



Annual Report

December 31, 2016

Diamond Hill Valuation-Weighted 500 ETF

Ticker: DHVW



**DIAMOND
HILL** | CAPITAL
MANAGEMENT

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Letter to Shareholders

Dear Shareholders:

We appreciate your interest in the Diamond Hill Valuation-Weighted 500 ETF (NYSE: DHVW).

DHVW seeks to track the total return performance, before fees and expenses, of the Diamond Hill Valuation-Weighted 500 index, a rules-based, proprietary intrinsic value capitalization-weighted index. The index seeks to generate excess return relative to a comparable U.S. equity market capitalization-weighted strategy over long-term periods (five years or longer). The strategy’s long-term time horizon is key. We believe our success should be measured over years, not “quarters.”

We strongly believe that a company’s intrinsic value is independent of its current price. Our methodology builds on the assumption that markets can behave at times in irrational ways and that, as a result, the price of a company’s stock can de-couple from the intrinsic value of the business. The investment opportunity lies in the ability to identify those times when the current market price does not reflect a company’s intrinsic value. Correctly anticipating cash flows and applying the appropriate discount rate to determine intrinsic value is critical. If successful, the benefit is a forward-looking estimate of value, resulting in a process that tends to underweight those stocks that are overvalued and overweight those that are undervalued – the exact opposite approach taken by many market capitalization-weighted indexes. This forward-looking element is an important distinction to the current price snapshot used by market capitalization-weighted indexes. As a result, we believe DHVW gives advisers and investors a better way to establish broad exposure to the U.S. large cap equity markets.

2016 Financial Market Overview

Following three volatile quarters, U.S. equity markets rallied in the fourth quarter with all major indices posting well-above-average results for the year. As has been widely reported, the markets had a dramatic reaction to political events in the U.S. and abroad throughout 2016, but especially so in the fourth quarter. Financials and cyclical sectors including telecommunications, industrials, energy, and materials experienced the biggest gains post-election. Stocks in those sectors became more fairly valued compared to historical standards, and valuation spreads tightened across sectors.

For the full-year 2016, the biggest gains were in the more cyclical sectors with the health care sector generally providing negative returns. Despite signs of improvement mid-year, health care has been negatively impacted by

Letter to Shareholders (Continued)

speculation about the future of the Affordable Care Act and continued rhetoric around drug pricing.

Financials was the best performing sector in the Russell 1000 Index, having one of the biggest monthly moves (November 2016) in the last 90 years. Buoyed by the prospects of higher interest rates, lower taxes, less regulation, and a stronger economy under the new administration, the financial sector far outpaced gains in other sectors. We would expect financial stocks to continue to benefit more than other sectors should we see further interest rate increases and a stronger dollar, since banks are significant beneficiaries of higher rates and typically have less international exposure. However, these fundamental tailwinds may be partially offset by higher valuations.

To learn more about Diamond Hill and the Diamond Hill Valuation-Weighted 500 ETF methodology, please visit our website at www.diamond-hill.com. We thank you for the confidence you have placed in us.

Sincerely,



Ric Dillon, CFA
Portfolio Manager
Diamond Hill Capital Management, Inc.

The views expressed are those of the author as of January 2017, are subject to change, and may differ from the views of other research analysts, portfolio managers or the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of future results, or investment advice.

Investing involves risk. Principal loss is possible. The securities of large-capitalization companies may be relatively mature compared to smaller companies and therefore subject to slower growth during times of economic expansion. The Index relies heavily on proprietary quantitative models as well as information and data supplied by third parties (“Models and Data”). Because the Index is composed based on such Models and Data, when such Models and Data prove to be incorrect or incomplete, the Index and Fund may not perform as expected. As with all index funds, the performance of the Fund and its Index may differ from each other for a variety of reasons. For example, the Fund incurs operating expenses and portfolio transaction costs not incurred by the Index. In addition, the Fund may not be fully invested in the securities of the Index at all times or may hold securities not included in the Index. The Fund has the same risks as the underlying securities traded on the exchange through the day. Redemptions are limited and often commissions are charged on each trade, and ETFs may trade at a premium or discount to their net asset value.

Cash flow is the net amount of cash and cash-equivalents moving into and out of a business.

The Diamond Hill Valuation-Weighted 500 index (the “Index”) is an Index of Diamond Hill Capital Management, Inc. and is calculated and distributed by Solactive AG. The Index applies a version of the Diamond Hill Investment Model to estimate the intrinsic value of each company. 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. These indexes do not incur fees and expenses (which would lower the return) and are not available for direct investment.

The Fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus and summary prospectus contains this and other important information about the Fund and are available at diamond-hill.com or by calling 800.617.0004. Read them carefully before investing.

Diamond Hill Capital Management, Inc., a registered investment adviser, serves as investment adviser to the Diamond Hill Valuation-Weighted 500 ETF and is paid a fee for its services. The Diamond Hill Valuation-Weighted 500 ETF is distributed by Quasar Distributors, LLC.

Management's Discussion of Fund Performance

The Diamond Hill Valuation-Weighted 500 ETF (the "Fund") seeks to track the investment results, before fees and expenses, of the Diamond Hill Valuation-Weighted 500 index (the "Index"), which is an index composed of large-capitalization U.S. equities. The Fund fully replicates the Index and generally holds all of the securities in the Index in proportion to their weightings in the Index. The Fund's total return for the twelve months ended December 31, 2016 was 12.22%, net of fees, while the total return of the Index was 12.42%.

As of December 31, 2016 the Index held approximately 500 U.S. equities in weights based upon an estimate of each company's intrinsic value. The strategy calculates an estimate of intrinsic value for each of the approximately 700 U.S. equities in the Diamond Hill Valuation-Weighted universe, and then constructs a portfolio from the 500 largest companies based upon each company's estimated intrinsic value capitalization. The weight of each holding in the portfolio is proportionate to the intrinsic value of that company relative to the cumulative intrinsic value of the 500 securities in the portfolio.

The Fund's monthly tracking error was 9 basis points from December 31, 2015 through December 31, 2016.

Performance

The financials, information technology, and industrials sectors were the leading positive contributors for the twelve months ended December 31, 2016, with the financials sector the top contributor to Fund return. Health care was the only sector that detracted from return for the twelve month period ending December 31, 2016.

Individually, the top positive contributors to return were JPMorgan Chase & Co.; Apple, Inc.; AT&T, Inc.; Sprint Corp. and UnitedHealth Group Inc. The largest individual detractors from Fund performance were Gilead Sciences, Inc.; CVS Health Corp.; NIKE, Inc.; Alexion Pharmaceuticals, Inc. and Endo International PLC.

Basis point (bps) is a unit equal to 1/100th of 1% and is used to denote the change in a financial instrument.

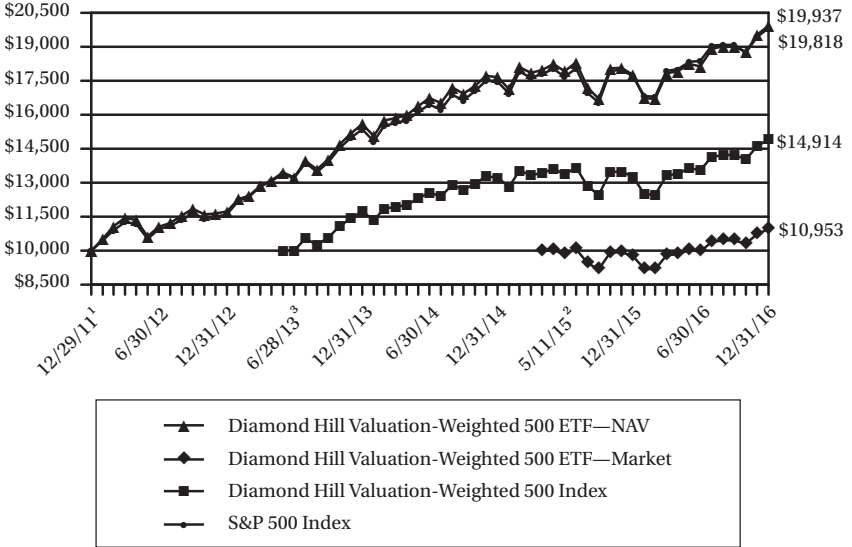
Fund holdings are subject to change and are not a recommendation to buy or sell any security. For a complete listing of the Fund's holdings please view the schedule of investments.

Tracking Error - As with all index funds, the performance of the Fund and its Index may differ from each other for a variety of reasons. For example, the Fund incurs operating expenses and portfolio transaction costs not incurred by the Index. In addition, the Fund may not be fully invested in the securities of the Index at all times or may hold securities not included in the Index.

Past performance is not a guarantee of future results.

