Quarterly Composite Commentary

June 30, 2017

Small Cap *(closed to new investors)*	**All Cap Select**
Small-Mid Cap *(closed to new investors)*	**Core Bond**
Mid Cap	**Corporate Credit**
Large Cap	**High Yield**
Large Cap Concentrated	

Our Mission

At Diamond Hill, ***we serve*** our clients by providing investment strategies that deliver lasting value through a shared commitment to our intrinsic value-based investment philosophy, long-term perspective, disciplined approach and alignment with our clients' interests.

VALUE

We believe market price and intrinsic value are independent in the short-term but tend to converge over time.

LONG-TERM

We maintain a long-term focus both in investment analysis and management of our business.

DISCIPLINE

We invest with discipline to increase potential return and protect capital.

PARTNERSHIP

We align our interests with those of our clients through significant personal investment in our strategies.

Diamond Hill Second Quarter 2017 Market Review

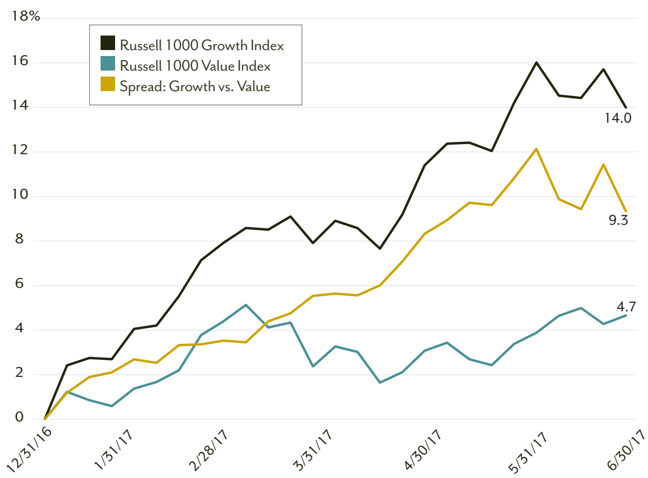
As of June 30, 2017

Equity Markets

U.S. equity markets continued their positive trend in the second quarter, with the S&P 500 posting its best first-half performance since 2013 thanks to steady economic growth and improved corporate earnings.

Growth continued to widen its lead over value during the quarter as health care (+7.23%) and information technology (+4.23) were two of the three best-performing sectors in the Russell 1000 Index for the second quarter in a row. Industrials (+4.27) and financials (+4.06) also outperformed. Telecommunication services (-7.10) and energy (-7.09) were the worst-performing sectors in the quarter.

RUSSELL 1000 GROWTH INDEX VS. RUSSELL 1000 VALUE INDEX - YEAR TO DATE



Source: Morningstar Direct

For domestic stocks, the quarter was characterized by low volatility and high valuations. The Volatility Index (which measures implied volatility of S&P 500 index options) fell to historically low levels during the second quarter, telling the tale of a surprisingly tranquil market.

Historically high valuations continue to make it challenging for us to find attractive new opportunities for our portfolios, particularly at the smaller end of the market cap spectrum. Valuations continue to be supported by the low interest rate environment.

In June, the Federal Reserve raised the federal funds target rate for a second time in 2017 and the market is expecting a third increase later this year, indicating an increasing level of confidence in the recovery of U.S. labor markets and an expectation of slowly rising inflation.

Fixed Income Markets

Treasury

Even as the Fed continues to push the shorter end of the yield curve higher by increasing its target rate, the longer end continues to rally. Lack of yield in the European bond market is one reason why yields on the longer end of the U.S. curve remain so low. However, the flattening of the curve saw some relief near the end of the quarter as the market began anticipating a tightening of the European Central Bank's policy based on ECB President Mario Draghi's comments on June 27. This increased the yield on the German bund, which serves as a bellwether for European interest rates. Longer U.S. Treasury yields moved higher as well.

	3/31/17	6/27/17	6/30/17	QUARTER-OVER-QUARTER CHANGE
2-Year U.S. Treasury	1.26%	1.37%	1.38%	+12 bps
10-Year U.S. Treasury	2.39	2.21	2.30	-9 bps
10-Year German Bund	0.33	0.37	0.46	+13 bps

Source: Bloomberg

Securitized

Continued demand drove spreads even tighter across the sector and was met with heavy issuance throughout the securitized market. As an example, year-to-date new issuance in the consumer asset-backed securities market is currently at its highest level since the financial crisis. Asset-backed securities and commercial mortgage-backed securities were the strongest performers during the quarter. With agency mortgage-backed securities still under pressure from the Fed's involvement in the marketplace, this sector remains overvalued and, relative to other securitized assets, not very attractive.

Investment Grade and High Yield Credit

Investment grade credit continued its resurgence, with the Bloomberg Barclays U.S. Corporate Index delivering a return of 2.54% in the second quarter. Utilities delivered the strongest performance during the quarter (+2.96%), followed by industrials (+2.70%) and financials (+2.14%). According to the Bloomberg Barclays High Yield Index, energy was once again the weakest industry in the high yield market, delivering negative returns during the quarter (-1.16%). All other segments of the high yield market delivered positive results, with banking leading the Index. For the second consecutive quarter, the theme across the entire credit quality spectrum (both investment grade and below investment grade) was investors' appetite for yield, with the lowest tier of investment grade (BBB) delivering the strongest performance.

Outlook

We continue to expect positive but below-average equity market returns over the next five years. Prospective returns are likely to be tempered by the combination of above-average price/earnings multiples applied to already very strong levels of corporate profit margins. Spread levels in both the investment grade and high yield credit markets remain compressed as investors continue their push for yield. As such, we believe strong fundamental analysis and a focus on long-term company performance is the key to security selection in our fixed income strategies.

We believe we can achieve better-than-market returns over the next five years through active portfolio management. Our primary focus is always on achieving value-added results for our existing clients and we continue to fall back on valuations, which we believe are a key determinant of long-term returns. Our equity and fixed income investment philosophy and process continue to be focused on individual company and security analysis. Our intrinsic value investment philosophy is shared by all of our portfolio managers and research analysts, allowing us to apply our investment discipline consistently across strategies.

Diamond Hill Small Cap Strategy

As of June 30, 2017

(closed to new investors)

The Composite increased 1.00%, net of fees, during the quarter compared to a 2.46% increase in the Russell 2000 Index and a 0.67% increase in the Russell 2000 Value Index.

The Composite's holdings in the consumer discretionary and health care sectors were the primary contributors to absolute return. Holdings in the energy, industrials, and consumer staples sectors detracted from absolute return.

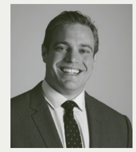
The Composite's underperformance relative to the Russell 2000 Index was primarily driven by security selection in the industrials and information technology sectors, underweight allocations to health care and information technology, as well as the Composite's allocation to cash. Security selection in the consumer discretionary and health care sectors were positive contributors to relative return.

Best Performers

- Medical diagnostic systems provider **Alere, Inc.** announced that the company finalized its merger with Abbott Laboratories.
- Shares of rental and leasing services company **Aaron's, Inc.** rose amid a continuation of recent performance, including growth in year-over-year net income and earnings per share.
- Entertainment company **Live Nation Entertainment, Inc.** continued its dominance in concert promotion and live event ticketing. Live events are a key source of revenue for artists and Ticketmaster's model has proven to be resilient amid attempts by others to enter the business.
- Shares of home infusion services provider **BioScrip, Inc.** increased as the company's new management team continued to execute on its recovery plan. The company terminated the majority of its contract with UnitedHealth which was running at a negative margin.
- Ski resort owner and operator **Vail Resorts, Inc.** closed out the ski season on a high note and raised full-year guidance. Epic Pass sales for next season remain strong and the recent Stowe Mountain Resort purchase should continue to support the company's growth.

PORTFOLIO MANAGEMENT

Tom Schindler, CFA
Portfolio Manager



Aaron Monroe, CFA
Asst. Portfolio Manager

Chris Welch, CFA
Asst. Portfolio Manager

Worst Performers

- Shares of oil and gas exploration and production company **Cimarex Energy Co.** underperformed amid a faster-than-expected increase in shale drilling activity and a large rebound in oil production from Libya and Nigeria. These factors have increased the risk that oil inventories may not normalize in the near future.
- Freight transportation management company **Hub Group, Inc. (Cl A)** reduced full-year guidance as it became clear that intermodal pricing for 2017 would be well below prior expectations, largely due to the continued oversupply of capacity in the competing truckload market. We believe this issue is transitory and expect a more favorable pricing environment in 2018 as new regulations help constrain the supply of truckload capacity.
- Rental car company **Avis Budget Group, Inc.** reported poor first-quarter earnings. Pricing in the Americas was down, and the company's full-year outlook for per-unit fleet costs increased. Over fleeting in the industry has not allowed price increases to offset rising fleet costs, which have been impacted by lower residual used car values.
- Shares of regional bank **BankUnited, Inc.** declined amid broader concerns surrounding delays in tax and regulatory reforms. Additionally, the company's first-quarter results called into question management's loan growth guidance for the full year.
- Shares of aircraft rental and leasing services company **Aircastle Ltd.** underperformed amid concerns regarding the risk of impairments on wide-body and freighter aircraft.

