of intrinsic value. We sold our shares of **Fortress Investment Group LLC (Cl A)** in an all-cash acquisition by Softbank.

(closed to new investors)

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (12/29/00)	10-YR	5-YR	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO GROSS	NET
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	10.75%	8.12%	12.17%	6.71%	10.62%	10.62%	3.80%	1.30%	1.30%
Class C	9.92	7.32	11.33	5.91	9.80	9.80	3.58	2.05	2.05
Class I	11.02	8.45	12.48	7.02	10.95	10.95	3.86	1.00	1.00
Class Y	10.90	8.38	12.62	7.13	11.06	11.06	3.91	0.90	0.90
BENCHMARK									
Russell 2000 Index	8.47	8.71	14.12	9.96	14.65	14.65	3.34	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	10.41	7.57	11.03	4.90	5.09	5.09	-1.40	1.30	1.30
Class C	9.92	7.32	11.33	5.91	8.80	8.80	2.62	2.05	2.05

Risk Disclosure: 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 December 31, 2017, 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.*

Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class C, Class I and Class Y shares include Class A share performance achieved prior to the creation of Class C, Class I and Class Y shares. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 5.00%; C shares have a maximum contingent deferred sales charge (CDSC) of 1.00% for redemptions within the first year of purchase; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

The Russell 2000 Index is an unmanaged market capitalization-weighted index comprised of the smallest 2,000 companies by market capitalization in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies by total market capitalization. This index does not incur fees and expenses (which would lower the return) and is not available for direct investment.

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 BHIL Distributors, 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.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

American Equity Investment Life Holding Co.	0.0%	**Linn Energy, Inc. (Cl A)**	0.3%
Avis Budget Group, Inc.	5.6	**Navigators Group, Inc.**	2.2
BankUnited, Inc.	2.5	**Post Holdings, Inc.**	1.4
DST Systems, Inc.	3.3	**Red Rock Resorts, Inc. (Cl A)**	2.2
Enstar Group Ltd.	1.9	**Sanmina Corp.**	0.7
Fortress Investment Group LLC (Cl A)	0.0	**Trinity Industries, Inc.**	2.6
LifePoint Health, Inc.	1.1	**Vail Resorts, Inc.**	3.1

Mentioned securities not held in the Diamond Hill Small Cap Fund: SoftBank Group Corp.

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.

Diamond Hill Small-Mid Cap Fund Commentary

As of December 31, 2017

(closed to new investors)

The Fund increased 2.23% (Class I) during the quarter, compared to a 5.24% increase in the Russell 2500 Index.

The Fund's holdings in the industrials, consumer discretionary, and information technology sectors provided the largest contribution to absolute return, while the health care and consumer staples sectors detracted from return.

The Fund's underperformance relative to the Index was primarily driven by security selection in the health care, consumer discretionary, financials, and consumer staples sectors as well as the allocation to cash. This was partially offset by security selection in the materials, real estate and industrials sectors.

Best Performers

- Casino operator **Red Rock Resorts, Inc. (Cl A)** announced solid third-quarter results, with Las Vegas revenue growth improving and associated contribution margin returning to normal levels.

- Homebuilder **NVR, Inc.** reported good quarterly results with strong gross margin performance and solid order growth. Additionally, housing data has been supportive of the homebuilders and NVR is one of the higher-quality names in the industry.

- Shares of regional bank **BankUnited, Inc.** rallied after the company provided detailed commentary on the financial impact of ending its loss-share agreement with the FDIC, which was more positive than the market expected.

- Coating products manufacturer **Axalta Coating Systems Ltd.** was approached by two potential acquirers which led to a sharp increase in its share price. While both deals fell apart over valuation and other terms, we believe the interest is indicative of Axalta's unique coatings franchise.

- Real estate investment company **Jones Lang LaSalle, Inc.** has stabilized its margins and generated strong free cash flow in 2017 following a tough 2016. Additionally, solid real estate values have led to better incentive fees and the company stands to benefit from tax reform.

PORTFOLIO MANAGEMENT

Chris Welch, CFA
Portfolio Manager

Jenny Hubbard, CFA
Asst. Portfolio Manager

Tom Schindler, CFA
Asst. Portfolio Manager

Worst Performers

- Medical device manufacturer **Boston Scientific Corp.** announced that the relaunch of the Lotus transcatheter aortic valve was delayed again due to the timing of regulatory submissions, and management was unable to offer an updated timeframe. We believe that expectations for the company's transcatheter program are low at this point and that problems with Lotus are correctable.

- Consumer and commercial products manufacturer **Newell Brands, Inc.** reported poor quarterly results and lowered full-year guidance as ongoing challenges in retail continue to negatively affect the business. With a high leverage level and low operating cash flow, the company has limited balance sheet flexibility to deal with the changing environment.

- Shares of **LifePoint Health, Inc.** declined amid integration issues with four hospitals it acquired in 2016, as well as ongoing weak utilization trends. We believe the stock is still inexpensive if the company can stabilize operations within these four facilities.

- Banking and financial services company **First Republic Bank** issued guidance for elevated near-term expenses as it continues to invest in its high-growth franchise. Recent tax law changes to the deductibility of mortgage interest also stoked fears that the company's above-peer growth rate will slow.

- Shares of food products manufacturer **Post Holdings, Inc.** underperformed as a result of market concerns over growth prospects for the packaged foods industry.

(closed to new investors)

New Positions

We initiated a position in contract manufacturer **Sanmina Corp.**, which has been gradually diversifying away from traditional electronics manufacturing to industrial, medical, and defense end markets which are more stable and growth oriented.

Eliminated Positions

We sold our position in consumer and commercial products manufacturer **Newell Brands, Inc.** due to weak operating results and increased uncertainty around the long-term competitive position of the business, which is heavily reliant upon traditional big-box retailers.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (12/30/05)	10-YR	5-YR	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO GROSS	EXPENSE RATIO NET
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	9.11%	10.09%	14.30%	8.83%	8.35%	8.35%	2.13%	1.24%	1.24%
Class C	8.31	9.28	13.45	8.02	7.49	7.49	1.93	1.99	1.99
Class I	9.46	10.43	14.61	9.16	8.63	8.63	2.23	0.94	0.94
Class Y	9.33	10.36	14.78	9.27	8.77	8.77	2.23	0.84	0.84
BENCHMARK									
Russell 2500 Index	9.10	9.22	14.33	10.07	16.81	16.81	5.24	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	8.64	9.53	13.14	6.99	2.95	2.95	-2.97	1.24	1.24
Class C	8.31	9.28	13.45	8.02	6.49	6.49	0.94	1.99	1.99

Risk Disclosure: There are specialized risks associated with small capitalization issues, such as market illiquidity and greater market volatility, than large capitalization issues.

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Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class Y shares include Class A share performance achieved prior to the creation of Class Y shares. These total return figures may reflect the waiver of a portion of a Fund's advisory or administrative fees for certain periods. Without such waiver of fees, the total returns would have been lower. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 5.00%; C shares have a maximum contingent deferred sales charge (CDSC) of 1.00% for redemptions within the first year of purchase; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

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(closed to new investors)

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

Axalta Coating Systems Ltd.	2.8%	**Newell Brands, Inc.**	0.0%
BankUnited, Inc.	3.6	**NVR, Inc.**	2.6
Boston Scientific Corp.	2.0	**Post Holdings, Inc.**	2.4
First Republic Bank	1.5	**Red Rock Resorts, Inc. (Cl A)**	2.7
Jones Lang LaSalle, Inc.	1.7	**Sanmina Corp.**	0.5
LifePoint Health, Inc.	1.8		

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Diamond Hill Mid Cap Fund Commentary

As of December 31, 2017

The Fund increased 3.81% (Class I) during the quarter, compared to a 6.07% increase in the Russell Midcap Index.

The Fund's holdings in the industrials, consumer discretionary, and financials sectors were the primary contributors to absolute return, while the health care and consumer staples sectors detracted from return.

The Fund's underperformance relative to the Index was primarily driven by security selection in the health care, financials, and consumer staples sectors, as well as the Fund's allocation to cash. This was partially offset by security selection in the real estate, industrials, and materials sectors.

Best Performers

- Casino operator **Red Rock Resorts, Inc. (Cl A)** announced solid third-quarter results, with Las Vegas revenue growth improving and associated contribution margin returning to normal levels.
- Homebuilder **NVR, Inc.** reported good quarterly results with strong gross margin performance and solid order growth. Additionally, housing data has been supportive of the homebuilders and NVR is one of the higher-quality names in the industry.
- Shares of regional bank **BankUnited, Inc.** rallied after the company provided detailed commentary on the financial impact of ending its loss-share agreement with the FDIC, which was more positive than the market expected.
- Shares of banking and payment services provider **Discover Financial Services** outperformed as the U.S. credit environment remains relatively benign, which benefits the company's fundamental performance in terms of low, stable charge-offs. Discover is a relatively high U.S. tax payer and stands to benefit from the recently outlined changes to the tax code.
- Coating products manufacturer **Axalta Coating Systems Ltd.** was approached by two potential acquirers which led to a sharp increase in its share price. While both deals fell apart over valuation and other terms, we believe the interest is indicative of Axalta's unique coatings franchise.

PORTFOLIO MANAGEMENT

Chris Welch, CFA
Portfolio Manager

Chris Bingaman, CFA
Asst. Portfolio Manager

Jenny Hubbard, CFA
Asst. Portfolio Manager

Worst Performers

- Medical device manufacturer **Boston Scientific Corp.** announced that the relaunch of the Lotus transcatheter aortic valve was delayed again due to the timing of regulatory submissions, and management was unable to offer an updated timeframe. We believe that expectations for the company's transcatheter program are low at this point and that problems with Lotus are correctable.
- Shares of **LifePoint Health, Inc.** declined amid integration issues with four hospitals it acquired in 2016, as well as ongoing weak utilization trends. We believe the stock is still inexpensive if the company can stabilize operations within these four facilities.
- Consumer and commercial products manufacturer **Newell Brands, Inc.** reported poor quarterly results and lowered full-year guidance as ongoing challenges in retail continue to negatively affect the business. With a high leverage level and low operating cash flow, the company has limited balance sheet flexibility to deal with the changing environment.
- Shares of food products manufacturer **Post Holdings, Inc.** underperformed as a result of market concerns over growth prospects for the packaged foods industry.
- Household durables manufacturer **Whirlpool Corp.** reported weak quarterly results driven largely by raw material inflation and a competitive promotional environment. Whirlpool continues to lose share in Europe, while Asia experienced significant margin declines as both industry weakness and promotional intensity weighed on the business.

New Positions

We did not initiate any new positions during the quarter.

Eliminated Positions

We sold our position in consumer and commercial products manufacturer **Newell Brands, Inc.** due to weak operating results and increased uncertainty around the long-term competitive position of the business, which is heavily reliant upon traditional big-box retailers.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (12/31/13)	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO GROSS	EXPENSE RATIO NET
RETURNS AT NAV (WITHOUT SALES CHARGE)							
Class A	8.92%	9.38%	10.13%	10.13%	3.71%	1.09%	1.09%
Class I	9.24	9.68	10.47	10.47	3.81	0.79	0.79
Class Y	9.35	9.79	10.51	10.51	3.79	0.69	0.69
BENCHMARK							
Russell Midcap Index	10.48	9.58	18.52	18.52	6.07	—	—
RETURNS AT POP (WITH SALES CHARGE)							
Class A	7.53	7.53	4.65	4.65	-1.45	1.09	1.09

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Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 5.00%; I shares and Y shares have no sales charge.

Fund holdings are subject to change without notice.

The Russell Midcap Index is an unmanaged market capitalization-weighted index measuring performance of the 800 smallest companies in the Russell 1000 Index. The Russell 1000 Index measures performance of the largest 1000 companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies by total market capitalization. This index does not incur fees and expenses (which would lower the return) and is not available for direct investment.

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MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

Axalta Coating Systems Ltd.	2.9%	**Newell Brands, Inc.**	0.0%
BankUnited, Inc.	3.6	**NVR, Inc.**	2.6
Boston Scientific Corp.	2.2	**Post Holdings, Inc.**	2.3
Discover Financial Services	2.5	**Red Rock Resorts, Inc. (Cl A)**	2.6
LifePoint Health, Inc.	1.9	**Whirlpool Corp.**	1.5

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Diamond Hill Large Cap Fund Commentary

As of December 31, 2017

The Fund increased 5.72% (Class I) during the quarter, compared to a 6.59% increase in the Russell 1000 Index.

The Fund's holdings in all sectors contributed to absolute return, led by the financials and information technology sectors.

The Fund's underperformance relative to the Index was primarily driven by security selection in the consumer discretionary and financials sectors, although this was partially offset by a higher allocation to these strong-performing sectors. An underweight position in the information technology sector and security selection in consumer staples also hurt relative performance. Favorable security selection in the health care and industrials sectors were positive contributors to relative performance.

Best Performers

- Shares of banking and payment services provider **Discover Financial Services** outperformed as the U.S. credit environment remains relatively benign, which benefits the company's fundamental performance in terms of low, stable charge-offs. Discover is a relatively high U.S. tax payer and stands to benefit from the recently outlined changes to the tax code.

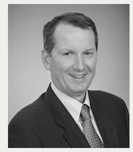
- Software provider **Microsoft Corp.** reported strong quarterly earnings that included revenue growth and margin expansion above expectations. The company also indicated that it has improved its operating margin expectation for full-year fiscal 2018.

- Shares of banking and financial services company **JP Morgan Chase & Co.** outperformed as the combination of tax reform, higher short-term interest rates, and a continuation of healthy economic growth contributed to a solid earnings outlook for 2018.

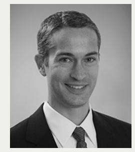
- Shares of building and aerospace technology conglomerate **United Technologies Corp.** rose as the company meaningfully ramped up production and made good progress on addressing certain quality issues pertaining to its new geared turbofan jet engine program.

- Shares of health care benefits company **Aetna, Inc.** outperformed after CVS Health made a formal offer to acquire Aetna. The deal is expected to close mid-2018.