Performance Summary

Growth of \$10,000
(Unaudited)



Average Returns
Year Ending December 31, 2016

| Total Returns | 1 Year | 3 Year* | 5 Year* | Since Inception (12/29/11) ¹ | Since Inception (5/11/15) ² | Since Inception (6/28/13) ³ |
|---|--------|---------|---------|---|--|--|
| Diamond Hill Valuation-Weighted 500 ETF—NAV ¹ | 12.22% | 8.55% | 14.80% | 14.79% | 5.70% | 12.39% |
| Diamond Hill Valuation-Weighted 500 ETF—Market ² | 11.82% | N/A | N/A | N/A | 5.61% | N/A |
| Diamond Hill Valuation-Weighted 500 Index ³ | 12.42% | N/A | N/A | N/A | 5.81% | 12.06% |
| S&P 500 Index | 11.96% | 8.87% | 14.66% | 14.55% | 6.11% | 12.27% |

This chart assumes an initial gross investment of \$10,000 made on December 29, 2011. Since the Diamond Hill Valuation-Weighted 500 ETF (“the Fund”) did not commence operations until May 11, 2015, net asset value (“NAV”) based returns prior to that date are those of the Diamond Hill Valuation-Weighted 500, L.P. (the “Predecessor Partnership”). The Fund

Performance Summary (Continued)

assumed the net asset value and performance history of the Predecessor Partnership (See Footnote 1 to the Financial Statements). Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Performance reflects fee waivers in effect (See Note 3 to the Financial Statements). In the absence of fee waivers, total return would be reduced. Returns shown include the reinvestment of all dividends and other distributions.

* Return shown is annualized

¹ Inception date of the Predecessor Partnership was 12/29/2011

² Inception date of the Diamond Hill Valuation-Weighted 500 ETF was 5/11/2015

³ Inception date of Diamond Hill Valuation-Weighted 500 Index was 6/28/2013

Portfolio Allocation

As of December 31, 2016 (Unaudited)

| Sector | Percentage of Net Assets |
|--|-------------------------------------|
| Information Technology | 20.5% |
| Financials | 17.7 |
| Consumer Discretionary | 14.0 |
| Health Care | 12.7 |
| Industrials | 10.0 |
| Consumer Staples | 9.9 |
| Energy | 5.0 |
| Utilities | 3.0 |
| Telecommunication Services | 2.8 |
| Materials | 2.6 |
| Real Estate | 1.6 |
| Short-Term Investments | 0.2 |
| Liabilities in Excess of Other Assets ⁺ | 0.0 |
| TOTAL | <u>100.0%</u> |

⁺ Represents less than 0.05% of net assets.