(closed to new investors)

New Positions

We did not initiate any new positions during the quarter.

Eliminated Positions

We eliminated our position in business-to-business media company **Global Sources Ltd.** as the price approached our estimate of intrinsic value. We sold the shares of medical device company **Nuvectra Corp.**, which we received in the 2016 spinoff from Integer Holdings Corp., as we do not believe Nuvectra will reach profitability for some time. Specialty health insurer **Universal American Corp.** was acquired in an all-cash deal by WellCare Health Plans, Inc.

(closed to new investors)

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: December 31, 2000

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	2Q17
SMALL CAP COMPOSITE							
Gross of Fees	12.06	7.64	13.54	3.95	14.82	2.33	1.21
Net of Fees	11.20	6.79	12.66	3.13	13.91	1.91	1.00
BENCHMARKS							
Russell 2000 Index	8.17	6.92	13.70	7.36	24.60	4.99	2.46
Russell 2000 Value Index	9.24	5.92	13.39	7.02	24.86	0.54	0.67

CALENDAR YEAR RETURNS (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SMALL CAP COMPOSITE										
Gross of Fees	-2.41	-25.03	30.96	24.76	-5.90	14.32	41.64	5.96	-2.45	15.61
Net of Fees	-3.18	-25.62	29.93	23.77	-6.63	13.43	40.55	5.17	-3.23	14.71
BENCHMARKS										
Russell 2000 Index	-1.57	-33.79	27.17	26.85	-4.18	16.35	38.82	4.89	-4.41	21.31
Russell 2000 Value Index	-9.78	-28.92	20.58	24.50	-5.50	18.05	34.52	4.22	-7.47	31.74

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. Diamond Hill has been independently verified for the period 5/31/00–3/31/17. Diamond Hill'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. In addition the Small Cap Composite has received a Performance Examination from 12/31/00–3/31/17. The verification and performance exam reports are available upon request. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. Diamond Hill 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 Small Cap Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Small Cap equity strategy. The strategy's investment objective is to achieve long-term capital appreciation by investing in small capitalization companies selling for less than our estimate of intrinsic value. The Composite typically invests in small capitalization companies with a market capitalization between $100 million and $3 billion (or, if greater, the maximum market capitalization of companies generally within the capitalization range of the Russell 2000 Index) at the time of purchase. 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 Russell 2000 Index is the primary benchmark. This index is an unmanaged market-capitalization weighted index measuring the performance of the 2,000 smallest companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 2000 Value Index is shown as additional information. This index is an unmanaged market-capitalization weighted index measuring the performance of the small cap value segment of the U.S. equity universe including those Russell 2000 Index companies with lower expected growth values. The Russell 3000 Index is an unmanaged market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market-capitalization. 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 Small Cap separate accounts is as follows: First $20,000,000 = 1.00%; Over $20,000,000 = 0.80%. 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 results.** 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. The Global Investment Performance Standards are 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	SMALL CAP COMPOSITE			3-YR STANDARD DEVIATION (GROSS OF FEES)		
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Small Cap Composite	Russell 2000 Index	Russell 2000 Value Index
2016	$19.4B	5 or fewer	$1.8B	NA	10.65%	15.76%	15.50%
2015	16.8B	5 or fewer	1.7B	NA	10.58	13.96	13.46
2014	15.7B	6	1.5B	0.03%	10.62	13.12	12.79
2013	12.2B	7	1.4B	0.74	13.63	16.45	15.82
2012	9.4B	16	911.6M	0.20	15.71	20.20	19.89
2011	8.7B	16	910.2M	0.11	21.46	24.99	26.05
2010	8.6B	19	938.0M	0.24	NA	NA	NA
2009	6.3B	18	621.2M	0.61	NA	NA	NA
2008	4.5B	11	391.2M	0.32	NA	NA	NA
2007	4.4B	9	383.4M	0.14	NA	NA	NA

NA = Not Applicable

This composite was created in October 2013.

Global Investment Performance Standards

Diamond Hill Small-Mid Cap Strategy

As of June 30, 2017

(closed to new investors)

The Composite increased 1.05%, net of fees, during the quarter compared to a 2.13% increase in the Russell 2500 Index and a 0.32% increase in the Russell 2500 Value Index.

The Composite's holdings in the consumer discretionary, financials, and health care sectors made the largest contribution to absolute return. Holdings in the consumer staples, energy, and industrials sectors were the largest detractors from absolute return.

The Composite's underperformance relative to the Russell 2500 Index was primarily driven by security selection in the industrials and information technology sectors. An overweight allocation combined with security selection in the consumer staples sector also detracted from relative return. This was partially offset by security selection in the consumer discretionary, financials, and real estate sectors, as well as an underweight allocation to energy.

Best Performers

- Shares of rental and leasing services company **Aaron's, Inc.** rose amid a continuation of recent performance, including growth in year-over-year net income and earnings per share.

- Insurance broker **Willis Towers Watson PLC** reported solid quarterly results with organic growth across all of its businesses. The company had underperformed in recent quarters, leading to reduced expectations and a positive reaction to the most recent results.

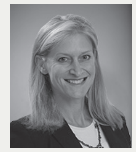
- Shares of homebuilder **NVR, Inc.** rose after the company reported good quarterly results as increased demand, low supply of existing homes, and higher prices have been providing a favorable environment for homebuilders. The company also continues to be one of the most efficient operators in the industry.

- Medical device manufacturer **Boston Scientific Corp.** reported excellent quarterly results despite a temporary recall for its Lotus trans-catheter aortic valve. Margins were under pressure due to the recall and new product launches, but organic growth was significantly above investor expectations.

- Shares of medical device manufacturer **Orthofix International N.V.** rose after the company reported solid quarterly results showing improved growth dynamics, particularly in its largest business. We believe the company's electro-magnetic products have the potential to further improve profitability.

PORTFOLIO MANAGEMENT

Chris Welch, CFA
Portfolio Manager



Jenny Hubbard, CFA
Asst. Portfolio Manager

Tom Schindler, CFA
Asst. Portfolio Manager

Worst Performers

- Shares of oil and gas exploration and production company **Cimarex Energy Co.** underperformed amid a faster-than-expected increase in shale drilling activity and a large rebound in oil production from Libya and Nigeria. These factors have increased the risk that oil inventories may not normalize in the near future.

- Freight transportation management company **Hub Group, Inc. (Cl A)** reduced full-year guidance as it became clear that intermodal pricing for 2017 would be well below prior expectations, largely due to the continued oversupply of capacity in the competing truckload market. We believe this issue is transitory and expect a more favorable pricing environment in 2018 as new regulations help constrain the supply of truckload capacity.

- Shares of regional bank **BankUnited, Inc.** declined amid broader concerns surrounding delays in tax and regulatory reforms. Additionally, the company's first-quarter results called into question management's loan growth guidance for the full year.

- Shares of food products manufacturer **Post Holdings, Inc.** underperformed amid a disappointing outlook for its eggs business, a higher-than-expected acquisition price for British cereal company Weetabix, and general volume weakness in the food industry.

- Digital media company **TEGNA, Inc.** reported disappointing quarterly results primarily driven by soft advertising revenue and weak results at Cars.com and CareerBuilder. The company was successful in spinning off Cars.com, but the outlook for broadcast regulatory reform appears less certain than investors previously expected.

(closed to new investors)

New Positions

We initiated a position in the largest global electronic equipment distributor, **Avnet, Inc.**, when its shares declined below our estimate of intrinsic value due to near-term challenges from consolidation in its supplier base. Despite these headwinds, we believe Avnet has a strong balance sheet and a durable business in the long term.

Eliminated Positions

Specialty health insurer **Universal American Corp.** was acquired in an all-cash deal by WellCare Health Plans, Inc. We received shares of automobile shopping services provider **Cars.com, Inc.** following the spinoff from TEGNA, Inc., which we then sold due to low confidence in the company's ability to reaccelerate revenue growth in a profitable manner.

