Performance Comparison[1]

Periods Ended 3/31/19 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Small Cap Value (gross)	13.16	13.16	0.85	8.97	6.72	17.29	10.65
DCM Small Cap Value (net)	12.93	12.93	0.01	8.00	5.70	16.11	9.52
Russell 2000 Value	11.93	11.93	0.17	10.86	5.59	14.12	8.37

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

Performance Summary

The DCM Small Cap Value Strategy returned 13.16% (gross of fees) compared with 11.93% for the Russell 2000 Value Index for the quarter ending March 31, 2019.

Macro factors were mixed for DCM's investing style this quarter. The portfolio benefited from momentum stocks recently lagging the broader small cap market. As we have discussed in the past, given the valuation-sensitive nature of DCM's process, and the high volatility in small cap stocks, DCM's Small Cap Value portfolio tends to have an anti-momentum bias to it. This bias comes about as we typically sell stocks that have rising prices and are becoming expensive based on our estimate of normalized earnings power, while buying stocks that have falling prices and are becoming attractively valued, based on our estimate of normalized earnings power.

On the other side of the coin, growth stocks outperformed value stocks this quarter, and this created a headwind for the portfolio as it currently holds more exposure to value stocks than the benchmark. Stocks with more leverage and higher price volatility also outperformed the broader small cap market in the quarter, which created further headwinds for our investing style as we seek companies with solid balance sheets, and we typically favor stocks with a narrow range of outcomes (please see our discussion on risk and volatility from last quarter's commentary for more detail on this topic).

All told, these mixed macro factors produced a slight headwind for the portfolio this quarter.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Materials	9.4%	4.2%	5.2%	23.8%	16.8%	205 bps	88 bps
Consumer Discretionary	7.5%	9.3%	-1.7%	16.6%	8.6%	119 bps	69 bps
Consumer Staples	9.2%	2.6%	6.6%	17.3%	7.8%	160 bps	68 bps
Utilities	3.9%	6.9%	-3.0%	16.6%	10.6%	66 bps	36 bps
Industrials	17.9%	11.6%	6.3%	11.9%	10.1%	242 bps	29 bps
Financials	28.7%	29.2%	-0.5%	8.1%	8.0%	226 bps	5 bps
Communication Services	0.0%	3.2%	-3.2%	0.0%	14.4%	0 bps	-8 bps
Information Technology	6.5%	11.1%	-4.6%	21.0%	19.4%	143 bps	-21 bps
Energy	3.3%	5.7%	-2.3%	13.5%	18.6%	50 bps	-22 bps
Real Estate	5.9%	12.0%	-6.1%	16.3%	17.0%	112 bps	-29 bps
Health Care	3.1%	4.3%	-1.3%	-2.0%	9.1%	-11 bps	-32 bps

(see disclosures)

The best performing sector relative to the benchmark for the quarter was Materials. The outperformance was predominantly due to good stock selection; however, the portfolio's overweight stance throughout the quarter also benefited relative performance. A timely purchase of a high-quality gold miner in the sharp selloff toward the end of last year, as well as the purchase of a steel company early this year, supported the stock selection. Similar to last quarter, the portfolio benefited from its outsized weighting to packaging companies where the end markets are Consumer Staples companies, which creates a more Consumer Staple-like risk/reward profile for these Materials holdings. As recession fears continue to linger, the stability of these assets and cash flows was sought after by investors.

The second best performing sector relative to the benchmark for the quarter was Consumer Discretionary. The portfolio mostly benefited from its underweight stance versus the benchmark throughout the quarter. However, strong stock selection in industries such as Automobiles, Auto Components, and Multiline Retail also helped boost the outperformance. Many of the portfolio holdings in these industries were either newly added, or the existing positions were increased in the sharp selloff toward the end of the fourth quarter last year. This dynamic positioning helped the portfolio capture a good deal of the snapback rallies in these holdings this quarter.

