Quarterly Commentary: Fixed Income Funds

September 30, 2018

Short Duration Total Return Fund	Corporate Credit Fund
Core Bond Fund	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

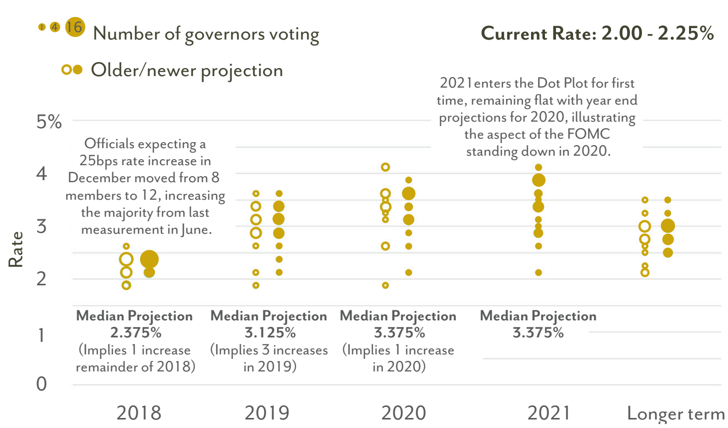
We align our interests with those of our clients through significant personal investment in our strategies.

Third Quarter 2018 Review: Fixed Income Markets

As of September 30, 2018

During the third quarter, market volatility was driven by a combination of ongoing geopolitical issues, trade negotiations, and central bank action (or inaction). The quarter began with the Bank of Japan clarifying their current policy of Quantitative Easing and offering some minor policy changes, such as permitting the 10-year yield to move from 10 bps to 20 bps and reducing the amount of reserves facing negative rates of -0.1% by half. Turkey, Venezuela, China, and Italy all shared moments in the sun during the quarter as each made headlines for various reasons. Turkey and Venezuela's ongoing political turmoil roiled both emerging and developed markets, China's trade "discussions" with the United States shook both U.S. and European markets, and Italy's economic uncertainty drove concerns for the ongoing health of the European Union. All of this occurred while U.S. Treasury auctions continued to break new records with each successive auction and the Federal Open Market Committee (FOMC) raised rates for the eighth time since 2015, setting the stage for one final increase in December 2018. As outlined in the chart below, the FOMC is projecting to increase rates three times in 2019 and once in 2020 before standing down.

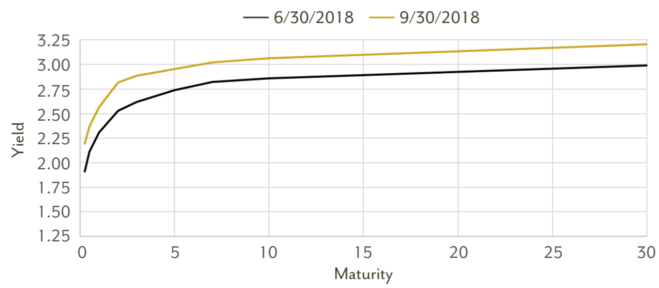
FOMC PROJECTION COMPARISON: JUNE TO SEPTEMBER 2018



Source: U.S. Federal Reserve.

Treasury

The yield curve continued the trend of 2018, as the spread between the 2-year and 10-year Treasury yields moved from 33.1 bps at the end of the second quarter to 24.1 bps at the end of the third quarter. The spread between the 2-year and 10-year Treasury reached its lowest level since June 2007 when it bottomed out at 18.9 bps on August 24. It was a similar story between the 2-year and 30-year Treasury, reducing from 46.0 bps to 38.5 bps throughout the quarter. The biggest impact to the flattening curve was the move higher in the 2-year Treasury, buoyed by the FOMC rate increase in September, projection for an additional increase in December 2018, and three projected increases in 2019. The yield on the 2-year Treasury jumped from 2.53% to 2.82% during the quarter while the 10-year Treasury moved from 2.86% to 3.06%.



