Performance Comparison[1]

Periods Ended 6/30/17 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	S. I.[1]
DCM Small Cap Value (gross)	0.00	0.52	23.19	8.70	15.73	12.42
DCM Small Cap Value (net)	-0.21	0.09	22.03	7.59	14.53	11.24
Russell 2000 Value	0.67	0.54	24.86	7.02	13.39	9.53

Periods greater than 1 year are annualized
[1]DCM inception was June 30, 2008

Performance Summary

The DCM Small Cap Value Strategy returned -0.02% (net of fees) compared with 0.67% for the Russell 2000 Value Index at quarter end June 30, 2017.

Macro factors were decidedly negative for our investing style this quarter. The Russell 2000 Growth Index returned 4.39% for the quarter and has returned 9.97% year to date, which compares to the Russell 2000 Value Index return of 0.67% for the quarter and 0.54% year to date. In a reversal of the second half of last year, growth stocks are emphatically outperforming value stocks by nearly 10.0% so far in the first half of 2017. As demonstrated by the sizeable outperformance of the Russell 2000 Growth relative to the Russell 2000 Value, stocks with the lowest valuations considerably underperformed those stocks with the highest growth prospects this quarter. This dynamic was a material headwind for the portfolio.

The portfolio is currently heavily exposed to stocks with lower valuations. By way of illustration, using a blended average trailing twelve months and forward twelve months price to earnings ratio, the portfolio is presently trading at a weighted average 16.7x earnings per share. This compares to the median stock in the Russell 2000 Value trading at a blended 18.6x, the median stock in the Russell 2000 trading at a blended 19.9x, and the median stock in the Russell 2000 Growth trading at a blended 22.1x. Thus, the DCM Small Cap Value portfolio is currently trading at a 10%, 16%, and 24% discount relative to the median stock in the Russell 2000 Value, Russell 2000, and Russell 2000 Growth indices, respectively, based on a blended trailing and forward P/E. In addition, we believe the valuation discounts to the market are over twice the above percentages on a normalized basis as we estimate our companies are underearning their normalized earning power potential relative to the market, making the valuations even lower on a normalized basis. This overweight exposure to value stocks created a large headwind for the portfolio this quarter; however, we believe it positions the portfolio well going forward as we will discuss below.

The current environment in the stock market is one that is characterized by a concern about the prospects for growth in the economy. As a result, investors are flocking to those companies that are demonstrating rapid sales and earnings growth, which is increasing the valuations for glamour/growth stocks relative to the valuations for companies that demonstrate slower growth. This can be seen in the widening of the valuation spread between the cheapest quartile of stocks based on our normalized earnings power estimate, and the most expensive. This spread has widened to a level where, in the past decade, an inflection point has occurred within a reasonably short period of time—an inflection point that has historically been in favor of the cheapest stocks. The reason for this is that at a certain point, the rubber band of valuation can only be stretched so far before snapping back to reality-- even for stocks with great growth prospects. In other words, eventually the growth is fully priced into the glamour stocks.

We feel the small cap market is potentially nearing this point. Even though the DCM Small Cap Value protfolio trades a steep valuation discount to all three small cap indices, it has a sustainable growth rate (Return on Equity x % of Earnings Retained) and a ten-year historical sales per diluted share growth rate that are both near the median stock in the Russell 2000 Growth Index and materially better than the growth rates of the median stock in the Russell 2000 Value and Russell 2000 Index. In addition, the DCM Small Cap Value portfolio has a weighted average dividend yield that is much higher than the median stock for all three Russell small cap indices:

Data source: Russell & Bloomberg	Blended TTM & FWD P/E	Sustainable Growth	10 yr Sales/Diluted Shr Annualized Growth	Dividend Yield
DCM weighted avg	***16.7x***	***7.6%***	***3.0%***	***2.3%***
Russell 2000 Value Median Stock	18.6x	5.2%	0.7%	0.5%
Russell 2000 Median Stock	19.9x	6.1%	1.9%	0.0%
Russell 2000 Growth Median Stock	22.1x	8.4%	4.6%	0.0%

The table above displays why we feel the DCM Small Cap Value portfolio is well positioned going forward. It currently has valuation metrics that are more favorable than those of the median stock in the Russell 2000 Value Index, yet potential growth that is nearly comparable to that of the median stock in the Russell 2000 Growth Index, all while having a sizeable dividend yield to potentially help cushion volatility.

