

All Fund returns based on Class I shares.

The Fund generated a 0.33% total return during the first quarter compared to -1.98% for the ICE Bank of America Merrill Lynch U.S. Corporate & High Yield Index. For the trailing five years, the Fund generated an annualized total return of 5.52% compared to 3.39% 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 the first quarter.

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 5.84% and option-adjusted spread (OAS) of 363 basis points. After generating a -0.91% total return in the first quarter, the High Yield Index ended the quarter with a 6.35% YTW and OAS of 372 basis points.

Financial markets have been sensitive to signs of wage inflation as that could ultimately lead to a more aggressive Federal Reserve. Also, markets may test the new Fed chair to get a better sense of when the Fed will try to suppress volatility. Volatility is difficult to forecast but with the aging of the economic and Fed rate hike cycles and the impending global quantitative tightening, we expect (and always want to be prepared for) more frequent bouts of volatility.

PORTFOLIO MANAGEMENT



Bill Zox, CFA
Portfolio Manager



John McClain, CFA
Portfolio Manager



Suken Patel, CFA
Asst. Portfolio Manager

The high yield market is still priced for 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 the end of the quarter, the Fund's YTW was 5.42%. The Fund's duration was 3.24, within the typical 2.0-3.5 range and well below the High Yield Index duration of 4.22 and the Corporate & High Yield Index duration of 6.69.



PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF MARCH 31, 2018

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	1Q18	EXPENSE RATIO	
	(9/30/02)							GROSS	NET ¹
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	6.89%	6.80%	5.25%	5.91%	5.02%	0.25%	0.25%	0.93%	0.92%
Class C	6.14	6.01	4.47	5.11	4.24	0.08	0.08	1.68	1.67
Class I	7.19	7.12	5.52	6.20	5.31	0.33	0.33	0.64	0.63
Class Y	7.06	7.06	5.67	6.32	5.42	0.44	0.44	0.52	0.51
BENCHMARK									
ICE BofAML U.S. Corporate & High Yield Index	6.02	5.88	3.39	2.86	2.85	-1.98	-1.98	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	6.65	6.42	4.50	4.67	1.34	-3.25	-3.25	0.93	0.92
Class C	6.14	6.01	4.47	5.11	3.25	-0.91	-0.91	1.68	1.67

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.

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 March 31, 2018, 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 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.

The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its third party suppliers and has been licensed for use by Diamond Hill Capital Management, Inc. ICE Data and its third party suppliers accept no liability in connection with its use. See [diamond-hill.com](#) for a full copy of the disclaimer.

An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing or sending any money. This and other important information about the Fund(s) can be found in the Fund's(s) prospectus or summary prospectus which can be obtained at [diamond-hill.com](#) or by calling 888.226.5595. Please read the prospectus or summary prospectus carefully before investing. The Diamond Hill Funds are distributed by Foreside Financial Services, LLC. (Member FINRA). Diamond Hill Capital Management, Inc., a registered investment adviser, serves as Investment Adviser to the Diamond Hill Funds and is paid a fee for its services. Like all mutual funds, Diamond Hill Funds are not FDIC insured, may lose value, and have no bank guarantee.