Performance Comparison[1]

Periods Ended 6/30/18 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Small Cap Value (gross)	3.84	2.15	6.52	9.57	11.09	11.82	11.82
DCM Small Cap Value (net)	3.63	1.72	5.63	8.53	9.99	10.67	10.67
Russell 2000 Value	8.30	5.44	13.10	11.22	11.18	9.88	9.88

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

Performance Summary

The DCM Small Cap Value Strategy returned 3.84% (gross of fees) compared with 8.30% for the Russell 2000 Value Index at quarter end June 30, 2018.

Macro factors were a headwind for the portfolio this quarter as stocks with low valuations and low volatility underperformed stocks with high valuations and high volatility. Much of this dynamic was driven by the strong performance in the Energy and Consumer Discretionary sectors, which both contain many companies with little to no current earnings that also have quite a bit of leverage on their balance sheets. This combination of little to no earnings with high leverage tends to create very volatile stock prices. Since we seek companies with solid balance sheets and strong earnings, the portfolio is currently positioned underweight the benchmark in both the Energy and Consumer Discretionary sectors, which hampered relative performance this quarter. In addition, momentum stocks continued their strong multi-quarter outperformance, which once again, proved to be a headwind for the portfolio.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Consumer Staples	6.0%	2.2%	3.8%	8.5%	5.9%	45 bps	2 bps
Utilities	9.2%	6.1%	3.1%	7.4%	8.4%	73 bps	0 bps
Telecommunication Services	0.0%	0.5%	-0.5%	0.0%	15.0%	0 bps	-3 bps
Financials	27.4%	30.9%	-3.5%	3.7%	4.4%	104 bps	-5 bps
Materials	4.6%	4.3%	0.3%	5.1%	6.6%	22 bps	-8 bps
Real Estate	7.5%	10.2%	-2.7%	15.3%	14.8%	108 bps	-18 bps
Health Care	2.6%	6.7%	-4.1%	-1.0%	11.3%	0 bps	-46 bps
Information Technology	9.3%	8.9%	0.4%	0.3%	6.7%	3 bps	-58 bps
Industrials	18.5%	12.1%	6.4%	2.1%	5.5%	47 bps	-76 bps
Energy	2.0%	7.3%	-5.2%	6.6%	21.2%	2 bps	-95 bps
Consumer Discretionary	8.2%	10.9%	-2.8%	-3.5%	8.5%	-30 bps	-102 bps

(see disclosures)

The best performing sector relative to the benchmark for the quarter was Consumer Staples. The outperformance relative to the benchmark was a result of better stock selection in the Food Products industry, which overpowered the portfolio's overweight stance in an underperforming sector. The portfolio owns companies that produce a variety of food products, such as eggs, nuts, fresh fruit, chicken, and specialty packaged food products. We continue to find potential emerging opportunities in these types of stable/predictable food products businesses as investors chase “risk on” opportunities in more volatile sectors such as Energy and Consumer Discretionary.

The second best performing sector relative to the benchmark for the quarter was Utilities. The outperformance relative to the benchmark was due to the portfolio's overweight positioning. Utilities stocks bounced back after underperforming in the first quarter as the rapid rise in interest rates leveled off this quarter. The portfolio benefited from our opportunistic buying of Utilities in the first quarter when the sector was being sold on fears of rising interest rates.

The worst performing sector relative to the benchmark for the quarter was Consumer Discretionary. The underperformance relative to the benchmark stemmed from both the portfolio's underweight positioning as well as inferior stock selection relative to the benchmark. As mentioned in the "macro factors" section, Consumer Discretionary stocks benefited from the market's appetite for risk. Many companies in the sector fit the profile that was successful this quarter: leveraged balance sheets with high valuations and volatile stock prices. The portfolio's overweight positioning relative to the benchmark in Auto Components and Household Durables (mostly housing related) also hampered relative performance this quarter, as those two areas underperformed the bulk of the Consumer Discretionary sector.

The second worst performing sector relative to the benchmark for the quarter was Energy. The underperformance relative to the benchmark was a result of both the portfolio's underweight positioning as well as subpar stock selection versus the benchmark. Similar to the Consumer Discretionary sector, Energy stocks also benefited from the market's appetite for risk as many companies in this sector fit the profile of the successful macro factors as well: leveraged balance sheets with high valuations and volatile stock prices. The underperformance was most pronounced in the Energy Equipment & Services industry, where both the portfolio's underweight stance and stock selection hurt relative performance. Yet, in the Oil, Gas, & Consumables industry the portfolio did have better stock selection than the benchmark, but this was overwhelmed by the underweight stance in one of the benchmark's best performing industries for the quarter.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	SABRA HEALTH CARE REIT INC	1.65	39 bps
2	SRC ENERGY INC	1.21	31 bps
3	JOHN B. SANFILIPPO & SON INC	1.07	28 bps
4	COLUMBIA PROPERTY TRUST INC	2.02	24 bps
5	AMERICOLD REALTY TRUST	1.48	22 bps
6	PS BUSINESS PARKS INC/CA	1.55	22 bps
7	REGAL BELOIT CORP	1.88	22 bps
8	CENTERSTATE BANK CORP	1.58	21 bps
9	INNOSPEC INC	1.86	21 bps
10	LANCASTER COLONY CORP	1.61	20 bps

