Diamond Hill Corporate Credit Fund Commentary

As of June 30, 2017

All Fund returns based on Class I shares.

The Fund generated a 2.29% total return during the second quarter, compared to 2.37% for the Bank of America Merrill Lynch U.S. Corporate & High Yield Index. Year to date, the Fund generated a total return of 5.11% compared to 4.06% for the Corporate & High Yield Index. For the trailing five years, the Fund generated an annualized total return of 6.11% compared to 4.60% for the Corporate & High Yield Index.

Unlike most corporate bond funds, the Diamond Hill Corporate Credit Fund is not managed against any index. Instead, the Fund is managed against absolute objectives of (1) inflation plus 3% and (2) 7% nominal, each measured over rolling five-year periods. Our goal is to achieve these objectives while minimizing the risk of downside volatility over longer time periods. Although the Fund's investable universe (and the Corporate & High Yield Index) includes both investment grade and high yield corporate bonds, since early 2010 the Fund has been largely focused on the high yield portion of the market to achieve these objectives. Over 85% of the Fund was in high yield corporate bonds at the end of the second quarter.

The high yield portion of the U.S. corporate bond market, as represented by the Bank of America Merrill Lynch U.S. High Yield Index, began the quarter with a yield-to-worst of 5.88% and option-adjusted spread of 392 basis points. At the end of the second quarter, the yield-to-worst was 5.68% and the option-adjusted spread was 377 basis points. The Fund's yield-to-worst is typically somewhere in the range of our absolute objectives, although it was well below the low end of the range on June 30, 2014 (the peak of the high yield market) and well above the high end of the range on February 11, 2016 (the most recent bottom of the high yield market). The Fund's yield-to-worst began the quarter at 5.10% and declined to 4.59% at the end of the quarter. The Fund's duration was 3.04, in the middle of its typical 2.0-3.5 range, but well below the High Yield Index duration of 4.04 and the Corporate & High Yield Index duration of 6.66.

High yield is off to a stronger start to 2017 than many expected, buttressed by the strength of equities on one end of the spectrum and core U.S. fixed income on the other. In addition, the high yield default rate is below the historical average and expected to decline further in coming quarters. While the timing is difficult to forecast, the high yield market is prone to bouts of volatility and illiquidity.

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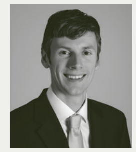
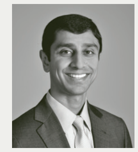
PORTFOLIO MANAGEMENT

Bill Zox, CFA
Portfolio Manager



John McClain, CFA
Portfolio Manager



Suken Patel, CFA
Asst. Portfolio Manager

An important part of the Fund's strategy is to be in a strong position to take advantage of volatility and illiquidity which lead to favorable pricing of high yield bonds for investors with a long-term time horizon.

The energy industry led the high yield market down from the middle of 2014 to early 2016. After a powerful rebound last year, energy is once again the weakest industry in the high yield market this year. The Fund's energy weighting is currently small with high quality issuers but we are willing to add materially to the allocation if the prices of high yield energy bonds fall to our buy points. We expect high yield energy bonds to come under pressure to induce producers to cut production in the oversupplied market that we foresee in 2018.

Conduent Finance, Inc. 10.5% due 2024 was one of the largest contributors to performance during the second quarter. Conduent benefited from its high coupon and reasonable valuation. Since its spinoff from Xerox at the end of last year, Conduent has made progress on margin improvement and free cash flow generation remains on track.

Three holdings in the financials sector were among the top contributors to performance during the quarter: **Quicken Loans, Inc. 5.75% due 2025**, **MGIC Investment Corp. 5.75% due 2023**, and **Popular, Inc. 7.0% due 2019**. Quicken and MGIC have strong competitive positions in mortgage origination and servicing and mortgage insurance, respectively. The decline in interest rates was beneficial to their businesses and to their bonds as two of the Fund's higher quality, longer duration holdings.

Frontier Communications Corp. 11.0% due 2025 was one of the largest detractors from performance during the quarter. On the positive side, Frontier reduced its dividend by more than 60% and showed some signs of progress with cost savings, pricing, and new customer adds. On the negative side, Frontier continues to lose too many customers and the pace of deleveraging is expected to be slow. Improvement in customer churn is important.