	3-MO	6-MO	1-YR	2-YR	3-YR	5-YR	7-YR	10-YR	30-YR
6/30/18	1.92	2.11	2.31	2.53	2.62	2.74	2.82	2.86	2.99
9/30/18	2.20	2.37	2.57	2.82	2.88	2.95	3.02	3.06	3.21
Change	0.28	0.26	0.25	0.29	0.26	0.22	0.20	0.20	0.22

Securitized

During the quarter, Asset-Backed Securities (ABS) delivered the strongest performance (+49 bps), followed by Commercial Mortgage-Backed Securities (+46 bps) and Residential Mortgage-Backed Securities (RMBS). The ABS sector was led by Autos (+55 bps) and Credit Cards (+45 bps). Agency Commercial Mortgage-Backed Securities and Non-Agency Commercial Mortgage-Backed Securities gained 18 bps and 64 bps, respectively, during the quarter while RMBS declined 12 bps. From an excess return* standpoint, Non-Agency CMBS led the sector (+96 bps), followed closely by Agency CMBS (+46 bps), Auto ABS (+32 bps), Credit Card ABS (+29 bps), and RMBS (+17 bps).

*Excess return indicates the return over comparable duration Treasuries.

Third Quarter 2018 Review: Fixed Income Markets

As of September 30, 2018

Investment Grade and High Yield Credit

After posting back-to-back quarterly losses in the first and second quarter of 2018, the Bloomberg Barclays U.S. Corporate Index was the strongest overall performing sector in the Bloomberg Barclays U.S. Aggregate Index from both a total return and excess return standpoint. Industrials (+107 bps) led the way, followed closely by Financials (+93 bps) and Utilities (+23 bps). All three areas of the investment grade corporate market delivered strong excess returns. The high yield market, as measured by the ICE BofA ML U.S. High Yield Index, delivered a 2.44% return during the quarter, its strongest quarter of performance since the first quarter of 2017. The CCC segment of the ICE BofA ML U.S. High Yield Index continues to drive the market, returning 2.85% during the quarter, bringing the year-to-date return to 6.92%. The CCC segment of the market is poised to deliver three consecutive calendar years of positive performance, the first time since the Index was created in 1997. Both BBs (2.36%) and Bs (2.41%) generated strong performance during the quarter as well.

Diamond Hill Short Duration Total Return Fund Commentary As of September 30, 2018

PORTFOLIO MANAGEMENT

Henry Song, CFA
Portfolio Manager

Mark Jackson, CFA
Portfolio Manager

All Fund returns based on Class I shares.

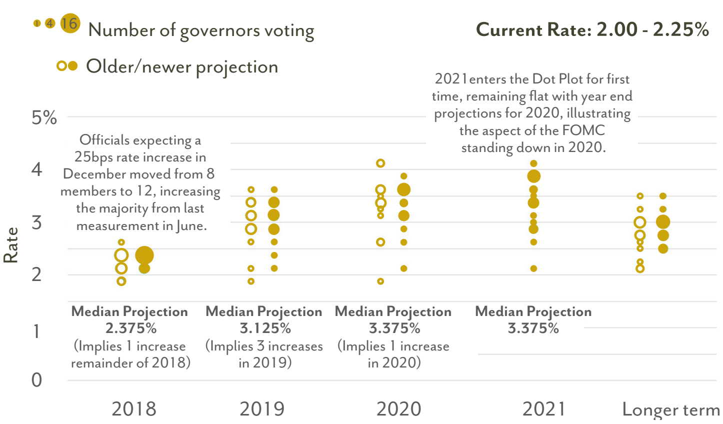
The Fund generated a 0.94% total return during the third quarter, compared to 0.33% for the Bloomberg Barclays U.S. 1-3 Year Government/Credit Index. Since its inception on July 5, 2016, the Fund has generated a total return of 3.54% compared to 0.36% for the Index. The goal of the Diamond Hill Short Duration Total Return Fund is to outperform the Index over a market cycle, while generating a yield and return advantage relative to the benchmark. We are pleased with how the Fund has performed on a relative basis, both in the most recent quarter and since its inception.

During the third quarter, market volatility was driven by a combination of ongoing geopolitical issues, trade negotiations and the central bank action (or inaction). The quarter began with the Bank of Japan clarifying its current policy of Quantitative Easing but offered some minor policy changes; permitting the 10-year yield to move from 10 bps to 20 bps and reducing the amount of reserves facing negative rates of -0.1% by half. Turkey, Venezuela, China and Italy all shared moments in the sun during the quarter as each hit the headlines for various reasons. Ongoing political turmoil in Turkey and Venezuela roiled both emerging and developed markets, China's trade 'discussions' with the United States shook U.S. and European markets and Italy's economic uncertainty drove concerns for the ongoing health of the EU. All of this occurred while U.S. Treasury auctions continue to break new records with each successive auction and the FOMC raised rates for the eighth time since 2015 and set the stage for one final increase in December of this year. As outlined in the chart to the right, the FOMC is projecting to increase rates three additional times in 2019 and once more in 2020 before standing down.