Schedule of Investments

December 31, 2016

| Shares | Security Description | Value |
|---------------------------------------|---|----------|
| COMMON STOCKS - 99.8% | | |
| Consumer Discretionary - 14.0% | | |
| 58 | Advance Auto Parts, Inc. | \$ 9,809 |
| 423 | Amazon.com, Inc. (a) | 317,195 |
| 186 | Aramark | 6,644 |
| 25 | AutoZone, Inc. (a) | 19,745 |
| 210 | Best Buy Company, Inc. | 8,961 |
| 164 | BorgWarner, Inc. | 6,468 |
| 97 | Burlington Stores, Inc. (a) | 8,221 |
| 131 | CarMax, Inc. (a) | 8,435 |
| 929 | Carnival Corporation | 48,364 |
| 465 | CBS Corporation | 29,583 |
| 302 | Charter Communications, Inc. (a) | 86,952 |
| 178 | Coach, Inc. | 6,233 |
| 1,943 | Comcast Corporation | 134,164 |
| 416 | D.R. Horton, Inc. | 11,369 |
| 108 | Darden Restaurants, Inc. | 7,854 |
| 287 | Delphi Automotive plc | 19,329 |
| 476 | Discovery Communications, Inc. (a) | 13,047 |
| 203 | DISH Network Corporation (a) | 11,760 |
| 221 | Dollar General Corporation | 16,369 |
| 254 | Dollar Tree, Inc. (a) | 19,604 |
| 42 | Domino's Pizza, Inc. | 6,688 |
| 151 | Expedia, Inc. | 17,105 |
| 109 | Foot Locker, Inc. | 7,727 |
| 2,600 | Ford Motor Company | 31,538 |
| 330 | Gap, Inc. | 7,405 |
| 2,534 | General Motors Company | 88,285 |
| 88 | Genuine Parts Company | 8,407 |
| 265 | Goodyear Tire & Rubber Company | 8,180 |
| 299 | H&R Block, Inc. | 6,874 |
| 593 | Hanesbrands, Inc. | 12,791 |
| 141 | Harley-Davidson, Inc. | 8,226 |
| 106 | Hasbro, Inc. | 8,246 |
| 769 | Hilton Worldwide Holdings, Inc. | 20,917 |
| 1,098 | Home Depot, Inc. | 147,220 |
| 334 | Interpublic Group of Companies, Inc. | 7,819 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|---|--|----------|
| COMMON STOCKS (Continued) | | |
| Consumer Discretionary (Continued) | | |
| 235 | Johnson Controls International plc | \$ 9,680 |
| 148 | Kohl's Corporation | 7,308 |
| 177 | L Brands, Inc. | 11,654 |
| 428 | Las Vegas Sands Corporation | 22,859 |
| 75 | Lear Corporation | 9,928 |
| 267 | Lennar Corporation | 11,462 |
| 121 | Liberty Broadband Corporation (a) | 8,768 |
| 410 | Liberty Interactive Corporation, QVC Group (a) | 8,192 |
| 244 | LKQ Corporation (a) | 7,479 |
| 913 | Lowe's Companies, Inc. | 64,933 |
| 202 | Macy's, Inc. | 7,234 |
| 245 | Marriott International, Inc. | 20,257 |
| 233 | Mattel, Inc. | 6,419 |
| 614 | McDonald's Corporation | 74,736 |
| 578 | MGM Resorts International (a) | 16,664 |
| 137 | Michael Kors Holdings, Ltd. (a) | 5,888 |
| 60 | Mohawk Industries, Inc. (a) | 11,981 |
| 376 | Netflix, Inc. (a) | 46,549 |
| 562 | Newell Rubbermaid, Inc. | 25,093 |
| 1,441 | Nike, Inc. | 73,246 |
| 345 | Norwegian Cruise Line Holdings, Ltd. (a) | 14,673 |
| 177 | Omnicom Group, Inc. | 15,064 |
| 82 | O'Reilly Automotive, Inc. (a) | 22,830 |
| 45 | Priceline Group, Inc. (a) | 65,973 |
| 325 | PulteGroup, Inc. | 5,973 |
| 64 | PVH Corporation | 5,775 |
| 304 | Ross Stores, Inc. | 19,942 |
| 298 | Royal Caribbean Cruises, Ltd. | 24,448 |
| 431 | Scientific Games Corporation (a) | 6,034 |
| 96 | Scripps Networks Interactive, Inc. | 6,851 |
| 87 | Signet Jewelers, Ltd. | 8,201 |
| 4,902 | Sirius XM Holdings, Inc. | 21,814 |
| 1,076 | Starbucks Corporation | 59,739 |
| 508 | Target Corporation | 36,693 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|---|--|-----------|
| COMMON STOCKS (Continued) | | |
| Consumer Discretionary (Continued) | | |
| 1,028 | Thomson Reuters Corporation | \$ 45,006 |
| 701 | Time Warner, Inc. | 67,667 |
| 483 | TJX Companies, Inc. | 36,288 |
| 110 | Tractor Supply Company | 8,339 |
| 1,358 | Twenty-First Century Fox, Inc. | 38,078 |
| 53 | Ulta Salon Cosmetics & Fragrance, Inc. (a) | 13,512 |
| 331 | V.F. Corporation | 17,659 |
| 310 | Viacom, Inc. | 10,881 |
| 1,204 | Walt Disney Company | 125,481 |
| 79 | Whirlpool Corporation | 14,360 |
| 110 | Wyndham Worldwide Corporation | 8,401 |
| 292 | Yum! Brands, Inc. | 18,492 |
| | | 2,346,038 |
| Consumer Staples – 9.9% | | |
| 1,289 | Altria Group, Inc. | 87,162 |
| 442 | Archer-Daniels-Midland Company | 20,177 |
| 218 | Brown-Forman Corporation | 9,792 |
| 163 | Bunge, Ltd. | 11,775 |
| 171 | Campbell Soup Company | 10,340 |
| 186 | Church & Dwight Company, Inc. | 8,219 |
| 90 | Clorox Company | 10,802 |
| 3,291 | Coca-Cola Company | 136,445 |
| 567 | Colgate-Palmolive Company | 37,104 |
| 223 | ConAgra Foods, Inc. | 8,820 |
| 190 | Constellation Brands, Inc. | 29,129 |
| 290 | Costco Wholesale Corporation | 46,432 |
| 946 | CVS Health Corporation | 74,649 |
| 115 | Dr Pepper Snapple Group, Inc. | 10,427 |
| 257 | Estee Lauder Companies, Inc. | 19,658 |
| 422 | General Mills, Inc. | 26,067 |
| 183 | Hershey Company | 18,928 |
| 397 | Hormel Foods Corporation | 13,819 |
| 771 | HRG Group, Inc. (a) | 11,997 |
| 51 | Ingredion, Inc. | 6,373 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|-------------------------------------|--|-----------|
| COMMON STOCKS (Continued) | | |
| Consumer Staples (Continued) | | |
| 90 | J.M. Smucker Company | \$ 11,525 |
| 210 | Kellogg Company | 15,479 |
| 284 | Kimberly-Clark Corporation | 32,410 |
| 2,127 | Kraft Heinz Company | 185,730 |
| 788 | Kroger Company | 27,194 |
| 93 | McCormick & Company, Inc. | 8,680 |
| 118 | Mead Johnson Nutrition Company | 8,350 |
| 138 | Molson Coors Brewing Company | 13,429 |
| 1,144 | Mondelez International, Inc. | 50,713 |
| 543 | Monster Beverage Corporation (a) | 24,077 |
| 974 | Pepsico, Inc. | 101,910 |
| 990 | Philip Morris International, Inc. | 90,575 |
| 1,745 | Procter & Gamble Company | 146,720 |
| 1,241 | Reynolds American, Inc. | 69,546 |
| 54 | Spectrum Brands Holdings, Inc. | 6,606 |
| 466 | Sysco Corporation | 25,802 |
| 361 | Tyson Foods, Inc. | 22,266 |
| 855 | Walgreens Boots Alliance, Inc. | 70,760 |
| 2,171 | Wal-Mart Stores, Inc. | 150,059 |
| 123 | WhiteWave Foods Company (a) | 6,839 |
| | | 1,666,785 |
| Energy - 5.0% | | |
| 116 | Anadarko Petroleum Corporation | 8,089 |
| 104 | Baker Hughes, Inc. | 6,757 |
| 105 | Buckeye Partners LP | 6,947 |
| 357 | Cabot Oil & Gas Corporation | 8,339 |
| 603 | Cheniere Energy Partners LP | 17,378 |
| 198 | Cheniere Energy, Inc. (a) | 8,203 |
| 1,165 | Chevron Corporation | 137,120 |
| 96 | Cimarex Energy Company | 13,046 |
| 404 | ConocoPhillips | 20,257 |
| 213 | Devon Energy Corporation | 9,728 |
| 81 | Diamondback Energy, Inc. (a) | 8,186 |
| 359 | Enbridge Energy Partners LP | 9,147 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|----------------------------------|---|-----------|
| COMMON STOCKS (Continued) | | |
| Energy (Continued) | | |
| 2,172 | Energy Transfer Equity LP | \$ 41,941 |
| 534 | Energy Transfer Partners LP | 19,123 |
| 1,399 | Enterprise Products Partners LP | 37,829 |
| 112 | EOG Resources, Inc. | 11,323 |
| 1,964 | Exxon Mobil Corporation | 177,271 |
| 441 | Halliburton Company | 23,854 |
| 130 | Hess Corporation | 8,098 |
| 864 | Kinder Morgan, Inc. | 17,893 |
| 143 | Magellan Midstream Partners LP | 10,815 |
| 467 | Marathon Oil Corporation | 8,084 |
| 381 | Marathon Petroleum Corporation | 19,183 |
| 264 | MPLX LP | 9,140 |
| 132 | Occidental Petroleum Corporation | 9,402 |
| 217 | ONEOK Partners LP | 9,333 |
| 179 | ONEOK, Inc. | 10,276 |
| 353 | Phillips 66 | 30,503 |
| 264 | Plains All American Pipeline LP | 8,525 |
| 344 | Schlumberger, Ltd. | 28,879 |
| 251 | Spectra Energy Corporation | 10,314 |
| 224 | Spectra Energy Partners LP | 10,268 |
| 362 | Sunoco Logistics Partners LP | 8,695 |
| 100 | Tesoro Corporation | 8,745 |
| 553 | Transocean, Ltd. (a) | 8,151 |
| 402 | Valero Energy Corporation | 27,465 |
| 212 | Western Gas Equity Partners LP | 8,978 |
| 507 | Williams Companies, Inc. | 15,788 |
| 293 | Williams Partners LP | 11,143 |
| | | 844,216 |
| Financials - 17.7% | | |
| 63 | Affiliated Managers Group, Inc. (a) | 9,154 |
| 477 | AFLAC, Inc. | 33,199 |
| 332 | Allstate Corporation | 24,608 |
| 334 | Ally Financial, Inc. | 6,353 |
| 790 | American Express Company | 58,523 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| <u>Shares</u> | <u>Security Description</u> | <u>Value</u> |
|----------------------------------|--|--------------|
| COMMON STOCKS (Continued) | | |
| Financials (Continued) | | |
| 80 | American Financial Group, Inc. | \$ 7,050 |
| 1,169 | American International Group, Inc. | 76,347 |
| 101 | Ameriprise Financial, Inc. | 11,205 |
| 377 | Aon plc | 42,047 |
| 99 | Arch Capital Group, Ltd. (a) | 8,543 |
| 304 | Arthur J Gallagher & Company | 15,796 |
| 9,633 | Bank of America Corporation | 212,889 |
| 1,033 | Bank of New York Mellon Corporation | 48,944 |
| 546 | BB&T Corporation | 25,673 |
| 2,225 | Berkshire Hathaway, Inc. (a) | 362,630 |
| 122 | BlackRock, Inc. | 46,426 |
| 511 | Blackstone Group LP | 13,812 |
| 175 | Brown & Brown, Inc. | 7,850 |
| 437 | Capital One Financial Corporation | 38,124 |
| 94 | CBOE Holdings, Inc. | 6,946 |
| 257 | CBRE Group, Inc. (a) | 8,093 |
| 1,176 | Charles Schwab Corporation | 46,417 |
| 505 | Chubb, Ltd. | 66,721 |
| 88 | Cincinnati Financial Corporation | 6,666 |
| 198 | CIT Group, Inc. | 8,451 |
| 2,740 | Citigroup, Inc. | 162,838 |
| 533 | Citizens Financial Group, Inc. | 18,991 |
| 210 | CME Group, Inc. | 24,223 |
| 250 | CNA Financial Corporation | 10,375 |
| 122 | Comerica, Inc. | 8,309 |
| 400 | Discover Financial Services | 28,836 |
| 32 | Everest Re Group, Ltd. | 6,925 |
| 46 | FactSet Research Systems, Inc. | 7,518 |
| 575 | Fifth Third Bancorp | 15,508 |
| 115 | First Republic Bank | 10,596 |
| 399 | FNF Group | 13,550 |
| 333 | Franklin Resources, Inc. | 13,180 |
| 1,621 | Genworth Financial, Inc. (a) | 6,176 |
| 431 | Goldman Sachs Group, Inc. | 103,203 |
| 388 | Hartford Financial Services Group, Inc. | 18,488 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|----------------------------------|---|----------|
| COMMON STOCKS (Continued) | | |
| Financials (Continued) | | |
| 697 | Huntington Bancshares, Inc. | \$ 9,214 |
| 630 | InterContinental Exchange, Inc. | 35,545 |
| 468 | Invesco, Ltd. | 14,199 |
| 2,978 | JPMorgan Chase & Company | 256,972 |
| 653 | KeyCorp | 11,930 |
| 252 | Lincoln National Corporation | 16,700 |
| 288 | Loews Corporation | 13,487 |
| 100 | M&T Bank Corporation | 15,643 |
| 690 | Marsh & McLennan Companies, Inc. | 46,637 |
| 1,165 | MetLife, Inc. | 62,782 |
| 257 | Moody's Corporation | 24,227 |
| 1,641 | Morgan Stanley | 69,332 |
| 102 | MSCI, Inc. | 8,036 |
| 100 | Nasdaq, Inc. | 6,712 |
| 405 | Navient Corporation | 6,654 |
| 193 | Northern Trust Corporation | 17,187 |
| 556 | Old Republic International Corporation | 10,564 |
| 373 | PNC Financial Services Group, Inc. | 43,626 |
| 263 | Principal Financial Group, Inc. | 15,217 |
| 358 | Progressive Corporation | 12,709 |
| 516 | Prudential Financial, Inc. | 53,695 |
| 140 | Raymond James Financial, Inc. | 9,698 |
| 940 | Regions Financial Corporation | 13,498 |
| 80 | Reinsurance Group of America, Inc. | 10,066 |
| 332 | S&P Global, Inc. | 35,703 |
| 136 | SEI Investments Company | 6,713 |
| 362 | State Street Corporation | 28,135 |
| 344 | SunTrust Banks, Inc. | 18,868 |
| 610 | Synchrony Financial | 22,125 |
| 199 | T. Rowe Price Group, Inc. | 14,977 |
| 394 | TD Ameritrade Holding Corporation | 17,178 |
| 44 | Torchmark Corporation | 3,245 |
| 259 | Travelers Companies, Inc. | 31,707 |
| 263 | Unum Group | 11,554 |
| 1,280 | US Bancorp | 65,754 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|----------------------------------|--|-----------|
| COMMON STOCKS (Continued) | | |
| Financials (Continued) | | |
| 292 | Voya Financial, Inc. | \$ 11,452 |
| 4,403 | Wells Fargo & Company | 242,649 |
| 166 | Willis Towers Watson plc | 20,298 |
| 324 | XL Group, Ltd. | 12,072 |
| | | 2,967,943 |
| Health Care - 12.7% | | |
| 1,984 | Abbott Laboratories | 76,205 |
| 1,746 | AbbVie, Inc. | 109,334 |
| 280 | Acadia Healthcare Company, Inc. (a) | 9,268 |
| 274 | Aetna, Inc. | 33,979 |
| 232 | Agilent Technologies, Inc. | 10,570 |
| 115 | Alexion Pharmaceuticals, Inc. (a) | 14,070 |
| 260 | AmerisourceBergen Corporation | 20,329 |
| 651 | Amgen, Inc. | 95,183 |