Diamond Hill Small-Mid Cap Strategy

As of June 30, 2017

(closed to new investors)

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: December 31, 2005

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	2Q17
SMALL-MID CAP COMPOSITE							
Gross of Fees	10.43	10.12	17.02	8.45	17.45	4.04	1.22
Net of Fees	9.63	9.31	16.23	7.71	16.63	3.69	1.05
BENCHMARKS							
Russell 2500 Index	8.60	7.42	14.04	6.93	19.84	5.97	2.13
Russell 2500 Value Index	7.90	6.52	13.69	6.21	18.36	1.95	0.32

CALENDAR YEAR RETURNS (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SMALL-MID CAP COMPOSITE										
Gross of Fees	0.52	-29.38	41.71	24.74	-2.96	16.93	43.32	8.43	2.45	19.31
Net of Fees	-0.22	-29.99	40.52	23.72	-3.62	16.19	42.39	7.70	1.75	18.47
BENCHMARKS										
Russell 2500 Index	1.38	-36.79	34.39	26.71	-2.51	17.88	36.80	7.07	-2.90	17.59
Russell 2500 Value Index	-7.27	-31.99	27.68	24.82	-3.36	19.21	33.32	7.11	-5.49	25.20

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. Diamond Hill has been independently verified for the period 5/31/00 – 3/31/17. Diamond Hill'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. In addition the Small-Mid Cap Composite has received a Performance Examination from 12/31/05 – 3/31/17. The verification and performance exam reports are available upon request. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. Diamond Hill 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 Small-Mid Cap Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Small-Mid Cap equity strategy. The strategy's investment objective is to achieve long-term capital appreciation by investing in small and medium capitalization companies selling for less than our estimate of intrinsic value. The Composite typically invests in small and medium capitalization companies which are defined as those companies with a market capitalization between $500 million and $10 billion (or, if greater, the maximum market capitalization of companies generally within the capitalization range of the Russell 2500 Index) at the time of purchase. 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 Russell 2500 Index is the primary benchmark. This index is an unmanaged market-capitalization weighted index measuring the performance of the 2,500 smallest companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 2500 Value Index is shown as additional information. This index is an unmanaged market capitalization weighted index measuring the performance of the small and midcap value segment of the U.S. equity universe including those Russell 2500 Index companies with lower expected growth values. The Russell 3000 Index is an unmanaged market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. 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 Small-Mid Cap separate accounts is as follows: First $20,000,000 = 0.95%; Over $20,000,000 = 0.75%. 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 results.** 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. The Global Investment Performance Standards are 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	SMALL-MID CAP COMPOSITE			3-YR STANDARD DEVIATION (GROSS OF FEES)		
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Small-Mid Cap Composite	Russell 2500 Index	Russell 2500 Value Index
2016	$19.4B	18	$3.0B	0.05%	11.25%	13.67%	13.17%
2015	16.8B	12	1.9B	0.17	11.09	12.42	12.02
2014	15.7B	11	1.1B	0.13	11.20	11.67	11.25
2013	12.2B	9	586.7M	0.39	14.51	15.63	15.07
2012	9.4B	6	233.7M	0.10	16.13	18.97	18.41
2011	8.7B	6	189.2M	0.05	24.12	23.40	24.23
2010	8.6B	6	97.2M	0.16	NA	NA	NA
2009	6.3B	6	64.1M	1.20	NA	NA	NA
2008	4.5B	8	47.9M	0.53	NA	NA	NA
2007	4.4B	9	70.4M	0.15	NA	NA	NA

NA = Not Applicable

This composite was created in October 2013.

Global Investment Performance Standards

Diamond Hill Mid Cap Strategy

The Composite increased 1.18%, net of fees, during the quarter compared to a 2.70% increase in the Russell Midcap Index and a 1.37% increase in the Russell Midcap Value Index.

The Composite's holdings in the consumer discretionary, financials, and health care sectors provided the largest contribution to absolute return, while the energy and consumer staples sectors were the primary detractors.

The Composite's underperformance relative to the Russell Midcap Index was primarily driven by security selection in the information technology, industrials, and energy sectors. This was partially offset by security selection in the consumer discretionary sector and an underweight allocation to the energy sector.

Best Performers

- Insurance broker **Willis Towers Watson PLC** reported solid quarterly results with organic growth across all of its businesses. The company had underperformed in recent quarters, leading to reduced expectations and a positive reaction to the most recent results.
- Shares of rental and leasing services company **Aaron's, Inc.** rose amid a continuation of recent performance, including growth in year-over-year net income and earnings per share.
- Household durables manufacturer **Whirlpool Corp.** delivered excellent results in its North American division, with fundamentals remaining strong and the competitive environment stabilizing. Latin America and Asia produced solid results as well, though Europe remains challenged with struggling volumes and significant margin compression.
- Medical device manufacturer **Boston Scientific Corp.** reported excellent quarterly results despite a temporary recall for its Lotus trans-catheter aortic valve. Margins were under pressure due to the recall and new product launches, but organic growth was significantly above investor expectations.
- Shares of homebuilder **NVR, Inc.** rose after the company reported good quarterly results as increased demand, low supply of existing homes, and higher prices have been providing a favorable environment for homebuilders. The company also continues to be one of the most efficient operators in the industry.

PORTFOLIO MANAGEMENT

Chris Welch, CFA
Portfolio Manager

Chris Bingaman CFA
Asst. Portfolio Manager

Jenny Hubbard, CFA
Asst. Portfolio Manager

Worst Performers

- Shares of oil and gas exploration and production company **Cimarex Energy Co.** underperformed amid a faster-than-expected increase in shale drilling activity and a large rebound in oil production from Libya and Nigeria. These factors have increased the risk that oil inventories may not normalize in the near future.
- Shares of food products manufacturer **Post Holdings, Inc.** underperformed amid a disappointing outlook for its eggs business, a higher-than-expected acquisition price for British cereal company Weetabix, and general volume weakness in the food industry.
- Shares of regional bank **BankUnited, Inc.** declined amid broader concerns surrounding delays in tax and regulatory reforms. Additionally, the company's first-quarter results called into question management's loan growth guidance for the full year.
- Freight transportation management company **Hub Group, Inc. (Cl A)** reduced full-year guidance as it became clear that intermodal pricing for 2017 would be well below prior expectations, largely due to the continued oversupply of capacity in the competing truckload market. We believe this issue is transitory and expect a more favorable pricing environment in 2018 as new regulations help constrain the supply of truckload capacity.
- Shares of industrial and construction supplies distributor **Fastenal Co.** fell amid concerns surrounding the industry pricing environment within industrial distribution.

New Positions

We initiated a position in the largest global electronic equipment distributor, **Avnet, Inc.**, when its shares declined below our estimate of intrinsic value due to near-term challenges from consolidation in its supplier base. Despite these headwinds, we believe Avnet has a strong balance sheet and a durable business in the long term. **Verisk Analytics, Inc.** is a specialized data and analytics provider that serves customers in the insurance, energy, and financial services industries. We believe Verisk possesses unique data assets that allow it to provide high and recurring value to its customers and that it has a large cross-selling opportunity over the next several years.

Eliminated Positions

We eliminated our position in financial technology company **Broadridge Financial Solutions, Inc.** as the shares approached our estimate of intrinsic value. We received shares of automobile shopping services provider **Cars.com, Inc.** following the spinoff from TEGNA, Inc., which we then sold due to low confidence in the company's ability to reaccelerate revenue growth in a profitable manner.

Diamond Hill Mid Cap Strategy

As of June 30, 2017

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: December 31, 2013

	SINCE INCEPTION	3-YR	1-YR	YTD	2Q17
MID CAP COMPOSITE					
Gross of Fees	9.70	8.61	18.02	4.49	1.33
Net of Fees	9.00	7.91	17.27	4.18	1.18
BENCHMARKS					
Russell Midcap Index	9.12	7.69	16.48	7.99	2.70
Russell Midcap Value Index	9.62	7.46	15.93	5.18	1.37

CALENDAR YEAR RETURNS (%)

	2014	2015	2016
MID CAP COMPOSITE			
Gross of Fees	8.84	1.59	19.62
Net of Fees	8.13	0.94	18.85
BENCHMARKS			
Russell Midcap Index	13.22	-2.44	13.80
Russell Midcap Value Index	14.75	-4.78	20.00

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. Diamond Hill has been independently verified for the period 5/31/00–3/31/17. Diamond Hill's current verification firm is ACA Compliance Group. The verification report(s) is/are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. Diamond Hill 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 Mid Cap Composite is comprised of discretionary, fee-paying, non-wrap accounts managed according to the firm's Mid Cap equity strategy. The strategy's investment objective is to achieve long-term capital appreciation by investing in medium market capitalization companies selling for less than our estimate of intrinsic value. Medium market capitalization companies are defined as those companies with a market capitalization between $1.5 and $20 billion (or, if greater, the maximum market capitalization of companies generally within the capitalization range of the Russell Midcap Index) at the time of purchase. 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 Russell Midcap Index is the primary benchmark. This index is an unmanaged market-capitalization weighted index measuring the performance of the 800 smallest companies, on a market capitalization basis, in the Russell 1000 Index. The Russell Midcap Value Index is shown as additional information. This index is an unmanaged market-capitalization weighted index measuring the performance of the mid cap value segment of the U.S. equity universe including those Russell Midcap Index companies with lower expected growth values. The Russell 1000 Index measures the performance of the largest 1,000 companies in the Russell 3000 Index. The Russell 3000 Index is an unmanaged market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. 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 Mid Cap separate accounts is as follows: First $20,000,000 = 0.75%; Over $20,000,000 = 0.60%. 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 results.** 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. The Global Investment Performance Standards are 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	MID CAP COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)		
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Mid Cap Composite	Russell Midcap Index	Russell Midcap Value Index
2016	$19.4B	5 or fewer	$58.8M	NA[1]	10.87%	11.55%	11.30%
2015	16.8B	5 or fewer	18.6M	NA[1]	NA[2]	NA[2]	NA[2]
2014	15.7B	5 or fewer	16.3M	NA[1]	NA[2]	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 December 2013.

