Multi-Cap Value Commentary

First Quarter 2019

Performance Comparison[1]

Periods Ended 3/31/19 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
Dean Multi-Cap Value (gross)	10.47	10.47	7.49	11.26	8.76	15.22	10.18
Dean Multi-Cap Value (net)	10.31	10.31	6.85	10.54	7.98	14.33	9.32
Russell 3000 Value	11.93	11.93	5.30	10.50	7.56	14.50	8.33

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 10.47% in the first quarter of 2019, compared with the Russell 3000 Value Index return of 11.93%.

For the most part, as is often the case in a strong upward period, market dynamics were a headwind for the Dean Multi Cap Value portfolio this quarter. Positive market factors for the portfolio in the first quarter were growth, dividend yield, and valuation. On the other hand, profitability, leverage, volatility, and earnings variability were all negative factors.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Utilities	7.1%	6.3%	0.8%	16.1%	11.4%	113 bps	35 bps
Consumer Discretionary	4.2%	5.6%	-1.4%	16.0%	12.7%	66 bps	14 bps
Materials	4.4%	4.0%	0.4%	13.3%	10.0%	58 bps	14 bps
Energy	9.7%	9.3%	0.3%	17.3%	16.7%	161 bps	7 bps
Information Technology	12.3%	9.6%	2.7%	17.0%	18.5%	201 bps	0 bps
Financials	21.0%	23.0%	-2.0%	6.9%	8.0%	151 bps	-16 bps
Real Estate	2.7%	5.6%	-2.9%	15.4%	16.6%	41 bps	-16 bps
Communication Services	5.2%	6.8%	-1.7%	4.1%	9.4%	22 bps	-25 bps
Consumer Staples	8.0%	7.4%	0.6%	9.3%	12.4%	75 bps	-25 bps
Industrials	8.3%	7.9%	0.4%	13.8%	17.8%	113 bps	-29 bps
Health Care	13.2%	14.4%	-1.3%	3.0%	7.7%	44 bps	-58 bps

(see disclosures)

The best performing sector relative to the benchmark in the first quarter was Utilities. The outperformance was primarily driven by stock selection. The portfolio's three utility holdings outperformed the sector as each company modestly exceeded earnings expectations. Utility stock prices typically benefit in a period of declining interest rates as they are often viewed as bond proxies, which move inversely with interest rates. With the market's uncertainty and a backdrop of declining interest rates, the Utilities sector has outperformed over the past two quarters. We took advantage of the strong performance and reduced the portfolio's Utility weight late in the quarter.

Consumer Discretionary was the second best performing sector. The outperformance was primarily due to stock selection within the Retail sub-industry. AutoZone (AZO), a retailer of automotive replacement parts and accessories, significantly outperformed the sector on quarterly earnings that exceeded expectations. AutoZone's quarter benefitted from harsh winter weather creating parts demand as well as continued strong execution relative to competitors. We reduced our weight in AutoZone this quarter but continue to hold a position in the stock.

The worst performing sector relative to the benchmark in the quarter was Health Care. The underperformance was primarily driven by stock selection with three holdings having a negative return, significantly underperforming the sector and benchmark. Pharmaceutical company Pfizer (PFE) lowered FY19 expectations based on reduced expectations for drug Lyrica, which is facing headwinds from a loss-of-exclusivity, and the company ramping up investment ahead of a new product cycle. Pharmacy benefit manager CVS Health Corp (CVS) was down approximately -17.1% in the quarter driven by a lowering of expectations for FY19 due to prescription reimbursement pressure. In addition to pricing pressure, CVS lost a major managed care customer. Rehabilitative services provider Encompass Health (ECH) also faced headwinds this quarter and is discussed in more detail below. We continue to hold the above stocks.

Industrials were the second worst performing sector. The underperformance in Industrials was also driven by inferior stock selection relative to the sector. The sector rebounded sharply from the fourth quarter with many deeply cyclical industrials leading the charge. The portfolio's holdings posted better than expected earnings for the quarter but failed to keep pace with strong gains elsewhere in the sector.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	CISCO SYSTEMS	2.89	68 bps
2	EXXON MOBIL CORP	2.80	53 bps
3	KLA-TENCOR CORP	1.71	52 bps
4	AUTOZONE INC	2.22	46 bps
5	KINDER MORGAN INC	1.63	46 bps
6	NORTHWESTERN CORP	2.45	46 bps
7	STRYKER CORP	1.79	44 bps
8	MICROSOFT CORP	2.61	42 bps
9	CHEVRON CORP	2.78	39 bps
10	REGAL BELOIT CORP	2.33	38 bps