The opportunity to be able to position the portfolio in such a manner is presented by the widening valuation spread between the cheapest stocks and the most expensive, as mentioned earlier, which is in part being caused by the large influx of investment dollars into indexed products. The market often gets carried away with stock themes and the resulting price momentum reinforces those themes to extremes, all while having a tendency to neglect stocks that fit in the middle: i.e. slow, but reasonably predictable growers that are trading at low valuations with some dividend yield for defense. We try to take advantage of these opportunities when they are presented to us by owning stocks that have fundamental attributes that, hopefully, will be desirable to other investors once the investment tide shifts.

However, one side effect of the current positioning that is worth mentioning is that the portfolio is presently the most contrarian (or anti-momentum) it has been in over five years. As a result, if the current market trends persist, and momentum continues to rule the day, the portfolio will most likely lag the small cap market indices. On the flip side, we feel the portfolio is well positioned for an inflection point as we believe the fundamental prospects of its holdings are currently being underappreciated by the market due to the market's seemingly singular focus on rapid growth.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Energy	5.2%	4.9%	0.2%	-3.1%	-19.2%	-17 bps	78 bps
Utilities	8.2%	6.6%	1.6%	4.1%	2.5%	51 bps	38 bps
Health Care	7.3%	4.8%	2.5%	9.3%	4.9%	57 bps	36 bps
Information Technology	9.7%	10.2%	-0.5%	4.6%	1.5%	51 bps	26 bps
Financials	19.7%	32.1%	-12.4%	1.4%	1.2%	19 bps	-3 bps
Telecommunication Services	1.3%	0.6%	0.7%	-2.5%	1.6%	-3 bps	-5 bps
Consumer Staples	7.5%	2.8%	4.7%	-6.2%	-7.7%	-39 bps	-12 bps
Materials	4.8%	4.5%	0.3%	-6.1%	-2.5%	-27 bps	-17 bps
Real Estate	8.0%	10.5%	-2.5%	-2.3%	1.5%	-18 bps	-31 bps
Industrials	15.1%	12.9%	2.2%	1.9%	5.1%	34 bps	-38 bps
Consumer Discretionary	11.0%	10.0%	1.0%	-9.8%	3.5%	-112 bps	-143 bps

(see disclosures)

The best performing sector relative to the benchmark was Energy. The outperformance was due to strong stock selection. The portfolio holds what we believe are higher quality companies relative to the average Energy company. The portfolio companies have strong market positions and solid balance sheets that should help them weather the current low oil price environment. These stocks held up well on a relative basis this quarter, which was a difficult quarter for Energy stocks. In addition, as oil prices fell throughout the quarter, the portfolio went from beginning the quarter underweight the benchmark in the Energy sector to ending the quarter overweight the benchmark.

The second best performing sector relative to the benchmark for the quarter was Utilities. The outperformance was realized from both stock selection as well as the portfolio's average overweight stance in the quarter. The portfolio began the quarter overweight the Utilities sector relative to the benchmark. As interest rates declined through most of the quarter, we sold into the Utility sector price strength and ended the quarter underweight the benchmark.

The worst performing sector relative to the benchmark for the quarter was Consumer Discretionary. The portfolio underperformed the benchmark in the Consumer Discretionary sector due to both stock selection and from being overweight the benchmark on average throughout the quarter. Most of the underperformance was due to the hard-hit Specialty Retail industry where we have tried to pick through the rubble that is piling up from Amazon's encroachment into all facets of retailing. So far, we have been early, which is often indistinguishable from being wrong in the investment management industry. However, having said that, we do believe that we have strong balance sheets and extremely low valuations in the portfolio's Specialty Retail holdings.

