Quarterly Commentary: Equity Funds

December 31, 2018

Small Cap Fund *(closed to new investors)*	**Global Fund**
Small-Mid Cap Fund *(closed to new investors)*	**Long-Short Fund** *(closed to new investors)*
Mid Cap Fund	**Financial Long-Short Fund**
Large Cap Fund	**Research Opportunities Fund**
All Cap Select 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.

Fourth Quarter 2018 Review: Equity Markets

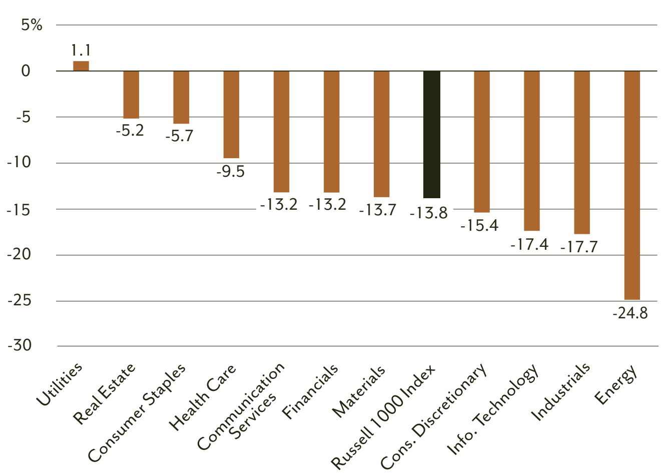
As of December 31, 2018

After a strong 10.5% increase through the first three quarters of 2018, the Russell 1000 Index more than gave back those gains in the fourth quarter, ending the year down 4.8%. The 13.8% fourth quarter decline was the largest since the third quarter of 2011, and the decline from its all-time high in September reached 20%. Concern that the Federal Reserve will go too far in tightening monetary policy, coupled with continued global trade tensions, is causing fear of a potential slowdown in global economic growth.

As these concerns grew, defensive sectors performed better than most others, as might be expected. Utilities was the only sector to post a positive return during the quarter at 1.1%, and although real estate and consumer staples declined in the mid-single digits, that was well ahead of the overall index.

Energy was the worst performing sector during the quarter, down nearly 25%, as oil prices plummeted from $73 per barrel to $45. Other cyclical sectors like industrials (-17.7%) and consumer discretionary (-15.4%) also fared poorly, as did information technology (-17.4%), with companies such as Apple giving back much of the gain they saw through the first three quarters of the year.

RUSSELL 1000 INDEX SECTOR RETURNS - 4Q18



Source: FactSet.

In a departure from the first half of the year, large cap stocks outpaced small cap stocks for the second consecutive quarter. The Russell 1000 Index declined 13.8% during the quarter, while the Russell 2000 Index declined over 20% on the potential impact of rising interest rates. Small caps tend to be impacted more negatively than large caps by rising rates, as small caps tend to have higher leverage, and a greater percentage of that debt is based on floating rates. There is also growing fear that small caps may not be as insulated from trade war impacts as previously thought.

Growth stocks gave back some ground to value stocks during the quarter, with the Russell 1000 Growth Index declining 15.9%, approximately 400 basis points behind the Russell 1000 Value Index. This appears to be driven in part by differences in sector weightings between the two indices. The four best-performing sectors in the quarter — utilities, real estate, consumer staples, and health care — are all larger weights in the Value Index than the Growth Index.

After a quieter 2017, volatility re-emerged in 2018, including a notable spike in the fourth quarter. There were 12 days in the fourth quarter that the Russell 1000 Index moved +/- 2%, compared to eight such days in the first three quarters of 2018 (six, two, and zero in the first, second, and third quarters, respectively) and zero days in all of 2017. Not surprisingly, there were twice as many down 2% days in the fourth quarter than up 2% days.

The Russell 1000 Index's 4.8% decline in 2018 was the first negative year since 2008. Health care was the best-performing sector for the year, up 6.1%. The only other positive sectors were utilities (4.6%) and information technology (3.3%). Cyclical sectors including energy (-18.4%), materials (-16.6%), and industrials (-13.5%) were by far the worst performers, impacted by the previously-mentioned concerns around trade tensions and the potential for a global economic slowdown.

Outlook

Corporate tax reform benefitted U.S. companies throughout 2018. Repatriation of cash held overseas ticked up dramatically during the year, and we are seeing that cash being utilized for share repurchases and acquisitions. Lower tax rates also boosted earnings growth. However, the size of the boost will not repeat in

2019, and we believe that for many companies this benefit will largely be competed away over time. Our research team continues to evaluate the impact of tax reform on a company-by-company basis and update our estimates of intrinsic value accordingly.

Assessing the impact of macroeconomic factors has been more important 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.

The size of recently implemented tariffs is small relative to the total economy, but for certain companies the impact is large. While it is not affecting how we are positioning the portfolios, we continually assess the impact on a company-by-company basis. Broadly speaking, we do think cooler heads will prevail but we view the future impact on individual companies as very difficult to handicap.

Low interest rates, high corporate profit margins, and steady economic growth with low inflation drove strong equity market returns since the Great Recession. The resulting high valuations made it more challenging for us to find opportunities to add new businesses to the portfolios, but a broad range of businesses are becoming more attractive after the fourth quarter's sell-off in equity markets. Discounts to intrinsic value have widened, and although we continue to be attracted to higher-quality businesses at this point in the economic cycle, we are incrementally spending more time analyzing cyclical businesses whose valuations seem to more than reflect a near-term recession. As always, we remain focused on assessing risk, which we define as the permanent loss of capital.

Despite the upward path of interest rates and concern that it could push the economy into a recession, most economic indicators continue to show strength and suggest healthy near-term growth. With the fourth quarter's sell-off in equity markets, price/earnings multiples are now lower than historical averages. Decent economic growth and a below-average starting point for price/earnings multiples should support equity returns over the next five years. However, returns could be held back if historically high corporate profit margins and below-average interest rates revert toward long-term averages. Together, these factors suggest to us that high-single digits is a reasonable expectation for equity market returns over the next five years.

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, 2018

(closed to new investors)

The Fund decreased 16.84% (Class I) during the quarter, compared to a 20.20% decrease in the Russell 2000 Index.

The Fund's holdings in all sectors detracted from absolute return, led by the industrials, financials, and consumer discretionary sectors.

The Fund's outperformance relative to the Index was primarily driven by security selection and an underweight position in the health care sector. Security selection in the real estate and energy sectors, and an overweight position in the financials sector also contributed to relative return. The Fund's cash position provided downside protection during the market pullback and was a large contributor to relative return. Security selection in the information technology and consumer discretionary sectors were the largest detractors from relative return.

Best Performers

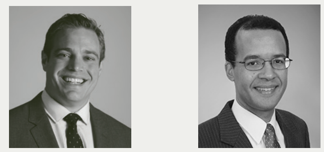
- Infrastructure products and services provider **Arcosa, Inc.** outperformed after the company completed the acquisition of ACG Materials in December. This adds to the company's aggregates and specialty lines of business and should be slightly accretive to 2019 earnings.

- Shares of home infusion services provider **BioScrip, Inc.** rose as the company continued to make progress in its turnaround efforts. Organic revenues were up, and the company reiterated its 2019 earnings target despite not receiving any relief from recent legislation that left some performed services unreimbursed until the Cures Act goes into effect in 2020. The company is also focusing on improving revenue collection times to drive improved cash flow.

- Processed and packaged foods manufacturer **B&G Foods, Inc.** outperformed as the company has been able to take pricing with minimal volume elasticity, which has helped to offset the difficult input cost environment. The company also announced the sale of its Pirate Brands business for a favorable price, using the proceeds from the transaction to pay down debt.

- Shares of reinsurance company **RenaissanceRe Holdings Ltd.** rose despite the lack of material company-specific news. The company's business is generally less exposed to overall market risks and tends to outperform during periods of overall market stress.

TEAM[1]



Aaron Monroe, CFA
Portfolio Manager

Chris Welch, CFA
Portfolio Manager

- Specialty chemicals and materials producer **W.R. Grace & Co.** outperformed due to the defensive characteristics of the business, as well as the presence of an activist investor who continues to build a significant stake in the company.

Worst Performers

- Shares of **Bank OZK**, an Arkansas-based regional bank, declined after the company reported disappointing quarterly results that included two credit-related issues which fueled concerns about the health of commercial real estate in general, as well as the future trajectory of credit at the bank. We believe these were isolated events from legacy credits underwritten before the great financial crisis and are not indicative of the quality of the rest of the company's loan portfolio.

- Ski resort owner and operator **Vail Resorts, Inc.** underperformed amid a slowdown in season-pass sales which caused investor concern. We continue to believe that the company's fundamentals remain strong.

- Shares of rental car company **Avis Budget Group, Inc.** declined after reporting quarterly earnings that were generally within the company's guidance but below consensus estimates. The company experienced weakness in its international business, where higher volumes were offset by lower pricing. In 2019, higher interest rates and currency will be headwinds for reported results.

- Underperformance of oil and gas exploration and production company **Cimarex Energy Co.** likely reflects the steep drop in oil prices throughout the quarter. The current outlook for oil prices in 2019 suggests that the broader domestic exploration and production industry will have to substantially slow its drilling activities. We still believe Cimarex holds very attractive assets, which should allow the company to outgrow most of its peers over the next five years.

[1] As of February 1, 2019.

- Shares of casino operator **Red Rock Resorts, Inc. (Cl A)** declined amid margin compression related to some opportunistic operating expenditures. These results, coupled with broader economic concerns, led to significant multiple compression across the gaming industry. We remain positive on the long-term prospects for Red Rock's business.

New Positions

- We received shares of infrastructure products and services provider **Arcosa, Inc.** in a spin-off from Trinity Industries. Arcosa has three main business lines in construction, energy, and transportation. At the time of the spin-off, the company had a debt-free balance sheet and $200 million of cash.

- We started a position in pharmaceutical company **Endo International PLC** based on our belief that investors have misperceived the company's strategy and the durability of its portfolio. The market is concerned over risks including potential opioid liabilities which we believe could be settled for less than what the market is currently embedding into the company's valuation.

- **Century Communities, Inc.** is a homebuilder with notable positions in Denver and Atlanta. It has completed a series of acquisitions over the last several years, diversifying its housing footprint and expanding its position in entry-level homes. We believe the pessimism in the housing market has driven the stock price well below tangible book value.

- **Green Brick Partners, Inc.** is a well-run homebuilder with locations in prime "A" locations in Dallas and Atlanta. Management is long-term oriented with good levels of insider ownership and notably lower levels of leverage than the industry as a whole. While there has been a significant amount of pessimism surrounding the housing market, we believe Green Brick Partners will be able to take advantage of any downturn due to its balance sheet, land locations, and management team.

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

	SINCE INCEPTION (12/29/00)	10-YR	5-YR	3-YR	1-YR	YTD	4Q18	EXPENSE RATIO GROSS	EXPENSE RATIO NET[2]
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class I	9.39%	9.94%	1.81%	2.62%	-14.88%	-14.88%	-16.84%	0.99%	0.98%
BENCHMARK									
Russell 2000 Index	7.29	11.97	4.41	7.36	-11.01	-11.01	-20.20	—	—
Russell 2000 Value Index	8.03	10.40	3.61	7.37	-12.86	-12.86	-18.67	—	—

[2] 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: 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, 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 shares include Class A share performance achieved prior to the creation of Class I shares. Class I 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. The Russell 2000 Value Index is an unmanaged market capitalization-weighted index measuring the performance of the small cap value segment of the U.S. equity universe including those Russell 2000 Index companies with lower expected growth values. 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 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.

