DIAMOND HILL

INVESTED IN THE LONG RUN

International Fund

As of 30 Sep 2025

Market Commentary

The third quarter saw international stocks rise once again, with the MSCI ACWI ex USA Index increasing 6.89%, marking a third straight quarter of gains and a year-to-date increase of more than 26%.

Asian markets led during the quarter, with China and Japan contributing meaningfully to the benchmark's return. Chinese equities rallied on growing confidence that the country's domestic producers are becoming less reliant on foreign suppliers, especially in important areas such as artificial intelligence (AI). Japanese stocks advanced as governance reforms accelerated. The Tokyo Stock Exchange has pushed for better capital efficiency, leading to a wave of parent-subsidiary buyouts that has turned policy talk into action. Meanwhile, European stocks saw modest but positive gains. Germany, which had been an outperformer earlier in the year, underperformed in Q3 as positive economic momentum slowed due to weakness in exports and uncertainty tied to new US tariffs on EU exports. Emerging markets generally benefited from China's rebound, with Mexico and Brazil outpacing the benchmark while Indian stocks declined amid tariff headlines, geopolitical headwinds and softer consumption trends.

With one full earnings season behind us post-Liberation Day, three themes stood out:

1. Companies are deferring some capital expenditures due to elevated uncertainty across global markets.
2. Companies are contemplating changes to their production and assembly locations to adapt operations to a less globalized world.
3. Companies are refining pricing, adjusting product sizing and leveraging technology to build resilience. Many businesses, battle-hardened by COVID-19, are now better equipped to navigate today's challenges.

Team

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Performance Discussion

Though positive on an absolute basis, the portfolio modestly trailed the benchmark during the quarter. From a sector perspective, health care and information technology contributed most to relative performance, while financials and industrials detracted on a relative basis. Geographically, international businesses that are classified as US stocks were the largest positive contributors to relative performance. Additionally, South Korea was also a top contributor from a country perspective. Conversely, holdings in the Netherlands and Germany were the largest detractors from relative performance.

Dutch-headquartered biotechnology company uniQure was the top contributor in the quarter. Shares rallied after the company announced positive results from its Phase I/II study of high-dose AMT-130 for Huntington's disease, as results exceeded expectations and spurred optimism that the future value of potential royalty streams far outstripped prior expectations.

Alibaba, China's largest e-commerce and tech giant, also contributed. Shares rose on strong revenue and profit growth, continued investment in AI and cloud, solid e-commerce execution and a substantial share repurchase program. The company is increasingly viewed as a leader in China's AI landscape, and the stock appreciated with improving sentiment.

Taiwan Semiconductor Manufacturing Company (TSMC), the world's leading semiconductor foundry, rounded out the top contributors. The stock rose on strong demand for advanced

manufacturing tied to AI and high-performance computing. We continue to view TSMC as a foundational enabler of modern computing with durable competitive advantages.

Conversely, Indian bank HDFC Bank was the top detractor in Q3. Despite solid fundamentals, shares declined as the Indian market saw general weakness due to tariffs, policy concerns and weak consumption trends. Our thesis remains grounded in HDFC's underwriting discipline and banking technology leadership in one of the world's fastest-growing economies.

Mexican consumer company Walmart de México (Walmex) also detracted after margins came in below expectations due to investments in technology, e-commerce and new stores, alongside higher labor costs. We believe Walmex's competitive position continues to improve, supported by a strong balance sheet and an increase in share buybacks.

German bottling company Krones weighed on performance after management struck a cautious tone with its 2026 outlook, citing macro pressures from tariffs and geopolitics. However, the company's operations and balance sheet remain strong, and the company continues to return capital to shareholders.

Portfolio Activity

We were active in the quarter where price dislocations or improving fundamentals created opportunity. We initiated seven new positions across themes including Japanese industrials, measured gold exposure and businesses with strong links to emerging markets.

We added Sumitomo Densetsu, a Japanese electrical contractor serving fast-growing sectors such as data centers, semiconductors and smart factories. We see steady growth that is underappreciated in the valuation, plus potential upside if its parent company pursues an acquisition.

We initiated small positions in two companies with gold-linked cash flows: Franco-Nevada and Agnico Eagle Mines. We believe both are attractive in a world that likely supports structurally higher gold prices as political uncertainty rises and trust in institutions declines, and their gold exposure can be a ballast in this environment. Both companies have a history of being opportunistic, sound allocators of capital when gold prices pull back and both carry net-cash balance sheets that provide flexibility. Franco-Nevada's shares remain below our estimate of intrinsic value partly due to a large mine being closed for roughly a year and a half, and we view any restart in activities at that location over the next five years as upside. Agnico operates at the low end of the global cost curve in jurisdictions with strong rule of law, which lowers operating risk.