| 236 | Anthem, Inc. | 33,930 |
| 345 | Baxter International, Inc. | 15,297 |
| 185 | Becton, Dickinson and Company | 30,627 |
| 209 | Biogen, Inc. (a) | 59,268 |
| 901 | Boston Scientific Corporation (a) | 19,489 |
| 1,287 | Bristol-Myers Squibb Company | 75,212 |
| 252 | Cardinal Health, Inc. | 18,136 |
| 902 | Celgene Corporation (a) | 104,406 |
| 211 | Centene Corporation (a) | 11,924 |
| 283 | Cerner Corporation (a) | 13,406 |
| 209 | Cigna Corporation | 27,878 |
| 129 | DaVita HealthCare Partners, Inc. (a) | 8,282 |
| 145 | DENTSPLY SIRONA, Inc. | 8,371 |
| 170 | Edwards Lifesciences Corporation (a) | 15,929 |
| 753 | Eli Lilly & Company | 55,383 |
| 637 | Express Scripts Holding Company (a) | 43,819 |
| 1,428 | Gilead Sciences, Inc. | 102,259 |
| 444 | HCA Holdings, Inc. (a) | 32,865 |
| 53 | Henry Schein, Inc. (a) | 8,041 |
| 169 | Hologic, Inc. (a) | 6,780 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|----------------------------------|--|-----------|
| COMMON STOCKS (Continued) | | |
| Health Care (Continued) | | |
| 127 | Humana, Inc. | \$ 25,912 |
| 94 | Illumina, Inc. (a) | 12,036 |
| 173 | Incyte Corporation (a) | 17,347 |
| 27 | Intuitive Surgical, Inc. (a) | 17,123 |
| 1,936 | Johnson & Johnson | 223,047 |
| 94 | Laboratory Corporation of America Holdings (a) | 12,068 |
| 193 | Mallinckrodt plc | 9,615 |
| 198 | McKesson Corporation | 27,809 |
| 887 | Medtronic plc | 63,181 |
| 2,732 | Merck & Company, Inc. | 160,833 |
| 6 | Mettler-Toledo International, Inc. (a) | 2,511 |
| 559 | Mylan NV (a) | 21,326 |
| 4,308 | Pfizer, Inc. | 139,924 |
| 94 | Quest Diagnostics, Inc. | 8,639 |
| 77 | Regeneron Pharmaceuticals, Inc. (a) | 28,266 |
| 170 | St. Jude Medical, Inc. | 13,632 |
| 279 | Stryker Corporation | 33,427 |
| 317 | Thermo Fisher Scientific, Inc. | 44,729 |
| 57 | United Therapeutics Corporation (a) | 8,175 |
| 867 | UnitedHealth Group, Inc. | 138,755 |
| 92 | Universal Health Services, Inc. | 9,787 |
| 48 | Waters Corporation (a) | 6,451 |
| 86 | WellCare Health Plans, Inc. (a) | 11,789 |
| 146 | Zimmer Biomet Holdings, Inc. | 15,067 |
| 329 | Zoetis, Inc. | 17,611 |
| | | 2,129,300 |
| Industrials - 10.0% | | |
| 422 | 3M Company | 75,357 |
| 42 | Acuity Brands, Inc. | 9,696 |
| 95 | Alaska Air Group, Inc. | 8,429 |
| 27 | AMERCO | 9,979 |
| 311 | American Airlines Group, Inc. | 14,521 |
| 171 | AMETEK, Inc. | 8,311 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|----------------------------------|--|----------|
| COMMON STOCKS (Continued) | | |
| Industrials (Continued) | | |
| 138 | AO Smith Corporation | \$ 6,534 |
| 212 | Avis Budget Group, Inc. (a) | 7,776 |
| 503 | Boeing Company | 78,307 |
| 62 | Carlisle Companies, Inc. | 6,838 |
| 233 | Caterpillar, Inc. | 21,608 |
| 111 | CH Robinson Worldwide, Inc. | 8,132 |
| 71 | Cintas Corporation | 8,205 |
| 688 | CSX Corporation | 24,720 |
| 66 | Cummins, Inc. | 9,020 |
| 373 | Danaher Corporation | 29,034 |
| 181 | Deere & Company | 18,650 |
| 695 | Delta Air Lines, Inc. | 34,187 |
| 86 | Dover Corporation | 6,444 |
| 320 | Eaton Corporation plc | 21,469 |
| 654 | Emerson Electric Company | 36,461 |
| 87 | Equifax, Inc. | 10,286 |
| 130 | Expeditors International of Washington, Inc. | 6,885 |
| 192 | Fastenal Company | 9,020 |
| 261 | FedEx Corporation | 48,598 |
| 222 | Fortive Corporation | 11,906 |
| 162 | Fortune Brands Home & Security, Inc. | 8,661 |
| 234 | General Dynamics Corporation | 40,402 |
| 10,379 | General Electric Company | 327,976 |
| 206 | HD Supply Holdings, Inc. (a) | 8,757 |
| 608 | Honeywell International, Inc. | 70,437 |
| 47 | Huntington Ingalls Industries, Inc. | 8,657 |
| 190 | Icahn Enterprises LP | 11,385 |
| 197 | Illinois Tool Works, Inc. | 24,125 |
| 241 | Ingersoll-Rand plc | 18,085 |
| 86 | JB Hunt Transport Services, Inc. | 8,348 |
| 311 | JetBlue Airways Corporation (a) | 6,973 |
| 101 | Kansas City Southern | 8,570 |
| 86 | L-3 Communications Holdings, Inc. | 13,081 |
| 41 | Lennox International, Inc. | 6,280 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|---------------------------------------|--|-----------|
| COMMON STOCKS (Continued) | | |
| Industrials (Continued) | | |
| 231 | Lockheed Martin Corporation | \$ 57,736 |
| 82 | Macquarie Infrastructure Corporation | 6,699 |
| 263 | Masco Corporation | 8,316 |
| 215 | Navistar International Corporation (a) | 6,745 |
| 280 | Nielsen Holdings plc | 11,746 |
| 233 | Norfolk Southern Corporation | 25,180 |
| 129 | Northrop Grumman Corporation | 30,003 |
| 228 | PACCAR, Inc. | 14,569 |
| 84 | Parker-Hannifin Corporation | 11,760 |
| 191 | Raytheon Company | 27,122 |
| 250 | Republic Services, Inc. | 14,263 |
| 76 | Rockwell Automation, Inc. | 10,214 |
| 90 | Rockwell Collins, Inc. | 8,348 |
| 28 | Roper Technologies, Inc. | 5,126 |
| 48 | Snap-on, Inc. | 8,221 |
| 618 | Southwest Airlines Company | 30,801 |
| 113 | Spirit AeroSystems Holdings, Inc. | 6,594 |
| 118 | Stanley Black & Decker, Inc. | 13,533 |
| 207 | Textron, Inc. | 10,052 |
| 23 | TransDigm Group, Inc. | 5,726 |
| 617 | Union Pacific Corporation | 63,971 |
| 183 | United Continental Holdings, Inc. (a) | 13,337 |
| 664 | United Parcel Service, Inc. | 76,121 |
| 99 | United Rentals, Inc. (a) | 10,452 |
| 623 | United Technologies Corporation | 68,293 |
| 103 | Verisk Analytics, Inc. (a) | 8,361 |
| 41 | W.W. Grainger, Inc. | 9,522 |
| 293 | Waste Management, Inc. | 20,777 |
| 178 | XPO Logistics, Inc. (a) | 7,682 |
| | | 1,683,380 |
| Information Technology – 20.5% | | |
| 424 | Accenture plc | 49,663 |
| 421 | Activision Blizzard, Inc. | 15,202 |
| 483 | Adobe Systems, Inc. (a) | 49,725 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|---|---|----------|
| COMMON STOCKS (Continued) | | |
| Information Technology (Continued) | | |
| 105 | Akamai Technologies, Inc. (a) | \$ 7,001 |
| 66 | Alliance Data Systems Corporation | 15,081 |
| 572 | Alphabet, Inc. (a) | 453,281 |
| 224 | Amphenol Corporation | 15,053 |
| 191 | Analog Devices, Inc. | 13,870 |
| 4,317 | Apple, Inc. | 499,995 |
| 1,269 | Applied Materials, Inc. | 40,951 |
| 330 | Automatic Data Processing, Inc. | 33,917 |
| 354 | Broadcom, Ltd. | 62,577 |
| 130 | Broadridge Financial Solutions, Inc. | 8,619 |
| 216 | CA, Inc. | 6,862 |
| 4,000 | Cisco Systems, Inc. | 120,880 |
| 120 | Citrix Systems, Inc. (a) | 10,717 |
| 490 | Cognizant Technology Solutions Corporation (a) | 27,455 |
| 112 | Computer Sciences Corporation | 6,655 |
| 1,459 | Corning, Inc. | 35,410 |
| 474 | Dell Technologies, Inc. - Class V | 26,056 |
| 911 | eBay, Inc. (a) | 27,048 |
| 240 | Electronic Arts, Inc. (a) | 18,902 |
| 48 | F5 Networks, Inc. (a) | 6,947 |
| 3,315 | Facebook, Inc. (a) | 381,391 |
| 293 | Fidelity National Information Services, Inc. | 22,163 |
| 1,581 | First Data Corporation (a) | 22,434 |
| 155 | Fiserv, Inc. (a) | 16,473 |
| 67 | FleetCor Technologies, Inc. (a) | 9,482 |
| 87 | Global Payments, Inc. | 6,039 |
| 81 | Harris Corporation | 8,300 |
| 698 | Hewlett Packard Enterprise Company | 16,152 |
| 647 | HP, Inc. | 9,601 |
| 3,912 | Intel Corporation | 141,888 |
| 473 | International Business Machines Corporation | 78,513 |
| 161 | Intuit, Inc. | 18,452 |
| 302 | Juniper Networks, Inc. | 8,535 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|---|--------------------------------------|-----------|
| COMMON STOCKS (Continued) | | |
| Information Technology (Continued) | | |
| 133 | KLA-Tencor Corporation | \$ 10,464 |
| 164 | Lam Research Corporation | 17,340 |
| 140 | Linear Technology Corporation | 8,729 |
| 866 | MasterCard, Inc. | 89,414 |
| 174 | Maxim Integrated Products, Inc. | 6,711 |
| 211 | Microchip Technology, Inc. | 13,536 |
| 757 | Micron Technology, Inc. (a) | 16,593 |
| 4,826 | Microsoft Corporation | 299,888 |
| 185 | Motorola Solutions, Inc. | 15,335 |
| 481 | NVIDIA Corporation | 51,342 |
| 2,789 | Oracle Corporation | 107,237 |
| 231 | Paychex, Inc. | 14,063 |
| 912 | Paypal Holdings, Inc. (a) | 35,997 |
| 926 | QUALCOMM, Inc. | 60,375 |
| 131 | Red Hat, Inc. (a) | 9,131 |
| 537 | salesforce.com, Inc. (a) | 36,763 |
| 349 | Seagate Technology plc | 13,321 |
| 225 | Skyworks Solutions, Inc. | 16,798 |
| 265 | TE Connectivity, Ltd. | 18,359 |
| 713 | Texas Instruments, Inc. | 52,028 |
| 138 | Total System Services, Inc. | 6,766 |
| 134 | Vantiv, Inc. (a) | 7,989 |
| 2,181 | Visa, Inc. | 170,162 |
| 275 | VMware, Inc. (a) | 21,651 |
| 301 | Western Digital Corporation | 20,453 |
| 351 | Western Union Company | 7,624 |
| 153 | Xilinx, Inc. | 9,237 |
| 409 | Yahoo!, Inc. (a) | 15,816 |
| | | 3,444,412 |
| Materials - 2.6% | | |
| 114 | Air Products & Chemicals, Inc. | 16,395 |
| 134 | Ball Corporation | 10,059 |
| 163 | Berry Plastics Group, Inc. (a) | 7,943 |
| 803 | Dow Chemical Company | 45,948 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|----------------------------------|--|-----------|
| COMMON STOCKS (Continued) | | |
| Materials (Continued) | | |
| 617 | E.I. du Pont de Nemours and Company | \$ 45,288 |
| 106 | Eastman Chemical Company | 7,972 |
| 216 | Ecolab, Inc. | 25,320 |
| 1,845 | Freepor-McMoRan, Inc. (a) | 24,336 |
| 319 | International Paper Company | 16,926 |
| 349 | LyondellBasell Industries NV | 29,937 |
| 67 | Martin Marietta Materials, Inc. | 14,842 |
| 212 | Monsanto Company | 22,305 |
| 519 | Newmont Mining Corporation | 17,682 |
| 288 | Nucor Corporation | 17,142 |
| 206 | PPG Industries, Inc. | 19,521 |
| 193 | Praxair, Inc. | 22,618 |
| 142 | Sealed Air Corporation | 6,438 |
| 86 | Sherwin-Williams Company | 23,112 |
| 635 | Southern Copper Corporation | 20,282 |
| 274 | Steel Dynamics, Inc. | 9,749 |
| 71 | Valspar Corporation | 7,356 |
| 147 | Vulcan Materials Company | 18,397 |
| | | 429,568 |
| Real Estate - 1.6% | | |
| 368 | AGNC Investment Corporation (b) | 6,672 |
| 348 | American Tower Corporation (b) | 36,777 |
| 921 | Annaly Capital Management, Inc. (b) | 9,182 |
| 40 | AvalonBay Communities, Inc. (b) | 7,086 |
| 180 | Crown Castle International Corporation (b) | 15,619 |
| 35 | Equinix, Inc. (b) | 12,509 |
| 152 | Equity Residential (b) | 9,783 |
| 47 | Essex Property Trust, Inc. (b) | 10,928 |
| 250 | HCP, Inc. (b) | 7,430 |
| 357 | Host Hotels & Resorts, Inc. (b) | 6,726 |
| 262 | Kimco Realty Corporation (b) | 6,592 |
| 248 | Prologis, Inc. (b) | 13,092 |
| 86 | Public Storage (b) | 19,221 |
| 153 | Realty Income Corporation (b) | 8,794 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| Shares | Security Description | Value |
|--|--|-----------|
| COMMON STOCKS (Continued) | | |
| Real Estate (Continued) | | |
| 205 | Simon Property Group, Inc. (b) | \$ 36,422 |
| 273 | Ventas, Inc. (b) | 17,068 |
| 1,004 | VEREIT, Inc. (b) | 8,494 |
| 99 | Vornado Realty Trust (b) | 10,333 |
| 312 | Welltower, Inc. (b) | 20,882 |
| 366 | Weyerhaeuser Company (b) | 11,013 |
| | | 274,623 |
| Telecommunication Services – 2.8% | | |
| 4,195 | AT&T, Inc. | 178,413 |
| 449 | CenturyLink, Inc. | 10,677 |
| 202 | Level 3 Communications, Inc. (a) | 11,385 |
| 61 | SBA Communications Corporation (a) | 6,299 |
| 7,820 | Sprint Corporation (a) | 65,845 |
| 985 | T-Mobile US, Inc. (a) | 56,647 |
| 2,395 | Verizon Communications, Inc. | 127,845 |
| 201 | Zayo Group Holdings, Inc. (a) | 6,605 |
| | | 463,716 |
| Utilities – 3.0% | | |
| 764 | AES Corporation | 8,878 |
| 187 | Alliant Energy Corporation | 7,085 |
| 270 | Ameren Corporation | 14,164 |
| 450 | American Electric Power Company, Inc. | 28,332 |
| 121 | American Water Works Company, Inc. | 8,755 |
| 469 | Atlantica Yield plc | 9,075 |
| 240 | Consolidated Edison, Inc. | 17,683 |
| 508 | Dominion Resources, Inc. | 38,908 |
| 282 | DTE Energy Company | 27,780 |
| 612 | Duke Energy Corporation | 47,503 |
| 220 | Edison International | 15,838 |
| 170 | Entergy Corporation | 12,490 |
| 247 | Eversource Energy | 13,642 |
| 885 | Exelon Corporation | 31,409 |
| 501 | FirstEnergy Corporation | 15,516 |
| 367 | NextEra Energy, Inc. | 43,842 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investments
December 31, 2016 (Continued)

