

Research Opportunities Fund

Investment Objective

- ◆ Long-term capital growth by investing in companies selling for less than and shorting companies selling for more than our appraisal of intrinsic value.
- ◆ Seek positive total returns on both long and short positions.
- ◆ Suitable for investors with a 5-plus year investment horizon.

Portfolio Management

The Research Opportunities Fund is co-managed by 14 Diamond Hill Research Analysts, each of whom is responsible for a sleeve of securities within one of five sector teams.

Investment Strategy

BUY LONG / SELL SHORT STRATEGY The Fund seeks to buy long or sell short securities of companies at prices below or above 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 LONG / COVER SHORT STRATEGY Investments are sold or shorts are covered 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

- Maximum Fixed Income Exposure: 20%
- Maximum International Exposure: 20%

EXPOSURE GUIDELINES

- Maximum Gross Long Position: 120%
- Maximum Gross Short Position: 70%
- Maximum Total Gross Exposure: 140%
- Net Long Range: 0-100%

The Fund uses short selling which incurs significant additional risk. Theoretically, stocks sold short have the risk of unlimited losses. There are specialized risks associated with small capitalization issues, such as market illiquidity and greater market volatility than large capitalization issues.

Performance Update

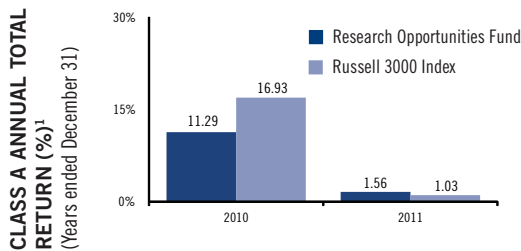
Period & Average Annual Total Returns as of December 31, 2011	Fourth Quarter	One Year	Three Year	Five Year	Since Inception (3/31/09)	Total Expense Ratio
PERFORMANCE AT NAV <i>without sales charges</i>						
Class A Shares	8.65%	1.56%	—	—	18.41%	1.61% ³
Class Y Shares	8.76%	1.98%	—	—	18.89%	1.20% ³
BENCHMARK						
Russell 3000 Index	12.12%	1.03%	—	—	21.28%	—
PERFORMANCE AT POP <i>includes sales charges</i>						
Class A Shares	3.23%	-3.53%	—	—	16.21%	1.61% ³

The quoted performance for the Fund reflects the past performance of Diamond Hill Research Partners, L.P., a private fund managed with full investment authority by the fund's Adviser. The fund is managed in all material respects in a manner equivalent to the management of the predecessor unregistered fund. The fund's objectives, policies, guidelines and restrictions are in all material respects equivalent to the predecessor, and the fund was created for reasons entirely unrelated to the establishment of a performance record. The assets of the Research Partnership were converted into assets of the fund prior to commencement of operation of the fund. The performance of the Research Partnership has been restated to reflect the net expenses and maximum applicable sales charge of the fund for its initial years of investment operations. The Research Partnership was not registered under the Investment Company Act of 1940 and therefore was not subject to certain investment restrictions imposed by the 1940 Act. If the Research Partnership had been registered under the 1940

Act, its performance may have been adversely affected. Performance is measured from March 31, 2009, the inception of the Research Partnership and is not the performance of the fund. The Research Partnership's past performance is not necessarily an indication of how the fund will perform in the future either before or after taxes. 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.

¹Figures 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
Assured Guaranty Ltd.	0.6%	3.0%-Long
Energizer Holdings, Inc.	0.5%	3.1%-Long
Occidental Petroleum Corp.	0.5%	1.8%-Long
Nokia Corp. (ADR)	0.2%	(0.4%)-Short
Advent Software, Inc.	0.0%	(0.5%)-Short
MGM Resorts International	0.0%	(0.4%)-Short

Worst Performers

Security Name	Fourth Quarter Contribution ²	Position as of December 31
Global Sources Ltd.	-0.5%	0.9%-Long
iStar Financial, Inc.	-0.2%	1.9%-Long
Corrections Corp. of America	-0.1%	1.0%-Long
Apollo Group, Inc. (CI A)	-0.2%	(1.0%)-Short
Life Time Fitness, Inc.	-0.2%	(0.7%)-Short
Macy's, Inc.	-0.1%	(0.5%)-Short

New Positions

Security Name	Position as of December 31
N/A	N/A

Eliminated Positions

Security Name
N/A

Top Ten Exposures

Security	Sector	% of Portfolio	Long or Short
Microsoft Corp.	Information Technology	4.7%	Long
Juniper Networks, Inc.	Information Technology	3.3%	Long
Energizer Holdings, Inc.	Consumer Staples	3.1%	Long
Assured Guaranty Ltd.	Financials	3.0%	Long
Intl. Business Machines Corp.	Information Technology	2.9%	Long
Prudential Financial, Inc.	Financials	2.9%	Long
Cisco Systems, Inc.	Information Technology	2.7%	Long
Southwest Airlines Co.	Industrials	2.3%	Long
Apple, Inc.	Information Technology	2.2%	Long
Amgen, Inc.	Health Care	2.1%	Long

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

Total Net Assets	\$12M
Median Market Capitalization—Long/(Short)	\$5.5B/(\$3.9B)
Portfolio Turnover Rate (12 months trailing)	N/A
Number of Long/(Short) Equity Securities in Portfolio	70/(12)
Long/(Short) Securities (% of Net Assets)	87.1%/(5.2%)
Gross Exposure (Long + Short)	92.3%
Net Exposure (Long - Short)	81.9%
% of Net Assets in Cash & Equivalents	12.9%

Risk Statistics[†] *(Since Inception, Class A Load Waived)*

Annualized Standard Deviation (%)	15.04
Beta (%)	0.79
Sharpe Ratio	1.20
Alpha (%)	1.57
R-squared (%)	85.45
Upside / Downside Capture Ratio (%)	.79 / 69

Sector Allocation* *(Overweight in bold)*

	Information Technology	Financials	Industrials	Consumer Discretionary	Health Care	Consumer Staples	Energy	Materials	Utilities	Telecom	Other	Cash & Equiv.
Long Portfolio	19.0%	16.2%	13.8%	12.8%	11.1%	8.6%	5.6%	—	—	—	—	12.9%
Russell 3000 Index	18.1%	14.8%	11.3%	12.9%	11.7%	8.9%	11.3%	4.0%	4.0%	2.9%	0.1%	—
Short Portfolio	(0.9%)	—	(0.5%)	(3.4%)	(0.4%)	—	—	—	—	—	—	—

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

Fund Identification & Expenses

	Ticker Symbol	CUSIP	Maximum Front-End Sales Charge	Contingent Deferred Sales Charge	Management Fee	Distribution Fee (12b-1)	Other Expenses	Total Expense Ratio	Fund Inception: 3/31/2009 Minimum Initial Investment: Class A: \$2,500 Class Y: \$500,000
A Shares	DHROX	25264S742	5.00%	None	1.00%	0.25%	0.36%	1.61% ⁴	Distributions: Annual Lipper Classification: TBD Morningstar Classification: TBD
Y Shares	DROYX	25264S718	None	None	1.00%	None	0.20%	1.20% ⁴	

²Contribution 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.

³Includes dividend expense relating to short sales. If dividend expenses relating to short sales were excluded, the Total Expense Ratio for the Research Opportunities Fund would have been 1.51% for Class A, and 1.10% for Class Y.

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.