(closed to new investors)

- **Kelly Services, Inc. (Cl A)** is a staffing/workforce solutions company that serves large and mid-sized enterprise employer needs on a global basis. The company has a diverse client base with strength in the K-12 educational staffing, scientific and engineering, and clerical/office worker segments. Although the firm has no significant debt, reported GAAP earnings are volatile since Kelly must mark-to-market its investment in Japanese company Persol Holdings (with whom the company combined its Asian business). The Kelly operations should earn slightly more than $2 per share in 2018, making the shares excluding the Persol investment valued at approximately 10 times earnings. In the past two years, the company's focus on more value-added services has led to about a 100-basis point improvement in gross margins.
- We initiated a position in **RenaissanceRe Holdings Ltd.**, a Bermudian reinsurance company with a long track record of value creation and strong underwriting.
- Specialty chemicals and materials producer **W.R. Grace & Co.** is a leading provider of catalysts and additives for both the refining and polyolefin industries. We believe that recent market volatility provided the opportunity to buy a very good business with a solid management team at a discount to its intrinsic value.

Eliminated Positions

- As the share price of property and casualty insurance company **Alleghany Corp.** approached our estimate of intrinsic value, we eliminated the position to add to more favorable opportunities.
- We sold our position in industrial and information technology products distributor **Anixter International, Inc.** to make room for more attractive investments.
- We eliminated our position in oil and gas exploration and production company **Carrizo Oil & Gas, Inc.** and used the funds for more attractive investment opportunities. While the company has attractive acreage positions in both the Eagle Ford and Permian basins, its smaller scale leads to some cost inefficiencies that prove difficult to overcome in declining commodity price environments.
- We eliminated our position in networking and communications company **CommScope Holding Co., Inc.** after the company announced an ill-advised acquisition of Arris International.
- We sold shares of utility company **Fortis, Inc.** and reinvested the proceeds in more attractive investment opportunities.
- We sold our shares of hospital owner and operator **LifePoint Health, Inc.** in an all-cash acquisition by Apollo Global Management.
- We eliminated our position in real estate investment trust **Mid-America Apartment Communities, Inc.** as the share price approached our estimate of intrinsic value.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2018

Alleghany Corp.	0.0%	Endo International PLC	0.4%
Anixter International, Inc.	0.0	Fortis, Inc.	0.0
Arcosa, Inc.	0.9	Green Brick Partners, Inc.	0.5
Avis Budget Group, Inc.	2.8	Kelly Services, Inc. (Cl A)	0.6
B&G Foods, Inc.	1.6	LifePoint Health, Inc.	0.0
Bank OZK	2.9	Mid-America Apartment Communities, Inc.	0.0
BioScrip, Inc.	0.9	Red Rock Resorts, Inc. (Cl A)	2.7
Carrizo Oil & Gas, Inc.	0.0	RenaissanceRe Holdings Ltd.	1.1
Century Communities, Inc.	0.3	Trinity Industries, Inc.	2.1
Cimarex Energy Co.	2.2	Vail Resorts, Inc.	4.4
CommScope Holding Co., Inc.	0.0	W. R. Grace & Co.	0.7

Mentioned securities not held in the Diamond Hill Small Cap Fund: Apollo Global Management LLC, Arris International PLC, and Persol Holdings Co. Ltd.

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.

(closed to new investors)

TEAM[1]

Chris Welch, CFA
Portfolio Manager

Jenny Hubbard, CFA
Asst. Portfolio Manager

The Fund decreased 14.76% (Class I) during the quarter, compared to an 18.49% decrease in the Russell 2500 Index.

The Fund's holdings in all sectors detracted from absolute return, led by the financials and industrials sectors. The consumer discretionary, information technology, and energy sectors were also large detractors from absolute return.

The Fund's outperformance relative to the Index was primarily driven by security selection and an underweight position in the health care sector, as well as the Fund's mid-single digit cash allocation. Security selection in the real estate and energy sectors also contributed to relative return. Security selection in the industrials sector was the largest detractor from relative return.

Best Performers

- Insurance broker **Willis Towers Watson PLC** outperformed after the company reported strong earnings, including better-than-expected organic revenue growth.
- Processed and packaged foods manufacturer **B&G Foods, Inc.** outperformed as the company has been able to take pricing with minimal volume elasticity, which has helped to offset the difficult input cost environment. The company also announced the sale of its Pirate Brands business for a favorable price, using the proceeds from the transaction to pay down debt.
- Shares of reinsurance company **RenaissanceRe Holdings Ltd.** rose despite the lack of material company-specific news. The company's business is generally less exposed to overall market risks and tends to outperform during periods of overall market stress.
- Hospital owner and operator **LifePoint Health, Inc.** outperformed after the company was acquired by Apollo Global Management.
- Real estate investment trust **American Campus Communities, Inc.** benefitted from the risk-off environment, and from generally stable fundamentals in the business. The student housing industry also tends to be reasonably defensive in downturns. We believe the company's combination of steady internal growth and new development should be more attractive in uncertain environments.

Worst Performers

- Underperformance of oil and gas exploration and production company **Cimarex Energy Co.** likely reflects the steep drop in oil prices throughout the quarter. The current outlook for oil prices in 2019 suggests that the broader domestic exploration and production industry will have to substantially slow its drilling activities. We still believe Cimarex holds very attractive assets, which should allow the company to outgrow most of its peers over the next five years.
- Industrial manufacturing and engineering company **Colfax Corp.** underperformed following the announcement of the company's acquisition of medical device company DJO Global. While investors expected Colfax to make an acquisition that would move the company into a new, less cyclical business, we believe the size and timing of the deal is somewhat distressing. Colfax will now be highly levered, just as cyclical concerns about the economy begin to mount. However, we believe the deal is likely to create value over time for long term shareholders.
- Electronic payment processing services company **Worldpay, Inc.** underperformed after reporting quarterly results which caused investors, who became too optimistic about the potential impact of merger synergies from the Vantiv-Worldpay deal, to lower earnings estimates for 2019. Worldpay continues to benefit from the growth of e-commerce globally, integrated payments taking off in the U.K. and Europe, and from entering new geographies. We remain confident that Worldpay will continue to grow revenue and earnings over the long term.
- Shares of **SVB Financial Group**, a California-based regional bank, were impacted negatively by three primary developments. Given its focus on the innovation economy, shares were impacted by the decline in high-profile tech stocks. The company also announced the acquisition of health care investment bank

[1] As of February 1, 2019.

(closed to new investors)

Leerink Partners, which concerned some investors about the price paid as well as the volatility the investment banking business could introduce into future earnings. Finally, the company's investor day included comments about some short-term deposit outflows, which we believe to be part of the normal course of business.

- Shares of casino operator **Red Rock Resorts, Inc. (Cl A)** declined amid margin compression related to some opportunistic operating expenditures. These results, coupled with broader economic concerns, led to significant multiple compression across the gaming industry. We remain positive on the long-term prospects for Red Rock's business.

New Positions

- **Cal-Maine Foods, Inc.** is the largest producer and marketer of shell eggs in the United States. We believe Cal-Maine is a well-run, long-term oriented business with a strong balance sheet, good returns on capital, and underappreciated competitive advantages.
- **Stericycle, Inc.** is the largest provider of regulated medical waste management. The company provides a full roster of services to its customers from front-end waste collection to transportation and treatment at the company's facilities. Stericycle is the share leader and although the company has run into some transitory issues, we believe that management will overcome these challenges and start growing the business again.
- **Welbilt, Inc.** is one of the leading companies in the commercial food equipment industry, where market leaders enjoy meaningful scale benefits and earn attractive returns on capital by providing valuable labor, energy, and food waste reduction solutions to commercial kitchens. After being under-managed for several years, Welbilt's new management team is much more focused on improving operating efficiencies and increasing the core sustainable earnings power of the business.

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

	SINCE INCEPTION (12/30/05)	10-YR	5-YR	3-YR	1-YR	YTD	4Q18	EXPENSE RATIO GROSS	EXPENSE RATIO NET[2]
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class I	7.58%	12.88%	4.07%	3.93%	-12.56%	-12.56%	-14.76%	0.94%	0.93%
BENCHMARK									
Russell 2500 Index	7.50	13.15	5.15	7.32	-10.00	-10.00	-18.49	—	—
Russell 2500 Value Index	6.52	11.62	4.16	6.59	-12.36	-12.36	-17.12	—	—

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Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. 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. Class I shares have no sales charge.

Fund holdings subject to change without notice.

The Russell 2500 Index is an unmanaged market capitalization-weighted index comprised of the smallest 2,500 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 Russell 2500 Value Index is an unmanaged market capitalization-weighted index measuring the performance of the small and midcap value segment of the U.S. equity universe including those Russell 2500 Index companies with lower expected growth values. 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 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.

(closed to new investors)

- **WPX Energy, Inc. (Cl A)** is a high-growth oil and gas exploration and production company with very attractive assets in the Bakken and Delaware Basin. We believe the firm has de-risked its business plan over the past few years and has a long runway to continue growing oil production. Additionally, the firm's midstream businesses formed over the past few years are valuable hidden assets that could be monetized over the next few years.

Eliminated Positions

- We eliminated our position in networking and communications company **CommScope Holding Co., Inc.** after the company announced an ill-advised acquisition of Arris International.
- The position in tire manufacturer **Goodyear Tire & Rubber Co.** was eliminated to help fund better opportunities.
- We sold our shares of hospital owner and operator **LifePoint Health, Inc.** in an all-cash acquisition by Apollo Global Management.
- We eliminated shares of medical device company **Orthofix Medical, Inc.** from our portfolios as the shares reached our estimate of intrinsic value.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2018

American Campus Communities, Inc.	2.6%	Red Rock Resorts, Inc. (Cl A)	2.7%
B&G Foods, Inc.	1.7	RenaissanceRe Holdings Ltd.	1.6
Cal-Maine Foods, Inc.	0.5	Stericycle, Inc.	0.7
Cimarex Energy Co.	3.0	SVB Financial Group	1.5
Colfax Corp.	1.3	Welbilt, Inc.	0.4
CommScope Holding Co., Inc.	0.0	Willis Towers Watson PLC	4.3
Goodyear Tire & Rubber Co.	0.0	Worldpay, Inc. (Cl A)	2.5
LifePoint Health, Inc.	0.0	WPX Energy, Inc. (Cl A)	1.1
Orthofix Medical, Inc.	0.0		

Mentioned securities not held in the Diamond Hill Small-Mid Cap Fund: Apollo Global Management LLC and Arris International PLC.

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Diamond Hill Mid Cap Fund Commentary

As of December 31, 2018

The Fund decreased 13.53% (Class I) during the quarter, compared to a 15.37% decrease in the Russell Midcap Index.

The Fund's holdings in all sectors detracted from absolute return, led by the financials sector. The industrials, consumer discretionary, and energy sectors were also large detractors from absolute return.

The Fund's outperformance relative to the Index was primarily driven by security selection in the health care sector, as well as a high single-digit cash allocation. Security selection in the real estate and industrials sectors also contributed to relative return. Security selection in the information technology sector was the largest detractor from relative return.

Best Performers

- Insurance broker **Willis Towers Watson PLC** outperformed after the company reported strong earnings, including better-than-expected organic revenue growth.
- Shares of reinsurance company **RenaissanceRe Holdings Ltd.** rose despite the lack of material company-specific news. The company's business is generally less exposed to overall market risks and tends to outperform during periods of overall market stress.
- Processed and packaged foods manufacturer **B&G Foods, Inc.** outperformed as the company has been able to take pricing with minimal volume elasticity, which has helped to offset the difficult input cost environment. The company also announced the sale of its Pirate Brands business for a favorable price, using the proceeds from the transaction to pay down debt.
- Shares of digital media company **TEGNA, Inc.** rose amid rumors of a potential acquisition. The company also reported decent quarterly results.
- Hospital owner and operator **LifePoint Health, Inc.** outperformed after the company was acquired by Apollo Global Management.

