DEAN Capital Management

Multi-Cap Value Commentary

Third Quarter 2017

Performance Comparison[1]

Periods Ended 9/30/17 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	S. I.[1]
Dean Multi-Cap Value (gross)	3.73	8.06	16.06	9.50	13.23	10.62
Dean Multi-Cap Value (net)	3.58	7.58	15.31	8.65	12.34	9.73
Russell 3000 Value	3.27	7.72	15.53	8.79	13.20	8.88

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

Performance Summary

The DCM Multi Cap Value composite gross total return was 3.73% in the third quarter of 2017, compared with the Russell 3000 Value Index return of 3.27%.

Style factors were a headwind this quarter as stocks with higher volatility and price and earnings momentum outperformed. Both factors are underexposed relative to the benchmark. Additionally, higher beta stocks outperformed during the quarter with negative implications for the DCM Multi Cap Value strategy.

Positive factors this quarter included lower debt levels and higher return on invested capital. Both measures are important factors in our investment process and contributed positively to performance in the third quarter.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Consumer Discretionary	5.7%	7.1%	-1.4%	9.2%	1.8%	45 bps	38 bps
Industrials	11.3%	8.8%	2.5%	4.9%	1.5%	51 bps	28 bps
Utilities	6.3%	6.4%	0.0%	7.1%	3.0%	43 bps	25 bps
Consumer Staples	8.3%	8.7%	-0.3%	1.5%	-0.3%	12 bps	16 bps
Materials	5.3%	2.9%	2.4%	9.0%	8.3%	47 bps	15 bps
Telecommunication Services	2.5%	2.9%	-0.4%	11.9%	4.7%	25 bps	13 bps
Energy	8.8%	10.1%	-1.3%	7.4%	6.9%	65 bps	0 bps
Information Technology	11.5%	8.2%	3.3%	3.9%	5.0%	45 bps	-7 bps
Financials	20.6%	26.0%	-5.3%	4.7%	4.9%	95bps	-12bps
Real Estate	3.2%	5.5%	-2.2%	-5.2%	0.3%	-18bps	-12bps
Health Care	13.1%	13.5%	-0.3%	-2.4%	0.7%	-36 bps	-46 bps

(see disclosures)

The best sector for DCM Multi Cap Value was Consumer Discretionary. Both the portfolio's underweight allocation and stock selection were positive factors. The sector underperformed the benchmark Russell 3000 Value index, so it was beneficial to be underweight. Also, positive stock contributions included both auto supplier BorgWarner (BWA), up 21.3% during the quarter, and leading auto parts retailer AutoZone (AZO) up 8.8% in the portfolio's holding period. See below for further discussion of BorgWarner. The portfolio continues to hold AZO.

Industrials were the second best performing sector relative to the benchmark. With Industrials underperforming the benchmark, our overweight to the sector was a slight detractor to performance. Stock selection drove the sectors performance as handling equipment maker Dover (DOV), electrical equipment manufacturer Emerson Electric (EMR) and transportation company FedEx (FDX) had strong gains in the quarter. Capital goods orders continue to show gradual improvement from the previous year partially from the benefit of a weakening dollar.

The largest detracting sector in the quarter was Health Care. Within the Health Care sector, the Health Care Providers & Services segment underperformed by the widest margin impacted by margin pressure. Dialysis provider DaVita (DVA), down -8.3%, is experiencing pressure on reimbursement levels for treatments, pharmaceutical distributor McKesson (MCK), down -6.4%, is seeing pricing volatility as generics disrupt the market and rehabilitation services provider HealthSouth

(HLS), down -3.7%, was negatively impacted by a government proposal to lower reimbursement rates and length of care. The sector continues to be impacted by changes in the regulatory framework as well as pressure to control inflation in health care services.

Real Estate was the second largest detracting sector. The underperformance was due to our holding in hotel REIT Summit Hotel Properties (INN), which was down -13.3% in the quarter. The stock related underperformance is discussed in the largest detractor's section of the report.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	AVISTA CORP	2.49	49 bps
2	BORGWARNER INC	2.39	47 bps
3	AGRIUM INC	1.81	33 bps
4	CHEVRON CORP	2.41	32 bps
5	DOVER CORP	1.93	27 bps
6	INTEL CORP	2.05	27 bps
7	VERIZON COMMUNICATIONS INC	2.50	25 bps
8	BERKSHIRE HATHAWAY INC-CL B	2.20	18 bps
9	CISCO SYSTEMS INC	2.16	18 bps
10	COGNIZANT TECH SOLUTIONS-A	2.01	18 bps