	Top 10 Detractors	Average % Weight	Contribution
1	CVS HEALTH CORP	1.74	-31 bps
2	ENCOMPASS HEALTH	1.66	-7 bps
3	F5 NETWORKS	1.93	-6 bps
4	PFIZER INC	2.14	-5 bps
5	BERKSHIRE HATHAWAY-B	2.28	-4 bps
6	LKQ CORP	0.09	0 bps
7	NORTHWEST BANCSHARES	0.08	0 bps
8	CASH	3.95	0 bps
9	WALT DISNEY CO	2.25	3 bps
10	PNC FINANCIAL SERVICES	1.38	8 bps

Selected Contributor(s) to Performance

The highest contributing security in the first quarter was Cisco Systems (CSCO). Cisco is the world's largest supplier within the networking industry and was up 25.6% in the quarter. CSCO was strong in the first quarter for several reasons. The company reported earnings and guided above market expectations for next quarter. Core infrastructure sales increased a healthy 6%. The switch category experienced strong demand from the enterprise channel, and Catalyst 9000 product line continued strong sales. Application and Security earnings were also strong, particularly in the telecommunications channel. The transition to 5G infrastructure is forecast to continue the recent fundamental strength through 2022. The technology will enable self-driving cars, internet of things, education, and health care applications. Finally, the 5G arms race between the U.S. and China is expected to positively impact Cisco. The U.S. government has banned Chinese competitor Huawei products and has told European allies it may not be able to communicate with them if they do not follow suit. All together it has been a very strong start to 2019 for Cisco. We reduced the size of our position in CSCO during the quarter, taking advantage of the strong price movement. The portfolio continues to hold a smaller position.

Exxon Mobil (XOM) was the second strongest holding in the first quarter. XOM was up 19.8% during the quarter. Exxon reported earnings that beat Wall Street estimates and announced updates to management's forecasts for significantly increased earnings and cash flow in the next decade from many capital investments Exxon is undergoing currently and in the next few years. Perhaps the biggest driver of XOM performance was the price of oil up over 32% in the first quarter. Prices rose on lower than expected inventories in the face of a continued strong economy. Exxon is using its financial strength to invest in large-scale projects more so than many of its peers and increasingly will benefit from higher commodity prices. The portfolio continues to hold XOM.

Selected Detractor(s) from Performance

CVS Health (CVS) was the portfolio's lowest contributing security in the first quarter. CVS operates one the nation's largest retail drug store chains, pharmacy benefit managers, and recently added managed care to their portfolio with the acquisition of Aetna in 2018. The stock's weakness in the first quarter, -17.1%, was due to two principal drivers. First, management lowered earnings expectations for 2019 during their 4Q18 earnings call. Aetna integration costs were largely to blame for the expected shortfall. Secondly, the WellCare Health Plans acquisition by managed care provider Centene could move $15-$20 billion in pharmacy spending away from CVS to Centene providing another blow to a stock that hasn't had much good news lately. Despite the recent negatives, the long-term quality of CVS remains intact, and the portfolio has held its position in CVS.

The second lowest contributing security this quarter was Encompass Health Corporation (EHC, formerly HealthSouth). Encompass Health provides post-acute healthcare services on both an inpatient and outpatient basis. The company operates inpatient rehabilitation hospitals and long-term acute care hospitals. The stock traded down as part of a broader healthcare sell-off, especially in medical service provider and managed care stocks, over concerns in healthcare payment system changes. The changes are expected to negatively impact both the Inpatient Rehabilitation and Home Health and Hospice segments. The portfolio continues to hold EHC as we believe the company will manage the transition better than the market perceives.

Current Positioning

At the end of the first quarter, Multi Cap Value was overweight Information Technology and Consumer Staples sectors. The bulk of the overweight within the Information Technology sector was in the Software & Services industry group and the Household & Personal Products industry group within Consumer Staples. The largest underweight sector for the portfolio was Real Estate with the Health Care sector weight also well below the benchmark. Within Health Care the portfolio was significantly underweight the Pharmaceutical industry group and overweight Health Care Equipment and Services.

During the first quarter we took advantage of the strong snap back in prices reducing our overweight in Information Technology and Utilities. We added to Consumer Discretionary, Real Estate, and Financials taking advantage of these groups' underperformance.

The economy remains strong with a few warning signs of potential weakness. Employment, housing, and auto sales are continuing to signal a positive economic environment. On the other hand, some manufacturing indicators, the chemical activity barometer, personal consumption expenditures, and the yield curve signal caution. The overall market appears expensive, and this long economic expansion feels late in the game. However, we continue to find investment opportunities and feel confident in the portfolio risk/reward balance.

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 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% equity, and the number of holdings typically ranges between 40 and 60. The remainder of the portfolios is typically invested in short term U.S. Treasury Bills or other cash equivalents.

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.

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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, and 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: 47.8% 2009: 52.2%. Beginning June 1, 2010, there were no non-fee paying accounts included in the composite.

A performance examination has been performed on performance results through 12/31/18. A firm-wide verification was performed for the periods 1/1/93 through 12/31/18. Subsequent data 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.