TEAM

Chris Welch, CFA
Portfolio Manager

Chris Bingaman, CFA
Asst. Portfolio Manager

Jenny Hubbard, CFA
Asst. Portfolio Manager

Worst Performers

- Underperformance of oil and gas exploration and production company **Cimarex Energy Co.** likely reflects the steep drop in oil prices throughout the quarter. The current outlook for oil prices in 2019 suggests that the broader domestic exploration and production industry will have to substantially slow its drilling activities. We still believe Cimarex holds very attractive assets, which should allow the company to outgrow most of its peers over the next five years.
- Shares of **SVB Financial Group**, a California-based regional bank, were impacted negatively by three primary developments. Given its focus on the innovation economy, shares were impacted by the decline in high-profile tech stocks. The company also announced the acquisition of health care investment bank Leerink Partners, which concerned some investors about the price paid as well as the volatility the investment banking business could introduce into future earnings. Finally, the company's investor day included comments about some short-term deposit outflows, which we believe to be part of the normal course of business.
- Shares of casino operator **Red Rock Resorts, Inc. (Cl A)** declined amid margin compression related to some opportunistic operating expenditures. These results, coupled with broader economic concerns, led to significant multiple compression across the gaming industry. We remain positive on the long-term prospects for Red Rock's business.

- Electronic payment processing services company **Worldpay, Inc.** underperformed after reporting quarterly results which caused investors, who became too optimistic about the potential impact of merger synergies from the Vantiv-Worldpay deal, to lower earnings estimates for 2019. Worldpay continues to benefit from the growth of e-commerce globally, integrated payments taking off in the U.K. and Europe, and from entering new geographies. We remain confident that Worldpay will continue to grow revenue and earnings over the long term.

- Industrial manufacturing and engineering company **Colfax Corp.** underperformed following the announcement of the company's acquisition of medical device company DJO Global. While investors expected Colfax to make an acquisition that would move the company into a new, less cyclical business, we believe the size and timing of the deal is somewhat distressing. Colfax will now be highly levered, just as cyclical concerns about the economy begin to mount. However, we believe the deal is likely to create value over time for long-term shareholders.

New Positions

- We initiated an investment in oil and gas exploration and production company **Noble Energy, Inc.** as we believed a wave of uncertainty had been overly discounted in the valuation and that the market was underestimating Noble Energy's free cash flow potential. Investors were primarily concerned with an unsuccessful November ballot initiative that would have restricted Colorado drilling activity. There was also concern about near-term pricing risk in the Permian Basin from a lack of secure transportation agreements, but we believed this would be solved by late 2019.

- **Stericycle, Inc.** is the largest provider of regulated medical waste management. The company provides a full roster of services to its customers from front-end waste collection to transportation and treatment at the company's facilities. Stericycle is the share leader and although the company has run into some transitory issues, we believe that management will overcome these challenges and start growing the business again.

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

	SINCE INCEPTION (12/31/13)	5-YR	3-YR	1-YR	YTD	4Q18	EXPENSE RATIO GROSS	EXPENSE RATIO NET[1]
RETURNS AT NAV (WITHOUT SALES CHARGE)								
Class I	5.01%	5.01%	5.51%	-10.31%	-10.31%	-13.53%	0.79%	0.78%
BENCHMARK								
Russell Midcap Index	6.26	6.26	7.04	-9.06	-9.06	-15.37	—	—
Russell Midcap Value Index	5.44	5.44	6.06	-12.29	-12.29	-14.95	—	—

[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: There are specialized risks associated with small and mid 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, 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 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 1,000 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. The Russell Midcap Value Index is an unmanaged market capitalization-weighted index measuring the performance of the mid cap value segment of the U.S. equity universe including those Russell Midcap Index companies with lower expected growth values. 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 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.

Eliminated Positions

- As the share price of insurance broker **Brown & Brown, Inc.** approached our estimate of intrinsic value, we eliminated the position to add to more favorable opportunities.

- We eliminated our position in networking and communications company **CommScope Holding Co., Inc.** after the company announced an ill-advised acquisition of Arris International.

- The position in tire manufacturer **Goodyear Tire & Rubber Co.** was eliminated to help fund better opportunities.

- We sold our shares of hospital owner and operator **LifePoint Health, Inc.** in an all-cash acquisition by Apollo Global Management.

- We sold our position in digital media company **TEGNA, Inc.** as the decline in its core advertising business and long-term concerns over net retransmission profits led us to find the business less attractive relative to other opportunities.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2018

B&G Foods, Inc.	0.8%	Red Rock Resorts, Inc. (Cl A)	2.8%
Brown & Brown, Inc.	0.0	RenaissanceRe Holdings Ltd.	1.6
Cimarex Energy Co.	3.3	Stericycle, Inc.	0.7
Colfax Corp.	1.0	SVB Financial Group	1.5
CommScope Holding Co., Inc.	0.0	TEGNA, Inc.	0.0
Goodyear Tire & Rubber Co.	0.0	Willis Towers Watson PLC	3.3
LifePoint Health, Inc.	0.0	Worldpay, Inc. (Cl A)	2.3
Noble Energy, Inc.	1.2		

Mentioned securities not held in the Diamond Hill Mid Cap Fund: Apollo Global Management LLC and Arris International PLC.

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 Large Cap Fund Commentary

As of December 31, 2018

The Fund decreased 13.56% (Class I) during the quarter, compared to a 13.82% decrease in the Russell 1000 Index.

The Fund's holdings in all sectors detracted from absolute return, led by the financials sector. The energy and consumer discretionary sectors were also large detractors from absolute return.

The Fund's modest outperformance relative to the Index was driven by security selection and overweight positions in the health care and consumer staples sectors. A large underweight position in the information technology sector also contributed to relative return. Security selection in the energy sector was the largest detractor from relative return.

Best Performers

- Shares of consumer products manufacturer **Procter & Gamble Co.** rallied after reporting solid quarterly results due to a better-than-expected pricing environment in the U.S., as well as a softening input cost environment.

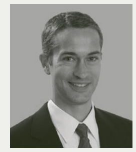
- Homebuilder **NVR, Inc.** reported decent quarterly results and outperformed the broader market, primarily due to the significant price declines in homebuilders taking place earlier in the year and the ensuing pessimism built into the stock price prior to the start of the quarter. Additionally, the rise in mortgage rates slowed, giving the housing market some relief from earlier in the year.

- Personal products manufacturer **Kimberly-Clark Corp.** outperformed after the company reported decent quarterly results and investor fears over an intensifying cost environment began to soften.

- We received shares of automobile equipment manufacturer **Garrett Motion, Inc.** and security services provider **Resideo Technologies, Inc.** after the companies were spun off from Honeywell International, Inc. They were quickly eliminated from the portfolio to allocate funds to more attractive investment opportunities. During the time they were held, they were down less than the overall market.

TEAM

Chuck Bath, CFA
Portfolio Manager



Austin Hawley, CFA
Portfolio Manager

Chris Welch, CFA
Asst. Portfolio Manager

Matthew Stadelman, CFA
Sr. Portfolio Specialist

Worst Performers

- Underperformance of oil and gas exploration and production companies **Devon Energy Corp.** and **Cimarex Energy Co.** likely reflects the steep drop in oil prices throughout the quarter. The current outlook for oil prices in 2019 suggests that the broader domestic exploration and production industry will have to substantially slow its drilling activities. We still believe both companies hold very attractive assets, which should allow them to outgrow most peers over the next five years.

- Banking and financial services company **Citigroup, Inc.** underperformed amid a flattening of the yield curve as well as concerns over the outlook for economic growth and the resulting implications for loan growth and credit quality. Pressures on various emerging markets along with softness in global capital markets activities also weighed heavily on its stock. We believe that the company's capital position and solid profitability allow for continued modest balance sheet growth, while also repurchasing shares at a substantial discount to both tangible book value and our estimate of intrinsic value.

- Banking and payment services provider **Discover Financial Services** underperformed despite reporting strong loan growth, as well as reasonable charge-off and delinquency statistics. The company continues to achieve attractive risk-adjusted margins in its core credit card lending business, but investors have steered away from credit card stocks based on recessionary and credit cycle fears. We believe the valuation is compelling, and that the market is not giving Discover credit for its underlying through-the-cycle earnings power.

- Shares of building and aerospace technology conglomerate **United Technologies Corp.** declined after the company announced its intention to spin off its Aerospace, Carrier, and Otis businesses into three standalone companies. Since the announcement, shares have remained under pressure due to concerns over a peaking of the economic growth cycle.

New Positions

- We established a position in property and casualty insurance company **American International Group, Inc.** (AIG) after the share price declined sharply. We believe AIG now has one of the best management teams in the industry and is nearing an inflection point in its turnaround.

- Global automobile manufacturer **General Motors Co.** (GM) has a strong product mix and cash flow driven by its truck and SUV programs. As the mix of auto sales trends more towards crossovers, SUVs, and trucks, we believe GM is well positioned.

- We initiated an investment in oil and gas exploration and production company **Noble Energy, Inc.** as we believed a wave of uncertainty had been overly discounted in the valuation and that the market was underestimating Noble Energy's free cash flow potential. Investors were primarily concerned with an unsuccessful November ballot initiative that would have restricted Colorado drilling activity. There was also concern about near-term pricing risk in the Permian Basin from a lack of secure transportation agreements, but we believed this would be solved by late 2019.

Eliminated Positions

- A full position in alcoholic beverage manufacturer **Constellation Brands, Inc. (Cl A)** was never established and was sold to invest in a higher conviction idea.

- Health care benefits company **Aetna, Inc.** ceased trading as a separate entity after it was acquired by CVS, with the Department of Justice granting approval in October.

- We received shares of automobile equipment manufacturer **Garrett Motion, Inc.** and security services provider **Resideo Technologies, Inc.** after the companies were spun off from Honeywell International, Inc. They were eliminated from the portfolio to allocate funds to more attractive investment opportunities.

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

	SINCE INCEPTION (6/29/01)	10-YR	5-YR	3-YR	1-YR	YTD	4Q18	EXPENSE RATIO
RETURNS AT NAV (WITHOUT SALES CHARGE)								
Class I	7.81%	11.97%	6.47%	7.61%	-9.63%	-9.63%	-13.56%	0.67%
BENCHMARK								
Russell 1000 Index	6.50	13.28	8.21	9.09	-4.78	-4.78	-13.82	—
Russell 1000 Value Index	6.30	11.18	5.95	6.95	-8.27	-8.27	-11.72	—

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, 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.

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Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class I shares include Class A share performance achieved prior to the creation of Class I shares. Class I 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. The Russell 1000 Value Index is an unmanaged market capitalization-weighted index measuring the performance of the large cap value segment of the U.S. equity universe including those Russell 1000 Index companies with lower expected growth values. 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 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.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2018

Aetna, Inc.	0.0%	**General Motors Co.**	1.5%
American International Group, Inc.	2.2	**Honeywell International, Inc.**	1.2
Cimarex Energy Co.	1.7	**Kimberly-Clark Corp.**	1.8
Citigroup, Inc.	4.2	**Noble Energy, Inc.**	0.5
Constellation Brands, Inc. (Cl A)	0.0	**NVR, Inc.**	1.9
CVS Health Corp.	3.0	**Procter & Gamble Co.**	2.2
Devon Energy Corp.	1.7	**Resideo Technologies, Inc.**	0.0
Discover Financial Services	3.0	**United Technologies Corp.**	2.8
Garrett Motion, Inc.	0.0		

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, 2018

The Fund decreased 15.89% (Class I) during the quarter, compared to a 14.30% decrease in the Russell 3000 Index.

The Fund's holdings in nearly all sectors detracted from absolute return, led by the financials sector. The energy and consumer discretionary sectors were also large detractors from absolute return. Only the real estate sector provided a modest contribution to return.

The Fund's underperformance relative to the Index was driven primarily by security selection in the energy, financials, and consumer staples sectors. Security selection in the industrials sector, as well as a combination of security selection and an underweight position in the information technology sector were the largest contributors to relative return.

Best Performers

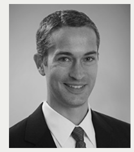
- Real estate investment trust **CubeSmart** outperformed amid steady and resilient storage fundamentals despite increasing levels of new development, and the hope that peaking new development will lead to a stabilization of internal growth within the next 12-18 months.