| <u>Shares</u> | <u>Security Description</u> | <u>Value</u> |
|--------------------------------------|--|----------------------------|
| COMMON STOCKS (Continued) | | |
| Utilities (Continued) | | |
| 813 | NRG Energy, Inc. | \$ 9,967 |
| 431 | PG&E Corporation | 26,192 |
| 767 | PPL Corporation | 26,116 |
| 403 | Public Service Enterprise Group | 17,684 |
| 118 | SCANA Corporation | 8,647 |
| 790 | Southern Company | 38,860 |
| 211 | WEC Energy Group, Inc. | 12,375 |
| 119 | Westar Energy, Inc. | 6,706 |
| 430 | Xcel Energy, Inc. | 17,501 |
| | | <u>504,948</u> |
| | TOTAL COMMON STOCKS | |
| | (Cost \$15,389,840) | <u>16,754,929</u> |
| SHORT-TERM INVESTMENTS - 0.2% | | |
| 29,613 | Morgan Stanley Institutional Liquidity Funds - Government Portfolio, Institutional Class, 0.44%* | <u>29,613</u> |
| | TOTAL SHORT-TERM INVESTMENTS | |
| | (Cost \$29,613) | <u>29,613</u> |
| | TOTAL INVESTMENTS - 100.0% | |
| | (Cost \$15,419,453) | 16,784,542 |
| | Liabilities in Excess of Other Assets - 0.0%+ | <u>(4,511)</u> |
| | NET ASSETS - 100.0% | <u><u>\$16,780,031</u></u> |

Percentages are stated as a percent of net assets.

(a) Non-income producing security.

(b) Real Estate Investment Trust (REIT)

* Rate shown is the annualized seven-day yield as of December 31, 2016.