Global Investment Performance Standards

The Composite increased 3.04%, net of fees, during the quarter compared to a 3.06% increase in the Russell 1000 Index and a 1.34% increase in the Russell 1000 Value Index.

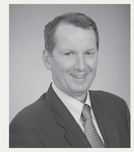
The Composite's holdings in the financials and health care sectors provided the largest contribution to absolute return, while the energy sector detracted.

The Composite's slight underperformance relative to the Russell 1000 Index was driven by security selection in the information technology and consumer discretionary sectors. Security selection in energy was also a detractor, though our underweight allocation to the sector offset this. Zero allocation to the telecommunication sector and security selection in the industrials and health care were also positive contributors to relative return.

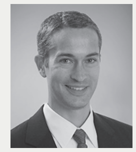
Best Performers

- Shares of banking and financial services company **Citigroup, Inc.** outperformed as the market appears to be increasingly comfortable with the company's excess capital position along with its ability to return capital via dividends and share repurchases.
- Health care benefits company **Aetna, Inc.** revealed its standalone outlook, which includes a mid-teens growth rate for its Medicare Advantage business. The broader managed care group has also done well as investors are beginning to recognize the potential upside from the repeal of Affordable Care Act taxes, public exchange exits, tax reform, and rising interest rates.
- Health care products manufacturer **Abbott Laboratories** reported solid first-quarter results and is well-positioned to benefit from its recent St. Jude acquisition. Abbott also announced it will purchase Alere at a lower price than originally indicated, with the deal expected to close later this year.
- Shares of building and aerospace technology conglomerate **United Technologies Corp.** outperformed as the market began to price in the value of the company's geared turbofan jet engine business, which was previously embedded as a meaningful negative to the stock price.
- Media and technology company **Alphabet, Inc. (Cl A)** reported strong year-over-year revenue growth and expanding margins, reflecting strength in its core advertising business including continued rapid growth in mobile search.

PORTFOLIO MANAGEMENT



Chuck Bath, CFA
Portfolio Manager



Austin Hawley, CFA
Asst. Portfolio Manager

Chris Welch, CFA
Asst. Portfolio Manager

Worst Performers

- Shares of oil and gas exploration and production company **Cimarex Energy Co.** underperformed amid a faster-than-expected increase in shale drilling activity and a large rebound in oil production from Libya and Nigeria. These factors have increased the risk that oil inventories may not normalize in the near future.
- Discount apparel retailer **TJX Cos., Inc.** reported mixed quarterly results. Comparable store sales were up slightly and merchandise margins improved, but third-quarter earnings-per-share guidance was weak.
- Shares of credit services company **Capital One Financial Corp.** declined amid concerns around subprime credit card and auto loans. However, consumer trends have improved over the last few months as employment and housing remain favorable.
- Shares of diversified media and entertainment company **Twenty-First Century Fox, Inc. (Cl B)** fell as a result of increased concerns around advertising declines and cord-cutting acceleration. Despite this dynamic, Fox reported solid quarterly results that were driven by its cable and broadcast segments.
- Shares of networking and communications company **Cisco Systems, Inc.** underperformed after the firm delivered disappointing fiscal fourth-quarter guidance.

New Positions

We started a position in banking and payment services provider **Discover Financial Services**, the sixth-largest credit card issuer worldwide with a focus on prime borrowers and its own card processing network. Discover has significant excess capital and strong capital return capability. We purchased shares of regional bank **First Republic Bank**, a high quality franchise with a unique platform that we believe positions the company to continue posting outsized earnings growth versus its peers. We took advantage of a recent decline in the stock price to purchase shares of beverage manufacturer **Molson Coors Brewing Co. (Cl B)**, the second largest brewer in North America. We believe the company's recent acquisition of SAB Miller's stake in Miller Coors will result in significant margin expansion over the next few years. **Verisk Analytics, Inc.** is a specialized data and analytics provider that serves customers in the insurance, energy, and financial services industries. We believe Verisk possesses unique data assets that allow it to provide high and recurring value to its customers and that it has a large cross-selling opportunity over the next several years.

Eliminated Positions

We exited our position in property and casualty insurance company **Progressive Corp.** when the stock reached our estimate of intrinsic value. We eliminated shares of banking and financial services company **Wells Fargo & Co.** and allocated the proceeds to other opportunities within the industry which offered more attractive risk/reward profiles. We received shares of automobile shopping services provider **Cars.com, Inc.** following the spinoff from TEGNA, Inc., which we then sold due to low confidence in the company's ability to reaccelerate revenue growth in a profitable manner.

Diamond Hill Large Cap Strategy

As of June 30, 2017

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: June 30, 2001

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	2Q17
LARGE CAP COMPOSITE							
Gross of Fees	9.67	8.22	16.17	9.85	23.42	9.89	3.19
Net of Fees	9.07	7.65	15.57	9.28	22.83	9.62	3.04
BENCHMARKS							
Russell 1000 Index	6.74	7.29	14.67	9.26	18.03	9.27	3.06
Russell 1000 Value Index	6.93	5.57	13.94	7.36	15.53	4.66	1.34

CALENDAR YEAR RETURNS (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
LARGE CAP COMPOSITE										
Gross of Fees	6.95	-33.92	31.49	10.61	3.60	13.35	37.79	11.60	-0.16	15.24
Net of Fees	6.37	-34.29	30.79	10.00	3.11	12.79	37.06	10.99	-0.72	14.71
BENCHMARKS										
Russell 1000 Index	5.77	-37.60	28.43	16.10	1.50	16.42	33.11	13.24	0.92	12.05
Russell 1000 Value Index	-0.17	-36.85	19.69	15.51	0.39	17.51	32.53	13.45	-3.83	17.34

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. Diamond Hill has been independently verified for the period 5/31/00 – 3/31/17. Diamond Hill'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. In addition the Large Cap Composite has received a Performance Examination from 6/30/01 – 3/31/17. The verification and performance exam reports are available upon request. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. Diamond Hill 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 Large Cap Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Large Cap 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 large-capitalization companies, which are defined as companies with a market capitalization of $5 billion or greater. However, the Composite can invest in companies with a market capitalization as low as $2.5 billion. 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 Russell 1000 Index is the primary benchmark. This index is an unmanaged market-capitalization weighted index measuring the performance of the 1,000 largest companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 1000 Value Index is shown as additional information. This index is an unmanaged market-capitalization weighted index measuring the performance of the large cap value segment of the U.S. equity universe including those Russell 1000 Index companies with lower expected growth values. The Russell 3000 Index is an unmanaged market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. 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 Large Cap separate accounts is as follows: First $20,000,000 = 0.60%; Over $20,000,000 = 0.50%. 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 results.** 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. The Global Investment Performance Standards are 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	LARGE CAP COMPOSITE			3-YR STANDARD DEVIATION (GROSS OF FEES)		
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Large Cap Composite	Russell 1000 Index	Russell 1000 Value Index
2016	$19.4B	185	$7.1B	0.28%	11.91%	10.69%	10.77%
2015	16.8B	180	5.8B	0.30	11.83	10.48	10.68
2014	15.7B	155	5.8B	0.10	9.53	9.12	9.20
2013	12.2B	132	4.2B	0.24	12.48	12.26	12.70
2012	9.4B	135	3.7B	0.24	14.42	15.41	15.51
2011	8.7B	129	3.5B	0.21	18.88	18.95	20.69
2010	8.6B	123	3.2B	0.22	NA	NA	NA
2009	6.3B	106	1.5B	0.64	NA	NA	NA
2008	4.5B	108	792.5M	0.86	NA	NA	NA
2007	4.4B	96	764.2M	0.44	NA	NA	NA

NA = Not Applicable

This composite was created in October 2013.