	Top 10 Detractors	Average % Weight	Contribution
1	SUMMIT HOTEL PROPERTIES INC	1.76	-28 bps
2	ALLIANCE DATA SYSTEMS CORP	1.73	-26 bps
3	DAVITA INC	1.81	-16 bps
4	THE WALT DISNEY CO	2.29	-16 bps
5	MCKESSON CORP	2.05	-14 bps
6	NORTHWESTERN CORP	1.97	-12 bps
7	WATERS CORP	0.78	-11 bps
8	HEALTHSOUTH CORP	2.44	-10 bps
9	F5 NETWORKS INC	1.60	-9 bps
10	PEPSICO INC	2.11	-6 bps

Selected Contributor(s) to Performance

The highest contributing security this quarter was Avista Corp (AVA). Avista is a public utility that supplies electricity and gas in eastern Washington and northern Idaho. AVA was up 22.78% in the quarter, principally because the company accepted a takeover offer from Hydro One. The offer price is generous, and we expect to sell our position before the deal is complete in 2018. For now, the portfolio continues to hold the position while other opportunities are investigated.

The second highest contributing security this quarter was BorgWarner (BWA). BorgWarner is a supplier of automotive powertrain components and systems. BWA was up 21.32% this quarter. The company reported better than expected second quarter results. They benefited from higher sales of light-vehicle turbochargers, thermal products and engine timing systems. Operating margins widened due to higher product volumes as well as the divestiture of a lower margin aftermarket business. BorgWarner is well positioned to benefit from automotive industry trends such as clean air legislation and improved fuel economy demand. The portfolio continues to hold BWA.

Selected Detractor(s) from Performance

Summit Hotel Properties (INN) was the largest detractor of performance this quarter. Summit Hotel holds a portfolio of 81, mid to upscale, hotels in major markets in western and southern states. The hotels are operated under Marriott

International, Hilton, Hyatt and Intercontinental Hotel brand names. With the significant upgrading of the portfolio through acquisitions and divestitures along with capital investments, the company had generated a track record of meeting and raising earnings guidance. In the second quarter, the track record was broken with a decline relative to expectation and a resetting of guidance for the remainder of 2017. Revenue per available room (RevPar) was down (-3.5%) from company guidance and appears to be an unexpected demand issue rather than an increase in supply and price competition in their markets. The portfolio continues to hold INN.

The second lowest contributing security this quarter was Alliance Data Systems (ADS). ADS was down -13.49% in the third quarter. Alliance Data Systems provides marketing, loyalty program, and private-label credit card services. The key drivers of the stock weakness were moderating trends in credit growth and higher-than-expected charge offs in the prior quarter. The company's recovery rate declined by about five percentage points year over year, due to lower pricing in the second quarter. Still, the company appears well positioned to deliver continued higher than average earnings growth at a substantial discount to its historical valuation levels, and the portfolio continues to hold ADS.

Current Positioning

The largest overweight sectors relative to the benchmark are Information Technology and Materials. The two most underweight sectors are Financials, primarily within the Banking industry, and Real Estate.

With the exit of Parker Hannifin (PH) and the reduction in Regal Beloit (RBC), Industrials are no longer our most overweight sector. The sector has benefitted from a consistent improvement in capital goods orders over the past year, and the stocks have become a lessor risk/reward. While Financials are still our largest underweighted sector, we added a new name in regional bank BB&T Corp (BBT) to reduce our underweight in the Banking industry.

Currently, stocks with lackluster growth and/or stocks that exhibit a lack of price or earnings momentum are providing the greatest opportunities as they lag the market and valuation gaps widen. We believe the pendulum has swung too far in favor of growth and momentum, leading to a narrow group of stocks driving the performance. With tax reform on the horizon in 2018, we may continue to see momentum benefit and valuation gaps widen as losing stocks continue to be sold, holding gains on the premise of a new tax code. On this premise, we believe many of 2017's underperforming stocks may benefit in 2018 as selling pressure abates and valuations once again matter. We will continue to move toward high quality companies as valuation warrants. While we expect any form of Tax Reform to be moderate relative to current expectations, we do believe any movement will help provide clarity for future capital investment which should benefit many value oriented stocks.

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 Multi-Cap Value style uses value oriented equities across the market capitalization spectrum of small, mid and large stocks. This style is a fully invested equity style which ranges from 90%-100%.

Future performance based on prior results should not be assumed. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. The Russell 3000 Value Index measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. 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: Multi-Cap Value: 2008: 47.8% 2009: 52.2%. Beginning June 1, 2010 there were no non-fee paying accounts included in the composite.

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.