- Homebuilder **NVR, Inc.** reported decent quarterly results and outperformed the broader market, primarily due to the significant price declines in homebuilders taking place earlier in the year and the ensuing pessimism built into the stock price prior to the start of the quarter. Additionally, the rise in mortgage rates slowed, giving the housing market some relief from earlier in the year.

- Data analytics company **Verisk Analytics, Inc.** outperformed after the company reported quarterly results that demonstrated solid performance in each of the company's three segments. Importantly, the company's insurance segment, which accounts for the vast majority of revenue and earnings, remains uniquely positioned to provide value to clients and continue to grow its revenue base and earnings power.

- Airline operator **Copa Holdings S.A. (Cl A)** outperformed, as the company's management team continued to execute on key long-term initiatives, despite near-term financial results being affected by a difficult combination of higher oil prices and steep currency depreciation in Brazil and Argentina.

TEAM



Austin Hawley, CFA
Portfolio Manager

Rick Snowdon, CFA
Portfolio Manager

- Health care products manufacturer **Abbott Laboratories** outperformed amid strong organic growth, particularly in its nutrition segment, which has underperformed over the past few years. We believe that the company's decision to accelerate debt pay-down from the Alere and St. Jude deals will prove to be a prudent move in the years to come.

Worst Performers

- Shares of **Bank OZK**, an Arkansas-based regional bank, declined after the company reported disappointing quarterly results that included two credit-related issues which fueled concerns about the health of commercial real estate in general, as well as the future trajectory of credit at the bank. We believe these were isolated events from legacy credits underwritten before the great financial crisis and are not indicative of the quality of the rest of the company's loan portfolio.

- Underperformance of oil and gas exploration and production company **Cimarex Energy Co.** likely reflects the steep drop in oil prices throughout the quarter. The current outlook for oil prices in 2019 suggests that the broader domestic exploration and production industry will have to substantially slow its drilling activities. We still believe Cimarex holds very attractive assets, which should allow the company to outgrow most of its peers over the next five years.

- Shares of real estate services company **Mr. Cooper Group, Inc.** were impacted by selling pressure from legacy shareholders of predecessor company WMIH Corp. The shareholders were willing sellers at almost any price and were selling a less liquid security into a volatile market, which translated into a significant headwind for shares.

- Shares of casino operator **Red Rock Resorts, Inc. (Cl A)** declined amid margin compression related to some opportunistic operating expenditures. These results, coupled with broader economic concerns, led to significant multiple compression across the gaming industry. We remain positive on the long-term prospects for Red Rock's business.

- Shares of life insurance and annuity provider **Brighthouse Financial, Inc.** declined in conjunction with the equity market sell-off. The company's variable annuity assets are exposed to both interest rates and equity markets, and shares tend to underperform during periods of market stress.

New Positions

- We initiated a new position in the shares of pharmaceutical company **Allergan PLC** at an attractive valuation for relatively low-risk cash flows supported by durable assets. We believe management can unlock the company's value through asset disposals or further pipeline development in the coming years.

- We established a position in property and casualty insurance company **American International Group, Inc.** (AIG) after the share price declined sharply. We believe AIG now has one of the best management teams in the industry and is nearing an inflection point in its turnaround.

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

	SINCE INCEPTION (12/30/05)	10-YR	5-YR	3-YR	1-YR	YTD	4Q18	EXPENSE RATIO GROSS	NET[1]
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class I	7.07%	11.59%	5.06%	5.09%	-12.02%	-12.02%	-15.89%	0.88%	0.87%
BENCHMARK									
Russell 3000 Index	7.72	13.18	7.91	8.97	-5.24	-5.24	-14.30	—	—
Russell 3000 Value Index	6.31	11.12	5.77	7.01	-8.58	-8.58	-12.24	—	—

[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: 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.

The views expressed are those of the portfolio managers as of December 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.

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Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. 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. Class I 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 Russell 3000 Value Index is an unmanaged market capitalization-weighted index measuring the performance of the broad value segment of the U.S. equity universe including those Russell 3000 Index companies with lower expected growth values. These indices do not incur fees and expenses (which would lower the return) and are not available for direct investment.

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- **Copa Holdings S.A. (Cl A)** is a well-managed Latin American airline operator with an attractive growth profile over the next five to 10 years. The firm's poor near-term financial results reflect higher oil prices and steep currency depreciation in Brazil and Argentina. We believe Copa's management will bring margins back to historical levels.

- We initiated an investment in oil and gas exploration and production company **Noble Energy, Inc.** as we believed a wave of uncertainty had been overly discounted in the valuation and that the market was underestimating Noble Energy's free cash flow potential. Investors were primarily concerned with an unsuccessful ballot initiative in November that would have restricted Colorado drilling activity. There was also concern about near-term pricing risk in the Permian Basin from a lack of secure transportation agreements, but we believed this would be solved by late 2019.

Eliminated Positions

- Health care benefits company **Aetna, Inc.** ceased trading as a separate entity after it was acquired by CVS, with the Department of Justice granting approval in October.

- We sold our shares of health care products manufacturer **Abbott Laboratories** after several years of strong performance and replaced the position with companies trading at a larger discount to intrinsic value.

- Coating products manufacturer **Axalta Coating Systems Ltd.** and medical liability insurance company **ProAssurance Corp.** were eliminated in favor of more attractive opportunities.

- We sold our shares of real estate investment trust **CubeSmart** after shares appreciated to fund positions in companies trading at greater discounts to intrinsic value.

- We initiated an investment in oil and gas exploration and production company **Devon Energy Corp.** and subsequently eliminated the position as a re-evaluation of the sector fundamentals led us to reduce our estimate of intrinsic value and we found more attractive investment opportunities outside of the energy sector.

- Positions in discount retailers **Dollar General Corp.** and **TJX Cos., Inc.** were eliminated as the stock prices reached our estimates of intrinsic value.

- After approaching our estimate of intrinsic value, consumer snack and beverage manufacturer **PepsiCo, Inc.** was eliminated to make room for higher conviction ideas.

- We eliminated our position in food products manufacturer **Post Holdings, Inc.** and data analytics company **Verisk Analytics, Inc.** to make room for higher conviction ideas after the stocks ran up close to our estimates of intrinsic value.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2018

Abbott Laboratories	0.0%	Dollar General Corp.	0.0%
Aetna, Inc.	0.0	Mr. Cooper Group, Inc.	3.6
Allergan PLC	2.9	Noble Energy, Inc.	2.1
American International Group, Inc.	3.8	NVR, Inc.	2.3
Axalta Coating Systems Ltd.	0.0	PepsiCo, Inc.	0.0
Bank OZK	3.9	Post Holdings, Inc.	0.0
Brighthouse Financial, Inc.	2.4	ProAssurance Corp.	0.0
Cimarex Energy Co.	3.0	Red Rock Resorts, Inc. (Cl A)	4.1
Copa Holdings S.A. (Cl A)	3.5	TJX Cos., Inc.	0.0
CubeSmart	0.0	Verisk Analytics, Inc.	0.0
Devon Energy Corp.	0.0		

Mentioned security not held in the Diamond Hill All Cap Select 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 Global Fund Commentary

As of December 31, 2018

The Fund decreased 15.95% (Class I) during the quarter, compared to a 13.00% decrease in the Morningstar Global Markets Index.

The Fund's holdings in all sectors detracted from absolute return, led by the financials sector.

The Fund's underperformance relative to the Index was driven primarily by security selection in the energy, consumer staples, and financials sectors. Security selection in the industrials and information technology sectors, and an underweight position in the information technology sector contributed to relative return.

During the fourth quarter, all major developed stock markets and most emerging markets declined, and full-year equity returns were negative across the vast majority of countries. Investors' January optimism steadily gave way to concerns about some emerging market instabilities, slowing global growth, increasing trade frictions, tighter monetary conditions and equity valuations.

Discounts in the Global portfolio widened considerably during the fourth quarter, and we currently see particularly compelling valuations in financials and certain other economically sensitive businesses we hold. While 2018 proved to be a disappointing year for our investors, we believe valuations in the portfolio are currently very attractive, and the companies we own are positioned to weather the next cyclical downturn.

Best Performers

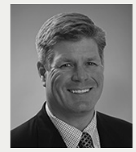
- Property and casualty insurance company **American International Group, Inc.** outperformed after providing intermediate term guidance that was better than many investors had anticipated.

- Investment manager **Ashmore Group PLC** outperformed after the company reported resilient inflows into its strategies, despite broader fears about emerging market weakness in the asset management space.

- Shares of communication services provider **BT Group PLC** declined less than broader indices as the company delivered an in-line quarter and maintained its full-year outlook.

TEAM

Grady Burkett, CFA
Portfolio Manager



Rick Snowdon, CFA
Portfolio Manager

- Homebuilder **NVR, Inc.** reported decent quarterly results and outperformed the broader market, primarily due to the significant price declines in homebuilders taking place earlier in the year and the ensuing pessimism built into the stock price prior to the start of the quarter. Additionally, the rise in mortgage rates slowed, giving the housing market some relief from earlier in the year.

- Biopharmaceutical company **Sanofi S.A.** outperformed after reporting solid quarterly results, with earnings and revenue ahead of expectations. The company's recent launches, Praluent and Dupixent, also continued to outperform expectations.

Worst Performers

- Shares of **Bank OZK**, an Arkansas-based regional bank, declined after the company reported disappointing quarterly results that included two credit-related issues which fueled concerns about the health of commercial real estate in general, as well as the future trajectory of credit at the bank. We believe these were isolated events from legacy credits underwritten before the great financial crisis and are not indicative of the quality of the rest of the company's loan portfolio.

- Underperformance of oil and gas exploration and production company **Cimarex Energy Co.** likely reflects the steep drop in oil prices throughout the quarter. The current outlook for oil prices in 2019 suggests that the broader domestic exploration and production industry will have to substantially slow its drilling activities. We still believe Cimarex holds very attractive assets, which should allow the company to outgrow most of its peers over the next five years.

- Shares of life insurance and annuity provider **Brighthouse Financial, Inc.** declined in conjunction with the equity market sell-off. The company's variable annuity assets are exposed to both interest rates and equity markets, and shares tend to underperform during periods of market stress.

- Shares of private banking services company **Julius Baer Gruppe AG** sold off in a correlated fashion with other global and European banks on fears of "Brexit," government borrowing levels in Italy, and a possible European recession.

- Shares of private banking services company **Credit Suisse Group AG** declined in a correlated global bank sell-off as investors "de-risked" across the board. Credit Suisse is one of the world's largest private banks, with a commanding banking presence in its home market Switzerland and strong global investment banking capabilities. We believe the firm is well capitalized and maintains a focus on cost control and sound capital generation with shareholder friendly capital return.

New Positions

- We initiated a new position in the shares of pharmaceutical company **Allergan PLC** at an attractive valuation for relatively low-risk cash flows supported by durable assets. We believe management can unlock the company's value through asset disposals or further pipeline development in the coming years.

- We established a position in property and casualty insurance company **American International Group, Inc.** (AIG) after the share price declined sharply. We believe AIG now has one of the best management teams in the industry and is nearing an inflection point in its turnaround.

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

	SINCE INCEPTION (12/31/2013)	5-YR	3-YR	1-YR	YTD	4Q18	EXPENSE RATIO
RETURNS AT NAV (WITHOUT SALES CHARGE)							
Class I	3.46%	3.47%	6.89%	-14.66%	-14.66%	-15.95%	0.92%
BENCHMARK							
Morningstar Global Markets Index	4.25	4.25%	6.53	-9.82	-9.82	-13.00	—

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

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

The quoted performance for the Global Fund reflects the past performance of Diamond Hill Global Fund L.P. (the "Global Partnership"), a private fund managed with full investment authority by the fund's Adviser. The Fund is managed in all material respects in a manner equivalent to the management of the predecessor unregistered fund. The assets of the Global Partnership were converted into assets of the fund prior to commencement of operation of the fund. The performance of the Global Partnership has been restated to reflect the net expenses and maximum applicable sales charge of the fund for its initial years of investment operations. The Global Partnership was not registered under the Investment Company Act of 1940 and therefore was not subject to certain investment restrictions imposed by the 1940 Act. If the Global Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from December 31, 2013, the inception of the Global Partnership and is not the performance of the fund. The assets of the Global Partnership were converted, based on their value on January 2, 2018, into assets of the fund. The Global Partnership's past performance is not necessarily an indication of how the fund will perform in the future either before or after taxes.

Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class I shares have no sales charge.

Fund holdings subject to change without notice.

The Morningstar Global Markets Index is an unmanaged, float market capitalization weighted index of more than 7,000 securities that is designed to cover 97% of the equity market capitalization of developed and emerging markets. 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.

- **Copa Holdings S.A. (Cl A)** is a well-managed Latin American airline operator with an attractive growth profile over the next five to 10 years. The firm's poor near-term financial results reflect higher oil prices and steep currency depreciation in Brazil and Argentina. We believe Copa's management will bring margins back to historical levels.

- We initiated an investment in oil and gas exploration and production company **Devon Energy Corp.** and subsequently eliminated the position as a re-evaluation of the sector fundamentals led us to reduce our estimate of intrinsic value and we found more attractive investment opportunities.

- We initiated an investment in oil and gas exploration and production company **Noble Energy, Inc.** as we believed a wave of uncertainty had been overly discounted in the valuation and that the market was underestimating Noble Energy's free cash flow potential. Investors were primarily concerned with an unsuccessful November ballot initiative that would have restricted Colorado drilling activity. There was also concern about near-term pricing risk in the Permian Basin from a lack of secure transportation agreements, but we believed this would be solved by late 2019.

- **Sherwin Williams Co.** Paint Stores Group is among the strongest businesses in the coatings sector and caters to the professional painting contractor in the United States, taking share from the DIY (do-it-yourself) painter over the past several decades. This trend has led to market share gains for Sherwin Williams which we believe is likely to continue. U.S. housing market slowdown concerns presented an opportunity for us to invest in a dominant franchise at a discount to intrinsic value.

Eliminated Positions

- Coating products manufacturer **Axalta Coating Systems Ltd.**, regional banks **BankUnited, Inc.** and **First Republic Bank**, and biopharmaceutical company **Sanofi S.A.** were eliminated in favor of more attractive opportunities.

- We eliminated the shares of life sciences company **Bayer AG** due to the potentially detrimental impact of Roundup-related litigation on the company's long-term intrinsic value. Our confidence in Bayer's management team has eroded since the Monsanto acquisition, and subsequent developments led us to believe Bayer did not conduct adequate due diligence on Monsanto and that it took unnecessary risks that damaged its long-term prospects.

- We eliminated our position in food products manufacturer **Post Holdings, Inc.** to make room for higher conviction ideas after the stock ran up close to our estimate of intrinsic value.

- Shares of French reinsurance company **SCOR SE** approached our estimate of intrinsic value after the company received a purchase offer from French mutual insurer Covea and we eliminated the position to add to more favorable opportunities.

- Convenience store operator **Seven & I Holdings Co. Ltd.** was eliminated as the stock price reached our estimate of intrinsic value.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2018

Allergan PLC	2.0%	Credit Suisse Group AG	2.7%
American International Group, Inc.	2.7	Devon Energy Corp.	0.0
Ashmore Group PLC	2.4	First Republic Bank	0.0
Axalta Coating Systems Ltd.	0.0	Julius Baer Gruppe AG	2.6
Bank OZK	2.8	Noble Energy, Inc.	1.1
BankUnited, Inc.	0.0	NVR, Inc.	1.9
Bayer AG	0.0	Post Holdings, Inc.	0.0
Brighthouse Financial, Inc.	2.0	Sanofi S.A.	0.0
BT Group PLC	1.4	Scor SE	0.0
Cimarex Energy Co.	2.5	Seven & I Holdings Co. Ltd.	0.0
Copa Holdings S.A. (Cl A)	3.0	Sherwin-Williams Co.	1.6

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, 2018

(closed to new investors)

TEAM

Chris Bingaman, CFA
Portfolio Manager

Jason Downey, CFA
Portfolio Manager

Chuck Bath, CFA
Asst. Portfolio Manager

Nate Palmer, CFA, CPA
Asst. Portfolio Manager

The Long-Short Fund decreased 10.47% (Class I) during the quarter, compared to a 13.82% decrease in the Russell 1000 Index and an 8.16% decrease 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 detracted from absolute return, led by holdings in the financials, industrials, information technology, and energy sectors. The short portfolio contributed to absolute return, led by short positions in the consumer discretionary sector.

The Fund's outperformance relative to the long-only benchmark was primarily driven by an underweight position in the information technology sector, as well as security selection in the industrials and communication services sectors. Security selection within the consumer staples sector was the largest detractor from relative return.

The Fund's net exposure at the end of the quarter was 68.6%.

Best Performers

Long Portfolio

- The five best performers were short positions.

Short Portfolio

- Shares of consumer electronics retailer **Best Buy Co., Inc.** declined amid slower growth that has led to multiple contraction. With difficult comparable store sales ahead, investors are starting to question what slower growth means for profitability considering the company still faces material cost headwinds.

- Shares of oil and gas equipment and services provider **Core Laboratories N.V.** declined, likely as a result of investors re-evaluating the company's long-term growth prospects, especially in the deep-water exploration market, which is a key component of our short thesis.

- Shares of internet postage solutions company **Stamps.com, Inc.** declined as the market began to price in the potential for the United States Postal Service (USPS) to crack down on the company's abuse of the USPS reseller program, following the presentation of a USPS Office of Inspector General report to Congress. There are indications that the report is critical of the reseller program in general, and specifically mentions the discounts offered to existing USPS customers which results in significant lost revenue. We continue to believe that the loophole in the reseller program that Stamps.com has been exploiting will be closed soon, resulting in significant downside for the stock.

- Shares of industrial distributor **W.W. Grainger, Inc.** declined amid lower-than-expected operating earnings in the company's U.S. segment.

- Shares of health care services company **Encompass Health Corp.** fell after reporting that same facility inpatient rehabilitation volumes decelerated. Additionally, several potential Medicare reimbursement headwinds came to the forefront, and the Office of Inspector General released a report recommending more robust claim reviews for inpatient rehabilitation. We continue to believe that the company will eventually be a victim of its own success, with its industry-leading margins making it a prime target for cuts.

Worst Performers

Long Portfolio

- Banking and financial services company **Citigroup, Inc.** underperformed amid a flattening of the yield curve as well as concerns over the outlook for economic growth and the resulting implications for loan growth and credit quality. Pressures on various emerging markets along with softness in global capital markets activities also weighed heavily on its stock. We believe that the company's capital position and solid profitability allow for continued modest balance sheet growth, while also repurchasing shares at a substantial discount to both tangible book value and our estimate of intrinsic value.

(closed to new investors)

- Underperformance of oil and gas exploration and production companies **Cimarex Energy Co.** and **Devon Energy Corp.** likely reflects the steep drop in oil prices throughout the quarter. The current outlook for oil prices in 2019 suggests that the broader domestic exploration and production industry will have to substantially slow its drilling activities. We still believe both companies hold very attractive assets, which should allow them to outgrow most peers over the next five years.

- Shares of building and aerospace technology conglomerate **United Technologies Corp.** declined after the company announced its intention to spin off its Aerospace, Carrier, and Otis businesses into three standalone companies. Since the announcement, shares have remained under pressure due to concerns over a peaking of the economic growth cycle.

- Consumer electronics manufacturer **Apple, Inc**. underperformed after the company provided a cautious outlook on its earnings call and weak supply chain data points emerged throughout the quarter.

Short Portfolio

- The five worst performers were long positions.

New Positions

Long Portfolio

- We initiated a new position in the shares of pharmaceutical company **Allergan PLC** at an attractive valuation for relatively low-risk cash flows supported by durable assets. We believe management can unlock the company's value through asset disposals or further pipeline development in the coming years.

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

	SINCE INCEPTION (6/30/00)[1]	10-YR	5-YR	3-YR	1-YR	YTD	4Q18	EXPENSE RATIO GROSS	EXPENSE RATIO NET[2,3]
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class I	6.12%	6.59%	2.93%	2.89%	-7.04%	-7.04%	-10.47%	1.67%	1.66%
BENCHMARK									
Russell 1000 Index	5.21	13.28	8.21	9.09	-4.78	-4.78	-13.82	—	—
60%/40% Blended Index	4.01	8.17	5.25	5.93	-1.92	-1.92	-8.16	—	—

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

[2] 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 1.09% for Class I.

[3] 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 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, 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 shares include Class A share performance achieved prior to the creation of Class I shares. Class I 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. 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.

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.

(closed to new investors)

- We established a position in property and casualty insurance company **American International Group, Inc.** (AIG) after the share price declined sharply. We believe AIG now has one of the best management teams in the industry and is nearing an inflection point in its turnaround.

- **Bank OZK** is a high-quality Arkansas-based banking franchise with a specialized real estate lending group that operates nationally. We initiated a position after the company reported disappointing third-quarter results that included two credit-related issues which fueled concerns about the health of the commercial real estate industry and the bank's credit business. We believe these were isolated events from legacy credits underwritten before the great financial crisis and are not indicative of the quality of the rest of its loan portfolio.

Short Portfolio

- **Cheesecake Factory, Inc.** is a successful upscale casual dining concept that experienced nearly two decades of above average unit growth and achieved a cult-like following due to its eclectic menu, generous portion sizes, and moderate prices. Its restaurant growth came to a standstill during the financial crisis and growth has remained slow due to difficult industry dynamics (food-at-home deflation, changing consumer preferences, increased competition, etc.). We expect traffic declines to accelerate at Cheesecake, exacerbated by management's need to increase prices to maintain margin along with changing consumer preferences and shopping mall dynamics, resulting in earnings declines and a lower valuation.

- We initiated a short position in grocery store operator **Kroger Co.**, which due to intense industry pressures, is being forced to invest heavily in ecommerce and delivery capabilities that ultimately will result in lower profitability and returns over time.

Eliminated Positions

Long Portfolio

- We eliminated our position in traditional asset management company **Franklin Resources, Inc.**, networking and communications technology provider **Juniper Networks, Inc.**, and banking and financial services company **Popular, Inc.** to fund more attractive opportunities.

- We eliminated our position in specialty coffee retailer **Starbucks Corp.** as the stock approached our estimate of intrinsic value after reporting improving U.S. same store sales and growth in its China business.

- We sold our position in digital media company **TEGNA, Inc.** as the decline in its core advertising business and long-term concerns over net retransmission profits led us to find the business less attractive relative to other opportunities.

Short Portfolio

- We covered our short position in children's specialty apparel retailer **Children's Place, Inc.** as the market price deteriorated to match our estimate of intrinsic value.

- We covered our short position in automotive franchise operator **Lithia Motors, Inc. (Cl A)** as the stock fell below our estimate of intrinsic value.

- We covered our short position in fast food chain **McDonald's Corp.** to invest in more attractive investment opportunities.