Global Investment Performance Standards

Diamond Hill Large Cap Concentrated Strategy

The Composite increased 1.81%, net of fees, during the quarter compared to a 3.06% increase in the Russell 1000 Index and a 1.34% increase in the Russell 1000 Value Index.

The Composite's holdings in the financials, health care, information technology, and industrials sectors provided the largest contribution to absolute return. Holdings in the energy sector detracted from absolute return.

The Composite's underperformance relative to the Russell 1000 Index was primarily driven by security selection in the energy, information technology, and consumer discretionary sectors. Security selection in the industrials and financials sectors and a large overweight allocation to financials were positive contributors to relative return.

Best Performers

- Shares of banking and financial services company **Citigroup, Inc.** outperformed as the market appears to be increasingly comfortable with the company's excess capital position along with its ability to return capital via both dividends and share repurchases.

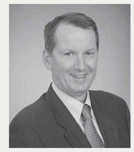
- Health care products manufacturer **Abbott Laboratories** reported solid first-quarter results and is well-positioned to benefit from its recent St. Jude acquisition. Abbott also announced it will purchase Alere at a lower price than originally indicated, with the deal expected to close later this year.

- Shares of building and aerospace technology conglomerate **United Technologies Corp.** outperformed as the market began to price in the value of the company's geared turbofan jet engine business, which was previously embedded as a meaningful negative to the stock price.

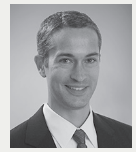
- Media and technology company **Alphabet, Inc. (Cl A)** reported strong year-over-year revenue growth and expanding margins, reflecting strength in its core advertising business including continued rapid growth in mobile search.

- Household durables manufacturer **Whirlpool Corp.** delivered excellent results in its North American division, with fundamentals remaining strong and the competitive environment stabilizing. Latin America and Asia produced solid results as well, though Europe remains challenged with struggling volumes and significant margin compression.

PORTFOLIO MANAGEMENT



Chuck Bath, CFA
Portfolio Manager



Austin Hawley, CFA
Portfolio Manager

Chris Welch, CFA
Asst. Portfolio Manager

Worst Performers

- Shares of oil and gas exploration and production company **Cimarex Energy Co.** underperformed amid a faster-than-expected increase in shale drilling activity and a large rebound in oil production from Libya and Nigeria. These factors have increased the risk that oil inventories may not normalize in the near future.

- Discount apparel retailer **TJX Cos., Inc.** reported mixed quarterly results. Comparable store sales were up slightly and merchandise margins improved, but third quarter earnings-per-share guidance was weak.

- Shares of networking and communications company **Cisco Systems, Inc.** underperformed after the firm delivered disappointing fiscal fourth-quarter guidance.

- Shares of credit services company **Capital One Financial Corp.** declined amid concerns around subprime credit card and auto loans. However, consumer trends have improved over the last few months as employment and housing remain favorable.

- Shares of diversified media and entertainment company **Walt Disney Co.** underperformed due to increased investor concerns about the profitability of ESPN due to an acceleration in cord-cutting and rising sports costs. However, the Parks and Studio segments of the business are driving solid quarterly results.

New Positions

We did not initiate any new positions during the quarter.

Eliminated Positions

We eliminated our position in networking and communications company **Cisco Systems, Inc.** and reallocated proceeds to more attractive opportunities.

Diamond Hill Large Cap Concentrated Strategy

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: December 31, 2011

	SINCE INCEPTION	5-YR	3-YR	1-YR	YTD	2Q17
LARGE CAP CONCENTRATED COMPOSITE						
Gross of Fees	14.95	16.24	9.95	24.51	7.46	1.97
Net of Fees	14.62	15.91	10.04	23.90	7.15	1.81
BENCHMARKS						
Russell 1000 Index	15.11	14.67	9.26	18.03	9.27	3.06
Russell 1000 Value Index	14.31	13.94	7.36	15.53	4.66	1.34

CALENDAR YEAR RETURNS (%)

	2012	2013	2014	2015	2016
LARGE CAP CONCENTRATED COMPOSITE					
Gross of Fees	10.00	38.75	10.70	-0.59	19.17
Net of Fees	9.74	37.22	10.63	-0.46	19.16
BENCHMARKS					
Russell 1000 Index	16.42	33.11	13.24	0.92	12.05
Russell 1000 Value Index	17.51	32.53	13.45	-3.83	17.34

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. Diamond Hill Capital Management Inc. (DHCM) has been independently verified for the periods 5/31/00 – 3/31/17. 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. In addition the Large Cap Concentrated Composite has received a Performance Examination from 12/31/11 – 3/31/17. 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. 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 Large Cap Concentrated Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's Large Cap Concentrated 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. Holdings are derived from holdings in the Diamond Hill Large Cap strategy. The Large Cap strategy typically invests in large-capitalization companies, which are defined as companies with a market capitalization of $5 billion or greater. However, the Large Cap strategy can invest in companies with a market capitalization as low as $2.5 billion. 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 Russell 1000 Index is the primary benchmark. This index is an unmanaged market-capitalization weighted index measuring the performance of the 1,000 largest companies, on a market capitalization basis, in the Russell 3000 Index. The Russell 1000 Value Index is shown as additional information. This index is an unmanaged market-capitalization weighted index measuring the performance of the large cap value segment of the U.S. equity universe including those Russell 1000 Index companies with lower expected growth values. The Russell 3000 Index is an unmanaged market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. 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 Large Cap separate accounts is as follows: First $20,000,000 = 0.65%; Over $20,000,000 = 0.55%. 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 results.** 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. The Global Investment Performance Standards are 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	LARGE CAP CONCENTRATED COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)		
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Large Cap Concentrated Composite	Russell 1000 Index	Russell 1000 Value Index
2016	$19.4B	5 or fewer	$2.9M	NA [1]	12.77%	10.69%	10.77%
2015	16.8B	5 or fewer	418.9M	NA [1]	12.07	10.48	10.68
2014	15.7B	5 or fewer	422.6M	NA [1]	9.29	9.12	9.20
2013	12.2B	5 or fewer	382.3M	NA [1]	NA [2]	NA [2]	NA [2]
2012	9.4B	5 or fewer	275.9M	NA [1]	NA [2]	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 December 2011.

Global Investment Performance Standards

Diamond Hill All Cap Select Strategy

The Composite increased 1.53%, net of fees, during the quarter compared to a 3.02% increase in the Russell 3000 Index and a 1.29% increase in the Russell 3000 Value Index.

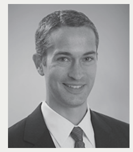
The Composite's holdings in the health care, financials, and information technology sectors provided the largest contribution to absolute return, while the energy sector detracted.

The Composite's underperformance relative to the Russell 3000 Index was primarily driven by security selection in the energy, industrials, and consumer discretionary sectors as well as an underweight allocation to health care. Security selection in the health care and telecommunication sectors and an underweight allocation to energy were positive contributors to relative return.

Best Performers

- Health care products manufacturer **Abbott Laboratories** reported solid first-quarter results and is well-positioned to benefit from its recent St. Jude acquisition. Abbott also announced it will purchase Alere at a lower price than originally indicated, with the deal expected to close later this year.
- Shares of mortgage servicing company **Nationstar Mortgage Holdings, Inc.** outperformed as expectations about the health of the mortgage refinancing market improved on the pullback in interest rates.
- Shares of homebuilder **NVR, Inc.** rose after the company reported good quarterly results as increased demand, low supply of existing homes, and higher prices have been providing a favorable environment for homebuilders. The company also continues to be one of the most efficient operators in the industry.
- Health care benefits company **Aetna, Inc.** revealed its standalone outlook, which includes a mid-teens growth rate for its Medicare Advantage business. The broader managed care group has also done well as investors are beginning to recognize the potential upside from the repeal of Affordable Care Act taxes, public exchange exits, tax reform, and rising interest rates.
- Shares of airline operator **United Continental Holdings, Inc.** rose as the revenues continue to improve for the airline industry, with United experiencing encouraging initial results on its revenue initiatives.