Selected New and Eliminated Positions

We were once again selective in the new issue market, participating in six new offerings: **Century Communities 5.875% due 2025**, **Provident Funding Associates 6.375% due 2025**, **USIS Merger Sub, Inc. 6.875% due 2025**, **KAR Auction Services, Inc. 5.125% due 2025**, **Laureate Education, Inc. 8.25% due 2025**, and **FirstCash, Inc. 5.375% due 2024**.

With our deep and talented research team, we are always willing to step into a market that is overreacting to near-term issues or otherwise unwilling to reflect long-term fundamental value. We saw several opportunities to do so during the first half of the year and we believe we will continue to have idiosyncratic opportunities in the future when investors overreact to short-term volatility. **Pilgrim's Pride Corp. 5.75% due 2025** was the largest detractor to performance and was also a new position during the quarter. We became interested in the debt as headlines swirled around its controlling shareholder JBS (79% ownership) and the holding company of JBS, J&F Investimentos S.A. The Batista family paid personal fines for its role in paying bribes to Brazilian state-run banks and pension funds. J&F was ordered to pay more than $3 billion in fines over a 25-year period to settle five probes. The fine corresponds to 5.6% of the revenues earned by J&F holdings in 2016. While we believe there will continue to be many headlines around J&F and JBS, it is important to note that we can analyze the fines levied and the impact to Pilgrim's Pride. Further, Pilgrim's Pride is a U.S.-domiciled public company that has an independent management team, low leverage, strong free cash flow, and good long-term operational trends. J&F fines are levied at the holding company and not at JBS USA or Pilgrim's Pride. J&F will most likely sell some subsidiaries to address the fines.

PERIOD AND AVERAGE ANNUAL TOTAL RETURNS AS OF JUNE 30, 2017

	SINCE INCEPTION (9/30/02)	10-YR	5-YR	3-YR	1-YR	YTD	2Q17	EXPENSE RATIO GROSS	EXPENSE RATIO NET[1]
RETURNS AT NAV (WITHOUT SALES CHARGE)									
Class A	7.06%	5.67%	5.84%	5.72%	10.50%	4.94%	2.21%	0.95%	0.94%
Class C	6.30	4.89	5.03	4.93	9.70	4.57	2.02	1.70	1.69
Class I	7.35	6.00	6.11	6.02	10.77	5.11	2.29	0.65	0.64
Class Y	7.21	5.89	6.25	6.11	10.91	5.07	2.22	0.55	0.54
BENCHMARK									
BofA ML U.S. Corporate & High Yield Index	6.30	6.03	4.60	3.66	4.14	4.06	2.37	—	—
RETURNS AT POP (WITH SALES CHARGE)									
Class A	6.80	5.29	5.09	4.46	6.67	1.30	-1.38	0.95	0.94
Class C	6.30	4.89	5.03	4.93	8.70	3.57	1.02	1.70	1.69

Must be preceded or accompanied by a prospectus.

[1] The Fund may invest in another Diamond Hill Fund. Diamond Hill Capital Management, Inc. is required to permanently waive a portion of its management fee in the pro-rata amount of the management fee charged by the underlying Diamond Hill Fund.

Risk Disclosure: The value of fixed-income securities varies inversely with interest rates; as interest rates rise, the market value of fixed-income securities will decline. Lower quality debt (i.e.: "High Yield") securities involve greater risk of default or price changes due to potential changes in the issuer's credit quality.

The views expressed are those of the portfolio managers as of June 30, 2017, are subject to change and may differ from the views of other portfolio managers or the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of results, or investment advice.

The performance data quoted represents past performance; past performance does not guarantee future results. *The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's current performance may be lower or higher than the performance data quoted. Investors may obtain performance information current to the most recent month-end, within 7 business days, at diamond-hill.com.*

Performance returns assume reinvestment of all distributions. Returns for periods less than one year are not annualized. Class I and Class Y shares include Class A share performance achieved prior to the creation of Class I and Class Y shares. The returns at POP reflect the maximum sales charge applicable to each class. The maximum sales charge for A shares is 3.50%; C shares have a maximum contingent deferred sales charge (CDSC) of 1.00% for redemptions within the first year of purchase; I shares and Y shares have no sales charge.