- We covered our short position in recreational vehicle manufacturer **Polaris Industries, Inc.** as tariffs on imported steel and aluminum negatively impacted the company's profitability and shares fell below our estimate of intrinsic value.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2018

Allergan PLC	2.0 %	Long	Franklin Resources, Inc.	0.0%	Long
American International Group, Inc.	1.8	Long	Juniper Networks, Inc.	0.0	Long
Apple, Inc.	1.8	Long	Kroger Co.	(0.7)	Short
Bank OZK	1.4	Long	Lithia Motors, Inc. (Cl A)	0.0	Short
Best Buy Co., Inc.	(0.4)	Short	McDonald's Corp.	0.0	Short
Cheesecake Factory, Inc.	(0.3)	Short	Polaris Industries, Inc.	0.0	Short
Children's Place, Inc.	0.0	Short	Popular, Inc.	0.0	Long
Cimarex Energy Co.	2.4	Long	Stamps.com, Inc.	(0.8)	Short
Citigroup, Inc.	4.5	Long	Starbucks Corp.	0.0	Long
Core Laboratories N.V.	(0.5)	Short	TEGNA, Inc.	0.0	Long
Devon Energy Corp.	1.3	Long	United Technologies Corp.	1.9	Long
Encompass Health Corp.	(1.1)	Short	W.W. Grainger, Inc.	(1.4)	Short

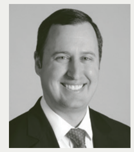
It should not be assumed that an investment in the securities identified was or will be profitable. The holdings identified do not represent all of the securities purchased, sold, or recommended for the adviser's clients. To obtain the contribution calculation methodology and a complete list of every 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 Financial Long-Short Fund Commentary

As of December 31, 2018

The Financial Long-Short Fund decreased 16.96% (Class I) during the quarter, compared to a 12.50% decrease in the long-only Russell 3000 Financials Index and a 9.91% decrease in the blended benchmark (80% Russell 3000 Financials Index/20% ICE Bank of America Merrill Lynch U.S. Treasury Bill 0-3 Month Index).

TEAM



Josh Barber, CFA
Portfolio Manager

John Loesch, CFA
Portfolio Manager

Krishna Mohanraj, CFA
Portfolio Manager

Tyler Ventura, CFA
Portfolio Manager

The Russell 3000 Financials Index (-12.5%) outperformed the broader Russell 3000 Index (-14.3%) during the fourth quarter, though the weakness is notable. Asset managers, consumer lenders, and banks were relative underperformers while property and casualty insurers and REITs were less weak. Large-cap banks suffered the worst quarter since 2009 and all of the financial indices felt significant pressure. While 2018 was challenging for financial stocks, the last three months of the year saw most of the underperformance as volatility spiked and investors focused on the level of interest rates, the shape of the yield curve, and the health of the U.S. and global economies.

Volatility, as measured by the CBOE VIX Index,* spiked by nearly two-thirds during the fourth quarter and investors sold risk assets on the fear that the U.S. (and global) economy is reaching the end of the economic cycle. The balance sheets of the U.S. Federal Reserve and the European Central Bank, which increased during the "quantitative easing" programs of the last decade, are now facing "quantitative tightening" programs (i.e. reduced bond buying, run-off in holdings) and rising interest rates. The ultimate impact on market liquidity is not yet known but markets endured a downward repricing in equities and credit as investors increasingly focus on the chance of a policy mistake in which the central bank tightens too much and ultimately tips the economy into a recession. A fall in value for risk assets has a tendency to feed on itself and given the level of corporate debt and system-wide leverage accumulated over the past decade, investors exhibited skittishness during the quarter.

The December Federal Open Market Committee (FOMC) meeting saw the Federal Reserve raise short-term interest rates for the fourth time in 2018, bringing the federal funds rate to between 2.25% and 2.5%, the ninth such rise going back to December 2015. The yield on the 10-year U.S. Treasury, which ended the third quarter at 3.05%, touched 3.23% in November before falling during December to end the year at 2.68%, its lowest level in nearly a year. Federal Reserve Chairman Powell indicated that Fed officials expected the economy would be strong enough next year to justify two more rate increases in 2019, which is less than they had anticipated at the last FOMC meeting a few months ago as the softening global economy and market volatility now seem less supportive of growth. Investors began to question the impetus for rate increases in 2019 as financial conditions have tightened, stocks have fallen, and yields on corporate debt have widened relative to those on safer government bonds. The spread between the 2-year U.S. Treasury and the 10-year U.S. Treasury was the narrowest since the financial crisis, typically a sign of weakening sentiment about the prospects for long-term growth. The yield curve remains stubbornly flat, which is challenging for the net interest margins of most financial companies.

While tighter financial conditions haven't yet shown up in most economic data, analysts are lowering forecasts for 2019 U.S. GDP growth. Goldman Sachs recently revised their U.S. growth forecast downward for the first half of 2019 to 2% from 2.4% and it expects 1.8% growth in the second half. Morgan Stanley economists expect the economy to grow 1.7% in 2019, the slowest pace since 2012. The oil market, typically a harbinger of global growth, is showing signs of weakness. U.S. crude prices fell 38% from the end of September through the end of December, the largest quarterly slide since the final months of 2014, as fears of a global growth slowdown take hold.

As we enter 2019, valuations are more compelling than we have seen in quite some time and earnings and profitability for most segments of the financial sector are strong. We believe that tighter financial conditions, rising volatility and various geopolitical risks (trade wars, growing protectionism, Brexit, etc.) make stock selection ever more important. We continue to find opportunity in high-quality companies that fit our long-term investment strategy based on fundamental research and discount to intrinsic value.

Best Performers

Long Portfolio

- Shares of reinsurance company **RenaissanceRe Holdings Ltd.** rose despite the lack of material company-specific news. The company's business is generally less exposed to overall market risks and tends to outperform during periods of overall market stress.

- Insurance broker **Willis Towers Watson PLC** outperformed after the company reported strong earnings, including better-than-expected organic revenue growth.

Short Portfolio

- Shares of regional bank **Westamerica Bancorp** and **Commerce Bancshares, Inc.**, declined along with the broader decline in banking stocks during the quarter.

- Shares of money and payment services provider **Western Union Co.** declined as fundamentals remain challenged in the global remittance market. Recent quarters have seen the company reduce pricing in several key markets, and management noted softness in domestic operations due to increased competition.

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

	SINCE INCEPTION[1] (8/1/97)	10-YR	5-YR	3-YR	1-YR	YTD	4Q18	EXPENSE RATIO[2]
RETURNS AT NAV (WITHOUT SALES CHARGE)								
Class I	6.44%	9.73%	2.62%	3.17%	-17.60%	-17.60%	-16.96%	1.57%
BENCHMARK								
Russell 3000 Financials Index	5.39	11.45	8.29	9.05	-8.35	-8.35	-12.50	—
80%/20% Blended Index	5.05	9.47	6.84	7.54	-6.24	-6.24	-9.91	—

* The CBOE VIX Index is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time, mid-quote prices of S&P 500® Index (SPXSM) call and put options.

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

[2] 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 1.12% for Class I.

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, 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 shares include Class A share performance achieved prior to the creation of Class I. Class 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.

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. ICE Data was not involved in the creation of the blended index.

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.

Worst Performers

Long Portfolio

- Shares of real estate services company **Mr. Cooper Group, Inc.** were impacted by selling pressure from legacy shareholders of predecessor company WMIH Corp. The shareholders were willing sellers at almost any price and were selling a less liquid security into a volatile market, which translated into a significant headwind for shares.

- Shares of **SVB Financial Group**, a California-based regional bank, were impacted negatively by three primary developments. Given its focus on the innovation economy, shares were impacted by the decline in high-profile tech stocks. The company also announced the acquisition of health care investment bank Leerink Partners, which concerned some investors about the price paid as well as the volatility the investment banking business could introduce into future earnings. Finally, the company's investor day included comments about some short-term deposit outflows, which we believe to be part of the normal course of business.

- Shares of **Bank OZK**, an Arkansas-based regional bank, declined after the company reported disappointing quarterly results that included two credit-related issues which fueled concerns about the health of commercial real estate in general, as well as the future trajectory of credit at the bank. We believe these were isolated events from legacy credits underwritten before the great financial crisis and are not indicative of the quality of the rest of the company's loan portfolio.

- Banking and payment services provider **Discover Financial Services** underperformed despite reporting strong loan growth, as well as reasonable charge-off and delinquency statistics. The company continues to achieve attractive risk-adjusted margins in its core credit card lending business, but investors have steered away from credit card stocks based on recessionary and credit cycle fears. We believe the valuation is compelling, and that the market is not giving Discover credit for its underlying through-the-cycle earnings power.

- Business services company **First Data Corp. (Cl A)** underperformed. Investors were expecting more optimistic results in the company's Global Business Solutions North America business, as management is attempting to turn the segment from a share loser to a potential share gainer. Despite the volatility in share price, the company continues to grow revenue and expand margins.

Short Portfolio

- The five worst performers were long positions.

New Positions

Long Portfolio

- We initiated a position in **RenaissanceRe Holdings Ltd.**, a Bermudian reinsurance company with a long track record of value creation and strong underwriting.

- We initiated a position in real estate investment trust **American Homes 4 Rent (Cl A)** following weakness in the shares after it reported disappointing third-quarter earnings. The company is the second-largest owner of single-family, for-rent properties, and should benefit from both scale the continued shift to renting as home ownership remains expensive and people want flexible living arrangements. Large players in emerging property types can generally benefit from their unique, difficult-to-replicate platforms and earn above-average returns. Although American Homes 4 Rent hasn't experienced a market downturn, we believe the risk-return from both internal and external growth is attractive over the long term.

- We initiated a position in storage company **Shurgard Self Storage S.A.** following its IPO; Shurgard is the largest pan-European storage company and should benefit from growth of the nascent European self-storage market. Shurgard is the market leader and biggest player in many of its markets and should be able to post strong long-term internal and external growth.

Short Portfolio

- **First Financial Bankshares, Inc.** is a well-run regional bank. While it is a solid operator, we initiated a short position as the valuation was well ahead of its earnings growth outlook.

Eliminated Positions

Long Portfolio

- We eliminated our position in traditional asset management company **Franklin Resources, Inc.** to redeploy the capital into more attractive opportunities.

- Shares of insurance broker **Willis Towers Watson PLC** were sold to fund positions in more discounted companies.

Short Portfolio

- We covered our short position in financial services company **First American Financial Corp.** following significant share price declines.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2018

American Homes 4 Rent (Cl A)	1.6%	Long	**Mr. Cooper Group, Inc.**	5.7%	Long
Bank OZK	3.8	Long	**RenaissanceRe Holdings Ltd.**	1.8	Long
Commerce Bancshares, Inc.	(1.1)	Short	**Shurgard Self Storage S.A.**	0.7	Long
Discover Financial Services	5.0	Long	**SVB Financial Group**	3.9	Long
First American Financial Corp.	0.0	Short	**Westamerica Bancorp**	(3.0)	Short
First Data Corp. (Cl A)	2.9	Long	**Western Union Co.**	(1.8)	Short
First Financial Bankshares, Inc.	(0.5)	Short	**Willis Towers Watson PLC**	0.0	Long
Franklin Resources, Inc.	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, 2018

The Research Opportunities Fund decreased 16.13% (Class I) during the quarter, compared to a 14.30% decrease in the long-only Russell 3000 Index and a 10.67% decrease 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 detracted from absolute return, led by the financials, health care, consumer discretionary, and industrials sectors. The short portfolio modestly offset these decreases, with contributions to absolute return from holdings in the consumer discretionary and health care sectors.

The Fund's underperformance relative to the long-only benchmark was primarily driven by security selection in the financials and health care sectors, and a combination of security selection and an overweight position in the consumer discretionary sector.

The Fund's net exposure was 84.9% at the end of the quarter.

Best Performers

Long Portfolio

- Shares of home infusion services provider **BioScrip, Inc.** rose as the company continued to make progress in its turnaround efforts. Organic revenues were up, and the company reiterated its 2019 earnings target despite not receiving any relief from recent legislation that left some performed services unreimbursed until the Cures Act goes into effect in 2020. The company is also focusing on improving revenue collection times to drive improved cash flow.

Short Portfolio

- Shares of internet postage solutions company **Stamps.com, Inc.** declined as the market began to price in the potential for the United States Postal Service (USPS) to crack down on the company's abuse of the USPS reseller program following the presentation of a USPS Office of Inspector General report to Congress. There are indications that the report is critical of the reseller program in general, and specifically mentions the discounts offered to existing USPS customers which results in significant lost revenue. We continue to believe that the loophole in the reseller program that Stamps.com has been exploiting will be closed soon, resulting in significant downside for the stock.