Driven by the aforementioned geopolitical drama, trade discussions and central bank action, the U.S. Treasury curve fluctuated throughout the quarter. The 10-year Treasury began the quarter at 2.86%, reached 3.00% at the beginning of August before rallying to a low point of 2.81% near the end of August, post Fed Chief Powell's Jackson Hole speech where he defended his gradualist approach to interest rate hikes. From the end of August to the end of September, the curve continued to move higher with the 10-year peaking at 3.10% on September 25, prior to the FOMC announcement of the September rate increase and reinforcing expectations for a December rate increase. Unlike earlier times in the summer when the 10-year Treasury briefly breached the 3.00% threshold, the yield has remained above 3% since reaching that level on September 18. After many false starts at remaining above 3.0% on the 10-year, have we finally reached the point of no return? Only time will tell.

The yield curve continued the trend of 2018, as the spreads between the 2-year and 10-year Treasury yields moved from 33.1 bps at the end of the second quarter to 24.1 bps at the end of the third quarter. The spread between the 2-year and 10-year Treasury reached its lowest level since June 2007 when it bottomed-out at 18.9 bps on August 24. It was a similar story between the 2-year and 30-year Treasury, reducing from 46.0 bps to 38.5 bps over the same time period. The biggest impact to the flattening curve was the move higher in the 2-year Treasury, buoyed by the FOMC rate increase in September and projection for an additional increase in December of 2018 and three increases in 2019.

FOMC PROJECTION COMPARISON: JUNE TO SEPTEMBER 2018



Source: U.S. Federal Reserve.

It is important to note that the Short Duration Total Return Fund works 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 September 30, 2018, the Fund had a yield to worst (YTW) of 4.02% with an effective duration of 1.57, compared to the Index's YTW of 2.94% and effective duration of 1.92. 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 Auto Loan ABS being the strongest contributor to performance during the quarter, followed by Consumer Loan ABS and Equipment ABS. Non-agency commercial mortgage-backed securities also contributed to the overall performance of the portfolio.

The Fund's allocation to corporate credit detracted from performance as the investment grade corporate sector delivered strong returns during the quarter. The Fund has not invested in non-corporate credit (sovereign, supranational, etc.), and this positioning detracted minimally during the quarter despite positive performance from the sector due to the size of the sector in the index (less than 5%).

The Fund's minimal allocation to the U.S. Treasury sector (6.1%) detracted from relative performance as the Bloomberg Barclays 1-3 Year Treasury Index (a component of the Bloomberg Barclays 1-3 Year Government / Corporate Index) delivered 19 bps of return despite rates backing up on the shorter end of the curve.

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 SEPTEMBER 30, 2018

	SINCE INCEPTION (7/5/16)	1-YR	YTD	3Q18	EXPENSE RATIO
RETURNS AT NAV (WITHOUT SALES CHARGE)					
Class A	3.21%	2.75%	2.01%	0.78%	0.81%
Class I	3.54	3.15	2.33	0.94	0.52
BENCHMARK					
Bloomberg Barclays U.S. 1-3 Yr. Gov./Credit Index	0.36	0.20	0.41	0.33	—
RETURNS AT POP (WITH SALES CHARGE)					
Class A	2.17	0.47	-0.26	-1.47	0.81

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.

The views expressed are those of the portfolio managers as of September 30, 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. 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 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 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.

Diamond Hill Core Bond Fund Commentary

As of September 30, 2018

PORTFOLIO MANAGEMENT

Henry Song, CFA
Portfolio Manager

Mark Jackson, CFA
Portfolio Manager

All Fund returns based on Class I shares.

The Fund generated a 0.14% total return during the third quarter, compared to 0.02% for the Bloomberg Barclays U.S. Aggregate Index. Since its inception on July 5, 2016, the Fund has generated a total return of 0.60% compared to -0.62% for the Index. The goal of the Diamond Hill Core Bond Fund is to outperform the Index over a market cycle. We are pleased with how the Fund has performed on a relative basis, both in the most recent quarter and since its inception.