PORTFOLIO MANAGEMENT



Chuck Bath, CFA
Portfolio Manager



Austin Hawley, CFA
Portfolio Manager

Chris Welch, CFA
Asst. Portfolio Manager

Worst Performers

- Shares of banking and financial services company **First Republic Bank** declined following company guidance for elevated near-term expenses as it continues to invest in its high-growth franchise. Recent tax law changes to the deductibility of mortgage interest also stoked fears that the company's above-peer growth rate will slow.

- Household durables manufacturer **Whirlpool Corp.** reported weak quarterly results driven largely by raw material inflation and a competitive promotional environment. Whirlpool continues to lose share in Europe, while Asia experienced significant margin declines as both industry weakness and promotional intensity weighed on the business.

- Shares of apparel manufacturer **Hanesbrands, Inc.** underperformed as general concerns about the health of the wholesale channel overshadowed stronger performance in other business lines. While the fundamental trends for the innerwear segment are still weak, the company's margins and market share are holding up well and cash flow is strong.

- Shares of tobacco products manufacturer **Philip Morris International, Inc.** declined after the company reported weaker-than-expected quarterly results.

- Cable and internet services company **Charter Communications, Inc. (Cl A)** reported underwhelming quarterly results driven by weaker-than-expected subscriber trends in video and internet. We believe fundamentals will improve as the integration of Time Warner Cable and Bright House continues, and that Charter is well-positioned to grow intrinsic value over the long term.

New Positions

We initiated a position in oil and gas exploration and production company **Devon Energy Corp.** Company management recently articulated a more disciplined capital investment strategy along with a potential, sizeable divestiture program that would help focus the business around attractive core assets. We believe Devon holds an attractive, scalable acreage position in both the Delaware Basin and the Anadarko Basin that should drive meaningful improvement in return on invested capital over time. We started a position in industrial supplies distributor **Fastenal Co.**, a company we already own in other Diamond Hill strategies. The company has a unique service-oriented culture and we believe it is poised to gain meaningful market share over the next five years via its onsite and industrial vending growth initiatives.

We also purchased shares of airline operator **United Continental Holdings, Inc.** The company has improved its operating performance and we believe it is in a good position to improve margins over the next few years via revenue and cost initiatives. Free cash flow generation should increase as capital expenditures decline from current peak levels, and the company recently announced an incremental $3 billion share repurchase authorization.

Eliminated Positions

We eliminated our position in industrial product manufacturer **Illinois Tool Works, Inc.** when shares reached our estimate of intrinsic value.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (6/29/01)	10-YR	5-YR	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO GROSS	EXPENSE RATIO NET
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	8.69%	8.21%	15.33%	10.67%	19.95%	19.95%	5.61%	0.98%	0.98%
Class C	7.85	7.39	14.47	9.84	19.04	19.04	5.44	1.73	1.73
Class I	8.96	8.54	15.64	10.99	20.30	20.30	5.72	0.68	0.68
Class Y	8.85	8.47	15.79	11.10	20.42	20.42	5.75	0.58	0.58
BENCHMARK									
Russell 1000 Index	7.22	8.59	15.71	11.23	21.69	21.69	6.59	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	8.35	7.65	14.15	8.79	13.97	13.97	0.32	0.98	0.98
Class C	7.85	7.39	14.47	9.84	18.04	18.04	4.44	1.73	1.73

Risk Disclosure: Overall equity market risks may affect the value of the fund.

The views expressed are those of the portfolio managers as of December 31, 2017, 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.*

Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class C, Class I and Class Y shares include Class A share performance achieved prior to the creation of Class C, Class I, and Class Y shares. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 5.00%; C shares have a maximum contingent deferred sales charge (CDSC) of 1.00% for redemptions within the first year of purchase; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

The Russell 1000 Index is an unmanaged market capitalization-weighted index comprised of the largest 1,000 companies by market capitalization in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies by total market capitalization. This index does not incur fees and expenses (which would lower the return) and is not available for direct investment.

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 BHIL Distributors, 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.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

Aetna, Inc.	2.5%	**Illinois Tool Works, Inc.**	0.0%
Charter Communications, Inc. (Cl A)	1.7	**JPMorgan Chase & Co.**	3.6
Devon Energy Corp.	1.4	**Microsoft Corp.**	3.2
Discover Financial Services	3.7	**Philip Morris International, Inc.**	2.9
Fastenal Co.	0.1	**United Continental Holdings, Inc.**	0.2
First Republic Bank	0.9	**United Technologies Corp.**	3.4
Hanesbrands, Inc.	1.0	**Whirlpool Corp.**	0.7

Mentioned securities not held in the Diamond Hill Large Cap Fund: CVS Health Corp.

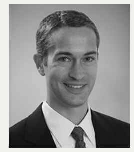
It should not be assumed that an investment in the securities identified was or will be profitable. The holdings identified do not represent all of the securities purchased, sold, or recommended for the adviser's clients. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please contact 855.255.8955 or info@diamond-hill.com.

Diamond Hill All Cap Select Fund Commentary

As of December 31, 2017

(formerly Select Fund)

PORTFOLIO MANAGEMENT



Austin Hawley, CFA
Portfolio Manager

Rick Snowdon, CFA
Portfolio Manager

The Fund increased 8.00% (Class I) during the quarter, compared to a 6.34% increase in the Russell 3000 Index.

The Fund's holdings in the consumer discretionary, industrials, and financials sectors provided the largest contribution to absolute return, while the consumer discretionary sector detracted slightly from return.

The Fund's outperformance relative to the Index was driven by favorable security selection in the health care sector followed by selection in the industrials, consumer discretionary, and real estate sectors. An underweight position in the health care sector also contributed to relative return. An underweight position in information technology and security selection in the consumer staples sectors detracted from relative return.

Best Performers

- Shares of diversified media and entertainment company **Twenty-First Century Fox, Inc. (Cl B)** rose due to the proposed sale of certain assets to Disney in an all-stock deal. The company also reported solid quarterly earnings.
- Casino operator **Red Rock Resorts, Inc. (Cl A)** announced solid third-quarter results, with Las Vegas revenue growth improving and associated contribution margin returning to normal levels.
- Shares of banking and payment services provider **Discover Financial Services** outperformed as the U.S. credit environment remains relatively benign, which benefits the company's fundamental performance in terms of low, stable charge-offs. Discover is a relatively high U.S. tax payer and stands to benefit from the recently outlined changes to the tax code.
- Shares of regional bank **BankUnited, Inc.** rallied after the company provided detailed commentary on the financial impact of ending its loss-share agreement with the FDIC, which was more positive than the market expected.
- Agriculture equipment manufacturer **Deere & Co.** reported another strong quarter and raised full-year 2018 guidance.

Worst Performers

- Household durables manufacturer **Whirlpool Corp.** reported weak quarterly results driven largely by raw material inflation and a competitive promotional environment. Whirlpool continues to lose share in Europe, while Asia experienced significant margin declines as both industry weakness and promotional intensity weighed on the business.
- Shares of food products manufacturer **Post Holdings, Inc.** underperformed as a result of market concerns over growth prospects for the packaged foods industry.
- Shares of tobacco products manufacturer **Philip Morris International, Inc.** declined after the company reported weaker-than-expected quarterly results.
- Shares of technology and industrial company **Johnson Controls International PLC** declined amid disappointing earnings and free cash flow guidance. While we are frustrated with the company's recent inability to generate strong free cash flow, the headwinds appear to be temporary and we see no structural reason why the company cannot dramatically improve its cash generation in the years ahead.
- Shares of ski resort owner and operator **Vail Resorts, Inc.** fell as skiing conditions have been late to arrive in Colorado and Utah.

New Positions

We initiated a position in global financial services firm **Credit Suisse Group AG ADR**. Since CEO Tidjane Thiam took over in mid-2015, fundamentals have been improving and the firm has shored up its capital base. Credit Suisse is now mid-way through its restructuring plan of de-risking and "right sizing" the investment banking and trading businesses in order to focus on its stable Swiss market presence and global wealth franchise. We believe the company's return on tangible equity targets are realistic without significant execution risk and that there is potential for future capital return via dividends and share repurchases. **First Republic Bank** is a high-quality bank that has been widely held in other Diamond Hill strategies. A recent selloff in the shares reflects investor concern about near-term expense growth and the impact of tax law changes on mortgage interest deductibility. We initiated a position in tobacco products manufacturer **Philip Morris International, Inc.** when the stock fell in response to weaker-than-expected quarterly results. The selloff created a unique buying opportunity in what we believe is a very high-quality business we also hold in other strategies. We also initiated a position in contract manufacturer **Sanmina Corp.**, which has been gradually diversifying away from traditional electronics manufacturing to industrial, medical, and defensive end markets which are more stable and growth oriented.

Eliminated Positions

We sold our positions in car rental company **Avis Budget Group, Inc.**, banking and financial services company **Citigroup, Inc.**, and homebuilder **NVR, Inc.** as the shares approached our estimates of intrinsic value, and we redeployed the capital to more attractive ideas. We eliminated our position in **Whirlpool Corp.** due to ongoing weak operating results and better opportunities elsewhere.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (12/30/05)	10-YR	5-YR	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO GROSS	EXPENSE RATIO NET
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	8.50%	8.29%	15.69%	8.93%	19.93%	19.93%	7.96%	1.18%	1.18%
Class C	7.71	7.48	14.83	8.11	19.07	19.07	7.77	1.93	1.93
Class I	8.84	8.61	16.00	9.25	20.33	20.33	8.00	0.88	0.88
Class Y	8.72	8.55	16.15	9.35	20.45	20.45	8.05	0.78	0.78
BENCHMARK									
Russell 3000 Index	8.88	8.60	15.58	11.12	21.13	21.13	6.34	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	8.04	7.74	14.51	7.09	13.95	13.95	2.56	1.18	1.18
Class C	7.71	7.48	14.83	8.11	18.07	18.07	6.77	1.93	1.93

Risk Disclosure: Because this Fund expects to hold a concentrated portfolio of a limited number of securities, a decline in the value of these investments would cause the Fund's value to decline to a greater degree than a less concentrated portfolio. There are specialized risks associated with small capitalization issues, such as market illiquidity and greater market volatility, than large capitalization issues.

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Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class Y shares include Class A share performance achieved prior to the creation of Class Y shares. These total return figures may reflect the waiver of a portion of a Fund's advisory or administrative fees for certain periods. Without such waiver of fees, the total returns would have been lower. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 5.00%; C shares have a maximum contingent deferred sales charge (CDSC) of 1.00% for redemptions within the first year of purchase; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

The Russell 3000 Index is an unmanaged market capitalization-weighted index comprised of the 3,000 largest U.S. companies by total market capitalization. This index does not incur fees and expenses (which would lower the return) and is not available for direct investment.

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(formerly Select Fund)

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

Avis Budget Group, Inc.	0.0%	**NVR, Inc.**	0.0%
BankUnited, Inc.	4.0	**Philip Morris International, Inc.**	2.8
Citigroup, Inc.	0.0	**Post Holdings, Inc.**	2.0
Credit Suisse Group AG ADR	2.3	**Red Rock Resorts, Inc. (Cl A)**	2.4
Deere & Co.	2.0	**Sanmina Corp.**	1.5
Discover Financial Services	5.0	**Twenty-First Century Fox, Inc. (Cl B)**	3.2
First Republic Bank	2.0	**Vail Resorts, Inc.**	2.0
Johnson Controls International PLC	2.5	**Whirlpool Corp.**	0.0

Mentioned securities not held in the Diamond Hill All Cap Select Fund: Walt Disney Co.

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.

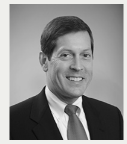
Diamond Hill Long-Short Fund Commentary

As of December 31, 2017

(closed to new investors)

PORTFOLIO MANAGEMENT

Chris Bingaman, CFA
Portfolio Manager



Ric Dillon, CFA
Portfolio Manager

Chuck Bath, CFA
Asst. Portfolio Manager

Jason Downey, CFA
Asst. Portfolio Manager

The Fund increased by 2.92% (Class I) during the quarter, compared to a 6.59% increase in the long-only Russell 1000 Index and a 4.03% increase in the blended benchmark (60% Russell 1000 Index/40% ICE Bank of America Merrill Lynch U.S. Treasury Bill 0-3 Month Index).

The Fund's long portfolio contributed to absolute return, led by holdings in the financials, information technology, and industrials sectors; however, this was partially offset by negative performance in the short portfolio. Most sectors in the short portfolio detracted from return, led by exposure to the consumer discretionary and information technology sectors.

The Fund's underperformance relative to the long-only benchmark was primarily driven by security selection in the consumer discretionary and information technology sectors.

The Fund's net exposure at the end of the quarter was 59%.

Best Performers

Long Portfolio

- Shares of diversified media and entertainment company **Twenty-First Century Fox, Inc. (Cl B)** rose due to the proposed sale of certain assets to Disney in an all-stock deal. The company also reported solid quarterly earnings.
- Shares of banking and payment services provider **Discover Financial Services** outperformed as the U.S. credit environment remains relatively benign, which benefits the company's fundamental performance in terms of low, stable charge-offs. Discover is a relatively high U.S. tax payer and stands to benefit from the recently outlined changes to the tax code.
- Software provider **Microsoft Corp.** reported strong quarterly earnings that included revenue growth and margin expansion above expectations. The company also indicated that it has improved its operating margin expectation for full-year fiscal 2018.
- Shares of regional bank **BankUnited, Inc.** rallied after the company provided detailed commentary on the financial impact of ending its loss-share agreement with the FDIC, which was more positive than the market expected.
- Shares of airline operator **United Continental Holdings, Inc.** outperformed as revenue trends stabilized from the previous quarter. Additionally, the company announced an incremental $3 billion share repurchase authorization.

Short Portfolio

- The five best performers were long positions.

Worst Performers

Long Portfolio

- The five worst performers were short positions.