	Top 10 Detractors	Average % Weight	Contribution
1	TENNECO INC	1.72	-36 bps
2	ENCORE WIRE CORP	1.33	-23 bps
3	DELUXE CORP	1.86	-20 bps
4	THIRD POINT REINSURANCE LTD	1.84	-20 bps
5	US SILICA HOLDINGS INC	0.70	-18 bps
6	CSG SYSTEMS INTL INC	1.70	-16 bps
7	TAYLOR MORRISON HOME CORP-A	1.38	-16 bps
8	STEPAN CO	1.75	-11 bps
9	WASHINGTON FEDERAL INC	2.23	-11 bps
10	MCDERMOTT INTL INC	0.10	-10 bps

Selected Contributor(s) to Performance

The largest contributing stock in the quarter was Sabra Health Care REIT (SBRA). SBRA is a health care real estate investment trust (REIT) that invests primarily in skilled nursing facilities (SNF) and senior housing. It was a 2010 spin off from Sun Healthcare Group (which is a subsidiary of Genesis Healthcare) in order for Genesis to offload its real estate holdings. It made a large acquisition of Care Capital Properties (CCP) in 2017 for $2.1 billion, more than doubling its size. The market disliked this acquisition as the SNF industry is facing secular headwinds with senior caregiving moving away from the format. This provided us the opportunity to invest in SBRA at, what we believed, were very attractive valuation levels. SBRA has recently been repositioning its portfolio of properties by selling those managed by Genesis Healthcare to the point where properties managed by Genesis have gone from about 33% of SBRA's earnings down to about 4%. This has helped to diversify SBRA's tenant base, while also providing cash from the proceeds of the sales, which has allowed SBRA to pay off debt and retire its preferred shares outstanding. These actions have allowed SBRA to garner an investment grade credit rating, and we felt the market was not recognizing the progress in improving both the balance sheet and tenant diversity. The market is now beginning to recognize how SBRA has, indeed, reduced its risk from both the property portfolio perspective as well as the balance sheet perspective, and it is repricing its stock price higher accordingly. The portfolio maintains a sizeable position in SBRA.

The second largest contributing stock in the quarter was SRC Energy (SRCI). SRCI focuses on the exploration and production of oil and natural gas in the Wattenberg Field area of the Denver-Julesburg Basin (D-J Basin) in Colorado. SRCI's stock price rose with the rest of the Energy sector as WTI oil prices increased from ~$64 to ~$74 in the quarter. We trimmed SRCI's weight in the portfolio on the price strength, but the portfolio continues to hold a position in SRCI.

Selected Detractor(s) from Performance

The largest detracting stock in the quarter was Tenneco (TEN). TEN designs and manufactures emission control and ride control products and systems for the automotive original equipment market and aftermarket. Its products include shocks and struts, shock absorbers, mufflers, performance exhaust products, as well as noise, vibration, and harshness control components. TEN disappointed the market as it reported slightly lower than expected earnings on lower than expected margins due to higher input costs. It also added a dose of uncertainty around its stock price by announcing the large acquisition of Federal-Mogul's Motorparts and Powertrain businesses for $5.4 billion from Carl Icahn. TEN intends to combine Federal-Mogul's Motorparts business with TEN's Ride Performance business and Federal-Mogul's Powertrain business with TEN's Clean Air business, creating two independent publicly traded companies. While the market is taking a skeptical view of the transaction, we believe there is a value creation opportunity, and thus, we are taking a "wait and see" view of the transaction given TEN's attractive valuation and the low expectations embedded in that valuation. The portfolio maintains a sizeable position in TEN.

The second largest detracting stock in the quarter was Encore Wire (WIRE). WIRE manufactures copper electrical building wire and cable. It supplies residential wire for interior wiring in homes, apartments, and manufactured housing. It also manufactures wire for commercial and industrial buildings. Its customers are wholesale electrical distributors. WIRE missed expectations for earnings this quarter on lower volumes due to disruptions in construction activity because of difficult winter weather. We believe these disruptions are transitory, and that the construction outlook remains solid with WIRE being well positioned as an industry leader and low-cost provider with a debt free balance sheet. We added shares on stock price weakness following the earnings report in order to maintain the portfolio weighting that was held before the selloff.

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 Energy and Consumer Discretionary sectors. Throughout the quarter, we added the most weight to the Industrials and Real Estate sectors, while reducing the most weight in the Financials and Consumer Discretionary 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.

With valuations near historical highs (when viewed through our normalized earnings lens), pretax returns on capital declining, and balance sheets worsening, we continue to view the overall market's risk/reward as skewed more towards the risk side of the equation than the reward. As such, the bottom up opportunities that are emerging for the portfolio currently are tending to be in slower growing, but stable/predictable businesses as the market appears to be overpaying for both cyclical and secular growth in our estimation with little regard for the deterioration in balance sheets. High valuation multiples placed upon current earnings that are above normal levels, coupled with high leverage, generally tends to be a bad combination over time.

Consequently, we are trying to make sure we are focusing on stocks that have the opposite attributes: reasonable earnings multiples on current earnings that are below or at normal levels, with low leverage. These types of stocks have a narrower range of outcomes than the latter group (meaning, not just lower downside, but also lower upside as well). However, in the few times the market has gotten choppy over the past year, these types of stocks have performed admirably and so too has the portfolio.

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 should produce 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. DCM claims compliance with the Global Investment Performance Standards (GIPS). Past performance is no guarantee of future results.

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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 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.

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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: 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% 2018: 0.3%.

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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.

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