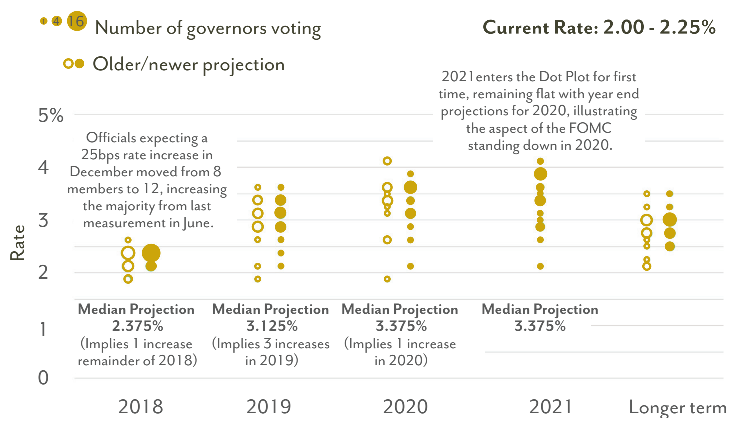
During the third quarter, market volatility was driven by a combination of ongoing geopolitical issues, trade negotiations and the central bank action (or inaction). The quarter began with the Bank of Japan clarifying their current policy of Quantitative Easing but offered some minor policy changes; permitting the 10-year yield to move from 10 bps to 20 bps and reducing the amount of reserves facing negative rates of -0.1% by half. Turkey, Venezuela, China and Italy all shared moments in the sun during the quarter as each hit the headlines for various reasons Ongoing political turmoil in Turkey and Venezuela roiled both emerging and developed markets, China's trade 'discussions' with the United States shook U.S. and European markets and Italy's economic uncertainty drove concerns for the ongoing health of the EU. All of this occurred while U.S. Treasury auctions continue to break new records with each successive auction and the FOMC raised rates for the eighth time since 2015 and set the stage for one final increase in December of this year. As outlined in the chart to the right, the FOMC is projecting to increase rates three additional times in 2019 and once more in 2020 before standing down.

Driven by the aforementioned geopolitical drama, trade discussions and central bank action, the U.S. Treasury curve fluctuated throughout the quarter. The 10-year Treasury began the quarter at 2.86%, reached 3.00% at the beginning of August before rallying to a low point of 2.81% near the end of August, post Fed Chief Powell's Jackson Hole speech where he defended his gradualist approach to interest rate hikes. From the end of August to the end of September, the curve continued to move higher with the 10-year peaking at 3.10% on September 25, prior to the FOMC announcement of the September rate increase and reinforcing expectations for a December rate increase. Unlike earlier times in the summer when the 10-year Treasury briefly breached the 3.00% threshold, the yield has remained above 3% since reaching that level on September 18. After many false starts at remaining above 3.0% on the 10-year, have we finally reached the point of no return? Only time will tell.

The yield curve continued the trend of 2018, as the spreads between the 2-year and 10-year Treasury yields moved from 33.1 bps at the end of the second quarter to 24.1 bps at the end of the third quarter. The spread between the 2-year and 10-year Treasury reached its lowest level since June 2007 when it bottomed-out at 18.9 bps on August 24. It was a similar story between the 2-year and 30-year Treasury, reducing from 46.0 bps to 38.5 bps over the same time period.

The biggest impact to the flattening curve was the move higher in the 2-year Treasury, buoyed by the FOMC rate increase in September and projection for an additional increase in December of 2018 and three increases in 2019. The Fund's overall underweight allocation to Treasuries relative to the benchmark was a contributor; however, the longer duration posture of the Treasury allocation within the Fund detracted on a relative basis as rates moved higher during the quarter.

FOMC PROJECTION COMPARISON: JUNE TO SEPTEMBER 2018



Source: U.S. Federal Reserve.

The Fund's duration has been maintained within our targeted range of +/-10% of the benchmark's duration. At the end of the second quarter, the Fund's duration was 5.37 compared to the index duration of 6.01, reflecting the long-term viewpoint that interest rates have a greater chance of moving higher over the coming months and quarters. During the quarter, both the duration of the benchmark and the fund extended as rates moved higher, from 6.01 to 6.03 for the benchmark and from 5.37 to 5.42 for the Fund. The Fund's overall shorter duration positioning relative to the benchmark contributed to performance during the quarter.