Short Portfolio

- Shares of consumer electronics retailer **Best Buy Co., Inc.** rose after the retail sector rallied sharply on strong holiday sales and the approval of tax reform. While recent topline results have improved, the current valuation does not support the highly cyclical nature of the consumer electronics business and the lack of visibility into sustainable long-term growth drivers going forward.
- Shares of retail store operator **Wal-Mart Stores, Inc.** rose amid better-than-expected quarterly results, strong holiday sales, and the approval of tax reform. While topline results have been better than expected, we have yet to see the benefit drop through to earnings as gains have been offset by ongoing price investments, omnichannel upgrades, and mix impacts from a higher portion of online sales.
- Shares of children's apparel retailer **Children's Place, Inc.** appreciated significantly after the company announced strong quarterly results with improving fundamentals driven by less discounting and benefits from Gymboree's bankruptcy.
- Shares of cloud networking company **Arista Networks, Inc.** appreciated after the company delivered quarterly results and guidance that were above market expectations.

(closed to new investors)

- Shares of recreational vehicle manufacturer **Polaris Industries, Inc.** rose after the company reported better-than-expected quarterly results showing meaningful improvement in its core off-road vehicle retail sales. While the sales improvement appeared impressive, it may not be sustainable since Polaris dealers used heavy promotions to clear old model-year inventory

New Positions

In the long portfolio, we added **First Republic Bank**, a high-quality bank that has been widely held in other Diamond Hill strategies. A recent selloff in the shares reflects investor concern about near-term expense growth and the impact of tax law changes on mortgage interest deductibility.

In the short portfolio, we initiated a short position in industrial distribution company **W.W. Grainger, Inc.** based on our belief that its business strategy is likely to promote continued price competition with Amazon Business and lead to margin degradation over the next five years.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (6/30/00)[2]	10-YR	5-YR	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO[1] GROSS	NET
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	6.67%	4.24%	8.59%	4.63%	5.65%	5.65%	2.80%	2.07%	2.07%
Class C	5.86	3.45	7.77	3.84	4.83	4.83	2.59	2.82	2.82
Class I	6.93	4.55	8.89	4.93	5.99	5.99	2.92	1.77	1.77
Class Y	6.82	4.49	9.02	5.05	6.07	6.07	2.92	1.67	1.67
BENCHMARK									
Russell 1000 Index	5.81	8.59	15.71	11.23	21.69	21.69	6.59	—	—
60%/40% Blended Index	4.36	5.52	9.39	6.88	12.92	12.92	4.03	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	6.35	3.70	7.47	2.85	0.37	0.37	-2.35	2.07	2.07
Class C	5.86	3.45	7.77	3.84	3.83	3.83	1.59	2.82	2.82

[1] Includes dividend expense relating to short sales. If dividend expenses relating to short sales were excluded, the Expense Ratio for the Long-Short Fund would have been 1.40% for Class A, 2.15% for Class C, 1.10% for Class I, and 1.00% for Class Y.

[2] The Fund was long-only from inception through June 2002.

Risk Disclosure: The Fund uses short selling which incurs significant additional risk. Theoretically, stocks sold short have the risk of unlimited losses. Overall equity market risks may affect the value of the fund.

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Fund holdings subject to change without notice.

The Russell 1000 Index is an unmanaged market capitalization-weighted index comprised of the largest 1,000 companies by market capitalization in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies by total market capitalization. The blended index represents a 60% weighting of the Russell 1000 Index and a 40% weighting of the ICE BofA Merrill Lynch U.S. T-Bill 0-3 Month Index. The ICE BofA Merrill Lynch U.S. T-Bill 0-3 Month Index is comprised of U.S. dollar denominated U.S. Treasury Bills with a term to maturity of less than 3 months. These indexes do not incur fees and expenses (which would lower returns) and are not available for direct investment.

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(closed to new investors)

Eliminated Positions

In the long portfolio, we eliminated shares of networking and communications company **Cisco Systems, Inc.** as shares reached our estimate of intrinsic value. We sold our position in consumer and commercial products manufacturer **Newell Brands, Inc.** due to weak operating results and increased uncertainty around the long-term competitive position of the business, which is heavily reliant upon traditional big-box retailers.

In the short portfolio, we covered our short positions in telecommunication services provider **AT&T, Inc.** and property and casualty insurer **Mercury General Corp.** as the shares approached our estimates of intrinsic value. We eliminated our short position in athletic apparel manufacturer **Under Armour, Inc. (Cl A)** when the shares fell to our estimate of intrinsic value.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

Arista Networks, Inc.	(0.9)%	Short	**Microsoft Corp.**	2.6%	Long
AT&T, Inc.	0.0	Short	**Newell Brands, Inc.**	0.0	Long
BankUnited, Inc.	2.5	Long	**Polaris Industries, Inc.**	(0.9)	Short
Best Buy Co., Inc.	(2.2)	Short	**Twenty-First Century Fox, Inc. (Cl B)**	1.0	Long
Children's Place, Inc.	(1.2)	Short	**Under Armour, Inc. (Cl A)**	0.0	Short
Cisco Systems, Inc.	0.0	Long	**United Continental Holdings, Inc.**	3.4	Long
Discover Financial Services	2.6	Long	**W.W. Grainger, Inc.**	(0.6)	Short
First Republic Bank	1.4	Long	**Wal-Mart Stores, Inc.**	(1.1)	Short
Mercury General Corp.	0.0	Short	**Walt Disney Co.**	1.3	Long

Mentioned securities not held in the Diamond Hill Long-Short Fund: Amazon.com, Inc.

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Diamond Hill Financial Long-Short Fund Commentary

As of December 31, 2017

The Fund increased 3.58% (Class I) during the quarter, compared to a 6.83% increase in the long-only Russell 3000 Financials Index and a 5.50% increase in the blended benchmark (80% Russell 3000 Financials Index/20% ICE Bank of America Merrill Lynch U.S. Treasury Bill 0-3 Month Index).

The Russell 3000 Financials Index modestly outperformed the broader Russell 3000 Index during the quarter. The final push to ultimately pass corporate tax reform was the major driver as many firms in the sector are domestically focused and will benefit from corporate tax reform. These developments helped offset ongoing sluggishness in the macro environment including tepid loan growth and a flattening yield curve.

Banks recorded another solid quarter of high single-digit returns as they will be a meaningful beneficiary of corporate tax reform. However, the major regulatory reform that many investors hoped for with the changing political climate remains elusive. After a challenging third quarter with several large loss events and negative equity returns, shares of property and casualty insurance companies underperformed again in the fourth quarter. REITs and real estate companies were also sector laggards in the quarter with low single-digit returns thanks to the prospect of continued interest rate increases in 2018, no real benefit from tax reform, and many sub-sectors with slowing fundamentals. Consumer finance companies were the best-performing group in the sector with low double-digit returns for the second quarter in a row.

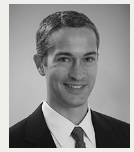
With reasonable valuations and increasing capital returns to shareholders, we remain optimistic that investors in the financials sector will benefit from attractive cash yields and per-share growth over the coming years.

Best Performers

Long Portfolio

- Shares of banking and payment services provider **Discover Financial Services** outperformed as the U.S. credit environment remains relatively benign, which benefits the company's fundamental performance in terms of low, stable charge-offs. Discover is a relatively high U.S. tax payer and stands to benefit from the recently outlined changes to the tax code.

PORTFOLIO MANAGEMENT



Austin Hawley, CFA
Portfolio Manager

John Loesch, CFA
Portfolio Manager

Krishna Mohanraj, CFA
Asst. Portfolio Manager

- Shares of regional bank **SVB Financial Group** outperformed after the prospect of tax reform accelerated. Additionally, Federal Reserve guidance for interest rate increases also supported the company's shares as it is one the banks most sensitive to increases in short-term interest rates.

- Shares of regional bank **BankUnited, Inc.** rallied after the company provided detailed commentary on the financial impact of ending its loss-share agreement with the FDIC, which was more positive than the market expected.

- Credit services company **Capital One Financial Corp.** continued to slow its U.S. credit card loan growth, which is expected to result in lower loan loss provisions and higher earnings as long as the credit environment remains favorable and the economy expands. The company also stands to benefit from the new changes to the U.S. tax code.

- Shares of diversified holding company **Berkshire Hathaway, Inc. (Cl B)** rose after some of the company's key segments including GEICO, Burlington Northern, and the industrials businesses reported better-than-expected revenue growth. Strong performance from the company's equity investments also helped drive book value growth. In addition, Berkshire Hathaway stands to be a significant beneficiary of tax reform, which will increase its book value meaningfully through a reduction of its large deferred tax liability.

Short Portfolio

- The five best performers were long positions.

Worst Performers

Long Portfolio

- Shares of banking and financial services company **First Republic Bank** declined following company guidance for elevated near-term expenses as it continues to invest in its high-growth franchise. Recent tax law changes to the deductibility of mortgage interest also stoked fears that the company's above-peer growth rate will slow.

- Shares of real estate investment company **iStar, Inc.** underperformed amid slow land and other real estate sales, which raised concerns about the protracted pace of the company's asset sales and repositioning. While a slowing economy could impact the company's land assets as well as its non-stabilized commercial real estate properties, we believe iStar has made substantial progress in positioning its non-core assets for sale while also stabilizing its balance sheet.

- Shares of property and casualty insurance company **Enstar Group Ltd.** underperformed despite a lack of company-specific news. Over the years, Enstar has shown steady growth in book value and we expect that to continue in the future.

Short Portfolio

- Shares of property and casualty insurance company **Selective Insurance Group, Inc.** rose as the company continues to see pricing increases ahead of loss-cost inflation.

- Title insurer **First American Financial Corp.** continued its strong 2017 performance thanks to good earnings growth and a dividend increase. The company also stands to benefit from tax reform given its domestic-focused business. First American has a solid balance sheet and strong competitive position, but long-term risks remain in the form of regulatory/pricing pressure and technological advances that could obviate or greatly reduce pricing in parts of title insurance.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION[2] (8/1/97)	10-YR	5-YR	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO[1] GROSS	NET
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	7.59%	5.10%	13.35%	8.10%	11.58%	11.58%	3.52%	1.92%	1.92%
Class C	6.82	4.29	12.50	7.27	10.76	10.76	3.30	2.67	2.67
Class I	7.79	5.42	13.66	8.41	11.90	11.90	3.58	1.62	1.62
BENCHMARK									
Russell 3000 Financials Index	6.12	5.12	16.92	12.52	19.95	19.95	6.83	—	—
80%/20% Blended Index	5.63	4.57	13.51	10.12	15.92	15.92	5.50	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	7.32	4.56	12.18	6.27	6.02	6.02	-1.63	1.92	1.92
Class C	6.82	4.29	12.50	7.27	9.76	9.76	2.30	2.67	2.67

[1] Includes dividend expense relating to short sales. If dividend expenses relating to short sales were excluded, the Expense Ratio for the Financial Long-Short Fund would have been 1.43% for Class A, 2.18% for Class C, and 1.13% for Class I.

[2] The Fund was long-only from inception through April 2006.

Risk Disclosure: The Fund uses short selling which incurs significant additional risk. Theoretically, stocks sold short have the risk of unlimited losses. Overall equity market risks may affect the value of the fund.

The views expressed are those of the portfolio managers as of December 31, 2017, 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.*

Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class C and Class I shares include Class A share performance achieved prior to the creation of Class C and Class I. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 5.00%; C shares have a maximum contingent deferred sales charge (CDSC) of 1.00% for redemptions within the first year of purchase; I shares have no sales charge.

Fund holdings subject to change without notice.

The Russell 3000 Financials Index consists of Russell 3000 companies involved in banking, mortgage finance, consumer finance, specialized finance, investment banking and brokerage, asset management and custody, corporate lending, insurance, financial investments, and real estate, including REITS. The blended index represents a 80% weighting of the Russell 3000 Financials Index and a 20% weighting of the ICE BofA Merrill Lynch U.S. T-Bill 0-3 Month Index. The ICE BofA Merrill Lynch U.S. T-Bill 0-3 Month Index is comprised of U.S. dollar denominated U.S. Treasury Bills with a term to maturity of less than 3 months. These indexes do not incur fees and expenses (which would lower the return) and are not available for direct investment.

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 BHIL Distributors, 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.

New Positions

We started a position in global financial services firm **Bank of New York Mellon Corp.** We believe new CEO Charlie Scharf will continue to drive profit margin expansion and that management will continue to return capital to shareholders via dividends and share repurchases. We also initiated a position in global financial services firm **Credit Suisse Group AG ADR**. Since CEO Tidjane Thiam took over in mid-2015, fundamentals have been improving and the firm has shored up its capital base. Credit Suisse is now mid-way through its restructuring plan of de-risking and "right sizing" the investment banking and trading businesses in order to focus on its stable Swiss market presence and global wealth franchise. We believe the company's return on tangible equity targets are realistic without significant execution risk and that there is potential for future capital return via dividends and share repurchases

We did not add any short positions during the quarter.

Eliminated Positions

In the long portfolio, we sold our shares of financial services company **State Street Corp.** as it reached our estimate of intrinsic value. We swapped our position in **Wells Fargo & Co.** into more favorable opportunities as the company's shares approached our estimate of intrinsic value.

We did not eliminate any short positions during the quarter.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

Bank of New York Mellon Corp.	2.2%	Long	**First American Financial Corp.**	(1.1)%	Short
BankUnited, Inc.	4.2	Long	**First Republic Bank**	2.4	Long
Berkshire Hathaway, Inc. (Cl B)	5.3	Long	**iStar, Inc.**	4.1	Long
Capital One Financial Corp.	2.1	Long	**Selective Insurance Group, Inc.**	(2.4)	Short
Credit Suisse Group AG ADR	2.7	Long	**State Street Corp.**	0.0	Long
Discover Financial Services	5.3	Long	**SVB Financial Group**	4.3	Long
Enstar Group Ltd.	1.4	Long	**Wells Fargo & Co.**	0.0	Long

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.

Diamond Hill Research Opportunities Fund Commentary As of December 31, 2017

The Fund increased 6.03% (Class I) during the quarter, compared to a 6.34% increase in the long-only Russell 3000 Index and a 4.80% increase in the blended benchmark (75% Russell 3000 Index/25% ICE Bank of America Merrill Lynch U.S. Treasury Bill 0-3 Month Index).

The Fund's long portfolio contributed to absolute return, led by holdings in the consumer discretionary, industrials, and financials sectors. The short portfolio detracted from absolute return primarily due to holdings in the information technology and consumer discretionary sectors.

