Diamond Hill Global Strategy

As of December 31, 2018

The Composite decreased 15.89%, net of fees, compared to a 13.00% decrease in the Morningstar Global Markets Index.

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

The Composite'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.

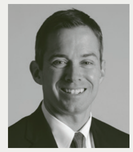
During the fourth quarter, all major developed stock markets and most emerging markets declined, and full-year equity returns were negative across the vast majority of countries. Investors' January optimism steadily gave way to concerns about some emerging market instabilities, slowing global growth,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

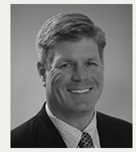
Best Performers

- 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.

DIAMOND HILL CAPITAL MANAGEMENT

- Shares of private banking services company **Julius Baer Gruppe A.G.** 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 A.G.** 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.

- **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 A.G.** 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 S.E.** 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.

Diamond Hill Global Strategy

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: December 31, 2013

	SINCE INCEPTION	5-YR	3-YR	1-YR	YTD	4Q18
GLOBAL COMPOSITE						
Gross of Fees	4.43	4.43	7.87	-13.90	-13.90	-15.73
Net of Fees	4.28	4.28	7.62	-14.50	-14.50	-15.89
BENCHMARKS						
Morningstar Global Markets Index	4.25	4.25	6.53	-9.82	-9.82	-13.00

CALENDAR YEAR RETURNS (%)

	2014	2015	2016	2017	2018
GLOBAL COMPOSITE					
Gross of Fees	3.69	-4.58	11.42	30.84	-13.90
Net of Fees	3.69	-4.58	11.42	30.84	-14.50
BENCHMARKS					
Morningstar Global Markets Index	4.00	-2.04	8.22	23.87	-9.82

Diamond Hill Capital Management Inc. (DHCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. DHCM has been independently verified for the period 5/31/00 – 9/30/18. DHCM's current verification firm is ACA Compliance Group. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The verification and performance exam reports are available upon request. DHCM is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc.; registration does not imply a certain level of skill or training. DHCM provides investment management services to individuals and institutional investors through mutual funds, separate accounts, exchange traded funds and private investment funds. A complete list and description of all composites and policies for valuing portfolios, calculating and reporting returns, and preparing compliant presentations are available upon request. The Global Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Global equity strategy. The strategy's investment objective is to achieve long-term capital appreciation by investing in large capitalization companies selling for less than our estimate of intrinsic value. The composite typically invests in companies with a market capitalization of $2.5 billion or greater. The composite results reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Composite returns and benchmark returns are presented gross of withholding taxes on dividends, interest income and capital gains. Returns are calculated using U.S. Dollars. Net returns are calculated by reducing the gross returns by either the actual client fee paid or the highest stated fee in the composite fee schedule, depending on the type of client and account, and are reduced by estimated accrued performance based fees where applicable. Only transaction costs are deducted from gross of fees returns. The Morningstar Global Markets Index is the benchmark. This 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. Our selection process may lead to portfolios that differ markedly from the benchmarks presented. Returns may be more volatile than, and/or may not be correlated to these indices, which are for comparative purposes only. The Firm's standard fee schedule for Global separate accounts is as follows: First $20,000,000 = 0.80%; Over $20,000,000 = 0.70%. The dispersion measure is the asset weighted standard deviation of the annual portfolio returns. Only portfolios represented in the composite for the entire year are included in the calculation. The calculation is not performed if the composite contains 5 or fewer accounts for the full year. No alteration of composites as presented here has occurred because of changes in personnel at any time. Past performance is not a guarantee of future result. GIPS is a trademark of CFA Institute. CFA Institute has not been involved in the preparation or review of this report/advertisement.

AS OF YEAR-END	DHCM	GLOBAL COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)	
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Global Composite	Morningstar Global Markets Index
2018	$19.1B	5 or fewer	$14.7M	NA[1]	12.62%	10.55%
2017	22.3B	5 or fewer	2.2M	NA[1]	11.56%	10.26
2016	19.4B	5 or fewer	1.7M	NA[1]	11.66	10.98
2015	16.8B	5 or fewer	1.5M	NA[1]	NA[2]	NA[2]
2014	15.7B	5 or fewer	1.6M	NA[1]	NA[2]	NA[2]

[1] NA = Not applicable

[2] Statistics are not presented because 36 monthly returns are not available.

This composite was created in January 2018.

Global Investment Performance Standards