Performance Comparison[1]

Periods Ended 9/30/18 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Small Cap Value (gross)	0.15	2.30	4.15	13.04	9.23	11.73	11.53
DCM Small Cap Value (net)	-0.06	1.66	3.28	11.99	8.16	10.58	10.39
Russell 2000 Value	1.60	7.14	9.33	16.12	9.91	9.52	9.80

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

Performance Summary

The DCM Small Cap Value Strategy returned 0.15% (gross of fees) compared with 1.60% for the Russell 2000 Value Index at quarter end September 30, 2018.

Macro factors continued to be a headwind this quarter with momentum stocks maintaining their recent dominance over value stocks. As we have discussed many times over the past decade, our style of investing tends to struggle during momentum driven markets. This is because we are typically selling those stocks that are rising and becoming expensive relative to our normalized earnings power estimate, while buying those stocks that are falling and becoming attractively priced relative to our normalized earnings power estimate. This becomes somewhat of an inherently anti-momentum (or contrarian) process as we sell into price strength while buying into price weakness as we attempt to maintain exposure to, what we believe, are the better relative risk/rewards within the small cap market. This price discipline simply has not worked over the last ~21 months.

It is important to point out just how extreme the market has been since early 2017, as it has favored momentum over value. Below is a 5-year chart showing the performance of the Bloomberg Pure Value Index (a long/short portfolio that isolates the value factor) relative to the Bloomberg Pure Momentum Index (a long/short portfolio that isolates the momentum factor):

Since the first day of trading in 2017 through October 1, 2018, the Bloomberg Pure Value Index has returned -8.48% versus the Bloomberg Pure Momentum Index 5.40%. In other words, a long/short portfolio of value stocks has actually had a negative return while also underperforming a long/short portfolio of momentum stocks by nearly 14% in the last 21 months. By looking at the chart, one can see it has been nearly an uninterrupted outperformance by momentum stocks since the beginning of 2017 as well.

Over the past decade, the DCM Small Cap Value Strategy's relative return versus its peer group matches up reasonably well with the relative performance of value stocks versus momentum stocks. We tend to do better when value stocks are outperforming momentum stocks, and vice versa, due to our price disciplined process and more frequent rebalancing than peers towards stocks that we feel are better risk/rewards. We do not know when this extreme environment will reverse; however, we do know that the rubber band has been stretched pretty far in favor of momentum recently, and in investing, trends do not last forever.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Real Estate	8.0%	11.7%	-3.7%	5.9%	-0.9%	48 bps	64 bps
Financials	25.7%	28.6%	-2.9%	1.9%	0.7%	46 bps	31 bps
Materials	4.4%	4.4%	0.0%	7.6%	1.2%	30 bps	23 bps
Utilities	7.7%	5.9%	1.8%	3.4%	3.5%	28 bps	4 bps
Communication Services	0.0%	2.8%	-2.8%	0.0%	10.6%	0 bps	-25 bps
Energy	2.5%	7.3%	-4.7%	-17.8%	-1.7%	-48 bps	-25 bps
Industrials	17.9%	11.9%	6.0%	2.4%	5.1%	40 bps	-32 bps
Health Care	2.9%	4.9%	-2.0%	1.1%	7.5%	-1 bps	-32 bps
Consumer Discretionary	7.5%	9.5%	-2.0%	-3.0%	1.8%	-20 bps	-35 bps
Consumer Staples	9.3%	2.6%	6.7%	-5.2%	-6.9%	-56 bps	-41 bps
Information Technology	9.6%	10.5%	-0.9%	-5.2%	1.5%	-50 bps	-66 bps

(see disclosures)

The best performing sector relative to the benchmark for the quarter was Real Estate. The portfolio benefited from being underweight the benchmark as well as by having superior stock selection. The 10-year U.S. Treasury yield rose from 2.86% to 3.06% in the quarter. This increase in interest rates put pressure on the interest rate sensitive Real Estate sector, thus the portfolio benefited from its underweight positioning relative to the benchmark. The Real Estate stocks that the portfolio owned in the quarter returned 5.9% versus -0.9% for the Real Estate sector return for the benchmark. This was driven by multiple stock specific situations playing out positively enough to overcome the macro headwind of rising interest rates.

The second best performing sector relative to the benchmark for the quarter was Financials. The outperformance relative to the benchmark was due primarily to the portfolio's differing allocation among the industries within Financials versus the benchmark's allocation. For example, the portfolio benefited from being overweight the benchmark in Mortgage Real Estate Investment Trusts and Insurance, while being underweight Banks. Stock selection was slightly worse than the benchmark this quarter.

The worst performing sector relative to the benchmark for the quarter was Information Technology. The underperformance relative to the benchmark stemmed predominantly from subpar stock selection. Portfolio companies in the Electronic Equipment, Instruments, and Components industry missed earnings estimates in the quarter, leading to sharp stock price declines. While at the same time, our portfolio companies in the IT Services industry that are slow, but steady growers did not keep pace with the benchmark's IT Services holdings this quarter.