PORTFOLIO MANAGEMENT



Austin Hawley, CFA
Portfolio Manager

Rick Snowdon, CFA
Portfolio Manager

Worst Performers

- Shares of diversified media and entertainment company **Twenty-First Century Fox, Inc. (Cl B)** fell as a result of increased concerns around advertising declines and cord-cutting acceleration. Despite this dynamic, Fox reported solid quarterly results that were driven by its cable and broadcast segments.
- Freight transportation management company **Hub Group, Inc. (Cl A)** reduced full-year guidance as it became clear that intermodal pricing for 2017 would be well below prior expectations, largely due to the continued oversupply of capacity in the competing truckload market. We believe this issue is transitory and expect a more favorable pricing environment in 2018 as new regulations help constrain the supply of truckload capacity.
- Shares of regional bank **BankUnited, Inc.** declined amid broader concerns surrounding delays in tax and regulatory reforms. Additionally, the company's first-quarter results called into question management's loan growth guidance for the full year.
- Media and communications company **Liberty Global PLC (Cl A)** reduced 2017 guidance based on slowing expansion and competitive pressures in the company's U.K. segment.
- Shares of oil and gas exploration and production company **Cimarex Energy Co.** underperformed amid a faster-than-expected increase in shale drilling activity and a large rebound in oil production from Libya and Nigeria. These factors have increased the risk that oil inventories may not normalize in the near future.

New Positions

We initiated a position in telecommunication services provider **Cincinnati Bell, Inc.**, whose management team has completely reshaped the business by selling non-core assets, reducing net debt, and investing in modern fiber networks. We expect free cash flow to expand meaningfully over the next several years. We purchased shares of shipping and transportation company **Kirby Corp.**, the largest U.S. tank barge operator. The company is well-positioned to benefit from increasing petrochemical plant capacity in the United States. Management has a strong track record of opportunistic capital allocation and the current industry environment could provide attractive M&A opportunities. We took advantage of a recent decline in the stock price to purchase shares of beverage manufacturer **Molson Coors Brewing Co. (Cl B)**, the second largest brewer in North America. We believe the company's recent acquisition of SAB Miller's stake in Miller Coors will result in significant margin expansion over the next few years. **Validus Holdings Ltd.** is a Bermudian reinsurance company with a good track record of underwriting and value creation. Validus is well-diversified and has built strong operating platforms. We believe the company will continue creating value for shareholders despite a challenging global reinsurance market. **Verisk Analytics, Inc.** is a specialized data and analytics provider that serves customers in the insurance, energy, and financial services industries. We believe Verisk possesses unique data assets that allow it to provide high and recurring value to its customers and that it has a large cross-selling opportunity over the next several years.

Eliminated Positions

We sold our position in industrial manufacturing and engineering company **Colfax Corp.** as the share price approached our estimate of intrinsic value. We eliminated our position in insurance broker **Willis Towers Watson PLC** and reallocated the capital to more attractive opportunities.

Diamond Hill All Cap Select Strategy

As of June 30, 2017

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: June 30, 2000

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	2Q17
ALL CAP SELECT COMPOSITE							
Gross of Fees	10.70	8.14	15.83	7.32	26.03	6.90	1.68
Net of Fees	9.96	7.48	15.22	6.75	25.35	6.59	1.53
BENCHMARKS							
Russell 3000 Index	5.48	7.26	14.58	9.10	18.51	8.93	3.02
Russell 3000 Value Index	7.33	5.59	13.89	7.32	16.21	4.32	1.29

CALENDAR YEAR RETURNS (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
ALL CAP SELECT COMPOSITE										
Gross of Fees	6.57	-32.90	34.83	11.51	-0.58	12.70	45.86	12.60	-0.48	10.84
Net of Fees	5.75	-33.39	33.89	10.74	-1.21	12.00	45.11	12.07	-1.01	10.22
BENCHMARKS										
Russell 3000 Index	5.14	-37.31	28.34	16.93	1.03	16.42	33.55	12.56	0.48	12.74
Russell 3000 Value Index	-1.01	-36.25	19.76	16.23	-0.10	17.55	32.69	12.70	-4.13	18.40

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. Diamond Hill has been independently verified for the period 5/31/00 – 3/31/17. Diamond Hill'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. In addition the All Cap Select Composite has received a Performance Examination from 6/30/00 – 3/31/17. The verification and performance exam reports are available upon request. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. Diamond Hill 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 All Cap Select Composite is comprised of discretionary fee paying non-wrap accounts managed according to the firm's All Cap Select equity strategy. The strategy's investment objective is to achieve long-term capital appreciation by investing in companies selling for less than our estimate of intrinsic value. The strategy typically invests in securities with a market capitalization of $500 million or greater. The strategy's Adviser anticipates that each of the strategy's investments will also be held in one of the other Diamond Hill strategies. 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 Russell 3000 Index is the primary benchmark. This index is an unmanaged market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 3000 Value Index is shown as additional information. This index is an unmanaged market-capitalization weighted index measuring the performance of the broad value segment of the U.S. equity universe including those Russell 3000 Index companies with lower expected growth values. 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 All Cap Select separate accounts is as follows: First $20,000,000 = 0.85%; 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 results.** 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. The Global Investment Performance Standards are 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	ALL CAP SELECT COMPOSITE			3-YR STANDARD DEVIATION (GROSS OF FEES)		
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	All Cap Select Composite	Russell 3000 Index	Russell 3000 Value Index
2016	$19.4B	13	$324.6M	0.28%	12.04%	10.88%	10.97%
2015	16.8B	13	466.5M	0.16	11.66	10.58	10.74
2014	15.7B	13	374.9M	0.07	10.56	9.29	9.39
2013	12.2B	14	277.8M	0.24	13.39	12.53	12.90
2012	9.4B	18	227.2M	0.16	14.48	15.73	15.81
2011	8.7B	26	284.9M	0.42	18.81	19.35	21.04
2010	8.6B	28	189.0M	0.48	NA	NA	NA
2009	6.3B	29	155.0M	0.97	NA	NA	NA
2008	4.5B	35	83.3M	0.82	NA	NA	NA
2007	4.4B	36	102.2M	0.32	NA	NA	NA

NA = Not Applicable

This composite was created in October 2013.

As of February 28, 2017, the Select Composite was renamed the All Cap Select Composite.

Global Investment Performance Standards

Diamond Hill Core Bond Strategy

As of June 30, 2017

PORTFOLIO MANAGEMENT

Henry Song, CFA
Portfolio Manager

Mark Jackson, CFA
Portfolio Manager

All Composite returns are net of fees.

The Diamond Hill Core Bond Composite* generated a 1.80% total return during the second quarter, compared to 1.45% for the Bloomberg Barclays U.S. Aggregate Index. Since its inception on July 31, 2016, the Composite has generated a total return of 0.36% compared to -0.94% for the Index. The goal of the Diamond Hill Core Bond strategy is to outperform the Index over a market cycle.

Despite potential economic headwinds that arose during the quarter, the Federal Reserve appears to be fully committed to their plan of gradually increasing the federal funds target rate over time. The Fed opted to maintain rates at their current level after their May 2 meeting and provided clear indication of their plans to continue down the path of normalization. Despite a less-than-stellar jobs report (+138,000) for May and a slight decrease in inflation, the Fed moved forward with their rate hike in June. More importantly, the Fed provided an outline of their plan to wind down the balance sheet over the coming years.

Key points of the proposed Policy Normalization Principles and Plans include:

- 'Caps' are defined as the maximum amount per month that will be permitted to roll-off (not reinvested). Proposal is to begin slowly and build up over time.
- 'Caps' for Treasuries begin at $6 billion per month, with an increase of $6 billion every three months, to a maximum level of $30 billion per month.
- 'Caps' for mortgage-backed securities begin at $4 billion per month, with an increase of $4 billion every three months, to a maximum level of $20 billion per month.
- Fed reserves the right to slow or even reverse the process if the economy struggles to grow or if we hit another recession.

Even as the Fed continues to push the shorter end of the yield curve higher by increasing its target rate, the longer end continues to rally. Lack of yield in the European bond market is one reason why yields on the longer end of the U.S. curve remain so low. However, the flattening of the curve saw some relief near the end of the quarter as the market began anticipating a tightening of the European Central Bank's policy based on ECB President Mario Draghi's comments on June 27. This increased the yield on the German bund, which serves as a bellwether for European interest rates. Longer U.S. Treasury yields moved higher as well.

	3/31/17	6/27/17	6/30/17	QUARTER-OVER-QUARTER CHANGE
2-Year U.S. Treasury	1.26%	1.37%	1.38%	+12 bps
10-Year U.S. Treasury	2.39	2.21	2.30	-9 bps
10-Year German Bund	0.33	0.37	0.46	+13 bps

Source: Bloomberg

The Core Bond strategy's duration has been maintained within our targeted range of +/- 10% of the benchmark's duration. At the end of the second quarter, the strategy's duration was roughly 90% of the benchmark's duration (5.41 and 6.01, respectively), reflecting the long-term viewpoint that interest rates have a greater chance of moving higher over the coming months and quarters. The strategy's overall shorter duration positioning relative to the benchmark minimally detracted from performance during the quarter.