The second worst performing sector relative to the benchmark for the quarter was Industrials. The portfolio had subpar stock selection while also being hurt by its average overweight stance throughout the quarter. Most of the underperformance stemmed from lower than expected quarterly earnings reports from portfolio holdings where the stock prices reacted negatively to the news. The portfolio began the quarter underweight the benchmark in the Industrial sector and as individual opportunities arose, ended the quarter with it being the largest overweight sector relative to the benchmark

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	KADANT INC	1.09	48 bps
2	PAREXEL INTERNATIONAL CORP	1.13	39 bps
3	SANDERSON FARMS INC	1.64	28 bps
4	CONVERGYS CORP	1.99	26 bps
5	AARON'S INC	0.54	24 bps
6	BELDEN INC	1.22	21 bps
7	LTC PROPERTIES INC	2.26	18 bps
8	ALLETE INC	2.00	17 bps
9	RENASANT CORP	1.68	15 bps
10	TEREX CORP	0.61	15 bps

	Top 10 Detractors	Average % Weight	Contribution
1	HIBBETT SPORTS INC	0.95	-37 bps
2	TANGER FACTORY OUTLET CENTER	1.60	-33 bps
3	CATO CORP-CLASS A	1.42	-29 bps
4	FTI CONSULTING INC	1.11	-29 bps
5	KNOLL INC	1.76	-27 bps
6	OCEANEERING INTL INC	1.46	-23 bps
7	SCHWEITZER-MAUDUIT INTL INC	2.51	-23 bps
8	DRIL-QUIP INC	1.60	-20 bps
9	URBAN OUTFITTERS INC	0.70	-20 bps
10	AMERISAFE INC	1.32	-18 bps

Selected Contributor(s) to Performance

The largest contributing company in the quarter was Kadant (KAI). KAI is a supplier of equipment used in the global papermaking and paper recycling industries. KAI announced better than expected quarterly earnings while it also announced a sizeable acquisition in the quarter that was looked upon favorably by the market. The stock price rose sharply on both announcements, which took it to a level relative to normalized earnings power that we felt was too high. We exited the position for better risk/rewards after a nice gain.

The second largest contributing stock in the quarter was Parexel (PRXL). PRXL is a contract research organization that provides research and testing for the worldwide pharmaceutical, biotechnology, and medical device industries. Private equity firm Pamplona Capital Management acquired PRXL for $88.10 per share in all cash, which represented a ~42% premium to the stock price before reports of a potential deal surfaced. We calculate a private market value price for each company in the portfolio, and for PRXL our estimate was $83 per share. With the deal coming in ~6% higher than our estimate of private market value, we exited the position as we believed there would be no other bidders offering a higher price.

Selected Detractor(s) from Performance

The largest detracting stock in the quarter was Hibbett Sports (HIBB). HIBB operates a chain of sporting goods stores in small towns in the Southeast and Midwest. HIBB has been caught up in the carnage within the retail industry as fears about Amazon's impact on all facets of retail have become more pronounced recently. Being a dominant niche player in small towns, HIBB has historically produced high returns on capital while maintaining a very solid balance sheet. Trading at less than 50% of the broad small cap market multiple based on our estimate of normalized earnings power, we feel the market is compensating us for the potential wide range of outcomes given Amazon's encroachment in the sporting goods space. Although, admittedly, the range of outcomes is extremely wide in nearly all of the retail industry at this point in time. We maintain a position in HIBB.

The second largest detracting stock in the quarter was Tanger Factory Outlet Center (SKT). SKT is a real estate investment trust (REIT) that owns and operates factory outlet centers. Similar to HIBB, SKT has been impacted by the struggles within the retail industry as many retailers are either going bankrupt, or at the very least, aggressively closing stores. An environment of shrinking store counts is not a great situation for a landlord of brick and mortar retail businesses; however, we feel that the factory outlet centers could be a little more immune to store closures relative to the traditional malls and with SKT's solid balance sheet and decent occupancy, we think they can weather this retail storm. We maintain a position in SKT.