The second worst performing sector relative to the benchmark for the quarter was Consumer Staples. Most of the underperformance was due to the portfolio's overweight stance in the quarter. The Consumer Staples sector was the worst performing sector in the benchmark this quarter with a -6.9% return versus the overall benchmark's 1.6% return. We took advantage of this relative weakness and added three new Consumer Staples holdings in the quarter. We continued to add to these holdings as the sector underperformed, and Consumer Staples is now the portfolio's largest sector overweight.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	LIFEPOINT HEALTH INC	1.36	35 bps
2	AMERICOLD REALTY TRUST	1.59	22 bps
3	GREENBRIER COMPANIES INC	1.28	21 bps
4	FORWARD AIR CORP	0.99	19 bps
5	STEPAN CO	1.24	19 bps
6	BRADY CORPORATION - CL A	1.56	18 bps
7	ARGO GROUP INTERNATIONAL	1.98	17 bps
8	BLACKSTONE MORTGAGE TRU-CL A	2.02	16 bps
9	LA-Z-BOY INC	1.36	16 bps
10	SABRA HEALTH CARE REIT INC	1.36	14 bps

	Top 10 Detractors	Average % Weight	Contribution
1	MAGELLAN HEALTH INC	1.50	-36 bps
2	HOSTESS BRANDS INC	1.52	-35 bps
3	US SILICA HOLDINGS INC	1.00	-33 bps
4	FRESH DEL MONTE PRODUCE INC	1.12	-28 bps
5	BENCHMARK ELECTRONICS INC	1.38	-27 bps
6	DELUXE CORP	1.97	-26 bps
7	SRC ENERGY INC	1.09	-23 bps
8	TAYLOR MORRISON HOME CORP-A	1.36	-20 bps
9	ASTEC INDUSTRIES INC	1.16	-14 bps
10	METHODE ELECTRONICS INC	1.58	-13 bps

Selected Contributor(s) to Performance

The largest contributing stock in the quarter was LifePoint Health (LPNT). LPNT owns and operates community hospitals, regional health systems, physician practices, outpatient centers, and post-acute facilities. It is predominantly a rural hospital company where ~76% of its hospitals are the sole community provider and ~16% have the number one market share position in communities where they are not the sole provider. The private equity firm, Apollo Global Management, announced the acquisition of LPNT for $65 per share in all cash, which represented a ~36% premium to where LPNT's stock was trading the day before the announcement. Our private market value estimate for LPNT was $66 per share, which provided us reinforcement that our valuations are in line with the private market.

The second largest contributing stock in the quarter was Americold Realty Trust (COLD). COLD is a Real Estate Investment Trust (REIT) that is the world's largest refrigerated warehousing and cold storage logistics provider, where it has ~20% U.S. market share and ~5% global market share. The industry fundamentals for cold storage are currently favorable as demand is robust, while supply remains restrained. This backdrop helped COLD to report better than expected earnings as a result of better than expected pricing and margins. COLD remains a sizeable position in the portfolio.

Selected Detractor(s) from Performance

The largest detracting stock in the quarter was Magellan Health (MGLN). MGLN provides healthcare management services to health plans and other managed care organizations. It operates in two segments: Healthcare and Pharmacy Management. The Healthcare business manages behavioral healthcare services and employee assistance program services. The Pharmacy Management segment provides specialty pharmacy benefit management (PBM) services. MGLN's stock price fell sharply as it missed earnings expectations due to contracts in its Healthcare segment where implementation and startup costs were running above expectations and also due to lost contracts within its Pharmacy Management segment. A portion of the lowered earnings level is transitory by our estimation, while some of it caused us to lower our normalized earnings power estimate more permanently. However, given how much the stock price fell after the announcement, we believe MGLN remains attractively valued even on a lower normalized earnings power estimate; thus, we maintain a position in MGLN.

The second largest detracting stock in the quarter was Hostess Brands (TWNK). TWNK is the second largest producer of sweet baked goods in the United States. It manufactures donuts, snack cakes, muffins, brownies, and other products under brands such as Hostess, Twinkies, Zingers, Sno Balls, Ding Dongs, Ho Hos, Donnettes, and Dolly Madison among others. It also produces various items for grocers' in-store bakery sections, such as cookies and eclairs. TWNK reported disappointing earnings as a result of its largest customer, Wal-Mart (~20% of revenues), reducing its shelf space and promotional support for TWNK products. The stock fell sharply on the news. Management felt confident that they could regain the shelf space given the superior store economics for Hostess brands that stems from the brands' premium pricing. We feel the issue is transitory and that the strength of the Hostess brand will prevail in the long run, as such, we added weight to our position as the stock price fell.

Current Positioning

The portfolio's largest overweight sectors relative to the benchmark are in the Consumer Staples and Industrials sectors. The largest underweight sectors relative to the benchmark are in the Energy and Real Estate sectors. Throughout the quarter, we added the most weight to the Consumer Staples and Energy sectors, while reducing the most weight in the Utilities and Industrials 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.

Dean Capital Management

Small Cap Value Commentary

Third Quarter 2018

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 typically have narrower ranges of outcomes than the former group (meaning not just lower downside, but lower upside as well). However, in the few times the market has gotten choppy over the past year, these types of stocks have typically held up well.

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.

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 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: 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%.*

**Performance subsequent to 3/31/18 represents preliminary performance results.*

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.

DCM 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.