+ Represents less than 0.05% of net assets.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and Standard and Poor Financial Services LLC ("S&P"). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.

The accompanying notes are an integral part of these financial statements.

Statement of Assets & Liabilities

At December 31, 2016

ASSETS

| | |
|---|-------------------|
| Investments in securities, at value | |
| (Cost \$15,419,453) | \$16,784,542 |
| Receivable for securities sold | 163,909 |
| Dividends and interest receivable | 19,618 |
| Cash | 373 |
| Total assets | <u>16,968,442</u> |

LIABILITIES

| | |
|-------------------------------|----------------|
| Distribution payable | 184,276 |
| Management fees payable | 4,135 |
| Total liabilities | <u>188,411</u> |

NET ASSETS \$16,780,031**Net Assets Consist of:**

| | |
|--|----------------------------|
| Paid-in capital | \$15,848,742 |
| Undistributed (accumulated) net investment income (loss) | (236) |
| Accumulated net realized gain (loss) on investments | (433,564) |
| Net unrealized appreciation (depreciation) on investments | 1,365,089 |
| Net assets | <u><u>\$16,780,031</u></u> |

Net Asset Value:

| | |
|--|--------------|
| Net Assets | \$16,780,031 |
| Shares outstanding [^] | 650,000 |
| Net asset value, offering and redemption price per share | \$ 25.82 |

[^] No par value, unlimited number of shares authorized.

The accompanying notes are an integral part of these financial statements.

Statement of Operations

For the Year Ended December 31, 2016

INCOME

| | |
|--|----------------|
| Dividends | |
| (net of foreign taxes withheld of \$154) | \$ 345,152 |
| Interest | <u>77</u> |
| Total investment income | <u>345,229</u> |

EXPENSES

| | |
|-----------------------------|-----------------|
| Management fees | <u>74,816</u> |
| Total expenses | 74,816 |
| Less: fees waived | <u>(58,190)</u> |
| Net expenses | <u>16,626</u> |
| Net investment income | <u>328,603</u> |

REALIZED & UNREALIZED GAIN (LOSS) ON INVESTMENTS

| | |
|--|--------------------|
| Net realized gain (loss) on investments | 144,825 |
| Change in unrealized appreciation (depreciation) on investments | <u>1,633,475</u> |
| Net realized and unrealized gain (loss) on investments | <u>1,778,300</u> |
| Net increase (decrease) in net assets resulting from operations | <u>\$2,106,903</u> |

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets

| | Year Ended December 31, 2016 | Period Ended December 31, 2015* |
|--|------------------------------------|---------------------------------------|
| OPERATIONS | | |
| Net investment income (loss) | \$ 328,603 | \$ 133,906 |
| Net realized gain (loss) | | |
| on investments | 144,825 | (170,620) |
| Change in unrealized appreciation (depreciation) of investments | <u>1,633,475</u> | <u>(268,386)</u> |
| Net increase (decrease) in net assets resulting from operations | <u>2,106,903</u> | <u>(305,100)</u> |
| DISTRIBUTIONS TO SHAREHOLDERS | | |
| From net investment income | <u>(331,371)</u> | <u>(134,486)</u> |
| Total distributions to shareholders | <u>(331,371)</u> | <u>(134,486)</u> |
| CAPITAL SHARE TRANSACTIONS | | |
| Proceeds from shares sold | 2,254,210 | 16,876,960 |
| Payments for shares redeemed | <u>(2,498,410)</u> | <u>(1,188,675)</u> |
| Net increase (decrease) in net assets derived from capital share transactions (a) | <u>(244,200)</u> | <u>15,688,285</u> |
| Net increase (decrease) in net assets | <u>\$ 1,531,332</u> | <u>\$15,248,699</u> |
| NET ASSETS | | |
| Beginning of Year/Period | \$15,248,699 | \$ — |
| End of Year/Period | <u>\$16,780,031</u> | <u>\$15,248,699</u> |
| Undistributed (accumulated) net investment income (loss) | <u>\$ (236)</u> | <u>\$ —</u> |

* Fund commenced operations on May 11, 2015. The information presented is for the period from May 11, 2015 to December 31, 2015.

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets
(Continued)

(a) A summary of capital share transactions is as follows

| | Year Ended December 31, 2016 Shares | Period Ended December 31, 2015* Shares |
|-------------------------------|--|---|
| Subscriptions | 100,000 | 700,000 |
| Redemptions | <u>(100,000)</u> | <u>(50,000)</u> |
| Net increase (decrease) | <u>—</u> | <u>650,000</u> |

* Fund commenced operations on May 11, 2015. The information presented is for the period from May 11, 2015 to December 31, 2015.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

For a capital share outstanding throughout the year/period

| | Year Ended December 31, 2016 | Period Ended December 31, 2015 ⁽¹⁾ |
|---|------------------------------------|---|
| | <u>2016</u> | <u>2015⁽¹⁾</u> |
| Net asset value, beginning of year/period | \$23.46 | \$24.27 |
| INCOME (LOSS) FROM | | |
| INVESTMENT OPERATIONS: | | |
| Net investment income (loss) ⁽²⁾ | 0.47 | 0.29 |
| Net realized and unrealized gain (loss) on investments | <u>2.38</u> | <u>(0.88)</u> |
| Total from investment operations | <u>2.85</u> | <u>(0.59)</u> |
| DISTRIBUTIONS: | | |
| Distributions from: | | |
| Net investment income | <u>(0.49)</u> | <u>(0.22)</u> |
| Total distributions | <u>(0.49)</u> | <u>(0.22)</u> |
| Net asset value, end of year/period | <u>\$25.82</u> | <u>\$23.46</u> |
| Total return | 12.22% | (2.40)% ⁽³⁾ |
| SUPPLEMENTAL DATA: | | |
| Net assets at end of year/period (000's) | \$16,780 | \$15,249 |
| RATIOS TO AVERAGE NET ASSETS: | | |
| Expenses before fees waived | 0.45% | 0.45% ⁽⁴⁾ |
| Expenses after fees waived | 0.10% | 0.10% ⁽⁴⁾ |
| Net investment income (loss) before fees waived | 1.63% | 1.53% ⁽⁴⁾ |
| Net Investment income (loss) after fees waived | 1.98% | 1.88% ⁽⁴⁾ |
| Portfolio turnover rate ⁽⁵⁾ | 32% | 23% ⁽³⁾ |

(1) Commencement of operations on May 11, 2015.

(2) Calculated based on average shares outstanding during the period.

(3) Not annualized.

(4) Annualized.

(5) Excludes the impact of in-kind transactions.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2016

NOTE 1 - ORGANIZATION

Diamond Hill Valuation-Weighted 500 ETF (the “Fund”) is a diversified series of ETF Series Solutions (“ESS”) (the “Trust”), an open-end management investment company consisting of multiple investment series, organized as a Delaware statutory trust on February 9, 2012. The Trust is registered with the SEC under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company and the offering of the Fund’s shares is registered under the Securities Act of 1933, as amended (the “Securities Act”). The investment objective of the Fund is to track the price and total return performance, before fees and expenses, of the Diamond Hill Valuation-Weighted 500 Index (the “Index”). The Fund commenced operations on May 11, 2015. Prior to May 11, 2015, the Fund operated as the Diamond Hill Valuation-Weighted 500, L.P. (the “Partnership” or the “Predecessor Fund”), a private fund that has used the same Index methodology as the Fund since the Partnership’s inception on December 29, 2011. On May 12, 2015, the general partner of the Partnership dissolved the Partnership and the Partnership declared liquidating cash distributions payable to the general and limited partners. The general and limited partners used the cash proceeds of the liquidating cash distributions to purchase shares of the Fund on the same day.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 Financial Series - Investment Companies.

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

- A. *Security Valuation.* All equity securities, including domestic and foreign common stocks, preferred stocks and exchange traded funds, that are traded on a national securities exchange, except those listed on the NASDAQ Global Market® (“NASDAQ”) are valued at the last reported sale price on the exchange on which the security is principally traded. Securities traded on NASDAQ will be valued at the NASDAQ Official Closing Price (“NOCP”). If, on a particular day, an exchange-traded or NASDAQ security does not trade, then the mean between the most recent quoted bid and asked prices will be used. All equity securities that are not traded on a listed exchange are valued at the last sale price in the over-the-counter market. If a non-exchange

Notes to Financial Statements

December 31, 2016 (Continued)

traded security does not trade on a particular day, then the mean between the last quoted closing bid and asked price will be used. Prices denominated in foreign currencies are converted to U.S. dollar equivalents at the current exchange rate, which approximates fair value. Investments in other mutual funds, including money market funds, are valued at their net asset value (“NAV”) per share. Short-Term securities that have maturities of less than 60 days at the time of purchase are valued at amortized cost, which, when combined with accrued interest, approximates fair value.

Securities for which quotations are not readily available are valued at their respective fair values in accordance with pricing procedures adopted by the Fund’s Board of Trustees (the “Board”). When a security is “fair valued,” consideration is given to the facts and circumstances relevant to the particular situation, including a review of various factors set forth in the pricing procedures adopted by the Board. The use of fair value pricing by the Fund may cause the NAV of its shares to differ significantly from NAV that would be calculated without regard to such considerations.