The securitized sector was the primary driver of relative return, led by strong security selection and sector positioning. Continued demand in the marketplace drove spreads even tighter across the entire space, even as heavy issuance continued to hit the marketplace. Year-to-date new i ssuance in the consumer asset-backed securities market is currently at its highest level since the financial crisis, 6.8% ahead of the previous six-month high achieved in 2014. Asset-backed securities, along with commercial mortgage-backed securities, were the primary contributors to relative performance in the securitized sector as spreads tightened due to high demand. With agency mortgage-backed securities still under pressure from the Fed's involvement in the marketplace, this sector remains overvalued and, relative to other securitized assets, not very attractive.

*Investments discussed are based on a representative portfolio and there is no assurance that Diamond Hill will make investments in a new client's portfolio with the same or similar characteristics as the representative portfolio presented. The representative portfolio is presented for discussion purposes only and is not a reliable indicator of the performance or investment profile of the Composite.

Investment grade credit continued its resurgence, with the Bloomberg Barclays U.S. Corporate Index delivering a return of 2.54% in the second quarter. The strategy's underweight allocation to investment grade credit as well as sector allocation within the investment grade space detracted from relative performance. The largest detractor was our underweight position in industrials, which rallied during the quarter. Utilities and financials also slightly detracted from relative performance.

The Core Bond strategy continues to search for opportunities in the marketplace while maintaining a conservative risk profile relative to the Index.

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: July 31, 2016

	TRAILING			CALENDAR
	SINCE INCEPTION	YTD	2Q17	7-31/16 - 12/31/16
SELECT COMPOSITE				
Gross of Fees	0.63	3.16	1.88	-2.45
Net of Fees	0.36	2.99	1.80	-2.56
BENCHMARKS				
Bloomberg Barclays U.S. Aggregate Index	-0.94	2.27	1.45	-3.14

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. Diamond Hill has been independently verified for the period 5/31/00 – 3/31/17. Diamond Hill's current verification firm is ACA Compliance Group. The verification report(s) is/are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. Diamond Hill 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 Core Bond Composite is comprised of discretionary non-fee and fee paying non-wrap accounts with a market value over $10M managed according to the firm's Core Bond fixed income strategy. The strategy's investment objective is to maximize total return with the preservation of capital by investing in a diversified portfolio of intermediate and long-term debt securities. The portfolio generally invests at least 80% of its assets in a diversified portfolio of investment grade, fixed income securities and may invest a significant portion or all of its assets in mortgage-related and mortgage-backed securities. The portfolio will typically maintain an average portfolio duration within 20% of the duration of the Bloomberg Barclays U.S. Aggregate Index. The portfolio may invest a significant portion or all of its assets in asset-backed, mortgage-related and mortgage-backed securities at the discretion of Diamond Hill Capital Management, Inc. (the "Adviser"). 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 Bloomberg Barclays U.S. Aggregate Index is an unmanaged index representing the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through, and asset-backed securities. 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 Core Bond separate accounts is as follows: First $50,000,000 = 0.29%; Next $50,000,000 = 0.22%; Balance = 0.18%.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 results.** 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. The Global Investment Performance Standards are 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	CORE BOND COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)	
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Core Bond Composite	Bloomberg Barclays U.S. Aggregate Index
2016	$19.4B	5 or fewer	$39.7M	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 July 2016.

Global Investment Performance Standards

Diamond Hill Corporate Credit Strategy

As of June 30, 2017

All Composite returns are net of fees.

The Diamond Hill Corporate Credit Composite* generated a 2.34% 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 Composite generated a total return of 5.22% compared to 4.06% for the Corporate & High Yield Index. For the trailing five years, the Composite generated an annualized total return of 6.35% compared to 4.60% for the Corporate & High Yield Index.

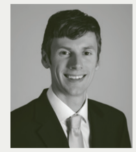
Unlike most corporate bond strategies, Diamond Hill Corporate Credit is not managed against any index. Instead, the strategy is managed against absolute objectives of (1) inflation plus 3% and (2) 7% nominal, each measured over rolling five-year periods. Our goal is to achieve these objectives while minimizing the risk of downside volatility over longer time periods. Although the strategy's investable universe (and the Corporate & High Yield Index) includes both investment grade and high yield corporate bonds, since early 2010 the strategy has been largely focused on the high yield portion of the market to achieve these objectives. Over 85% of the Corporate Credit strategy 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 Corporate Credit strategy'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 strategy's yield-to-worst began the quarter at 5.10% and declined to 4.59% at the end of the quarter. The strategy'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.

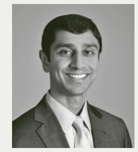
High yield is off to a stronger start to 2017 than many expected, buttressed by the strength of equities on one end of the spectrum and core U.S. fixed income on the other. In addition, the high yield default rate is below the historical average and expected to decline further in coming quarters. While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

PORTFOLIO MANAGEMENT

Bill Zox, CFA
Portfolio Manager



John McClain, CFA
Portfolio Manager



Suken Patel, CFA
Asst. Portfolio Manager

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 strategy'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 strategy'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.

*Investments discussed are based on a representative portfolio and there is no assurance that Diamond Hill will make investments in a new client's portfolio with the same or similar characteristics as the representative portfolio presented. The representative portfolio is presented for discussion purposes only and is not a reliable indicator of the performance or investment profile of the Composite.

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.

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

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: September 30, 2002

	SINCE INCEPTION	10-YR	5-YR	3-YR	1-YR	YTD	2Q17
CORPORATE CREDIT COMPOSITE							
Gross of Fees	7.85	6.06	6.86	6.72	11.50	5.45	2.45
Net of Fees	7.34	5.55	6.35	6.24	11.01	5.22	2.34
BENCHMARKS							
BofA ML U.S. Corporate & High Yield Index	6.30	6.03	4.60	3.66	4.14	4.06	2.37
BofA ML U.S. High Yield Index	9.31	7.54	6.91	4.48	12.75	4.91	2.14

CALENDAR YEAR RETURNS (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CORPORATE CREDIT COMPOSITE										
Gross of Fees	-5.24	-16.55	30.78	14.52	6.30	10.65	6.12	3.17	2.18	12.90
Net of Fees	-5.69	-16.96	30.09	13.96	5.78	10.11	5.60	2.65	1.72	12.40
BENCHMARKS										
BofA ML U.S. Corporate & High Yield Index	4.09	-10.93	26.00	10.76	6.80	11.37	0.34	6.43	-1.37	7.97
BofA ML U.S. High Yield Index	2.19	-26.39	57.51	15.19	4.38	15.58	7.42	2.50	-4.64	17.49

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. Diamond Hill has been independently verified for the period 5/31/00–3/31/17. Diamond Hill's current verification firm is ACA Compliance Group. The verification report(s) is/are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. Diamond Hill 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 Corporate Credit Composite is comprised of discretionary fee paying non-wrap accounts with a market value over $10M managed according to the firm's Corporate Credit fixed income strategy. The strategy's investment objective is to provide an attractive cash distribution and total return greater than the current rate of inflation, while minimizing the risk of a current loss of capital over a five-year time horizon. The strategy generally invests in investment grade and below-investment grade (high yield) corporate bonds and will typically maintain an effective duration less than five. 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 BofA Merrill Lynch U.S. Corporate & High Yield Index is the primary benchmark. This 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 is shown as additional information. This index is comprised of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Ratings are based on an average of Moody's, S&P and Fitch. 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 Corporate Credit separate accounts is as follows: First $50,000,000 = 0.55%; Over $50,000,000 = 0.45%. 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 results.** 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. The Global Investment Performance Standards are 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	CORPORATE CREDIT COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)		
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	Corporate Credit Composite	BofA ML U.S. Corporate & High Yield Index	BofA ML U.S. High Yield Index
2016	$19.4B	5 or fewer	$533.5M	NA	3.96%	3.93%	6.03%
2015	16.8B	5 or fewer	299.0M	NA	2.91	3.82	5.27
2014	15.7B	5 or fewer	220.0M	NA	2.37	3.79	4.44
2013	12.2B	5 or fewer	186.7M	NA	3.32	4.34	6.42
2012	9.4B	5 or fewer	178.4M	NA	3.80	4.00	7.03
2011	8.7B	5 or fewer	146.0M	NA	7.10	5.73	11.00
2010	8.6B	5 or fewer	145.8M	NA	NA	NA	NA
2009	6.3B	5 or fewer	127.6M	NA	NA	NA	NA
2008	4.5B	5 or fewer	112.8M	NA	NA	NA	NA
2007	4.4B	5 or fewer	206.1M	NA	NA	NA	NA

NA = Not Applicable

This composite was created in April 2015.