After posting back-to-back quarterly losses in the first and second quarters of 2018, the Bloomberg Barclays U.S. Corporate Index was the strongest overall performing sector in the Bloomberg Barclays U.S. Aggregate Bond Index, from both a total return and excess return standpoint. Industrials (+107 bps) led the way, followed closely by Financials (+93 bps) and Utilities (+23 bps). All three areas of the investment grade corporate market delivered strong excess returns. The Fund's underweight allocation to investment grade corporate bonds combined with a shorter duration posture relative to the benchmark detracted from relative performance.

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. Asset-backed securities (ABS) delivered the strongest relative performance, followed by Commercial Mortgage-backed securities (CMBS). The strongest components within ABS on a relative basis were Auto Loans and Consumer Loans. Residential mortgage-backed securities, both Agency and Non-Agency, detracted from performance relative to the benchmark.

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 SEPTEMBER 30, 2018

	SINCE INCEPTION (7/5/16)	1-YR	YTD	3Q18	EXPENSE RATIO
RETURNS AT NAV (WITHOUT SALES CHARGE)					
Class A	0.30%	-0.41%	-0.80%	0.06%	0.76%
Class I	0.60	-0.12	-0.58	0.14	0.47
BENCHMARK					
Bloomberg Barclays U.S. Aggregate Index	-0.62	-1.22	-1.60	0.02	—
RETURNS AT POP (WITH SALES CHARGE)					
Class A	-1.27	-3.92	-4.30	-3.44	0.76

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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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.

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Diamond Hill Corporate Credit Fund Commentary

As of September 30, 2018

All Fund returns based on Class I shares.

The Fund generated a 1.42% total return during the third quarter compared to 1.20% for the ICE Bank of America Merrill Lynch U.S. Corporate & High Yield Index. Year to date, the Fund generated a 2.93% total return compared to -1.42% for the Corporate & High Yield Index. For the trailing five years, the Fund generated an annualized total return of 5.76% compared to 3.89% for the Corporate & High Yield Index.

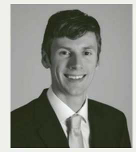
Unlike most corporate bond funds, the Diamond Hill Corporate Credit Fund is not managed against any index. Instead, the Fund is managed against absolute objectives within a range of inflation plus 3% and 7% nominal, each measured over rolling five-year periods. Our goal is to generate a yield and total 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 84% of the Fund was in high yield corporate bonds at the end of the third 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 2.48% total return in the first three quarters of the year, the High Yield Index ended the third quarter with a 6.28% YTW and OAS of 328 basis points.

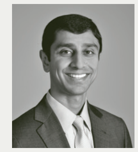
In last quarter's commentary, we noted that the Federal Reserve projects GDP growth above its estimate of long-run potential and unemployment well below its estimate of the long-run natural rate of unemployment through 2020. Yet the Fed's preferred measures of inflation have already reached 2% and the median Fed projection of inflation, now through 2021, is only 2.1%. If the Fed's projections of GDP growth and unemployment are anywhere close to accurate, we expect inflation to come in higher than 2.1%.

PORTFOLIO MANAGEMENT

Bill Zox, CFA
Portfolio Manager



John McClain, CFA
Portfolio Manager



Suken Patel, CFA
Asst. Portfolio Manager

The median Fed projection is for five more rate hikes to a peak around 3.375% by the end of 2020, yet the market discounts only two or three more hikes to a peak closer to 2.75% by the end of 2019. If inflation comes in above the Fed's 2.1% projection, we believe the Fed will hike faster and/or further than its current projections.

Due to higher Treasury yields, the 6.28% YTW of the High Yield Index at the end of the quarter compares to a YTW below 5% at the peak of the last high yield cycle in the middle of 2014. 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 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 third quarter, the Fund's YTW was just below 5%. The Fund's duration was 3.18, within the typical 2.0-3.5 range and well below the High Yield Index duration of 3.99 and the Corporate & High Yield Index duration of 6.52.

The late cycle indicators in the economic, Fed and leveraged finance cycles are covered in the media on a daily basis but corporate defaults are low and declining, earnings are strong and capital is plentiful. This is not the time to try to keep up with the High Yield Index on a quarterly basis or to participate in the largest and most aggressive leveraged buyout financings. But neither is it the time for maximum pessimism. The Fund's structural advantages - in particular, the fact that the Fund is not managed against any benchmark and the Fund's long-term time horizon - allow us to get increasingly defensive while still generating a yield close to the low end of our longer term objectives. We remain focused on delivering risk-adjusted returns over a complete market cycle by holding up better during down cycles and capturing our fair share of up cycles.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF SEPTEMBER 30, 2018