We bought Hikma, a UK-based pharmaceutical company with strength in sterile injectables and a strong presence in less developed markets. Margin pressures from currency and logistics weighed on the stock, creating an attractive entry point. We expect valuation improvement as product launches and contract manufacturing increase.

We initiated a position in Itaúsa, a Brazilian holding company whose main asset is Brazilian bank Itaú Unibanco. This position offers a discounted, liquid entry to a well-run bank with dividend potential. We see room for the holding company's discount to net asset value to narrow as debt declines and buybacks become more likely, particularly if interest rates fall.

We purchased shares of Singapore Exchange, a high-return business that provides access to markets across Asia. A leadership position in equity index futures and growth in OTC FX as well as data services support long-term cash flow and upside opportunity.

Finally, we purchased Wise, a founder-led company that facilitates fast, low-cost international payments. As scale improves, its cost advantage and increased usage for multicurrency spending should boost margins. We believe current margins disguise the long-term earnings power of the company, as they are currently heavily investing cash flows back into the business.

We exited four positions in the quarter, two REITs and two health care companies. Boardwalk REIT was sold to fund higher conviction opportunities. Big Yellow Group was sold after reassessing downside risk tied to UK bond yields. Health care company ICON was sold for tax-loss harvesting, while Swiss pharmaceuticals company Sandoz Group was eliminated as shares reached our estimate of intrinsic value.

Market Outlook

Global central banks remain broadly accommodative, which has created a supportive backdrop for equities. Inflation risk appears to be moderating around the globe, but concerns around growth continue to build.

China's stimulus continues to support near-term GDP growth, but year-over-year comparisons will become more difficult due to prior one-time purchases and tariff-related demand pull forward. Japanese equities should continue to benefit from corporate governance reform; however, we believe investors will be looking for tangible evidence of change before allocating capital given the country's demographic challenges and a history of unrealized reforms. Europe is attempting to accelerate its own reforms to improve competitiveness, but high debt levels and political uncertainty in some countries raise questions about long-term sustainability.

Despite the uncertainties that exist around the globe, we remain grounded in our intrinsic value discipline, focusing on companies that are using capital to create long-term shareholder value. We continue to look for opportunities created by short-term disruption and for businesses trading at attractive risk/reward levels. This discipline, combined with the ability to be nimble when prices diverge from intrinsic value, remains our north star for long-term value creation.

Period and Annualized Total Returns (%)	Since Inception (30 Dec 2016)	5Y	3Y	1Y	YTD	3Q25	Expense Ratio (%)
Class I (DHIIX)	9.86	12.65	21.13	14.27	23.52	6.45	0.85
MSCI ACWI ex USA Index	8.51	10.26	20.67	16.45	26.02	6.89	—

Click here for holdings as of 30 September 2025.

Risk disclosure: International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods, tax policies, political systems and higher transaction costs. These risks are typically greater in emerging markets. Small- and mid-capitalization issues tend to be more volatile and less liquid than large-capitalization issues.

The views expressed are those of Diamond Hill as of 30 September 2025 and are subject to change without notice. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. Investing involves risk, including the possible loss of principal.

The performance quoted represents past performance. Past performance is not indicative of future results. Investment returns and principal values 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 quoted. For current to most recent month-end performance, visit diamond-hill.com.

Performance assumes reinvestment of all distributions. Returns for periods less than one year are not annualized.

The quoted performance for the Fund reflects the past performance of Diamond Hill International Fund L.P. (the "International Partnership"), 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 performance of the International 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 International 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 International Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from 30 December 2016, the inception of the International Partnership and is not the performance of the fund. The assets of the International Partnership were converted, based on their value on 28 June 2019, into assets of the fund. The International Partnership's past performance is not necessarily an indication of how the fund will perform in the future either before or after taxes.

Fund holdings subject to change without notice.

Index data source: MSCI, Inc. See diamond-hill.com/disclosures for a full copy of the disclaimer.

Securities referenced may not be representative of all portfolio holdings. Contribution to return is not indicative of whether an investment was or will be profitable. To obtain contribution calculation methodology and a complete list of every holding's contribution to return during the period, contact 855.255.8955 or info@diamond-hill.com.

Carefully consider the Fund's investment objectives, risks and expenses. This and other important information are contained in the Fund's prospectus and summary prospectus, which are available at diamond-hill.com or calling 888.226.5595. Read carefully before investing. The Diamond Hill Funds are distributed by Foreside Financial Services, LLC (Member FINRA). Diamond Hill Capital Management, Inc., a registered investment adviser, serves as Investment Adviser to the Diamond Hill Funds and is paid a fee for its services. Not FDIC insured | No bank guarantee | May lose value