Select Fund

Investment Objective

- Long-term capital growth by investing in companies selling for less than our appraisal of intrinsic value.
- Suitable for investors with a 5-plus year investment horizon.

Portfolio Management



Bill Dierker, CFA Manager	Chuck Bath, CFA Assistant Manager	Chris Welch, CFA Assistant Manager

Investment Strategy

BUY STRATEGY The Fund seeks to buy securities of companies at prices below our appraisal of intrinsic value. To determine intrinsic value, the business must be understandable and the cash flows must be reasonably estimable. In addition, we seek businesses with a lasting competitive advantage and management with an owner mentality such that shareholders will reap the rewards of the underlying business performance.

SELL STRATEGY Investments are sold when the stock price approximates our appraised intrinsic value. Ideally, this occurs as the stock price has risen and closed the gap with a growing intrinsic value. In a less than ideal situation, our estimate of intrinsic value may be revised such that the market price is no longer at a discount to intrinsic value. In cases where we no longer have confidence we can predict with any reasonable accuracy the business cash flows, the mistake is admitted and the investment is sold. Finally, we may sell one investment in order to raise proceeds for investment in a more attractive alternative.

FUND GUIDELINES Typically 30–40 positions. Maximum sector exposure is 30%.

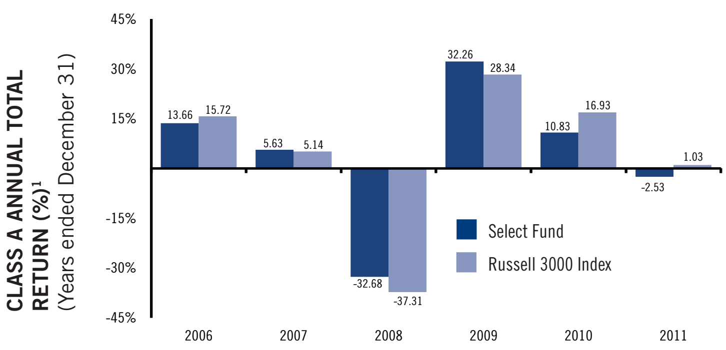
MARKET CAPITALIZATION The Fund normally invests in securities with a market cap of $500M or greater, or those companies within the market capitalization range of the Russell 3000 Index. The Fund's Adviser anticipates that each of the Fund's investments will also be held in the Diamond Hill Large Cap Fund, Diamond Hill Small-Mid Cap Fund, or the Diamond Hill Small Cap Fund.

Because this Fund expects to hold a concentrated portfolio of a limited number of securities, a decline in the value of these investments would cause the Fund's overall value to decline to a greater degree than a less concentrated portfolio.

Performance Update

Period & Average Annual Total Returns as of December 31, 2011	Fourth Quarter	One Year	Three Year	Five Year	Since Inception (12/30/05)	Total Expense Ratio
PERFORMANCE AT NAV *without sales charges*						
Class A Shares	10.90%	-2.53%	12.63%	0.32%	2.43%	1.24%
Class Y Shares	10.90%	-2.53%	12.63%	0.32%	2.43%	0.81%
BENCHMARK						
Russell 3000 Index	12.12%	1.03%	14.88%	-0.01%	2.45%	—
PERFORMANCE AT POP *includes sales charges*						
Class A Shares	5.38%	-7.44%	10.72%	-0.71%	1.55%	1.24%

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



The Russell 3000 is a widely recognized unmanaged market capitalization-weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 3000 does not take into account the deduction of expenses associated with a mutual fund, such as investment management and accounting fees. One cannot invest directly in an index. Unlike mutual funds, the index does not incur expenses. If expenses were deducted, the actual returns of this index would be lower.

[1] Figures do not reflect sales charges. If they did, the returns would be lower.

Best Performers

Security Name	Fourth Quarter Contribution[2]	Position as of December 31
Occidental Petroleum Corp.	0.9%	3.2%
Pfizer, Inc.	0.6%	2.8%
Assured Guaranty Ltd.	0.6%	3.2%
Dover Corp.	0.5%	2.1%
Medtronic, Inc.	0.5%	3.4%

Worst Performers

Security Name	Fourth Quarter Contribution[2]	Position as of December 31
Baxter International, Inc.	-0.4%	2.6%
iStar Financial, Inc.	-0.1%	0.9%
Hanesbrands, Inc.	-0.1%	0.9%
Southwestern Energy Co.	0.0%	0.8%
PNC Financial Services Group, Inc.	0.1%	1.1%

New Positions

Security Name	Position as of December 31
PNC Financial Services Group, Inc.	1.1%
Hanesbrands, Inc.	0.9%

Eliminated Positions

Security Name
Exterran Holdings, Inc.
Wal-Mart Stores, Inc.