Current Positioning

The portfolio's largest overweight sectors relative to the benchmark are in the Industrials and Consumer Staples sectors. The largest underweight sectors relative to the benchmark are in the Financials and Real Estate sectors. Throughout the quarter, we added the most weight to the Industrials and Financials sectors, while reducing the most weight in the Consumer Staples and Utilities sectors. As always, these relative weights are a residual of our bottom up opportunities and not based on a top down macro call on the market or economy.

We remain focused on the fundamentals of the companies we own, and the price we are paying for those fundamentals. We are confident that a steadfast application of our proven and disciplined process will result in favorable results over time.

Disclosures

Dean Capital Management, LLC (DCM) is an independent investment management firm owned by LLC members and entities affiliated with C.H. Dean, LLC. The firm manages a variety of equity and fixed income assets for institutional and individual investors. Dean Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS). Past performance is no guarantee of future results.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account at the time you receive this report or that securities sold have not been repurchased.

The Small Cap Value style uses value oriented equities, the majority of which have a market capitalization of less than $3.5 billion at purchase. The strategy is typically invested in 90%-100% in equity positions.

Future performance based on prior results should not be assumed. The Russell 2000 Index measures performance of the small-cap segment of the market and includes approximately 2000 securities based on a combination of their market cap and current index membership. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. The Russell 1000 and Russell 2000 Indexes are subsets of the Russell 3000 Index.

The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The stocks in the Russell 3000 Value Index are also members of either the Russell 1000 Value or the Russell 2000 Value indexes. These stock indexes assume reinvestment of dividends and capital gains, and assume no management, custody, transaction or other expenses. Russell statistics used in this presentation were obtained from Russell Investments (www.russell.com).

Performance represents all fully discretionary commission accounts for the respective strategy. A complete list and description of DCM's composites and additional information regarding the calculation and reporting of returns is available upon request. To obtain a GIPS compliant presentation and/or the firm's list of composite descriptions please contact us at 1.913.944.4452.

The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities' transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The contributors/detractors listed do not represent all securities purchased or sold for our clients. To obtain a list showing the contribution of each holding that contributed to overall performance during the period and the calculation methodology, please call 1.913.944.4452. The detailed sector attribution table is specific to the policy portfolio for the strategy. Individual account results may vary.

Gross performance figures do not reflect payment of investment advisory fees, but do reflect deduction of brokerage commissions and trading expenses. Net of fee performance reflects the deduction of advisory fees, brokerage commissions, trading and other expenses. Net results reflect the deduction of a model fee equivalent to the highest applicable advisory fee. The net compounded effect of the deduction of fees over time will be affected by the amount of the fee, the time period, and investment performance. Management fee schedules are available on Form ADV Part 2A.

Performance presents results with all dividend and interest income reinvested and are stated in U.S. Dollar terms. Leverage is not used in any portfolio in these composites. Certain accounts owned or controlled by DCM or C.H. Dean, LLC employees are non-fee paying assets and represent the following percentage of the composites: Small Cap Value: 2008: 29.5% 2009: 29.1% 2010: 4.1% 2011: 1.9% 2012: 1.1% 2013: 0.7% 2014: 0.7% 2015: 0.5% 2016: 0.4% 2017: 0.3%*

FOR MORE INFORMATION

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ABOUT DEAN CAPITAL MANAGEMENT, LLC

Dean Capital Management, LLC ("DCM") is an employee-owned registered investment advisor founded in March 2008. Located in Overland Park, Kansas, DCM is a long-only, fundamental U.S. Value equity manager. DCM manages portfolios across the capitalization spectrum for institutional clients, financial intermediaries and advisors.

Dean Capital Management is majority-owned by the founding principals, who also comprise the investment team. Additionally, all investment professionals maintain significant personal investments in DCM managed products, further aligning the investment team with our clients.