The Fund's slight underperformance relative to the long-only benchmark was primarily driven by security selection in the information technology sector. This was mostly offset by security selection in the industrials, consumer discretionary, and materials sectors as well as an overweight long position in the consumer discretionary sector and no exposure to the utilities sector.

The Fund's net exposure was 84.8% at the end of the quarter.

Best Performers

Long Portfolio

- Casino operator **Red Rock Resorts, Inc. (Cl A)** announced solid third-quarter results, with Las Vegas revenue growth improving and associated contribution margin returning to normal levels.
- Homebuilder **NVR, Inc.** reported good quarterly results with strong gross margin performance and solid order growth. Additionally, housing data has been supportive of the homebuilders and NVR is one of the higher-quality names in the industry.
- Data analytics company **Verisk Analytics, Inc.** reported quarterly results that included strength in each of its three industry verticals, indicating that recent headwinds seem to be abating.
- Shares of banking and payment services provider **Discover Financial Services** outperformed as the U.S. credit environment remains relatively benign, which benefits the company's fundamental performance in terms of low, stable charge-offs. Discover is a relatively high U.S. tax payer and stands to benefit from the recently outlined changes to the tax code.

PORTFOLIO MANAGEMENT

The Research Opportunities Fund is co-managed by Diamond Hill Research Analysts.

- Shares of freight transportation management company **Hub Group, Inc. (Cl A)** rose as spot pricing for truck and intermodal shipments remained strong. Current pricing trends indicate that intermodal service providers will be able to reprice contractual services at higher levels in 2018.

Short Portfolio

- The five best performers were long positions.

Worst Performers

Long Portfolio

- Shares of pharmaceutical company **GlaxoSmithKline PLC ADR** underperformed despite the company reporting solid quarterly results. The company also mentioned possible business development in the consumer health segment, which some investors interpreted as an additional cash pull on an already tight cash flow budget. We believe adding scale to the consumer business would enhance the company's intrinsic value.
- Shares of ski resort owner and operator **Vail Resorts, Inc.** fell as skiing conditions have been late to arrive in Colorado and Utah.

Short Portfolio

- Shares of lighting and semiconductor applications provider **CREE, Inc.** appreciated sharply after the company announced a new CEO. We believe the current market valuation embeds overly optimistic long-run expectations for the company's smaller Wolfspeed segment and ignores the headwinds in the larger lighting and LED products segments.
- Shares of consumer electronics retailer **Best Buy Co., Inc.** rose after the retail sector rallied sharply on strong holiday sales and the approval of tax reform. While recent topline results have been strong, the current valuation does not support the highly cyclical nature of the consumer electronics business and the lack of visibility into sustainable long-term growth drivers going forward.
- Shares of recreational vehicle manufacturer **Polaris Industries, Inc.** rose after the company reported better-than-expected quarterly results showing meaningful improvement in its core off-road vehicle retail sales. While the sales improvement appeared impressive, it may not be sustainable since Polaris dealers used heavy promotions to clear old model-year inventory.

New Positions

We initiated the following long positions during the quarter:

- Biopharmaceutical company **Acorda Therapeutics, Inc.** is focused on the neurology market and has growth opportunities in disorders such as Parkinson's, where it has a novel compound awaiting FDA approval.
- Media and technology company **Alphabet, Inc. (Cl A)** includes the dominant worldwide internet search and advertising provider Google, which we believe will continue to drive revenue growth with attractive margins.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (3/31/09)	5-YR	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO[1] GROSS	NET
RETURNS AT NAV (WITHOUT SALES CHARGE)								
Class A	13.18%	10.69%	5.47%	12.98%	12.98%	5.92%	2.02%	2.02%
Class C	12.34	9.87	4.67	12.12	12.12	5.70	2.77	2.77
Class I	13.49	10.99	5.77	13.34	13.34	6.03	1.72	1.72
Class Y	13.64	11.14	5.89	13.47	13.47	6.07	1.62	1.62
BENCHMARK								
Russell 3000 Index	17.44	15.58	11.12	21.13	21.13	6.34	—	—
75%/25% Blended Index	13.05	11.65	8.44	15.74	15.74	4.80	—	—
RETURNS AT POP (WITH SALES CHARGE)								
Class A	12.52	9.56	3.67	7.33	7.33	0.64	2.02	2.02
Class C	12.34	9.87	4.67	11.12	11.12	4.70	2.77	2.77

[1] Includes dividend expense relating to short sales. If dividend expenses relating to short sales were excluded, the Expense Ratio for the Research Opportunities Fund would have been 1.43% for Class A, 2.18% for Class C, 1.13% for Class I, and 1.03% for Class Y.

Risk Disclosure: The Fund uses short selling which incurs significant additional risk. Theoretically, stocks sold short have the risk of unlimited losses. There are specialized risks associated with small capitalization issues, such as market illiquidity and greater market volatility, than large capitalization issues. 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.

The views expressed are those of the portfolio managers as of December 31, 2017, 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 the Diamond Hill Research Partners, L.P. (the "Research 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 assets of the Research Partnership were converted into assets of the fund prior to commencement of operation of the fund. The performance of the Research 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 Research 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 Research Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from March 31, 2009, the inception of the Research Partnership and is not the performance of the fund. The Research 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. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 5.00%; C shares have a maximum contingent deferred sales charge (CDSC) of 1.00% for redemptions within the first year of purchase; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

The Russell 3000 Index is an unmanaged market capitalization-weighted index comprised of the 3,000 largest U.S. companies by total market capitalization. The blended index represents a 75% weighting of the Russell 3000 Index and a 25% weighting of the ICE BofA Merrill Lynch U.S. T-Bill 0-3 Month Index. The ICE BofA Merrill Lynch U.S. T-Bill 0-3 Month Index is comprised of U.S. dollar denominated U.S. Treasury Bills with a term to maturity of less than 3 months. These indexes do not incur fees and expenses (which would lower the return) and are not available for direct investment.

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 BHIL Distributors, 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.

- Real estate investment trust **American Campus Communities, Inc.**, the largest owner in the small-but-growing student housing industry, owns properties on or near U.S. university campuses and has a pipeline of on-campus developments through partnerships with major schools.

- Web services company **Baidu, Inc. (Cl A)** is the dominant search engine in China. We believe Baidu's advertising revenue will recover from the headwinds faced in late 2016 from new government regulations and growth will resume.

- Regional bank **BankUnited, Inc.** experienced a temporary selloff due to investor concerns about the impact of the expiration of its FDIC loss share agreement, which created a buying opportunity.

- **BT Group PLC ADR** is the dominant telecom service provider in the U.K. There are investor concerns surrounding the firm's pension liability and elevated network investments over the next few years; however, we believe the firm will manage through these challenges and cash earnings power will recover by 2020.

- Real estate investment trusts **CubeSmart** and **Public Storage** are in the storage business, which we believe is one of the best segments in the REIT market with good economies of scale, brand awareness, high barriers to entry, and high cash margins on low capital expenditures.

- Existing holding Delphi changed its name to **Aptiv PLC** and spun off its powertrain segment into automobile component manufacturer **Delphi Technologies PLC**.

- Discount retailer **Dollar General Corp.** provides affordable merchandise in convenient locations and has significant growth opportunity in the rural United States.

- Automobile company **Fiat Chrysler Automobiles N.V.** has a good management team, improving fundamentals, and strong potential free cash flow generation.

- Payment technology company **First Data Corp.** generates significant cash flow and is the largest merchant acquirer in the United States.

- Biotechnology company **Gilead Sciences, Inc.** is the market leader in drugs used for the treatment of Hepatitis C and HIV. The HIV franchise generates strong cash flows and we like management's use of capital to diversify into high-value areas of research.

- Oil and gas exploration and production company **Linn Energy, Inc. (Cl A)** is implementing a plan to aggressively reallocate capital within the business, pay down debt, and repurchase shares. Over the next year, the company will be split into three public businesses which should highlight the value of the underlying assets.

- **Tanger Factory Outlet Centers, Inc.** is the only publicly traded REIT focused exclusively on outlet centers. It has one of the best balance sheets in the sector and its dividend yield and depressed valuation make it an attractive opportunity.

- Discount retailer **TJX Cos., Inc.** has a sizeable presence in apparel retail in the U.S. through its TJ Maxx and Marshalls stores and an opportunity to grow this business internationally. In addition, the company has an opportunity to grow market share in U.S. home products through its HomeGoods stores Home Sense.

- Packaged food manufacturer **Treehouse Foods, Inc.** is the leader in private label foods and we believe it should benefit from economies of scale as it realigns its manufacturing base.

- Semiconductor materials company **Versum Materials, Inc.** should benefit over the long term from increased demand as chip architectures become more complex.

In addition, we initiated a position in energy equipment and services company **Welltec A/S 9.5% due 2022** bonds when management refinanced and extended the maturity of the previous existing bonds. The business has continued to innovate during the energy industry downturn and we believe it is well positioned to grow and take market share during the eventual recovery.

In the short portfolio, we initiated a short position in internet service provider **Cogent Communications Holdings, Inc.**, which we believe will continue to face growth pressures in its internet transit business. Industrial/warehouse real estate investment trust **EastGroup Properties, Inc.** has seen excellent growth over the past few years as the warehouse segment benefited from the shift to e-commerce; however, future growth depends primarily on continued rent increases on already elevated levels. We believe industrial distribution company **W.W. Grainger, Inc.** is likely to promote continued price competition with Amazon Business, which will lead to margin degradation over the next five years.

Eliminated Positions

In the long portfolio, we eliminated our position in credit services company **Capital One Financial Corp.** when the shares reached our estimate of intrinsic value. We eliminated our position in oil and gas exploration and production company **Energen Corp. 7.125% due 2028** bonds to reallocate funds to more favorable opportunities. We sold our shares of **Fortress Investment Group LLC (Cl A)** in an all-cash acquisition by Softbank.

In the short portfolio, we covered our short position in cloud networking company **Arista Networks, Inc**. as the company's fundamentals continued to exceed our expectations. We covered short positions in biotechnology company **Celgene Corp.**, athletic apparel manufacturer **Under Armour, Inc. (Cl A)**, health care and cleaning products manufacturer **Prestige Brands Holdings, Inc.**, and remote control products manufacturer **Universal Electronics, Inc.** after shares fell to our estimates of intrinsic value. We closed out our short position in dental products manufacturer **DENTSPLY SIRONA, Inc.** as the stock approached our estimate of intrinsic value. We eliminated our short position in networking technology services provider **Ubiquiti Networks, Inc.** as the cost to borrow shares remained elevated.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

Acorda Therapeutics, Inc.	0.6%	Long	Fortress Investment Group LLC (Cl A)	0.0%	Long
Alphabet, Inc. (Cl A)	1.9	Long	Gilead Sciences, Inc.	0.8	Long
American Campus Communities, Inc.	0.5	Long	GlaxoSmithKline PLC ADR	3.5	Long
Aptiv PLC	0.4	Long	Hub Group, Inc. (Cl A)	4.1	Long
Arista Networks, Inc.	0.0	Short	Linn Energy, Inc. (Cl A)	0.3	Long
Baidu, Inc. (Cl A)	1.1	Long	NVR, Inc.	3.1	Long
BankUnited, Inc.	1.2	Long	Polaris Industries, Inc.	(1.4)	Short
Best Buy Co., Inc.	(1.6)	Short	Prestige Brands Holdings, Inc.	0.0	Short
BT Group PLC ADR	1.2	Long	Public Storage	0.3	Long
Capital One Financial Corp.	0.0	Long	Red Rock Resorts, Inc. (Cl A)	5.7	Long
Celgene Corp.	0.0	Short	Tanger Factory Outlet Centers, Inc.	0.3	Long
Cogent Communications Holdings, Inc.	(0.4)	Short	TJX Cos., Inc.	0.2	Long
Cree, Inc.	(1.2)	Short	TreeHouse Foods, Inc.	0.3	Long
CubeSmart	0.4	Long	Ubiquiti Networks, Inc.	0.0	Short
Delphi Technologies PLC	0.2	Long	Under Armour, Inc. (Cl A)	0.0	Short
DENTSPLY SIRONA, Inc.	0.0	Short	Universal Electronics, Inc.	0.0	Short
Discover Financial Services	2.6	Long	Vail Resorts, Inc.	5.2	Long
Dollar General Corp.	0.2	Long	Verisk Analytics, Inc.	3.1	Long
EastGroup Properties, Inc.	(0.1)	Short	Versum Materials, Inc.	0.2	Long
Energen Corp. 7.125% due 2028	0.0	Long	W.W. Grainger, Inc.	(0.3)	Short
Fiat Chrysler Automobiles N.V.	1.0	Long	Welltec A/S 9.5% due 2022	1.0	Long
First Data Corp. (Cl A)	0.7	Long			

Mentioned securities not held in the Diamond Hill Research Opportunities Fund: Amazon.com, Inc. and Softbank Group Corp.

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.

Diamond Hill Short Duration Total Return Fund Commentary

As of December 31, 2017

All Fund returns based on Class I shares.

The Fund generated a 0.81% total return during the fourth quarter, compared to -0.21% for the Bloomberg Barclays U.S. 1-3 Year Government/Credit Index. Since its inception on July 5, 2016, the Fund has generated an annualized total return of 3.76% compared to 0.26% for the Index. We are pleased with how the Fund has performed on a relative basis, both in the most recent quarter and since its inception. The goal of the Diamond Hill Short Duration Total Return Fund is to outperform the Index over a market cycle, while generating a yield and return advantage relative to the benchmark.

The themes of 2017 in the fixed income markets continued throughout the final quarter of the year. The market has been focused on the Federal Open Market Committee (FOMC) and its plans for interest rates, which increased by 25 basis points in December. Given the transparency of the FOMC, the rate increase was digested with limited volatility by the market and the focus shifted to future rate increases and the "dot plot." The dot plot, part of the FOMC's Summary of Economic Projections released along with its policy decision statement, shows where each member thinks the federal funds rate should be for each of the next few years and longer term. The median for year-end 2018 was between 2% and 2.25%, suggesting three rate hikes next year. Over the longer term, the members expect the rate to settle around 2.75%. At the same meeting, the FOMC made the decision to increase the level at which principal payments from its holdings will be reinvested from $10 billion ($6 billion of Treasury securities and $4 billion of agency debt and agency mortgage-backed securities) to $20 billion ($12 billion Treasury, $8 billion agency debt and agency mortgage-backed securities). This increase will take place in January 2018.