Top Ten Holdings

Security	Sector	% of Portfolio
ConAgra Foods, Inc.	Consumer Staples	3.6%
Sysco Corp.	Consumer Staples	3.5%
United Technologies Corp.	Industrials	3.5%
Prudential Financial, Inc.	Financials	3.5%
Medtronic, Inc.	Health Care	3.4%
Wells Fargo & Co.	Financials	3.2%
Occidental Petroleum Corp.	Energy	3.2%
UnitedHealth Group, Inc.	Health Care	3.2%
Assured Guaranty Ltd.	Financials	3.2%
International Business Machines Corp.	Information Technology	3.2%

Portfolio Statistics *(Portfolio composition is subject to change)*

Total Net Assets **$46M**
Median Market Capitalization **$32.6B**
Portfolio Turnover Rate (12 months trailing) **26%**
Number of Equity Securities in Portfolio **40**
% of Net Assets in Cash & Cash Equivalents **3.1%**

5-Year Risk Statistics✧ *(Class A Load Waived)*

Annualized Standard Deviation (%) **18.70**
Beta (%) **0.93**
Sharpe Ratio **0.04**
Alpha (%) **0.18**
R-squared (%) **95.80**
Upside / Downside Capture Ratio (%) .... **93 / 92**

Sector Allocation* *(Overweight in bold)*

	Financials	Health Care	Energy	Industrials	Consumer Staples	Information Technology	Consumer Discretionary	Materials	Telecom	Utilities	Cash & Equiv.
Select Fund	**22.8%**	**19.7%**	**14.2%**	**13.8%**	**13.6%**	7.3%	3.0%	2.6%	—	—	3.1%
Russell 3000 Index	14.8%	11.7%	11.3%	11.3%	8.9%	18.1%	12.9%	4.0%	2.9%	4.0%	—

* Sector allocations may not total 100% due to rounding.

Fund Identification & Expenses

Fund Inception: 12/30/2005

	Ticker Symbol	CUSIP	Maximum Front-End Sales Charge	Contingent Deferred Sales Charge	Management Fee	Distribution Fee (12b-1)	Other Expenses	Total Expense Ratio
A Shares	DHTAX	25264S775	5.00%	None	0.70%	0.25%	0.29%	1.24%
Y Shares	DHTYX	25264S668	None	None	0.70%	None	0.11%	0.81%

Minimum Initial Investment:
Class A: $2,500
Class Y: $500,000

Distributions: Annual
Lipper Classification: Large-Cap Core
Morningstar Classification: Large Value

[2]Contribution to Return (CR) is an approximate measure of the contribution by an individual position to the overall portfolio return of the stated period. A daily contribution for each position is calculated by multiplying the position's previous day ending position weight by its daily total return. The daily total return is determined by summing the end of day stock price and any dividends and dividing the result by the beginning stock price. These daily contributions are then geometrically linked to determine the CR for the entire stated period. The holdings identified do not represent all of the securities purchased, sold, or held in the Fund, and past performance does not guarantee future results.

Performance is not guaranteed. Performance returns assume reinvestment of all distributions. Returns for the periods less than one year are not annualized. Class Y shares include performance based on Class A shares, which was achieved prior to the creation of Class Y shares. These total return figures may reflect the waiver of a portion of a Fund's advisory or administrative fees for certain periods. In such instances, and without such waiver of fees, the total returns would have been lower. Average annual total returns illustrate the annual compounded returns that would have produced the cumulative total return if the Fund's performance had remained constant throughout the period indicated. The maximum sales charge for A shares is 5.00%; Y shares have no sales charge. Fund holdings and sector allocations are subject to change without notice.

An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing or sending any money. This and other important information about the Fund(s) can be found in the Fund's(s) prospectus or summary prospectus which can be obtained at www.diamond-hill.com or by calling 888-226-5595. Please read the prospectus or summary prospectus carefully before investing. The Diamond Hill Funds are distributed by BHIL Distributors, Inc. (Member FINRA), an affiliated company. Diamond Hill Capital Management, Inc., a registered investment adviser, serves as Investment Adviser to the Diamond Hill Funds and is paid a fee for its services. Like all mutual funds, Diamond Hill Funds are not FDIC insured, may lose value, and have no bank guarantee.

✧**Risk Statistic Definitions: Standard Deviation** is a statistical measure of the historical volatility of the portfolio. **Beta** is a measure of the volatility of a portfolio relative to the overall market. **Sharpe Ratio** is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. **Alpha** is a measure of the incremental return generated from active portfolio management. **R-squared** represents the percentage of the portfolio's movements that can be explained by the general movements of the market. **Upside/ Downside Capture Ratio** measures a manager's ability to generate excess return above the benchmark return in up markets and retain more of the excess return in down markets. The upside/ downside capture ratio is the Fund's up/down market return divided by the index's up/down market return. The up/down market return equals the linked returns for all quarters in which the index return was greater /less than zero.