TEAM

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

- Shares of consumer electronics retailer **Best Buy Co., Inc.** declined amid slower growth that has led to multiple contraction. With difficult comparable store sales ahead, investors are starting to question what slower growth means for profitability, considering the company still faces material cost headwinds.

- Shares of postsecondary education services company **Grand Canyon Education, Inc.** declined amid decelerating enrollment metrics and concerns about the company's strategy to grow its on-line service provider business. The recent acquisition of Orbis Education Services, a provider of on-line health care education services, was also not well-received by investors.

- Shares of molecular diagnostic company **Myriad Genetics, Inc.** declined after the company experienced several setbacks related to a new diagnostic test to help doctors determine which anti-depressant drug will be best for patients. Although this is an unmet medical need, the data to support this test is not particularly compelling and we don't feel the test will be as successful as other investors believe.

Worst Performers

Long Portfolio

- Pharmaceutical company **Endo International PLC** underperformed after reporting good but unspectacular clinical results for its key franchise, Xiaflex, in the cellulite indication. Investors were also concerned about potential opioid liabilities and the company's balance sheet. We believe there is room for potential settlement on the issue that would come in favorably relative to existing expectations.

- Ski resort owner and operator **Vail Resorts, Inc.** underperformed amid a slowdown in season-pass sales which caused investor concern. We continue to believe that the company's fundamentals remain strong.

- Shares of casino operator **Red Rock Resorts, Inc. (Cl A)** declined amid margin compression related to some opportunistic operating expenditures. These results, coupled with broader economic concerns, led to significant multiple compression across the gaming industry. We remain positive on the long-term prospects for Red Rock's business.

- Pharmaceutical company **Allergan PLC** underperformed despite reporting solid financial results, with both sales and earnings ahead of expectations. Management failed to follow through on a previously discussed potential sale of Women's Health and Anti-infectives businesses, and the company had to recall certain breast implants from the European market for safety reasons. We do not believe the recall will have a material impact on financial results, but it will increase pressure on management to execute on strategic initiatives in the coming quarters.
- Underperformance of oil and gas exploration and production company **Cimarex Energy Co.** likely reflects the steep drop in oil prices throughout the quarter. The current outlook for oil prices in 2019 suggests that the broader domestic exploration and production industry will have to substantially slow its drilling activities. We still believe Cimarex holds very attractive assets, which should allow the company to outgrow most of its peers over the next five years.

Short Portfolio

- The five worst performers were long positions.

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

	SINCE INCEPTION (3/31/09)	5-YR	3-YR	1-YR	YTD	4Q18	EXPENSE RATIO[1]
RETURNS AT NAV (WITHOUT SALES CHARGE)							
Class I	10.46%	2.02%	2.77%	-12.86%	-12.86%	-16.13%	1.51%
BENCHMARK							
Russell 3000 Index	14.88	7.91	8.97	-5.24	-5.24	-14.30	—
75%/25% Blended Index	11.25	6.16	7.05	-3.31	-3.31	-10.67	—

[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 1.12% for Class I.

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, 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 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 assets of the Research Partnership were converted, based on their value on December 30, 2011, into assets of the fund prior to commencement of operations 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. Class I 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.

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. ICE Data was not involved in the creation of the blended index.

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.

New Positions

Long Portfolio

- We initiated a position in real estate investment trust **American Homes 4 Rent (Cl A)** following weakness in the shares after it reported disappointing third-quarter earnings. The company is the second-largest owner of single-family, for-rent properties and should benefit from both scale the continued shift to renting as home ownership remains expensive and people want flexible living arrangements. Large players in emerging property types can generally benefit from its unique, difficult-to-replicate platforms and earn above-average returns. Although American Homes 4 Rent hasn't experienced a market downturn, we believe the risk-return is attractive from both internal and external growth over the long term.

- We initiated a position in consumer electronics manufacturer **Apple, Inc.**, as its shares were trading at a significant discount to our estimate of intrinsic value. Apple's premium brand image and strong positioning in the smartphone and other consumer electronics markets, coupled with its growing services business make it an attractive investment.

- We initiated a position in **Avnet, Inc.**, the largest global distributor of electronic components, as its shares were trading at a significant discount to our estimate of intrinsic value. We believe that Avnet's counter-cyclic cash flow generation, strong balance sheet, and durable business model make it an attractive investment.

- We initiated a position in Spanish bank **Banco Bilbao Vizcaya Argentaria S.A.** In addition to its market-leading position in Spain, the firm has significant presence in several high-growth, high-return markets around the world. BBVA is also an early adopter of banking digitalization and has invested in upgrading its technology and infrastructure; therefore, the company is very well-positioned to fend off any potential threat from banking disintermediation longer term.

- We added shares of networking and communications company **CommScope Holding Co., Inc.** which were trading at a deep discount to our intrinsic value estimate and subsequently eliminated the position after the company announced an ill-advised acquisition of Arris International.

- **Copa Holdings S.A. (Cl A)** is a well-managed Latin American airline operator with an attractive growth profile over the next five to 10 years. The firm's poor near-term financial results reflect higher oil prices and steep currency depreciation in Brazil and Argentina. We believe Copa's management will bring margins back to historical levels.

- We initiated an investment in oil and gas exploration and production companies **Devon Energy Corp.** and **Noble Energy, Inc.**, and subsequently eliminated the positions as a re-evaluation of the sector fundamentals led us to reduce our estimate of intrinsic value and we found more attractive investment opportunities.

- We initiated a position in Thailand bank **Kasikornbank PLC**. KBANK is a privately run, highly-profitable bank with a strong balance sheet and organic capital generation capabilities that we believe is well-positioned for the eventual recovery of the interest rate cycle in Thailand.

- We initiated a position in fast food chain **McDonald's Corp.** which is in the early stages of a capital spending project we believe will result in better sales and increase McDonald's market share leadership in the quick service restaurant industry. McDonald's and its franchisees outside of the U.S. have produced outstanding results from a similar restaurant initiative which started several years ago.

- We initiated a position in **TE Connectivity Ltd.**, a manufacturer of connectors and sensors for automotive, industrial, and communications applications. A majority of TE's product portfolio is focused on long cycle, harsh environment, and growth-oriented applications. We believe that the market is underestimating the long-term earnings potential of the business.

- We initiated a position in diversified media and entertainment company **Twenty-First Century Fox, Inc. (Cl B)** as we believe the shares offer an attractive entry point into Disney and that the stub appears relatively inexpensive.

- Managed care services provider **WellCare Health Plans, Inc.** is a government health insurer. We are familiar with management from their roles in prior companies and have admired WellCare's turnaround over the past several years. The broader market pullback afforded us an opportunity to establish a position in what we believe to be a company that is ideally positioned to capitalize on demographic and political trends.

Short Portfolio

- **Cheesecake Factory, Inc.** is a successful upscale casual dining concept that experienced nearly two decades of above average unit growth and achieved a cult-like following due to its eclectic menu, generous portion sizes, and moderate prices. Its restaurant growth came to a standstill during the financial crisis and growth has remained slow due to difficult industry dynamics (food-at-home deflation, changing consumer preferences, increased competition, etc.). We expect traffic declines to accelerate at

Cheesecake, exacerbated by management's need to increase prices to maintain margin along with changing consumer preferences and shopping mall dynamics, resulting in earnings declines and a lower valuation.

- We initiated a short position in grocery store operator **Kroger Co.**, which due to intense industry pressures, is being forced to invest heavily in ecommerce and delivery capabilities that ultimately will result in lower profitability and returns over time.

- **First Financial Bankshares, Inc.** is a well-run regional bank. While it is a solid operator, we initiated a short position as the valuation was well ahead of its earnings growth outlook.

- **Kohl's Corp.**'s department store business model is dated and consumer demand continues to shift online and to more price-effective distribution channels. We initiated a short position in the company, which has new management and is implementing a new business strategy that we believe is fundamentally flawed in the long term.

- We initiated a short position in health care diagnostics and research company **IQVIA Holdings, Inc.** which is trading at a premium to our estimate of intrinsic value. We believe the market forces driving the contract research organization industry are cyclical and expect growth to moderate when the cycle turns. We also expect industry competition to intensify and that IQVIA's top-line growth and operating leverage will come under pressure over time.

- We initiated a short position in chemical company **LyondellBasell Industries N.V.** and covered it when the share price dipped below our estimate of intrinsic value.

Eliminated Positions

Long Portfolio

- We sold our shares of communications services provider **BT Group PLC** and banking and financial services company **Popular, Inc.** to fund more attractive opportunities.

- Health care benefits company **Aetna, Inc.** ceased trading as a separate entity after it was acquired by CVS, with the Department of Justice granting approval in October.

- We eliminated our position in telecommunications company **Frontier Communications Corp. 8.5% due 2026** to fund more attractive investment opportunities.

- Diversified holding company **Berkshire Hathaway, Inc. (Cl B)** was eliminated to make room for more attractive opportunities.

- We eliminated our position in information technology service provider **Check Point Software Technologies Ltd.** to fund more attractive investment opportunities.

- We sold our shares of auto parts manufacturer **Delphi Technologies PLC** as our confidence in the company declined after management cut its outlook and the CEO left after a short time with the company.

- We received shares of automobile equipment manufacturer **Garrett Motion, Inc.** and security services provider **Resideo Technologies, Inc.** after the companies were spun off from Honeywell International, Inc. They were quickly eliminated from the portfolio to allocate funds to more attractive investment opportunities.

Short Portfolio

- We covered our short position in automotive franchise operator **Lithia Motors, Inc.** as the stock fell below our estimate of intrinsic value.

- We covered our short position in recreational vehicle manufacturer **Polaris Industries, Inc.** as tariffs on imported steel and aluminum negatively impacted the company's profitability and shares fell below our estimate of intrinsic value.

- We covered our short position in oil and gas equipment and services provider **Core Laboratories N.V.** as the shares moved toward our estimate of intrinsic value.

- We covered our short positions in medical device manufacturer **Integra LifeSciences Holding Corp.** and molecular diagnostic company **Myriad Genetics, Inc.** after the shares reached our estimates of intrinsic value.

- We covered our short position in financial services company **First American Financial Corp.** following significant share price declines.

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF DECEMBER 31, 2018

Aetna, Inc.	0.0%	Long	**Frontier Communications Corp. 8.5% due 2026**	0.0%	Long
Allergan PLC	2.7	Long	**Garrett Motion, Inc.**	0.0	Long
American Homes 4 Rent (Cl A)	0.5	Long	**Grand Canyon Education, Inc.**	(1.1)	Short
Apple, Inc.	0.6	Long	**Integra LifeSciences Holdings Corp.**	0.0	Short
Avnet, Inc.	0.6	Long	**IQVIA Holdings, Inc.**	(0.5)	Short
Banco Bilbao Vizcaya Argentaria S.A.	0.2	Long	**Kasikornbank PLC**	0.1	Long
Berkshire Hathaway, Inc. (Cl B)	0.0	Long	**Kohl's Corp.**	(0.5)	Short
Best Buy Co., Inc.	(0.4)	Short	**Kroger Co.**	(0.1)	Short
BioScrip, Inc.	2.6	Long	**Lithia Motors, Inc. (Cl A)**	0.0	Short
BT Group PLC	0.0	Long	**LyondellBasell Industries N.V.**	0.0	Short
Check Point Software Technologies Ltd.	0.0	Long	**McDonald's Corp.**	0.3	Long
Cheesecake Factory, Inc.	(0.1)	Short	**Myriad Genetics, Inc.**	0.0	Short
Cimarex Energy Co.	1.7	Long	**Noble Energy, Inc.**	0.0	Long
CommScope Holding Co., Inc.	0.0	Long	**Polaris Industries, Inc.**	0.0	Short
Copa Holdings S.A. (Cl A)	1.4	Long	**Popular, Inc.**	0.0	Long
Core Laboratories N.V.	0.0	Short	**Red Rock Resorts, Inc. (Cl A)**	3.7	Long
CVS Health Corp.	0.8	Long	**Resideo Technologies, Inc.**	0.0	Long
Delphi Technologies PLC	0.0	Long	**Stamps.com, Inc.**	(1.3)	Short
Devon Energy Corp.	0.0	Long	**TE Connectivity Ltd.**	0.6	Long
Endo International PLC	1.8	Long	**Twenty-First Century Fox, Inc. (Cl B)**	0.5	Long
First American Financial Corp.	0.0	Short	**Vail Resorts, Inc.**	4.3	Long
First Financial Bankshares, Inc.	(0.1)	Short	**WellCare Health Plans, Inc.**	0.5	Long