The story in the Treasury market in 2017 was the flattening of the yield curve. This trend continued in the fourth quarter as the shorter end of the curve climbed and the longer end of the curve contracted. Specifically, the yield on the one-year and two-year Treasuries moved higher by 44 basis points and 40 basis points, respectively, while the yield on the 30-year Treasury dropped 12 basis points. This movement resulted in strong performance on the longer end, with the 30-year Treasury the only part of the yield curve to have a positive return in the quarter (+3.00%). The Treasury segment of the Bloomberg Barclays U.S. Aggregate Index returned only 0.05% during the fourth quarter but finished the year up 2.31%.

PORTFOLIO MANAGEMENT

Henry Song, CFA
Portfolio Manager

Mark Jackson, CFA
Portfolio Manager

It is important to note that the Short Duration Total Return Fund aims to provide yield for investors while focusing on the shorter end of the fixed income markets. Though there is a concentration on the shorter end of the yield curve, the Fund maintains a certain level of interest rate risk and can experience some price volatility in uncertain markets. We believe there are opportunities to add incremental yield over the benchmark by investing in structured product across the quality spectrum. The Fund strives to maintain an average credit quality rating of A while taking advantage of mispriced opportunities in both unrated securities and a small allocation to below investment grade securities.

As of December 31, 2017, the Fund had a yield to worst (YTW) of 3.75% with an effective duration of 1.95, compared to the Index's YTW of 2.03% and effective duration of 1.91. Asset-backed securities (ABS) remain the largest allocation in the Fund and contribute the majority of the yield in the portfolio. Within the ABS sector, various subsectors were additive to performance, with automobile ABS the strongest contributor during the quarter. Non-agency commercial mortgage-backed securities also contributed to the overall yield of the portfolio.

The Fund's allocation to corporate credit detracted slightly from performance due to an underweight position in financials and industrials. The Fund has not invested in non-corporate credit (sovereigns, supranationals, etc.) and the absence of these sectors detracted slightly from performance as they rebounded following a drop in the second quarter.

The Fund's minimal allocation to the U.S. Treasury sector (4.2%) contributed to relative performance as this component of the Index (62.5%) experienced negative returns during the quarter as rates on the shorter end of the curve continued to climb.

The Fund continues to search for opportunities in the marketplace while maintaining an attractive yield relative to the benchmark.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (7/5/16)	1-YR	YTD	4Q17	EXPENSE RATIO GROSS	EXPENSE RATIO NET
RETURNS AT NAV (WITHOUT SALES CHARGE)						
Class A	3.47%	3.97%	3.97%	0.72%	0.83%	0.83%
Class I	3.76	4.33	4.33	0.81	0.53	0.53
Class Y	3.84	4.43	4.43	0.82	0.43	0.43
BENCHMARK						
Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index	0.26	0.84	0.84	-0.21	—	—
RETURNS AT POP (WITH SALES CHARGE)						
Class A	1.90	1.64	1.64	-1.52	0.83	0.83

Must be preceded or accompanied by a prospectus.

Risk Disclosure: The value of fixed-income securities varies inversely with interest rates; as interest rates rise, the market value of fixed-income securities will decline. Lower quality debt (ie: "High Yield") securities involve greater risk of default or price changes due to potential changes in the issuer's credit quality. The value of investments in mortgage-related and asset-backed securities will be influenced by the factors affecting the housing market and the assets underlying such securities. The securities may decline in value, face valuation difficulties, become more volatile and/or become illiquid. They are also subject to prepayment risk, which occurs when mortgage holders refinance or otherwise repay their loans sooner than expected, creating an early return of principal to holders of the loans.

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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.*

Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 2.25%; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

The Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index is an unmanaged index of investment grade government and corporate bonds with maturities of one to three years.This index does not incur fees and expenses (which would lower the return) and is not available for direct investment.

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 BHIL Distributors, 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.

Diamond Hill Core Bond Fund Commentary

As of December 31, 2017

All Fund returns based on Class I shares.

The Fund generated a 0.47% total return during the fourth quarter, compared to 0.39% for the Bloomberg Barclays U.S. Aggregate Index. Since its inception on July 5, 2016, the Fund has generated an annualized total return of 1.29% compared to 0.15% for the Index. We are pleased with how the Fund has performed on a relative basis, both in the most recent quarter and since its inception. The goal of the Diamond Hill Core Bond Fund is to outperform the Index over a market cycle.

The themes of 2017 in the fixed income markets continued throughout the final quarter of the year. The market has been focused on the Federal Open Market Committee (FOMC) and its plans for interest rates, which increased by 25 basis points in December. Given the transparency of the FOMC, the rate increase was digested with limited volatility by the market and the focus shifted to future rate increases and the "dot plot." The dot plot, part of the FOMC's Summary of Economic Projections released along with its policy decision statement, shows where each member thinks the federal funds rate should be for each of the next few years and longer term. The median for year-end 2018 was between 2% and 2.25%, suggesting three rate hikes next year. Over the longer term, the members expect the rate to settle around 2.75%. At the same meeting, the FOMC made the decision to increase the level at which principal payments from its holdings will be reinvested from $10 billion ($6 billion of Treasury securities and $4 billion of agency debt and agency mortgage-backed securities) to $20 billion ($12 billion Treasury, $8 billion agency debt and agency mortgage-backed securities). This increase will take place in January 2018.

The story in the Treasury market in 2017 was the flattening of the yield curve. This trend continued in the fourth quarter as the shorter end of the curve climbed and the longer end of the curve contracted. Specifically, the yield on the one-year and two-year Treasuries moved higher by 44 basis points and 40 basis points, respectively, while the yield on the 30-year Treasury dropped 12 basis points. This movement resulted in strong performance on the longer end, with the 30-year Treasury the only part of the yield curve to have a positive return in the quarter (+3.00%). The Treasury segment of the Bloomberg Barclays U.S. Aggregate Index returned only 0.05% during the fourth quarter but finished the year up 2.31%.

PORTFOLIO MANAGEMENT

Henry Song, CFA
Portfolio Manager

Mark Jackson, CFA
Portfolio Manager

The Fund's duration has been maintained within our targeted range of +/-10% of the benchmark's duration. At the end of the fourth quarter, the Fund's duration was roughly 88% of the benchmark's duration (5.25 versus 5.98, respectively), reflecting the long-term viewpoint that interest rates have a greater chance of moving higher over the coming months and quarters. During the quarter, the duration of both the Fund and the benchmark remained relatively unchanged (from 5.22 to 5.25 for the Fund; from 5.96 to 5.98 for the benchmark). The Fund's overall shorter duration positioning relative to the benchmark minimally contributed to performance during the quarter.

The sector with the most substantial impact on the Fund during the quarter was the securitized sector, with strong security selection and sector positioning driving the majority of absolute return. Continued demand in the marketplace drove spreads tighter across the entire sector and was met with heavy issuance. Within the securitized sector, asset-backed securities and commercial mortgage-backed securities were the strongest contributors to the Fund's performance as spreads tightened due to high demand. Agency mortgage-backed securities were roughly in line with the mortgages represented in the benchmark, with the Fund's slightly longer duration in mortgage-backed securities contributing to returns and offsetting the impact of its underweight position relative to the benchmark.

The investment grade corporate sector of the Bloomberg Barclays U.S. Aggregate Index generated a return of 1.17% during the fourth quarter, pushing the 2017 calendar year performance to 6.42%. The Fund's underweight allocation to investment grade corporate, as well as sector allocation within the space, detracted from relative performance. Industrials detracted the most during the quarter from a relative standpoint, as this segment of the market delivered the strongest performance of the sector and the portfolio maintains an underweight position. Utilities slightly detracted from performance on a relative basis.

The Fund continues to search for opportunities in the marketplace while maintaining a conservative risk profile relative to the Index.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (7/5/16)	1-YR	YTD	4Q17	EXPENSE RATIO GROSS	EXPENSE RATIO NET
RETURNS AT NAV (WITHOUT SALES CHARGE)						
Class A	0.99%	3.85%	3.85%	0.39%	0.78%	0.78%
Class I	1.29	4.17	4.17	0.47	0.48	0.48
Class Y	1.35	4.22	4.22	0.48	0.38	0.38
BENCHMARK						
Bloomberg Barclays U.S. Aggregate Index	0.15	3.54	3.54	0.39	—	—
RETURNS AT POP (WITH SALES CHARGE)						
Class A	-1.38	0.24	0.24	-3.15	0.78	0.78

Risk Disclosure: The value of fixed-income securities varies inversely with interest rates; as interest rates rise, the market value of fixed-income securities will decline. Lower quality debt (ie: "High Yield") securities involve greater risk of default or price changes due to potential changes in the issuer's credit quality. The value of investments in mortgage-related and asset-backed securities will be influenced by the factors affecting the housing market and the assets underlying such securities. The securities may decline in value, face valuation difficulties, become more volatile and/or become illiquid. They are also subject to prepayment risk, which occurs when mortgage holders refinance or otherwise repay their loans sooner than expected, creating an early return of principal to holders of the loans.

The views expressed are those of the portfolio managers as of December 31, 2017, 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.*

Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 3.50%; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

The Bloomberg Barclays U.S. Aggregate Index is an unmanaged index representing the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through, and asset-backed securities. The Bloomberg Barclays U.S. Corporate Index is an unmanaged index measuring the investment grade, fixed-rate, taxable corporate bond market. It includes USD Denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers. These indices do not incur fees and expenses (which would lower the return) and are not available for direct investment.

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 BHIL Distributors, 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.

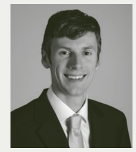
Diamond Hill Corporate Credit Fund Commentary

As of December 31, 2017

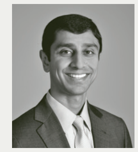
All Fund returns based on Class I shares.

PORTFOLIO MANAGEMENT

Bill Zox, CFA
Portfolio Manager



John McClain, CFA
Portfolio Manager



Suken Patel, CFA
Asst. Portfolio Manager

The Fund generated a 1.10% total return during the fourth quarter compared to 1.00% for the ICE Bank of America Merrill Lynch U.S. Corporate & High Yield Index. For the full-year 2017, the Fund generated a 7.87% total return compared to 6.66% for the Corporate & High Yield Index. For the trailing five years, the Fund generated an annualized total return of 5.78% compared to 3.94% for the Corporate & High Yield Index.

Unlike most corporate bond funds, the Diamond Hill Corporate Credit Fund is not managed against any index. Instead, the Fund is managed against absolute objectives within a range of inflation plus 3% and 7% nominal, each measured over rolling five-year periods. Our goal is to generate a yield and total return within that range while minimizing the risk of downside volatility over longer time periods. Although the Fund's investable universe (and the Corporate & High Yield Index) includes both investment grade and high yield corporate bonds, since early 2010 the Fund has been largely focused on the high yield portion of the market to achieve these objectives. About 90% of the Fund was in high yield corporate bonds at the end of 2017.

The high yield portion of the U.S. corporate bond market, as represented by the ICE Bank of America Merrill Lynch U.S. High Yield Index, began the year with a yield to worst (YTW) of 6.17% and option-adjusted spread (OAS) of 422 basis points. After generating a 7.48% total return in 2017, the High Yield Index ended the year with a 5.84% YTW and OAS of 363 basis points.

With both investment grade fixed income and equities generating strong returns in 2017, it is not surprising that high yield also performed well. High yield benefited from a default rate that declined materially during the year to a level below half the historic average. Like most other major asset classes, volatility in the high yield market was muted during 2017. The most notable bout of volatility, which may have been imperceptible to non-specialists, lasted from October 24 to November 15, when the OAS of the High Yield Index widened about 60 basis points, due primarily to weakness in the telecom and cable industries. As soon as the YTW hit 6% on November 15, the High Yield Index rebounded and more than half of the spread widening was reversed by the end of the year. From October 24 through year-end, the High Yield Index was just slightly negative at -14 basis points. The Fund performed well during this minor test, generating a total return of 66 basis points. It helped that we were positioned defensively entering that period and more than 3% of the Fund was called (**Bankrate, Inc. 6.125% due 2018** and **Synovus Financial Corp. 7.875% due 2019**), putting us in a strong position to take advantage of some opportunities including one particularly attractive new issue discussed below, **Welltec A/S 9.5% due 2022**.

The high yield market is priced for continued low defaults and muted volatility. The Fund's YTW is typically somewhere in the range of our absolute objectives, although it was well below the low end of the range on June 30, 2014 (the peak of that high yield market cycle) and well above the high end of the range on February 11, 2016 (the most recent bottom of the high yield market). At year-end, the Fund's YTW was 5.10%. The Fund's duration was 2.92, in the middle of the typical 2.0-3.5 range and well below the High Yield Index duration of 4.04 and the Corporate & High Yield Index duration of 6.75.

With a YTW near the low end of the Fund's objectives and a duration below 3, the Fund's positioning reflects a high yield market that, like other asset classes, does not offer an abundance of value opportunities. Because we don't manage against an index and we have a five-year time horizon, we have no incentive to chase an overvalued market. This advantage was very apparent in 2015 and we expect that it will serve us well when volatility comes back to the high yield market. In the meantime, we continue to work closely with the deep and talented Diamond Hill research team, and we have the conviction to concentrate in our best ideas even if they are low weightings in any high yield index. We are also selective participants in the high yield new issue market, participating in approximately 5% of new issues in 2017. We never want to grow so large that we become reliant on the new issue market to put the Fund's capital to work, but we are always ready to make meaningful commitments if we like the price and the credit.

The largest contributor to performance during the quarter was **Kindred Healthcare, Inc. 8.75% due 2023**, reversing its place as the largest detractor during the third quarter. In December, U.S. health insurer Humana and two private-equity firms announced an agreement to acquire Kindred, reflecting the long-term value that we saw in Kindred's assets. We expect that the bonds will be called in conjunction with the closing, which is expected in Summer 2018.

