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

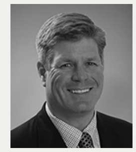
- Property and casualty insurance company **American International Group, Inc.** outperformed after providing intermediate term guidance that was better than many investors had anticipated.

- 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.

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- 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.