As described above, the Fund utilizes various methods to measure the fair value of its investments on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuations methods. The three levels of inputs are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics

Notes to Financial Statements
December 31, 2016 (Continued)

particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2016:

| <u>Assets[^]</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|---------------------|----------------|----------------|---------------------|
| Common Stocks | \$16,754,929 | \$ — | \$ — | \$16,754,929 |
| Short-Term Investments | <u>29,613</u> | <u>—</u> | <u>—</u> | <u>29,613</u> |
| Total Investment in Securities | <u>\$16,784,542</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$16,784,542</u> |

[^] See Schedule of Investments for breakout of investments by sector classification.

Transfers between levels are recognized at the end of the reporting period. During the year ended December 31, 2016, the Fund did not recognize any transfers to or from Levels 1, 2, or 3.

- B. *Federal Income Taxes.* The Fund complies with the requirements of subchapter M of the Internal Revenue Code of 1986, as amended, necessary to qualify as regulated investment company and distributes substantially all net taxable investment income and net realized gains to shareholders in a manner which results in no tax cost to the Fund. Therefore, no federal income tax provision is required. As of and during the year ended December 31, 2016, the Fund did not have any tax positions that did not meet the “more-likely-than-not” threshold of being sustained by the applicable tax authority.

As of and during the year ended December 31, 2016, the Fund did not have liabilities for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits on uncertain tax positions as income tax expense in the Statement of Operations. During the year ended December 31, 2016, the Fund did not incur any interest or penalties.

Notes to Financial Statements

December 31, 2016 (Continued)

- C. *Security Transactions and Investment Income.* Investment securities transactions are accounted for on the trade date. Gains and losses realized on sales of securities are determined on a specific identification basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable tax rules and regulations.

Distributions received from a Fund's investments in REITs may be characterized as ordinary income, net capital gain, or a return of capital. The proper characterization of REIT distributions is generally not known until after the end of each calendar year. As such, the Fund must use estimates in reporting the character of its income and distributions for financial statement purposes. The actual character of distributions to the Fund's shareholders will be reflected on the Form 1099 received by shareholders after the end of the calendar year. Due to the nature of REIT investments, a portion of the distributions received by the Fund's shareholders may represent a return of capital.

Distributions received from the Fund's investments in master limited partnerships ("MLPs") and Publicly Traded Partnerships are generally comprised of ordinary income and return of capital from the partnerships. The Fund allocates distributions between investment income and return of capital based on estimates. Such estimates are based on information provided by each partnership and other industry sources. These estimates may subsequently be revised based on actual allocations received from partnerships after their tax reporting periods are concluded, as the actual character of these distributions are not known until after the fiscal year end of the Fund.

- D. *Distributions to Shareholders.* Distributions to shareholders from net investment income and net realized gain on securities by the Fund are declared and paid on at least an annual basis. Distributions are recorded on the ex-dividend date.
- E. *Use of Estimates.* The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.
- F. *Share Valuation.* The NAV per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus

Notes to Financial Statements
 December 31, 2016 (Continued)

cash and other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding for the Fund, rounded to the nearest cent. The Fund's shares will not be priced on the days on which the New York Stock Exchange Arca, Inc. ("NYSE Arca") is closed for trading. The offering and redemption price per share for the Fund is equal to the Fund's NAV per share.

- G. *Guarantees and Indemnifications.* In the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.
- H. *Reclassification of Capital Accounts.* U.S. GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or NAV per share.

The permanent differences primarily relate to capital gains from in-kind redemptions, partnerships and REITS. For the year ended December 31, 2016, the following table shows the reclassifications made:

| Undistributed Net Investment Income/(Loss) | Accumulated Net Realized Gain/(Loss) | Paid-in Capital |
|--|--|--------------------|
| \$2,532 | \$(335,507) | \$332,975 |

During the year ended December 31, 2016, the Fund realized \$334,165 in net capital gain resulting from in-kind redemptions, in which shareholders exchanged Fund shares for securities held by the Fund rather than for cash. Because such gains are not taxable to the Fund, and are not distributed to shareholders, they have been reclassified from accumulated net realized gain to paid-in capital.

- I. *Subsequent Events.* In preparing these financial statements, Management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued. There were no events or transactions that occurred during the period subsequent to December 31, 2016, that materially impacted the amounts or disclosures in the Fund's financial statements.

Notes to Financial Statements

December 31, 2016 (Continued)

NOTE 3 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS

Diamond Hill Capital Management, Inc. (“the Adviser”), serves as the investment adviser to the Fund. Pursuant to an Investment Advisory Agreement (“Advisory Agreement”) between the Trust, on behalf of the Fund, and the Adviser, the Adviser provides investment advice to the Fund and oversees the day-to-day operations of the Fund, subject to the direction and control of the Board and the officers of the Trust. Under the Advisory Agreement, the Adviser has agreed to pay all expenses of the Fund, except for: the fee paid to the Adviser pursuant to the Advisory Agreement, interest charges on any borrowings, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, accrued deferred tax liability, extraordinary expenses, and distribution (12b-1) fees and expenses. For services provided to the Fund, the Fund pays the Adviser 0.45% at an annual rate based on the Fund’s average daily net assets. The Fund’s Adviser has agreed to waive 0.35% of its Adviser fees for the Fund until at least April 30, 2017. This agreement may be terminated only by, or with the consent of, the Board.

U.S. Bancorp Fund Services, LLC (“USBFS” or “Administrator”) acts as the Fund’s Administrator and, in that capacity, performs various administrative and accounting services for the Fund. The Administrator prepares various federal and state regulatory filings, reports and returns for the Fund, including regulatory compliance monitoring and financial reporting; prepares reports and materials to be supplied to the Board; monitors the activities of the Fund’s custodian, transfer agent, and fund accountant. USBFS also serves as the transfer agent and fund accountant to the Fund. U.S. Bank N.A., an affiliate of USBFS, serves as the Fund’s custodian.

Quasar Distributors, LLC, (the “Distributor”) acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares. The Distributor is an affiliate of the Administrator.

A Trustee and all officers of the Trust are affiliated with the Administrator, Distributor, and Custodian.

NOTE 4 – PURCHASES AND SALES OF SECURITIES

For the year ended December 31, 2016, purchases and sales of securities by the Fund, excluding short-term securities and in-kind transactions, were \$5,440,530 and \$5,366,395, respectively.

During the year ended December 31, 2016, there were no purchases or sales of U.S. Government securities.

Notes to Financial Statements
December 31, 2016 (Continued)

For the year ended December 31, 2016, in-kind transactions associated with creations and redemptions were \$2,253,039 and \$2,477,294, respectively.

NOTE 5 – INCOME TAX INFORMATION

The components of distributable earnings (losses) and cost basis of investments for federal income tax purposes at December 31, 2016 were as follows:

| | |
|--|---------------------|
| Tax cost of investments | <u>\$15,528,210</u> |
| Gross tax unrealized appreciation | 1,807,575 |
| Gross tax unrealized depreciation | <u>(551,243)</u> |
| Net unrealized appreciation/(depreciation) | 1,256,332 |
| Undistributed ordinary income | — |
| Undistributed long-term capital gains | — |
| Total distributable earnings | — |
| Other accumulated gain/(loss) | <u>(325,043)</u> |
| Total accumulated gain/(loss) | <u>\$ 931,289</u> |

The difference between book and tax-basis cost is attributable to wash sales and basis adjustments on partnerships for tax purposes.

As of December 31, 2016, the Fund had a post-October capital loss of \$45,616 and no late-year ordinary losses.

As of December 31, 2016, the Fund had a short-term capital loss carryforward of \$197,207, and a long-term capital loss carryforward of \$82,220. These amounts do not have an expiration date.

The tax character of distributions paid by the Fund during the year ended December 31, 2016 and the period ended December 31, 2015 was as follows:

| | <u>Year Ended</u> <u>December 31, 2016</u> | <u>Period Ended</u> <u>December 31, 2015</u> |
|-----------------|---|---|
| Ordinary Income | \$331,371 | \$134,486 |

NOTE 6 – SHARE TRANSACTIONS

Shares of the Fund are listed and traded on NYSE Arca. Market prices for the shares may be different from their NAV. The Fund issues and redeems shares on a continuous basis at NAV only in blocks of 50,000 shares, called "Creation Units." Creation Units are issued and redeemed principally in-kind for securities included in a specified universe. Once created, shares generally trade in the secondary market at market prices that change throughout the day. Except when aggregated in Creation Units, shares are not redeemable

Notes to Financial Statements
December 31, 2016 (Continued)

securities of the Fund. Creation Units may only be purchased or redeemed by certain financial institutions (“Authorized Participants”). An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a Depository Trust Company participant and, in each case, must have executed a Participant Agreement with the Distributor. Most retail investors do not qualify as Authorized Participants nor have the resources to buy and sell whole Creation Units. Therefore, they are unable to purchase or redeem the shares directly from the Fund. Rather, most retail investors may purchase shares in the secondary market with the assistance of a broker and are subject to customary brokerage commissions or fees.