Popular, Inc. 7.0% due 2019 was the second-largest contributor to performance during the quarter. We added materially to our already-large position after the hurricanes. Popular has abundant excess capital and earnings power to handle its hurricane-related losses and it will be a beneficiary of the rebuilding efforts in coming years.

Frontier Communications Corp. 10.5% due 2022 was the largest detractor from performance during the quarter. Frontier continues to realize synergies from its acquisition of Verizon assets and customer losses have shown some improvement, but the progress has not been enough to reverse very pessimistic market expectations. We continue to believe that Frontier will generate sufficient free cash flow to give it time to stabilize its business.

Altice SA 7.75% due 2022 was the second-largest detractor from performance after poor performance of its cable and telecom assets in France and Portugal caused a steep decline in Altice equity. On a positive note, the equity market is forcing management to focus on deleveraging and operational improvement rather than more debt-financed acquisitions. We continue to believe these bonds will be called or tendered before maturity to provide Altice with more financial flexibility.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (9/30/02)	10-YR	5-YR	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO GROSS	EXPENSE RATIO NET[1]
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	6.99%	6.76%	5.51%	6.80%	7.56%	7.56%	1.04%	0.95%	0.94%
Class C	6.23	5.96	4.71	6.00	6.77	6.77	0.86	1.70	1.69
Class I	7.28	7.07	5.78	7.10	7.87	7.87	1.10	0.65	0.64
Class Y	7.15	7.00	5.91	7.19	7.89	7.89	1.13	0.55	0.54
BENCHMARK									
ICE BofAML U.S. Corporate & High Yield Index	6.26	6.02	3.94	4.34	6.66	6.66	1.00	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	6.74	6.38	4.75	5.53	3.82	3.82	-2.47	0.95	0.94
Class C	6.23	5.96	4.71	6.00	5.77	5.77	-0.13	1.70	1.69

Must be preceded or accompanied by a prospectus.

[1] The Fund may invest in another Diamond Hill Fund. Diamond Hill Capital Management, Inc. is required to permanently waive a portion of its management fee in the pro-rata amount of the management fee charged by the underlying Diamond Hill Fund.

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Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class I and Class Y shares include Class A share performance achieved prior to the creation of Class I and Class Y shares. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 3.50%; C shares have a maximum contingent deferred sales charge (CDSC) of 1.00% for redemptions within the first year of purchase; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

The ICE BofA Merrill Lynch U.S. Corporate & High Yield Index is comprised of U.S. dollar denominated investment grade and below investment grade corporate debt publicly issued in the U.S. domestic market. The ICE BofA Merrill Lynch U.S. High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market.

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 BHIL Distributors, 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.

Arch Merger Sub, Inc. (Staples) 8.5% due 2025, which was a new issue during the third quarter, was a large detractor during the fourth quarter. These bonds are backed solely by the wholesale operations of Staples which was taken private at the end of the second quarter. Staples has a leading position in a highly fragmented market and free cash flow is strong relative to debt. Confusion about the Staples retail stores, which do not back these bonds, and concerns about potential Amazon competition caused the bonds to sell off to very attractive levels.

Alliance Data Systems Corp. 5.375% due 2022 was another large detractor during the quarter after being one of the largest contributors to performance in the first and third quarters. The credit quality of the private label credit card portfolio is stabilizing. The weakness during the quarter was just typical high yield volatility rather than a reflection on the fundamentals of the company.

Selected New and Eliminated Positions

One large new addition was **Welltec A/S 9.5% due 2022**, which was a new issue that was marketed towards the end of the October-November bout of volatility. Welltec is a high quality but cyclical oil service business that has a variable cost structure that allows it to protect cash flow even in a depressed environment. Other new issues which we added were **Nathan's Famous, Inc. 6.625% due 2025**, **Freedom Mortgage Corp. 8.125% due 2024**, **Vantiv Issuer Corp. 4.375% due 2025**, **Mattel, Inc. 6.75% due 2025**, and **Cooke Omega Investments, Inc. 8.5% due 2022**.

We swapped **Frontier Communications Corp. 10.5% due 2022** for **Frontier Communications Corp. 9.25% due 2021**. Frontier has bought back a small amount of the 2021 bonds, which was a much smaller issue than the 2022 bonds, so we reduced the risk of our Frontier exposure.

We added **Treehouse Foods, Inc. 6.0% due 2024** after very poor third-quarter earnings and a weak outlook. Treehouse faces significant issues but leverage is low and free cash flow generation is high relative to debt. Our research team follows the company closely and we were in a strong position to take advantage of what we believe was an overreaction in the bond market.

Bankrate, Inc. 6.125% due 2018, **Station Casinos LLC 7.5% due 2021**, and **Synovus Financial Corp. 7.875% due 2019** were called during the quarter.

Drivetime Automotive Group, Inc. 8% due 2021, **Horizon Pharma, Inc. 8.75% due 2024**, **iStar, Inc. 4.875% due 2018**, **iStar, Inc. 6.0% due 2022**, **Pilgrim's Pride Corp. 5.75% due 2025**, **Radian Group, Inc. 5.25% due 2020**, **Southwestern Energy Co. 7.5% due 2026**, and **US Airways Group, Inc. 8.0% due 2019** were all eliminated as price approached our estimate of intrinsic value.

TOP 5 CONTRIBUTORS

SECURITY NAME	4Q17 CONTRIBUTION	POSITION AS OF 4Q17
Kindred Healthcare, Inc. 8.75% due 2023	0.24%	1.4%
Popular, Inc. 7.0% due 2019	0.19	6.4
L Brands, Inc. 6.875% due 2035	0.07	0.8
Nationstar Mortgage LLC 9.625% due 2019	0.07	3.2
Cincinnati Bell, Inc. 7.0% due 2024	0.07	2.0

TOP 5 DETRACTORS

SECURITY NAME	4Q17 CONTRIBUTION	POSITION AS OF 4Q17
Frontier Communications Corp. 10.5% due 2022	-0.14%	0.0%
Altice SA 7.75% due 2022	-0.07	1.2
Arch Merger Sub, Inc. (Staples) 8.5% due 2025	-0.05	2.6
Alliance Data Systems Corp. 5.375% due 2022	-0.04	4.7
Century Communities, Inc. 5.875 due 2025	-0.01	1.5

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

Alliance Data Systems Corp. 5.375% due 2022	4.7%	**Mattel, Inc. 6.75% due 2025**	0.6%
Altice SA 7.75% due 2022	1.2	**Nathan's Famous, Inc. 6.625% due 2025**	1.2
Arch Merger Sub, Inc. (Staples) 8.5% due 2025	2.6	**Pilgrim's Pride Corp. 5.75% due 2025**	0.0
Bankrate, Inc. 6.125% due 2018	0.0	**Popular, Inc. 7.0% due 2019**	6.4
Cooke Omega Investments, Inc. 8.5% due 2022	0.5	**Radian Group, Inc. 5.25% due 2020**	0.0
Drivetime Automotive Group, Inc. 8% due 2021	0.0	**Southwestern Energy Co. 7.5% due 2026**	0.0
Freedom Mortgage Corp. 8.125% due 2024	1.1	**Station Casinos LLC 7.5% due 2021**	0.0
Frontier Communications Corp. 10.5% due 2022	0.0	**Synovus Financial Corp. 7.875% due 2019**	0.0
Frontier Communications Corp. 9.25% due 2021	1.4	**Treehouse Foods, Inc. 6.0% due 2024**	0.7
Horizon Pharma, Inc. 8.75% due 2024	0.0	**US Airways Group, Inc. 8.0% due 2019**	0.0
iStar, Inc. 4.875% due 2018	0.0	**Vantiv Issuer Corp. 4.375% due 2025**	0.8
iStar, Inc. 6.0% due 2022	0.0	**Welltec A/S 9.5% due 2022**	2.3
Kindred Healthcare, Inc. 8.75% due 2023	1.4		

Mentioned securities not held in the Diamond Hill Corporate Credit Fund: Amazon.com, Inc., Humana, Inc., and Verizon Communications, Inc.

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.

Diamond Hill High Yield Fund Commentary

As of December 31, 2017

All Fund returns based on Class I shares.

The Fund generated a 1.44% total return during the fourth quarter compared to 0.41% for the ICE Bank of America Merrill Lynch U.S. High Yield Index. For the full-year 2017, the Fund generated a total return of 10.36% compared to 7.48% for the High Yield Index. Since inception on December 4, 2014, the Fund generated an annualized total return of 8.17% compared to 6.02% for the High Yield Index.

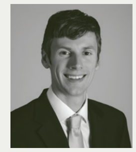
While we are pleased with the Fund's relative performance, it is important to note that the High Yield Index is not an investable alternative. Over a five-year time horizon, performance relative to peers will be the best metric to evaluate the Fund. We discuss high yield indices, investable passive alternatives, and active management in "Debunking the High Yield Index and High Yield ETFs," available at www.diamond-hill.com/debunking-high-yield-index-high-yield-etfs.

The High Yield Index began the year with a yield to worst (YTW) of 6.17% and option-adjusted spread (OAS) of 422 basis points. At the end of the third quarter, the YTW was 5.47% and OAS was 356 basis points. At the end of the year, the YTW was 5.84% and the OAS was 363 basis points.

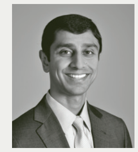
With both investment grade fixed income and equities generating strong returns in 2017, it is not surprising that high yield also performed well. High yield benefited from a default rate that declined materially during the year to a level below half the historic average. Like most other major asset classes, volatility in the high yield market was muted during 2017. The most notable bout of volatility, which may have been imperceptible to non-specialists, lasted from October 24 to November 15, when the OAS of the High Yield Index widened about 60 basis points due primarily to weakness in the telecom and cable industries. As soon as the YTW hit 6% on November 15, the High Yield Index rebounded and more than half of the spread widening was reversed by the end of the year. From October 24 through year-end, the High Yield Index was just slightly negative at -14 basis points. The Fund performed well during this minor test, generating a total return of 89 basis points. It helped that we look very different than the market and that a large position in **Bankrate, Inc. 6.125% due 2018** was called, putting us in a strong position to take advantage of some opportunities including one particularly attractive new issue discussed below, **Welltec A/S 9.5% due 2022**.

PORTFOLIO MANAGEMENT

Bill Zox, CFA
Portfolio Manager



John McClain, CFA
Portfolio Manager



Suken Patel, CFA
Asst. Portfolio Manager

The high yield market is priced for continued low defaults and muted volatility. Because we have a five-year time horizon, we have no incentive to chase an overvalued market. This advantage was very apparent in 2015 and we expect that it will serve us well when volatility comes back to the high yield market. In the meantime, we continue to work closely with the deep and talented Diamond Hill research team, and we have the conviction to concentrate in our best ideas even if they are low weightings in any high yield index. We are also selective participants in the high yield new issue market, participating in approximately 5% of new issues in 2017. We never want to grow so large that we become reliant on the new issue market to put the Fund's capital to work, but we are always ready to make meaningful commitments if we like the price and the credit.

The largest contributor to performance during the quarter was **Kindred Healthcare, Inc. 8.75% due 2023**, reversing its place as the largest detractor during the third quarter. In December, U.S. health insurer Humana and two private-equity firms announced an agreement to acquire Kindred, reflecting the long-term value that we saw in Kindred's assets. We expect that the bonds will be called in conjunction with the closing, which is expected in Summer 2018.

Energen Corp. 7.125% due 2028 was the second-largest contributor to performance during the quarter. This bond is the Fund's largest position and has benefited from both strong operational performance and takeover speculation as activist hedge funds have taken meaningful stakes in the company. If a takeover were to occur, we believe our bonds would be made whole as is contractually stipulated if the company decided to redeem the bonds. The make-whole price is dependent on when this would occur and the price of the appropriate Treasury bond. Currently, the make-whole price is substantially higher than market price of the bonds. We believe that Energen is an undervalued credit and the bond structure is also extraordinarily attractive.

Popular, Inc. 7.0% due 2019 was the third-largest contributor to performance during the quarter. We added materially to our already-large position after the hurricanes. Popular has abundant excess capital and earnings power to handle its hurricane related losses and it will be a beneficiary of the rebuilding efforts in coming years.

Frontier Communications Corp. 10.5% due 2022 was the largest detractor during the quarter. Frontier continues to realize synergies from its acquisition of Verizon assets and customer losses have shown some improvement, but the progress has not been enough to reverse very pessimistic market expectations. We continue to believe that Frontier will generate sufficient free cash flow to give it time to stabilize its business.

Arch Merger Sub, Inc. (Staples) 8.5% due 2025, which was a new issue during the third quarter, was the second-largest detractor during the fourth quarter. These bonds are backed solely by the wholesale operations of Staples which was taken private at the end of the second quarter. Staples has a leading position in a highly fragmented market and free cash flow is strong relative to debt. Confusion about the Staples retail stores, which do not back these bonds, and concerns about potential Amazon competition caused the bonds to sell off to very attractive levels.

Alliance Data Systems Corp. 5.375% due 2022 was the third-largest detractor during the quarter after being one of the largest contributors to performance earlier in the year. The credit quality of the private label credit card portfolio is stabilizing. The weakness during the quarter was just typical high yield volatility rather than a reflection on the fundamentals of the company

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017

	SINCE INCEPTION (12/4/14)	3-YR	1-YR	YTD	4Q17	EXPENSE RATIO GROSS	EXPENSE RATIO NET
RETURNS AT NAV (WITHOUT SALES CHARGE)							
Class A	7.83%	7.91%	9.96%	9.96%	1.36%	0.98%	0.98%
Class I	8.17	8.25	10.36	10.36	1.44	0.68	0.68
Class Y	8.28	8.36	10.48	10.48	1.56	0.58	0.58
BENCHMARK							
ICE BofAML U.S. High Yield Index	6.02	6.39	7.48	7.48	0.41	—	—
RETURNS AT POP (WITH SALES CHARGE)							
Class A	6.59	6.65	6.07	6.07	-2.18	0.98	0.98

Must be preceded or accompanied by a prospectus.

Risk Disclosure: The value of fixed-income securities varies inversely with interest rates; as interest rates rise, the market value of fixed-income securities will decline. Lower quality debt (i.e.:"High Yield") securities involve greater risk of default or price changes due to potential changes in the issuer's credit quality.