As of July 1, 2016, Diamond Hill removed the BofA Merrill Lynch BB-B U.S. High Yield Index and the BofA Merrill Lynch U.S. High Yield Index as secondary and tertiary benchmarks, respectively, as we believe the benchmarks no longer provide meaningful comparisons to the composite.

Global Investment Performance Standards

Diamond Hill High Yield Strategy

As of June 30, 2017

All Composite returns are net of fees.

The Diamond Hill High Yield Composite* generated a 3.01% total return during the second quarter, compared to 2.14% for the Bank of America Merrill Lynch U.S. High Yield Index. Year to date, the Composite generated a total return of 6.92% compared to 4.91% for the High Yield Index. Since inception on December 31, 2014, the Composite generated an annualized total return of 9.00% compared to 6.68% for the High Yield Index.

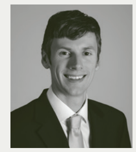
While we are pleased with the Composite's performance compared to the High Yield Index, it is important to note that the High Yield Index is not an investable alternative. Over our five-year time horizon, performance relative to peers will be the best metric to evaluate the strategy. We discuss high yield indices, investable passive alternatives and active management in "Debunking the High Yield Index and High Yield ETFs" available at www.diamond-hill.com/debunking-high-yield-index-high-yield-etfs.

Coming into the year, the strategy's yield-to-worst of 6.44% was 25 basis points higher than the High Yield Index yield-to-worst of 6.19%. At the end of the quarter, the strategy's yield-to-worst of 5.37% was 31 basis points lower than the High Yield Index yield-to-worst of 5.68%, marking an almost 60 basis point shift since the beginning of the year relative to the Index. The strategy's yield-to-worst does not reflect a top-down market call. Instead, it is a product of the values that we identify on a bottom-up basis and our desire to be well-positioned to take advantage of any bouts of volatility and illiquidity in the high yield market. Because of our five-year time horizon, we have no need to chase an overheated market. The first four quarters of the strategy's history were difficult for the high yield market while the last six quarters have been quite strong. Our long-term time horizon and other structural advantages have allowed us to perform well in both environments.

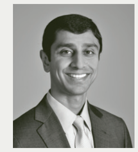
We take into account both price and value when we look at our market, and while value hasn't materially changed this year, price has become more expensive. As a result, we haven't been finding as many bonds trading at a substantial discount to our estimate of intrinsic value. Instead of investing more in less-attractive bonds, we have increased our concentration in our top 10 holdings from 33.4% at the end of 2016 to 42% at the end of the second quarter. Further, we have reduced our CCC and below exposure from 5.8% to 3.1%. Finally, energy exposure is another proxy for risk. The strategy's exposure is actually up on the year from 7.7% to 9.5%, almost entirely due to our increased exposure in **Energen Corp. 7.125% due 2028** which went from 4.7% to 6.4%. However, the strategy's 9.5% total energy weighting compares to the High Yield Index energy weighting of 14%.

PORTFOLIO MANAGEMENT

Bill Zox, CFA
Portfolio Manager



John McClain, CFA
Portfolio Manager



Suken Patel, CFA
Asst. Portfolio Manager

The energy industry led the high yield market down from the middle of 2014 to early 2016. West Texas Intermediate has moved from $105 a barrel to just above $46, down more than 50% during this timeframe. After a powerful rebound last year, energy is once again the weakest industry in the high yield market this year with option-adjusted spread moving from 425 to 487 basis points and a total return of 1.34% versus the High Yield Index total return of 4.91%. The strategy's energy weighting is well below that of the High Yield Index 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.

Energen Corp. 7.125% due 2028 was the largest contributor to performance during the second quarter. This bond is the strategy's largest single position and has benefited from both strong operational performance and takeover speculation as activist hedge funds Corvex Management, Highfields Capital, and Elliott Management all have announced meaningful stakes in the company. If a takeover were to occur, we believe our bonds would be made whole as is contractually stipulated if the company decided to redeem the bonds. The make-whole price is dependent on when this would occur and the price of the appropriate Treasury bond. Currently, the make-whole price is substantially higher than the market price of the bonds. We not only search for good credits but also for bond structures that provide the best return opportunities.

Conduent Finance, Inc. 10.5% due 2024 was the second largest contributor 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. It is also important to note that we have reduced our exposure by more than 150 basis points during the quarter as bond prices are up nearly 20 points since new issue in November 2016. Price and value dictate our position sizes and Conduent still remains a top 10 holding.

*Investments discussed are based on a representative portfolio and there is no assurance that Diamond Hill will make investments in a new client's portfolio with the same or similar characteristics as the representative portfolio presented. The representative portfolio is presented for discussion purposes only and is not a reliable indicator of the performance or investment profile of the Composite.

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 a large detractor from 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 bribe s 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.

Frontier Communications Corp. 11.0% due 2025 was also a detractor 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 are once again selective in the new issue market participating in six new offerings: **Century Communities, Inc. 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 8.25% due 2025**, and **FirstCash, Inc. 5.375% due 2024**.

Onex USI Acquisition Corp. 7.75% due 2021, **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 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 had reduced our exposure and then fully exited following 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.

Finally, we continued to add to our allocation to high yield asset-backed securities (ABS) because the opportunities in the higher-rated portion of the high yield ABS market compare favorably to the BB portion of the high yield corporate bond market.

TOP 5 CONTRIBUTORS

SECURITY NAME	2Q17 CONTRIBUTION	POSITION AS OF 2Q17
Energen Corp. 7.125% due 2028	0.32%	6.2%
Conduent Finance, Inc. 10.5% due 2024	0.17	3.7
Springleaf Finance Corp. 8.25% due 2023	0.16	1.0
Nationstar Capital Group, Inc. 6.5% due 2022	0.15	4.2
Kindred Healthcare, Inc. 8.75% due 2023	0.14	1.2

TOP 5 DETRACTORS

SECURITY NAME	2Q17 CONTRIBUTION	POSITION AS OF 2Q17
Pilgrim's Pride Corp. 5.75% due 2025	-0.04%	1.9
Frontier Communications Corp. 11.0% due 2025	-0.01	1.6
Horizon Pharma, Inc. 8.75% due 2024	-0.01	0.8
Quad Graphics, Inc. 7.0% due 2022	0.00	0.0
Carrizo Oil & Gas, Inc. 7.5% due 2020	0.00	0.0

PERIOD & ANNUALIZED RETURNS (%)

Inception Date: December 31, 2014

	SINCE INCEPTION	1-YR	YTD	2Q17
HIGH YIELD COMPOSITE				
Gross of Fees	9.33	15.18	7.18	3.13
Net of Fees	9.00	14.61	6.92	3.01
BENCHMARKS				
BofA ML U.S. High Yield Index	6.68	12.75	4.91	2.14

CALENDAR YEAR RETURNS (%)

	2015	2016
HIGH YIELD COMPOSITE		
Gross of Fees	1.02	15.40
Net of Fees	1.02	14.82
BENCHMARKS		
BofA ML U.S. High Yield Index	-4.64	17.49

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. Diamond Hill has been independently verified for the period 5/31/00–3/31/17. Diamond Hill's current verification firm is ACA Compliance Group. The verification report(s) is/are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation. Diamond Hill is a registered investment adviser and wholly owned subsidiary of Diamond Hill Investment Group, Inc. Diamond Hill 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 High Yield Composite is comprised of discretionary non-fee and fee paying non-wrap accounts with a market value over $10M managed according to the firm's High Yield fixed income strategy. The strategy's investment objective is to generate high current income with the opportunity for capital appreciation over a five year time horizon. The strategy generally invests in corporate debt securities that are related below investment grade or are unrated. 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 BofA Merrill Lynch U.S. High Yield Index is comprised of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. 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 High Yield separate accounts is as follows: First $50,000,000 = 0.60%; Over $50,000,000 = 0.50%. For calendar year end 2015, the non-fee paying account percentage of the Composite is 100%. 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 results.** 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. The Global Investment Performance Standards are 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	HIGH YIELD COMPOSITE			3-YR ANNUALIZED STANDARD DEVIATION (GROSS OF FEES)	
	Assets Under Management	Number of Accounts	Assets Under Management	Dispersion (Gross of Fees)	High Yield Composite	BofA ML U.S. High Yield Index
2016	$19.4B	5 or fewer	$31.9M	NA[1]	NA[2]	NA[2]
2015	16.8B	5 or fewer	10.1M	NA[1]	NA[2]	NA[2]

[1] NA = Not Applicable

[2] The three-year annualized ex-post standard deviation of the composite and/or benchmark is not presented because 36 monthly returns are not available.

This composite was created in January 2016.

Global Investment Performance Standards

DIAMOND
HILL | CAPITAL MANAGEMENT