The Fund currently offers one class of shares, which has no front-end sales load, no deferred sales charge, and no redemption fee. A fixed transaction fee is imposed for the transfer and other transaction costs associated with the purchase or sale of Creation Unit. The standard fixed transaction fee for the Fund is \$500, payable to the custodian. In addition, a variable fee may be charged on all cash transactions or substitutes for Creation Units of up to a maximum of 2% as a percentage of the value of the Creation Units subject to the transaction. Variable fees are imposed to compensate the Fund for the transaction costs associated with the cash transactions. There were no variable fees received during the period. The Fund may issue an unlimited number of shares of beneficial interest, with no par value. All shares of the Fund have equal rights and privileges.

NOTE 7 – BENEFICIAL OWNERSHIP

The beneficial ownership, either directly or indirectly, of 25% or more of the voting securities of a fund creates presumption of control of a fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of December 31, 2016, shareholders affiliated with the Adviser and its affiliates owned 517,050 shares, which represents 80% of the total shares outstanding.

Report of Independent Registered Public Accounting Firm

To the Shareholders of Diamond Hill Valuation-Weighted 500 ETF and
Board of Trustees of ETF Series Solutions

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Diamond Hill Valuation-Weighted 500 ETF (the “Fund”), a series of ETF Series Solutions, as of December 31, 2016, and the related statement of operations for the year then ended, and the statements of changes in net assets and the financial highlights for each of the two periods in the period then ended. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Diamond Hill Valuation-Weighted 500 ETF as of December 31, 2016, the results of its operations for the year then ended, and the changes in its net assets and the financial highlights for each of the two periods in the period then ended, in conformity with accounting principles generally accepted in the United States of America.



COHEN & COMPANY, LTD.
Cleveland, Ohio
February 17, 2017

Trustees and Officers
(Unaudited)

Additional information about each Trustee of the Trust is set forth below. The address of each Trustee of the Trust is c/o USBFS, 615 E. Michigan Street, Milwaukee, WI 53202.

| <u>Name and Year of Birth</u> | <u>Position Held with the Trust</u> | <u>Term of Office and Length of Time Served</u> | <u>Principal Occupation(s) During Past 5 Years</u> | <u>Number of Portfolios in Fund Complex Overseen by Trustee</u> | <u>Other Directorships Held by Trustee During Past 5 Years</u> |
|--------------------------------------|---|--|--|---|--|
| Independent Trustees | | | | | |
| Leonard M. Rush, CPA Born: 1946 | Lead Independent Trustee and Audit Committee Chairman | Indefinite term; since 2012 | Retired; formerly Chief Financial Officer, Robert W. Baird & Co. Incorporated (2000-2011). | 15 | Independent Trustee, Managed Portfolio Series (36 portfolios); Director, Anchor Bancorp Wisconsin, Inc. (2011-2013). |
| Ronald T. Beckman, CPA Born: 1947 | Trustee and Nominating Committee Chairman | Indefinite term; since 2012 | Retired; formerly Audit Partner specializing in investment management, PricewaterhouseCoopers LLP (1972-2004). | 15 | None |
| David A. Massart Born: 1967 | Trustee | Indefinite term; since 2012 | Co-Founder and Chief Investment Strategist, Next Generation Wealth Management, Inc. (since 2005). | 15 | Independent Trustee, Managed Portfolio Series (36 portfolios). |
| Interested Trustee | | | | | |
| Michael A. Castino Born: 1967 | Trustee and Chairman | Indefinite term; Trustee since 2014; Chairman since 2013 | Senior Vice President, USBFS (since 2013); Managing Director of Index Services, Zacks Investment Management (2011-2013); Vice President, Marco Polo Network (financial services firm) (2009-2011). | 15 | None |

Trustees and Officers
(Unaudited) (Continued)

The officers of the Trust conduct and supervise its daily business. The address of each officer of the Trust is c/o USBFS, 615 E. Michigan Street, Milwaukee, WI 53202. Additional information about the Trust's officers is as follows:

| Name and Year of Birth | Position(s) Held with the Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years |
|---|---------------------------------------|--|---|
| Principal Officers of the Trust | | | |
| Paul R. Fearday, CPA Born: 1979 | President and Assistant Treasurer | Indefinite term; President and Assistant Treasurer since 2014 (other roles since 2013) | Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2008); Manager, PricewaterhouseCoopers LLP (accounting firm) (2002–2008). |
| Michael D. Barolsky, Esq. Born: 1981 | Vice President and Secretary | Indefinite term; since 2014 (other roles since 2013) | Vice President, USBFS (since 2012); Associate, Thompson Hine LLP (law firm) (2008–2012). |
| James R. Butz Born: 1982 | Chief Compliance Officer | Indefinite term; since 2015 | Senior Vice President, USBFS (since 2015); Vice President, USBFS (2014–2015); Assistant Vice President, USBFS (2011–2014); Operations Manager, USBFS (2007–2011). |
| Kristen M. Weitzel, CPA Born: 1977 | Treasurer | Indefinite term; since 2014 (other roles since 2013) | Vice President, USBFS (since 2015); Assistant Vice President, USBFS (2011–2015); Manager, PricewaterhouseCoopers LLP (accounting firm) (2005–2011). |
| Stacie L. Lamb, Esq. Born: 1982 | Assistant Secretary | Indefinite term; since 2015 | Assistant Vice President, USBFS (since 2013); Compliance Representative, Quasar Distributors, LLC (2011–2013). |

The Statement of Additional Information includes additional information about the Trustees and is available without charge, upon request, by calling toll free (800)-617-0004, by accessing the SEC's website at www.sec.gov, or by accessing the Fund's website at www.diamond-hill.com.

Expense Example**For the Six-Months Ended December 31, 2016 (Unaudited)**

As a shareholder of Diamond Hill Valuation-Weighted 500 ETF (the “Fund”) you incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of Fund shares, and (2) ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (July 1, 2016 – December 31, 2016).

Actual Expenses

The first line of the table provides information about actual account values based on actual returns and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then, multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table provides information about hypothetical account values based on a hypothetical return and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of Fund shares. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. If these transactional costs were included, your costs would have been higher.

| | Beginning Account Value July 1, 2016 | Ending Account Value December 31, 2016 | Expenses Paid During the Period ⁽¹⁾ |
|--|--|--|--|
| Actual Expenses | \$1,000.00 | \$1,099.20 | \$0.53 |
| Hypothetical (5% annual return before expenses) | \$1,000.00 | \$1,025.14 | \$0.51 |

(1) The dollar amounts shown as expenses paid during the period are equal to the annualized six-month period expense ratio, 0.10%, multiplied by the average account value during the period, multiplied by the number of days in the most recent six-month period, 184 days, and divided by the number of days in the most recent twelve month period, 366 days. The expense ratio reflects fee waiver and expense limitation arrangements in effect during the period.

FEDERAL TAX INFORMATION

(Unaudited)

For the fiscal year ended December 31, 2016, certain dividends paid by the Fund may be subject to the maximum tax rate of 20%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The percentage of dividends declared from ordinary income designated as qualified dividend income was 100.00%.

For corporate shareholders, the percentage of ordinary income distributions qualifying for the corporate dividends received deduction for the fiscal year ended December 31, 2016 was 99.53%.

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(C) for the Fund was 0%.

INFORMATION ABOUT PORTFOLIO HOLDINGS

(Unaudited)

The Fund files its complete schedules of portfolio holdings for its first and third fiscal quarters with the Securities and Exchange Commission (“SEC”) on Form N-Q. The Fund’s Form N-Q is available without charge, upon request, by calling toll-free at (800) 617-0004. Furthermore, you may obtain the Form N-Q on the SEC’s website at www.sec.gov. The Fund’s portfolio holdings are posted on its website at www.diamond-hill.com daily.

INFORMATION ABOUT PROXY VOTING

(Unaudited)

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is provided in the Statement of Additional Information (“SAI”). The SAI is available without charge, upon request, by calling toll-free at (800) 617-0004, by accessing the SEC’s website at www.sec.gov, or by accessing the Fund’s website at www.diamond-hill.com.

When available, information regarding how the Fund voted proxies relating to portfolio securities during the twelve-months ending June 30 is available by calling toll-free at (800) 617-0004 or by accessing the SEC’s website at www.sec.gov.

FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS

(Unaudited)

Information regarding how often shares of the Fund trade on an exchange at a price above (*i.e.*, at a premium) or below (*i.e.*, at a discount) the NAV of the Fund is available, without charge, on the Fund’s website at www.diamond-hill.com.

Adviser

Diamond Hill Capital Management, Inc.
325 John H. McConnell Blvd. Suite 200
Columbus, Ohio 43215

Index Provider

Diamond Hill Capital Management, Inc.
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Distributor

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615 East Michigan Street, 4th Floor
Milwaukee, Wisconsin 53202

Custodian

U.S. Bank National Association
Custody Operations
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Milwaukee, Wisconsin 53212

Transfer Agent

U.S. Bancorp Fund Services, LLC
615 East Michigan Street
Milwaukee, Wisconsin 53202

Independent Registered Public Accounting Firm

Cohen & Company, Ltd.
1350 Euclid Avenue., Suite 800
Cleveland, Ohio 44115

Legal Counsel

Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004

Diamond Hill Valuation-Weighted 500 ETF

Symbol - DHVW
CUSIP - 26922A875