The views expressed are those of the portfolio managers as of December 31, 2017, 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 the Diamond Hill High Yield Fund, L.P. (the "High Yield 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 assets of the High Yield Partnership were converted into assets of the fund prior to commencement of operation of the fund. The performance of the High Yield 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 High Yield 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 High Yield Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from December 4, 2014, the inception of the High Yield Partnership and is not the performance of the fund. The High Yield 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. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 3.50%; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

The ICE BofA Merrill Lynch U.S. High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. This index does not incur fees and expenses (which would lower the return) and is not available for direct investment.

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 BHIL Distributors, 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.

Selected New and Eliminated Positions

One large new addition was **Welltec A/S 9.5% due 2022**, which was a new issue that was marketed towards the end of the October-November bout of volatility. Welltec is a high quality but cyclical oil service business that has a variable cost structure that allows it to protect cash flow even in a depressed environment. Other new issues added to the portfolio included **Nathan's Famous, Inc. 6.625% due 2025**, **Freedom Mortgage Corp. 8.125% due 2024**, **Mattel, Inc. 6.75% due 2025**, and **Cooke Omega Investments, Inc. 8.5% due 2022**.

We swapped **Frontier Communications Corp. 10.5% due 2022** for **Frontier Communications Corp. 9.25% due 2021**. Frontier has bought back a small amount of the 2021 bonds, which was a much smaller issue than the 2022 bonds, so we reduced the risk of our Frontier exposure.

We added **Treehouse Foods, Inc. 6.0% due 2024** after very poor third-quarter earnings and a weak outlook. Treehouse faces significant issues but leverage is low and free cash flow generation is high relative to debt. Our research team follows the company closely and we were in a strong position to take advantage of what we believe was an overreaction in the bond market.

We added **Rite Aid Corp. 9.25% due 2020**. We feel confident these bonds will be called with the proceeds from the sale of certain stores to Walgreens.

Existing holding Altice SA 7.75% due 2022 was weak during the quarter after poor performance of its cable and telecom assets in France and Portugal caused a steep decline in Altice equity. On a positive notes, the equity market is forcing management to focus on deleveraging and operational improvement rather than more debt-financed acquisitions. We added **Altice SA 8.125% due 2024** which is in a safer part of the Altice capital structure.

We also added two asset-backed securities during the quarter, **CIGAR 1017-1A C 5.33% due 2024** and **APF 2017-A C 5.82% due 2029**.

Bankrate, Inc. 6.125% due 2018 and **Station Casinos LLC 7.5% due 2021** were called during the quarter.

We extended our position in **Cincinnati Bell** by swapping the **7.0% due 2024** for the **8.0% due 2025**. The weakness in the bonds had far more to do with problems elsewhere in the telecom sector than the company's fundamental outlook, so we decided to take advantage of attractive pricing.

Drivetime Automotive Group, Inc. 8.0% due 2021, **Horizon Pharma, Inc. 8.75% due 2024**, **Southwestern Energy Co. 7.5% due 2026**, and **KABB 2017-1C 8.0% due 2022** were all eliminated as price approached our estimate of intrinsic value.

Ardonagh **Midco PLC 8.625% due 2023**, **Ritchie Bros. Auctioneers, Inc. 5.375% due 2025**, and **Tesco PLC 6.15% due 2037** were eliminated in favor of opportunities that were more appropriate for the Fund's strategy.

TOP 5 CONTRIBUTORS

SECURITY NAME	4Q17 CONTRIBUTION	POSITION AS OF 4Q17
Kindred Healthcare, Inc. 8.75% due 2023	0.28%	1.6%
Energen Corp. 7.125% due 2028	0.23	8.6
Popular, Inc. 7.0% due 2019	0.20	6.1
Welltec A/S 9.50% due 2022	0.07	3.3
Cincinnati Bell, Inc. 8.0% due 2025	0.07	2.3

TOP 5 DETRACTORS

SECURITY NAME	4Q17 CONTRIBUTION	POSITION AS OF 4Q17
Frontier Communications Corp. 10.5% due 2022	-0.23%	0.0%
Arch Merger Sub, Inc. (Staples) 8.5% due 2025	-0.07	3.3
Altice SA 7.75% due 2022	-0.04	0.7
Alliance Data Systems Corp. 5.375% due 2022	-0.03	3.4
Century Communities, Inc. 5.875 due 2025	-0.01	2.4

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2017

Alliance Data Systems Corp. 5.375% due 2022	3.4%	**Frontier Communications Corp. 9.25% due 2021**	2.0%
Altice SA 7.75% due 2022	0.7	**Horizon Pharma, Inc. 8.75% due 2024**	0.0
Altice SA 8.125% due 2024	0.7	**KABB 2017-1C 8.0% due 2022**	0.0
APF 2017-A C 5.82% due 2029	0.8	**Kindred Healthcare, Inc. 8.75% due 2023**	1.6
Arch Merger Sub, Inc. (Staples) 8.5% due 2025	3.3	**Mattel, Inc. 6.75% due 2025**	1.0
Ardonagh Midco PLC 8.625% due 2023	0.0	**Nathan's Famous, Inc. 6.625% due 2025**	1.3
Bankrate, Inc. 6.125% due 2018	0.0	**Popular, Inc. 7.0% due 2019**	6.1
CIGAR 1017-1A C 5.33% due 2024	1.3	**Ritchie Bros. Auctioneers, Inc. 5.375% due 2025**	0.0
Cincinnati Bell 7.0% due 2024	0.0	**Rite Aid Corp. 9.25% due 2020**	0.8
Cincinnati Bell 8.0% due 2025	2.3	**Southwestern Energy Co. 7.5% due 2026**	0.0
Cooke Omega Investments, Inc. 8.5% due 2022	1.0	**Station Casinos LLC 7.5% due 2021**	0.0
Drivetime Automotive Group, Inc. 8.0% due 2021	0.0	**Tesco PLC 6.15% due 2037**	0.0
Energen Corp. 7.125% due 2028	8.6	**Treehouse Foods, Inc. 6.0% due 2024**	0.8
Freedom Mortgage Corp. 8.125% due 2024	1.6	**Welltec A/S 9.5% due 2022**	3.3
Frontier Communications Corp. 10.5% due 2022	0.0		

Mentioned securities not held in the Diamond Hill High Yield Fund: Amazon.com, Inc., Humana, Inc., Verizon Communications, Inc., and Walgreens Boots Alliance, Inc.

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.

Diamond Hill Funds Performance Update*

*Figures do not reflect sales charges. If they did, the returns would be lower.

	Ticker Symbol	CUSIP Number	PERIOD & AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017: Since Inception	10-YR	5-YR	3-YR	1-YR	YTD	4Q17	FEES & EXPENSES: Maximum Front-End Sales Charge	Contingent Deferred Sales Charge	Management Fee	Distribution Fee (12b-1)	Other Expenses	Expense Ratio Gross	Expense Ratio Net	MORNINGSTAR: Overall Morningstar Rating
LONG – ONLY EQUITY																	
SMALL CAP[1] *(closed to new investors)* (Inception Date 12/29/00) | Morningstar: Small Value | Lipper: Small-Cap Core																	
Class A	DHSCX	25264S304	10.75%	8.12%	12.17%	6.71%	10.62%	10.62%	3.80%	5.00%	—	0.80%	0.25%	0.25%	1.30%	1.30%	★★★★ The Overall Morningstar Rating out of 346 Small Value Funds as of 12/31/2017.
Class C	DHSMX	25264K103	9.92	7.32	11.33	5.91	9.80	9.80	3.58	—	1.00%	0.80	1.00	0.25	2.05	2.05	
Class I	DHSIX	25264S858	11.02	8.45	12.48	7.02	10.95	10.95	3.86	—	—	0.80	—	0.20	1.00	1.00	
Class Y	DHSYX	25264S692	10.90	8.38	12.62	7.13	11.06	11.06	3.91	—	—	0.80	—	0.10	0.90	0.90	
Benchmark	Russell 2000 Index		8.47	8.71	14.12	9.96	14.65	14.65	3.34								
SMALL-MID CAP[1] *(closed to new investors)* (Inception Date 12/30/05) | Morningstar: Mid-Cap Value | Lipper: Mid-Cap Core																	
Class A	DHMAX	25264S817	9.11%	10.09%	14.30%	8.83%	8.35%	8.35%	2.13%	5.00%	—	0.75%	0.25%	0.24%	1.24%	1.24%	★★★★ The Overall Morningstar Rating out of 366 Mid-Cap Value Funds as of 12/31/2017.
Class C	DHMCX	25264S791	8.31	9.28	13.45	8.02	7.49	7.49	1.93	—	1.00%	0.75	1.00	0.24	1.99	1.99	
Class I	DHMIX	25264S783	9.46	10.43	14.61	9.16	8.63	8.63	2.23	—	—	0.75	—	0.19	0.94	0.94	
Class Y	DHMYX	25264S684	9.33	10.36	14.78	9.27	8.77	8.77	2.23	—	—	0.75	—	0.09	0.84	0.84	
Benchmark	Russell 2500 Index		9.10	9.22	14.33	10.07	16.81	16.81	5.24								
MID CAP[1] (Inception Date 12/31/13) | Morningstar: Mid-Cap Value | Lipper: Mid-Cap Core																	
Class A	DHPAX	25264S635	8.92%	—	—	9.38%	10.13%	10.13%	3.71%	5.00%	—	0.60%	0.25%	0.24%	1.09%	1.09%	★★★★ The Overall Morningstar Rating out of 366 Mid-Cap Value Funds as of 12/31/2017.
Class I	DHPIX	25264S619	9.24	—	—	9.68	10.47	10.47	3.81	—	—	0.60	—	0.19	0.79	0.79	
Class Y	DHPYX	25264S593	9.35	—	—	9.79	10.51	10.51	3.79	—	—	0.60	—	0.09	0.69	0.69	
Benchmark	Russell Midcap Index		10.48	—	—	9.58	18.52	18.52	6.07								
LARGE CAP[2] (Inception Date 6/29/01) | Morningstar: Large Value | Lipper: Large-Cap Core																	
Class A	DHLAX	25264S502	8.69%	8.21%	15.33%	10.67%	19.95%	19.95%	5.61%	5.00%	—	0.50%	0.25%	0.23%	0.98%	0.98%	★★★★★ The Overall Morningstar Rating out of 1,090 Large Value Funds as of 12/31/2017.
Class C	DHLCX	25264S601	7.85	7.39	14.47	9.84	19.04	19.04	5.44	—	1.00%	0.50	1.00	0.23	1.73	1.73	
Class I	DHLRX	25264S841	8.96	8.54	15.64	10.99	20.30	20.30	5.72	—	—	0.50	—	0.18	0.68	0.68	
Class Y	DHLYX	25264S676	8.85	8.47	15.79	11.10	20.42	20.42	5.75	—	—	0.50	—	0.08	0.58	0.58	
Benchmark	Russell 1000 Index		7.22	8.59	15.71	11.23	21.69	21.69	6.59								
ALL CAP SELECT[1] *(formerly Select)* (Inception Date 12/30/05) | Morningstar: Large Blend | Lipper: Multi-Cap Core																	
Class A	DHTAX	25264S775	8.50%	8.29%	15.69%	8.93%	19.93%	19.93%	7.96%	5.00%	—	0.70%	0.25%	0.23%	1.18%	1.18%	★★★★ The Overall Morningstar Rating out of 1,217 Large Blend Funds as of 12/31/2017.
Class C	DHTCX	25264S767	7.71	7.48	14.83	8.11	19.07	19.07	7.77	—	1.00%	0.70	1.00	0.23	1.93	1.93	
Class I	DHLTX	25264S759	8.84	8.61	16.00	9.25	20.33	20.33	8.00	—	—	0.70	—	0.18	0.88	0.88	
Class Y	DHTYX	25264S668	8.72	8.55	16.15	9.35	20.45	20.45	8.05	—	—	0.70	—	0.08	0.78	0.78	
Benchmark	Russell 3000 Index		8.88	8.60	15.58	11.12	21.13	21.13	6.34								

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. Refer to each Fund on pages 4, 6, 9, 12, 15, 18, 21, 24, 28, 30, 32, and 36 for standard performance.

Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class C and I shares include performance based on Class A shares for the Small Cap Fund, Large Cap Fund, Long-Short Fund, Financial Long-Short Fund, and Corporate Credit Fund (Class I only) which was achieved prior to the creation of Class C and Class I shares. Except for the Mid Cap Fund, the Research Opportunities Fund, the Short Duration Total Return Fund, the Core Bond Fund, and the High Yield Fund, Class Y shares include performance based on Class A shares, which was achieved prior to the creation of Class Y shares. These total return figures may reflect the waiver of a portion of a Fund's advisory or administrative fees for certain periods. Without such waiver of fees, the total returns would have been lower.

[1] There are special risks associated with small capitalization issues such as market illiquidity and greater market volatility than large capitalization issues.

[2] Overall equity market risks may affect the value of the fund.

[3] The Long-Short Fund, Financial Long-Short Fund, and the Research Opportunities Fund use short selling which incurs significant additional risk. Theoretically, stocks sold short have unlimited risk. The Expense Ratio includes dividend expense relating to short sales. If dividend expenses relating to short sales were excluded, the Expense Ratio for the Long-Short Fund would have been 1.40% for Class A, 2.15% for Class C, 1.10% for Class I, and 1.00% for Class Y, and for the Financial Long-Short Fund would have been 1.43% for Class A, 2.18% for Class C, and 1.13% for Class I, and for the Research Opportunities Fund would have been 1.43% for Class A, 2.18% for Class C, 1.13 % for Class I, and 1.03% for Class Y.

[4] The Long-Short Fund was long-only from inception through June 2002.

[5] The Financial Long-Short Fund was long-only from inception through April 2006.

[6] The quoted performance for the Fund reflects the past performance of Diamond Hill Research Partners, L.P. (the "Research 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 fund's objectives, policies, guidelines and restrictions are in all material respects equivalent to the predecessor, and the fund was created for reasons entirely unrelated to the establishment of a performance record. The assets of the Research Partnership were converted into assets of the fund prior to commencement of operation of the fund. The performance of the Research 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 Research 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 Research Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from March 31, 2009, the inception of the Research Partnership and is not the performance of the fund. The Research Partnership's past performance is not necessarily an indication of how the fund will perform in the future either before or after taxes.