Mentioned securities not held in the Diamond Hill Research Opportunities Fund: Arris International PLC and 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 Funds Calendar Year Performance*

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

		CALENDAR YEAR RETURNS AS OF DECEMBER 31, 2018										FEES & EXPENSES		MORNINGSTAR
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Expense Ratio Gross	Net	Overall Morningstar Rating™,10
LONG – ONLY EQUITY														
SMALL CAP[1,2] *(closed to new investors)* (Inception Date 12/29/00) | Morningstar: Small Value | Lipper: Small-Cap Core														
Class I	DHSIX	29.43	23.39	-6.91	13.17	40.08	4.86	-3.47	14.45	10.95	-14.88	0.99%	0.98%	★★★
Benchmark	Russell 2000 Index	27.17	26.85	-4.18	16.35	38.82	4.89	-4.41	21.31	14.65	-11.01			
	Russell 2000 Value Index	20.58	24.50	-5.50	18.05	34.52	4.22	-7.47	31.74	7.84	-12.86			
SMALL-MID CAP[1,2] *(closed to new investors)* (Inception Date 12/30/05) | Morningstar: Mid-Cap Value | Lipper: Mid-Cap Core														
Class I	DHMIX	41.36	23.43	-3.86	15.74	41.64	7.36	1.32	18.18	8.63	-12.56	0.94%	0.93%	★★★
Benchmark	Russell 2500 Index	34.39	26.71	-2.51	17.88	36.80	7.07	-2.90	17.59	16.81	-10.00			
	Russell 2500 Value Index	27.68	24.82	-3.36	19.21	33.32	7.11	-5.49	25.20	10.36	-12.36			
MID CAP[1,2] (Inception Date 12/31/13) | Morningstar: Mid-Cap Value | Lipper: Mid-Cap Core														
Class I	DHPIX	—	—	—	—	—	7.91	0.74	18.56	10.47	-10.31	0.79%	0.78%	★★★★
Benchmark	Russell Midcap Index	—	—	—	—	—	13.22	-2.44	13.80	18.52	-9.06			
	Russell Midcap Value Index	—	—	—	—	—	14.75	-4.78	20.00	13.34	-12.29			
LARGE CAP[3] (Inception Date 6/29/01) | Morningstar: Large Value | Lipper: Large-Cap Core														
Class I	DHLRX	30.71	9.72	2.60	12.62	36.60	10.74	-0.85	14.63	20.30	-9.63	0.67%	0.67%	★★★★
Benchmark	Russell 1000 Index	28.43	16.10	1.50	16.42	33.11	13.24	0.92	12.05	21.69	-4.78			
	Russell 1000 Value Index	19.69	15.51	0.39	17.51	32.53	13.45	-3.83	17.34	13.66	-8.27			
ALL CAP SELECT[1,2] (Inception Date 12/30/05) | Morningstar: Large Blend | Lipper: Multi-Cap Core														
Class I	DHLTX	33.63	11.19	-2.25	11.54	44.35	11.57	-1.14	9.62	20.33	-12.02	0.88%	0.87%	★★
Benchmark	Russell 3000 Index	28.34	16.93	1.03	16.42	33.55	12.56	0.48	12.74	21.13	-5.24			
	Russell 3000 Value Index	19.76	16.23	-0.10	17.55	32.69	12.70	-4.13	18.40	13.19	-8.58			
GLOBAL[2,4,5] (Inception Date 12/31/13) | Morningstar: World Large Stock | Lipper: Global Multi-Cap Value														
Class I	DHGIX	—	—	—	—	—	2.74	-5.51	10.39	29.64	-14.66	0.92%	0.92%	Morningstar Rating™ Not Available
Benchmark	Morningstar Global Markets Index	—	—	—	—	—	4.00	-2.04	8.22	23.87	-9.82			
ALTERNATIVES														
LONG-SHORT[1,3,6,7] *(closed to new investors)* (Inception Date 6/30/00) | Morningstar: Long-Short Equity | Lipper: Alternative Long/Short Equity														
Class I	DHLSX	18.39	0.03	3.29	8.77	23.19	7.55	-1.40	10.55	5.99	-7.04	1.67%	1.66%	★★★★
Benchmark	Russell 1000 Index	28.43	16.10	1.50	16.42	33.11	13.24	0.92	12.05	21.69	-4.78			
	60% Russell 1000 Index / 40% ICE BofAML U.S. T-Bill 0-3 Mo Index	16.98	9.90	1.22	9.75	18.93	7.86	0.75	7.32	12.92	-1.92			
FINANCIAL LONG-SHORT[2,5,6,8] (Inception Date 8/1/97) | Morningstar: Financial | Lipper: Financial Services														
Class I	DHFSX	25.31	17.29	-13.21	26.94	37.33	8.42	-4.40	19.10	11.90	-17.60	1.57%	1.57%	★★★
Benchmark	Russell 3000 Financials Index	17.61	12.59	-11.91	26.58	34.46	14.06	0.68	17.96	19.95	-8.35			
	80% Russell 3000 Financials Index / 20% ICE BofAML U.S. T-Bill 0-3 Mo Index	15.49	10.37	-9.33	20.99	26.91	11.18	0.68	14.42	15.92	-6.24			
RESEARCH OPPORTUNITIES[2,5,6,9] (Inception Date 3/31/09) | Morningstar: Long-Short Equity | Lipper: Alternative Long/Short Equity														
Class I	DROIX	—	11.59	1.83	12.03	32.76	7.21	-5.00	9.89	13.34	-12.86	1.51%	1.51%	★★★
Benchmark	Russell 3000 Index	—	16.93	1.03	16.42	33.55	12.56	0.48	12.74	21.13	-5.24			
	75% Russell 3000 Index / 25% ICE BofAML U.S. T-Bill 0-3 Mo Index	—	12.88	1.03	12.23	24.41	9.37	0.51	9.60	15.74	-3.31			

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, 7, 10, 13, 16, 19, 22, 25 and 29 for standard performance.

Performance returns assume reinvestment of all distributions. Returns for the periods less than one year are not annualized. The total return figures shown "With Sales Charge" reflect the maximum sales charge applicable to each class. Class I shares include performance based on Class A shares for the Small Cap Fund, Large Cap Fund, Long-Short Fund, and Financial Long-Short Fund, which was achieved prior to the creation of Class I shares. These total return figures may reflect the waiver of a portion of a Fund's advisory or administrative fees for certain periods. In such instances, and without such waiver of fees, the total return would have been lower.

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.

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

3 Overall equity market risks may affect the value of the fund.

4 The quoted performance for the Fund reflects the past performance of Diamond Hill Global Fund L.P. (the "Global Partnership"), a private fund managed with full investment authority by the fund's Adviser. The Fund is managed in all material respects in a manner equivalent to the management of the predecessor unregistered fund. The assets of the Global Partnership were converted into assets of the fund prior to commencement of operation of the fund. The performance of the Global Partnership has been restated to reflect the net expenses and maximum applicable sales charge of the fund for its initial

years of investment operations. The Global Partnership was not registered under the Investment Company Act of 1940 and therefore was not subject to certain investment restrictions imposed by the 1940 Act. If the Global Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from December 31, 2013, the inception of the Global Partnership and is not the performance of the fund. The assets of the Global Partnership were converted, based on their value on January 2, 2018, into assets of the fund. The Global Partnership's past performance is not necessarily an indication of how the fund will perform in the future either before or after taxes.

[5] The Global Fund, Financial Long-Short Fund, and Research Opportunities Fund invest 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.

[6] 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 1.09% for Class I, and for the Financial Long-Short Fund would have been 1.12% for Class I, and for the Research Opportunities Fund would have been 1.12 % for Class I.

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

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

[9] 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 assets of the Research Partnership were converted, based on their value on December 30, 2011, into assets of the fund prior to commencement of operations 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.

[10] 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 362 small value funds as of 12/31/18. The Fund's Class I rating was 2 stars among 362, 3 stars among 317, and 3 stars among 226 small value funds for the 3-, 5-, and 10-year periods ended 12/31/18, respectively.

Small-Mid Cap Fund The Overall Morningstar Rating™ is based on 363 mid-cap value funds as of 12/31/18. The Fund's Class I rating was 2 stars among 363, 3 stars among 306, and 4 stars among 218 mid-cap value funds for the 3-, 5-, and 10-year periods ended 12/31/18, respectively.

Mid Cap Fund The Overall Morningstar Rating™ is based on 363 mid-cap value funds as of 12/31/18. The Fund's Class I rating was 3 stars among 363 and 4 stars among 306 mid-cap value funds for the 3- and 5-year periods ended 12/31/18, respectively.

Large Cap Fund The Overall Morningstar Rating™ is based on 1,100 large value funds as of 12/31/18. The Fund's Class I rating was 3 stars among 1,100, 4 stars among 937, and 4 stars among 686 large value funds for the 3-, 5-, and 10-year periods ended 12/31/18, respectively.

All Cap Select Fund The Overall Morningstar Rating™ is based on 1,208 large blend funds as of 12/31/18. The Fund's Class I rating was 1 star among 1,208, 2 stars among 1,071, and 2 stars among 805 large blend funds for the 3-, 5-, and 10-year periods ended 12/31/18, respectively.

Long-Short Fund The Overall Morningstar Rating™ is based on 199 long-short equity funds as of 12/31/18. The Fund's Class I rating was 3 stars among 199, 4 stars among 118, and 4 stars among 33 long-short equity funds for the 3-, 5-, and 10-year periods ended 12/31/18, respectively.

Financial Long-Short Fund The Overall Morningstar Rating™ is based on 96 financial funds as of 12/31/18. The Fund's Class I rating was 2 stars among 96, 2 stars among 92, and 3 stars among 77 financial funds for the 3-, 5-, and 10-year periods ended 12/31/18, respectively.

Research Opportunities Fund The Overall Morningstar Rating™ is based on 199 long-short equity funds as of 12/31/18. The Fund's Class I rating was 3 stars among 199 and 3 stars among 118 long-short equity funds for the 3- and 5-year periods ended 12/31/18, respectively.

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.

The Russell unmanaged market capitalization-weighted equity indices seek to benchmark the entire U.S. stock market. 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 Russell 3000 Value Index is an unmanaged market capitalization-weighted index measuring the performance of the broad value segment of the U.S. equity universe including those Russell 3000 Index companies with lower expected growth values. 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. The Russell 1000 Value Index is an unmanaged market capitalization-weighted index measuring the performance of the large cap value segment of the U.S. equity universe including those Russell 1000 Index companies with lower expected growth values. 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. The Russell 2000 Value Index is an unmanaged market capitalization-weighted index measuring the performance of the small cap value segment of the U.S. equity universe including those Russell 2000 Index companies with lower expected growth values. The Russell 2500 Index is an unmanaged market capitalization-weighted index comprised of the smallest 2,500 companies by market capitalization in the Russell 3000 Index. The Russell 2500 Value Index is an unmanaged market capitalization-weighted index measuring the performance of the small and midcap value segment of the U.S. equity universe including those Russell 2500 Index companies with lower expected growth values. 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 Midcap Value Index is an unmanaged market capitalization-weighted index measuring the performance of the mid cap value segment of the U.S. equity universe including those Russell Midcap Index companies with lower expected growth values. The Morningstar Global Markets Index is an unmanaged, float market capitalization weighted index of more than 7,000 securities that is designed to cover 97% of the equity market capitalization of developed and emerging markets. 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 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. ICE Data was not involved in the creation of the blended indexes.

Refer to performance disclosure information on page 33.

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