	SINCE INCEPTION (9/30/02)	10-YR	5-YR	3-YR	1-YR	YTD	3Q18	EXPENSE RATIO GROSS	NET[1]
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	6.83%	8.64%	5.47%	7.15%	3.67%	2.61%	1.34%	0.93%	0.92%
Class I	7.12	8.97	5.76	7.49	4.06	2.93	1.42	0.64	0.63
BENCHMARK									
ICE BofAML U.S. Corporate & High Yield Index	5.86	6.84	3.89	4.02	-0.44	-1.42	1.20	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	6.59	8.25	4.72	5.89	0.08	-0.98	-2.17	0.93	0.92

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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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.

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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.

All Fund returns based on Class I shares.

The Fund generated a 1.85% total return during the third quarter compared to 2.44% for the ICE Bank of America Merrill Lynch U.S. High Yield Index. Year to date, the Fund has generated a total return of 3.84% compared to 2.52% for the High Yield Index. Since inception on December 4, 2014, the Fund has generated an annualized total return of 7.57% compared to 5.50% for the High Yield Index.

The High Yield Index began the year with a yield to worst (YTW) of 5.84% and option-adjusted spread (OAS) of 363 basis points and ended the quarter with a 6.28% YTW and OAS of 328 basis points.

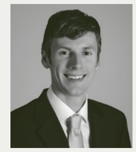
In last quarter's commentary, we noted that the Federal Reserve projects GDP growth above its estimate of long-run potential and unemployment well below its estimate of the long-run natural rate of unemployment through 2020. Yet the Fed's preferred measures of inflation have already reached 2% and the median Fed projection of inflation, now through 2021, is only 2.1%. If the Fed's projections of GDP growth and unemployment are anywhere close to accurate, we expect inflation to come in higher than 2.1%.

The median Fed projection is for five more rate hikes to a peak around 3.375% by the end of 2020, yet the market discounts only two or three more hikes to a peak closer to 2.75% by the end of 2019. If inflation comes in above the Fed's 2.1% projection, we believe the Fed will hike faster and/or further than its current projections.

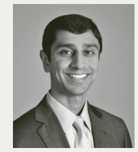
While difficult to forecast, we always want to be prepared to take advantage of volatility. We see the potential for significant volatility as the internal inconsistency of the Fed's projections and the differences between the Fed and the market are reconciled. Conditions outside the U.S., such as European Central Bank and Bank of Japan asset purchases, also impact U.S. rates. But asset purchases should decline in coming months, which could contribute to volatility in financial markets.

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. Due to higher Treasury yields, the 6.28% YTW of the High Yield Index at the end of the quarter compares to a YTW below 5% at the peak of the prior high yield cycle in the middle of 2014. The Fund's YTW has been somewhat lower than the market for the past few quarters. The Fund's duration was 4.09, within our typical range of plus or minus 10% of the High Yield Index. The move higher in interest rates has presented some opportunities to improve credit quality while accepting additional duration.

The late cycle indicators in the economic, Fed and leveraged finance cycles are covered in the media on a daily basis but corporate defaults are low and declining, earnings are strong and capital is plentiful. This is not the time to try to keep up with the High Yield Index on a quarterly basis or to participate in the largest and most aggressive leveraged buyout financings. But neither is it the time for maximum pessimism. The Fund's structural advantages - in particular, the fact that the Fund is not managed closely against the High Yield Index and the Fund's long-term time horizon - allow us to get increasingly defensive while still generating a reasonable yield. We remain focused on delivering strong high yield returns over a complete market cycle by holding up better during down cycles and capturing our fair share of up cycles.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF SEPTEMBER 30, 2018

	SINCE INCEPTION (12/4/14)	3-YR	1-YR	YTD	3Q18	EXPENSE RATIO
RETURNS AT NAV (WITHOUT SALES CHARGE)						
Class A	7.25%	8.76%	5.04%	3.63%	1.68%	0.96%
Class I	7.57	9.09	5.33	3.84	1.85	0.67
BENCHMARK						
ICE BofAML U.S. High Yield Index	5.50	8.19	2.94	2.52	2.44	—
RETURNS AT POP (WITH SALES CHARGE)						
Class A	6.26	7.48	1.37	0.01	-1.91	0.96

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 September 30, 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.*

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 assets of the High Yield Partnership were converted, based on their value on December 31, 2015, into assets of the fund prior to commencement of operations 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 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.

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