Diamond Hill Funds Performance Update*

*Figures do not reflect sales charges. If they did, the returns would be lower.

	Ticker Symbol	CUSIP Number	Since Inception	10-YR	5-YR	3-YR	1-YR	YTD	4Q17	Maximum Front-End Sales Charge	Contingent Deferred Sales Charge	Management Fee	Distribution Fee (12b-1)	Other Expenses	Expense Ratio Gross	Expense Ratio Net	Overall Morningstar Rating
			PERIOD & AVERAGE ANNUAL TOTAL RETURNS AS OF DECEMBER 31, 2017							FEES & EXPENSES							MORNINGSTAR
ALTERNATIVES																	
LONG-SHORT[2,3,4] *(closed to new investors)* (Inception Date 6/30/00) | Morningstar: Long-Short Equity | Lipper: Alternative Long/Short Equity																	
Class A	DIAMX	25264S403	6.67%	4.24%	8.59%	4.63%	5.65%	5.65%	2.80%	5.00%	—	0.90%	0.25%	0.92%	2.07%	2.07%	★★★ The Overall Morningstar Rating out of 202 Long-Short Equity Funds as of 12/31/2017.
Class C	DHFCX	25264E107	5.86	3.45	7.77	3.84	4.83	4.83	2.59	—	1.00%	0.90	1.00	0.92	2.82	2.82	
Class I	DHLSX	25264S833	6.93	4.55	8.89	4.93	5.99	5.99	2.92	—	—	0.90	—	0.87	1.77	1.77	
Class Y	DIAYX	25264S650	6.82	4.49	9.02	5.05	6.07	6.07	2.92	—	—	0.90	—	0.77	1.67	1.67	
Benchmark	Russell 1000 Index		5.81	8.59	15.71	11.23	21.69	21.69	6.59								
	60% Russell 1000 Index / 40% ICE BofAML U.S. T-Bill 0-3 Month Index		4.36	5.52	9.39	6.88	12.92	12.92	4.03								
FINANCIAL LONG-SHORT[2,3,5] (Inception Date 8/1/97) | Morningstar: Financial | Lipper: Financial Services																	
Class A	BANCX	25264S106	7.59%	5.10%	13.35%	8.10%	11.58%	11.58%	3.52%	5.00%	—	0.95%	0.25%	0.72%	1.92%	1.92%	★★★ The Overall Morningstar Rating out of 100 Financial Funds as of 12/31/2017.
Class C	BSGCX	25264S205	6.82	4.29	12.50	7.27	10.76	10.76	3.30	—	1.00%	0.95	1.00	0.72	2.67	2.67	
Class I	DHFSX	25264S825	7.79	5.42	13.66	8.41	11.90	11.90	3.58	—	—	0.95	—	0.67	1.62	1.62	
Benchmark	Russell 3000 Financials Index		6.12	5.12	16.92	12.52	19.95	19.95	6.83								
	80% Russell 3000 Financials Index / 20% ICE BofAML U.S. T-Bill 0-3 Month Index		5.63	4.57	13.51	10.12	15.92	15.92	5.50								
RESEARCH OPPORTUNITIES[1,3,6,7] (Inception Date 3/31/09) | Morningstar: Long-Short Equity | Lipper: Alternative Long/Short Equity																	
Class A	DHROX	25264S742	13.18%	—	10.69%	5.47%	12.98%	12.98%	5.92%	5.00%	—	0.95%	0.25%	0.82%	2.02%	2.02%	★★★★ The Overall Morningstar Rating out of 202 Long-Short Equity Funds as of 12/31/2017.
Class C	DROCX	25264S734	12.34	—	9.87	4.67	12.12	12.12	5.70	—	1.00%	0.95	1.00	0.82	2.77	2.77	
Class I	DROIX	25264S726	13.49	—	10.99	5.77	13.34	13.34	6.03	—	—	0.95	—	0.77	1.72	1.72	
Class Y	DROYX	25264S718	13.64	—	11.14	5.89	13.47	13.47	6.07	—	—	0.95	—	0.67	1.62	1.62	
Benchmark	Russell 3000 Index		17.44	—	15.58	11.12	21.13	21.13	6.34								
	75% Russell 3000 Index / 25% ICE BofAML U.S. T-Bill 0-3 Month Index		13.05	—	11.65	8.44	15.74	15.74	4.80								
FIXED INCOME																	
SHORT DURATION TOTAL RETURN[8] (Inception Date 7/5/16) | Morningstar: Short-Term Bond | Lipper: Short Investment Grade Debt																	
Class A	DHEAX	25264S551	3.47%	—	—	—	3.97%	3.97%	0.72%	2.25%	—	0.35%	0.25%	0.23%	0.83%	0.83%	Morningstar Rating™ Not Available
Class I	DHEIX	25264S544	3.76	—	—	—	4.33	4.33	0.81	—	—	0.35	—	0.18	0.53	0.53	
Class Y	DHEYX	25264S536	3.84	—	—	—	4.43	4.43	0.82	—	—	0.35	—	0.08	0.43	0.43	
Benchmark	Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index		0.26	—	—	—	0.84	0.84	-0.21								
CORE BOND[8] (Inception Date 7/5/16) | Morningstar: Intermediate-Term Bond | Lipper: Core Bond																	
Class A	DHRAX	25264S528	0.99%	—	—	—	3.85%	3.85%	0.39%	3.50%	—	0.30%	0.25%	0.23%	0.78%	0.78%	Morningstar Rating™ Not Available
Class I	DHRIX	25264S510	1.29	—	—	—	4.17	4.17	0.47	—	—	0.30	—	0.18	0.48	0.48	
Class Y	DHRYX	25264S494	1.35	—	—	—	4.22	4.22	0.48	—	—	0.30	—	0.08	0.38	0.38	
Benchmark	Bloomberg Barclays U.S. Aggregate Index		0.15	—	—	—	3.54	3.54	0.39								
CORPORATE CREDIT[9,11] (Inception Date 9/30/02) | Morningstar: High Yield Bond | Lipper: High Yield																	
Class A	DSIAX	25264S882	6.99%	6.76%	5.51%	6.80%	7.56%	7.56%	1.04%	3.50%	—	0.45%	0.25%	0.25%	0.95%	0.94%	★★★★ The Overall Morningstar Rating out of 609 High Yield Bond Funds as of 12/31/2017.
Class C	DSICX	25264S874	6.23	5.96	4.71	6.00	6.77	6.77	0.86	—	1.00%	0.45	1.00	0.25	1.70	1.69	
Class I	DHSTX	25264S866	7.28	7.07	5.78	7.10	7.87	7.87	1.10	—	—	0.45	—	0.20	0.65	0.64	
Class Y	DSIYX	25264S643	7.15	7.00	5.91	7.19	7.89	7.89	1.13	—	—	0.45	—	0.10	0.55	0.54	
Benchmark	ICE BofAML U.S. Corporate & High Yield Index		6.26	6.02	3.94	4.34	6.66	6.66	1.00								
HIGH YIELD[9,10] (Inception Date 12/4/14) | Morningstar: High Yield Bond | Lipper: High Yield																	
Class A	DHHAX	25264S585	7.83%	—	—	7.91%	9.96%	9.96%	1.36%	3.50%	—	0.50%	0.25%	0.23%	0.98%	0.98%	Morningstar Rating™ Not Available
Class I	DHHIX	25264S577	8.17	—	—	8.25	10.36	10.36	1.44	—	—	0.50	—	0.18	0.68	0.68	
Class Y	DHHYX	25264S569	8.28	—	—	8.36	10.48	10.48	1.56	—	—	0.50	—	0.08	0.58	0.58	
Benchmark	ICE BofAML U.S. High Yield Index		6.02	—	—	6.39	7.48	7.48	0.41								

Refer to performance disclosure information on page 39.

[7] The Research Opportunities 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.

[8] The value of fixed-income securities varies inversely with interest rates; as interest rates rise, the market value of fixed-income securities will decline. Lower quality debt (ie: “High Yield”) securities involve greater risk of default or price changes due to potential changes in the issuer’s credit quality. The value of investments in mortgage-related and asset-backed securities will be influenced by the factors affecting the housing market and the assets underlying such securities. The securities may decline in value, face valuation difficulties, become more volatile and/or become illiquid. They are also subject to prepayment risk, which occurs when mortgage holders refinance or otherwise repay their loans sooner than expected, creating an early return of principal to holders of the loans.

[9] The value of fixed-income securities varies inversely with interest rates; that is, as interest rates rise, the market value of fixed-income securities will decline. Lower quality debt (ie: "High Yield") securities involve greater risk of default or price changes due to potential changes in the issuer’s credit quality.

[10] The quoted performance for the Fund reflects the past performance of Diamond Hill High Yield Fund L.P. (the “High Yield 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 assets of the High Yield Partnership were converted into assets of the fund prior to commencement of operation of the fund. The performance of the High Yield 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 High Yield 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 High Yield Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from December 4, 2014, the inception of the High Yield Partnership and is not the performance of the fund. The High Yield Partnership’s past performance is not necessarily an indication of how the fund will perform in the future either before or after taxes.

[11] The Fund may invest in another Diamond Hill Fund. Diamond Hill Capital Management, Inc. is required to permanently waive a portion of its management fee in the pro-rata amount of the management fee charged by the underlying Diamond Hill Fund.

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 BHIL Distributors, 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.

The Russell unmanaged market capitalization-weighted equity indices seek to benchmark the entire U.S. stock market. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies by total market capitalization. The Russell 1000 Index is comprised of the largest 1,000 companies by market capitalization in the Russell 3000 Index. The Russell 2000 Index represents the next 2,000 companies by market capitalization in the Russell 3000 Index. The Russell 2500 Index is comprised of the smallest 2,500 companies by market capitalization in the Russell 3000 Index. The Russell Midcap Index represents the 800 smallest companies in the Russell 1000 Index. The 60%/40% blended index represents a 60% weighting of the Russell 1000 Index and a 40% weighting of the ICE BofAML U.S. T-Bill 0-3 Month Index. The 80%/20% blended index represents a 80% weighting of the Russell 3000 Financials Index and a 20% weighting of the ICE BofAML U.S. T-Bill 0-3 Month Index. The 75%/25% blended index represents a 75% weighting of the Russell 3000 Index and a 25% weighting of the ICE BofAML U.S. T-Bill 0-3 Month Index. The ICE BofAML U.S. T-Bill 0-3 Month Index is comprised of U.S. dollar denominated U.S. Treasury Bills with a term to maturity of less than 3 months. The Russell 3000 Financials Index consists of Russell 3000 companies involved in banking, mortgage finance, consumer finance, specialized finance, investment banking and brokerage, asset management and custody, corporate lending, insurance, financial investments, and real estate, including REITS. The Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index is an unmanaged index of investment grade government and corporate bonds with maturities of one to three years. The Bloomberg Barclays U.S. Aggregate Index is an unmanaged index representing the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through, and asset-backed securities. The ICE BofAML U.S. Corporate & High Yield Index is comprised of U.S. dollar denominated investment grade and below investment grade corporate debt publicly issued in the U.S. domestic market. The ICE BofAML U.S. High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. These indices do not incur fees and expenses (which would lower the return) and are not available for direct investment.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

Small Cap Fund The Overall Morningstar Rating™ is based on 346 small value funds as of 12/31/17. The Fund’s Class I rating was 3 stars among 346, 3 stars among 298, and 4 stars among 205 small value funds for the 3-, 5-, and 10-year periods ended 12/31/17, respectively.

Small-Mid Cap Fund The Overall Morningstar Rating™ is based on 366 mid-cap value funds as of 12/31/17. The Fund’s Class I rating was 3 stars among 366, 4 stars among 311, and 5 stars among 221 mid-cap value funds for the 3-, 5-, and 10-year periods ended 12/31/17, respectively.

Mid Cap Fund The Overall Morningstar Rating™ is based on 366 mid-cap value funds as of 12/31/17. The Fund’s Class I rating was 4 stars among 366 funds for the 3-year period ended 12/31/17.

Large Cap Fund The Overall Morningstar Rating™ is based on 1,090 large value funds as of 12/31/17. The Fund’s Class I rating was 5 stars among 1,090, 5 stars among 965, and 4 stars among 695 large value funds for the 3-, 5-, and 10-year periods ended 12/31/17, respectively.

All Cap Select Fund The Overall Morningstar Rating™ is based on 1,217 large blend funds as of 12/31/17. The Fund’s Class I rating was 2 stars among 1,217, 4 stars among 1,079, and 4 stars among 800 large blend funds for the 3-, 5-, and 10-year periods ended 12/31/17, respectively.

Long-Short Fund The Overall Morningstar Rating™ is based on 202 long-short equity funds as of 12/31/17. The Fund’s Class I rating was 3 stars among 202, 4 stars among 107, and 3 stars among 27 long-short equity funds for the 3-, 5-, and 10-year periods ended 12/31/17, respectively.

Financial Long-Short Fund The Overall Morningstar Rating™ is based on 100 financial funds as of 12/31/17. The Fund’s Class I rating was 2 stars among 100, 2 stars among 94, and 3 stars among 72 financial funds for the 3-, 5-, and 10-year periods ended 12/31/17, respectively.

Research Opportunities Fund The Overall Morningstar Rating™ is based on 202 long-short equity funds as of 12/31/17. The Fund’s Class I rating was 3 stars among 202 and 5 stars among 107 long-short equity funds for the 3- and 5-year periods ended 12/31/17, respectively.

Short Duration Total Return Fund Morningstar Rating not available.

Core Bond Fund Morningstar Rating not available.

Corporate Credit Fund The Overall Morningstar Rating™ is based on 609 high yield bond funds as of 12/31/17. The Fund’s Class I rating was 5 stars among 609, 4 stars among 501, and 4 stars among 319 high yield bond funds for the 3-, 5-, and 10-year periods ended 12/31/17, respectively.

High Yield Fund Morningstar Rating not available.

Refer to performance disclosure information on page 39.

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