Fund holdings subject to change without notice.

The BofA Merrill Lynch U.S. Corporate & High Yield Index is comprised of U.S. dollar denominated investment grade and below investment grade corporate debt publicly issued in the U.S. domestic market. The BofA Merrill Lynch U.S. High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market.

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 BHIL Distributors, 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.

Onex USI Acquisition Corp. 7.75% due 2021, **Isle of Capri Casinos, Inc. 8.875% due 2020**, **Greektown Holdings LLC 8.875% due 2019**, and **HUB International Ltd. 9.25% due 2021** were called.

We eliminated our position in **The Fresh Market, Inc. 9.75% due 2023**. While it was a strong contributor during the quarter, we are not satisfied with the investment outcome as the bonds declined from $99 issue price in April 2016 to the mid-$80s in the second quarter when we fully exited the position. Due to poor operational results, we eliminated the position just before the announcement that Amazon would acquire Whole Foods. We believe this transaction will have significant implications on the U.S. grocery market and The Fresh Market has very high customer overlap with Whole Foods. Further, The Fresh Market must improve its value proposition through lower prices which will become harder to do in competition with Amazon. The grocery industry is already hyper-competitive with thin margins. With Whole Foods (at the high end) having deeper pockets and most likely a better value proposition, and Aldi and Lidl (at the low end) aggressively expanding into the U.S., we may see many casualties in this space over the next five years. Our margin of safety evaporated and we exited the position at a loss as the thesis had become impaired.

TOP 5 CONTRIBUTORS

SECURITY NAME	2Q17 CONTRIBUTION	POSITION AS OF 2Q17
Conduent Finance, Inc. 10.5% due 2024	0.14%	3.6%
Quicken Loans, Inc. 5.75% due 2025	0.11	1.7
Popular, Inc. 7.0% due 2019	0.11	4.9
Century Communities, Inc. 6.875% due 2022	0.11	4.1
Kindred Healthcare, Inc. 8.75% due 2023	0.09	0.9

TOP 5 DETRACTORS

SECURITY NAME	2Q17 CONTRIBUTION	POSITION AS OF 2Q17
Pilgrim's Pride Corp. 5.75% due 2025	-0.03%	1.3
Frontier Communications Corp. 11.0% due 2025	-0.01	1.3
Horizon Pharma, Inc. 8.75% due 2024	0.00	0.8
Diamondback Energy, Inc. 5.375% due 2025	0.00	0.3
SPX Flow, Inc. 5.625% due 2024	0.00	0.0

MENTIONED SECURITIES AND RESPECTIVE WEIGHTS AS OF JUNE 30, 2017

Century Communities, Inc. 5.875% due 2025	1.6%	MGIC Investment Corp. 5.75% due 2023	2.2%
Conduent Finance, Inc. 10.5% due 2024	3.6	Onex USI Acquisition Corp. 7.75% due 2021	0.0
FirstCash, Inc. 5.375% due 2024.	0.2	Pilgrim's Pride Corp. 5.75% due 2025	1.3
Frontier Communications Corp. 11.0% due 2025	1.3	Popular, Inc. 7.0% due 2019	4.9
Greektown Holdings LLC 8.875% due 2019	0.0	Provident Funding Associates 6.375% due 2025	0.8
HUB International Ltd. 9.25% due 2021	0.0	Quicken Loans, Inc. 5.75% due 2025	1.7
Isle of Capri Casinos, Inc. 8.875% due 2020	0.0	The Fresh Market, Inc. 9.75% due 2023	0.0
KAR Auction Services, Inc. 5.125% due 2025	0.6	USIS Merger Sub, Inc. 6.875% due 2025	0.6
Laureate Education, Inc. 8.25% due 2025	0.4		

Mentioned securities not held in the Diamond Hill Corporate Credit Fund: Amazon, Inc., JBS S.A., Whole Foods Market, Inc., Xerox Corp.

It should not be assumed that an investment in the securities identified was or will be profitable. The holdings identified do not represent all of the securities purchased, sold, or recommended for the adviser's clients. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please contact 855.255.8955 or info@diamond-hill.com.