The worst performing sector relative to the benchmark for the quarter was Health Care. The underperformance versus the benchmark stemmed both from being underweight throughout the quarter as well as from below benchmark stock selection. The portfolio's current Health Care holdings reside solely in the Health Care Providers & Services industry, which was the second worst performing industry within the Health Care sector this quarter. Industries such as Life Sciences Tools & Services, Pharmaceuticals, and Biotechnology all had better than the Russell 2000 Value benchmark returns. Companies in these industries appear expensive to us based on normalized earnings power. They also typically have a wide range of outcomes, which gives us a low degree of confidence when estimating normalized earnings power or estimating the values of the assets. Most of these industries benefited from the lower quality, "risk on" rally that followed the Federal Reserve pivoting from a perceived hawkish to a perceived dovish stance.

The second worst performing sector relative to the benchmark for the quarter was Real Estate. The underperformance versus the benchmark was due to the portfolio's underweight positioning as well as below benchmark stock selection. Interest rates declined sharply following the Federal Reserve's pivot from a perceived hawkish to a perceived dovish stance. Falling interest rates helped the Real Estate Investment Trusts (REIT's) to a Russell 2000 Value benchmark beating performance this quarter. REIT's stock prices often benefit when interest rates decline as they are regularly viewed as "bond proxies." REIT's also benefit fundamentally from falling interest rates since they typically use a significant amount of debt to fund asset purchases, and it is advantageous to have cheaper financing costs. We took advantage of the REIT's stock price rally by exiting two portfolio holdings that had performed well. Late in the quarter, we did add a new REIT to the portfolio that we felt had become attractively valued after its price fell sharply as a result of an earnings disappointment.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	ARGAN INC	1.56	52 bps
2	SILGAN HOLDINGS	2.18	52 bps
3	CSG SYSTEMS INTL	1.26	48 bps
4	SANDERSON FARMS	1.32	47 bps
5	ALAMOS GOLD INC	1.21	43 bps
6	GRAPHIC PACKAGING	1.89	39 bps
7	BIG LOTS INC	1.22	38 bps
8	MTS SYSTEMS CORP	1.44	38 bps
9	SABRA HEALTH CARE	1.27	38 bps
10	BANK OF HAWAII	1.89	36 bps

	Top 10 Detractors	Average % Weight	Contribution
1	MEDNAX INC	0.79	-38 bps
2	GREENBRIER COS	1.61	-34 bps
3	PROASSURANCE CORP	1.44	-34 bps
4	TUPPERWARE BRAND	0.98	-9 bps
5	CADENCE BANCORP	0.99	-7 bps
6	SELECT MEDICAL	0.69	-6 bps
7	HORACE MANN EDUCATORS	0.73	-4 bps
8	FRESH DEL MONTE	0.43	-2 bps
9	INTERDIGITAL INC	1.96	0 bps
10	CASH	4.59	0 bps

Selected Contributor(s) to Performance

The largest contributing stock in the quarter was Argan (AGX). AGX provides power services and products for the government, telecommunications, power, and personal health care industries. It designs, builds, and maintains power plants including traditional and alternate fuel plants. It also provides inside-premise wiring, plus splicing, underground and aerial telecom infrastructure construction services to telecom carriers, government entities, service providers, and electric utilities. We purchased AGX, a stock we have owned in the past, in mid-2018. It was a situation where AGX had an overcapitalized balance sheet with net cash coupled with underutilized assets as nearly all of its large multiyear projects it had been working on were scheduled to be completed in 2018, leaving its backlog of future work at less than 40% of where it had been in the prior year. We felt that the market was being nearsighted about the business. We believed that AGX had solid assets with normalized earnings power that was materially higher than its current earnings once these assets were put to use. AGX needed to win new contracts to replenish the backlog in order to realize the normalized earnings power potential and attract new investors. AGX has, indeed, now announced a few new contracts, and it is beginning to put its underutilized asset base to work leading to improved earnings expectations and a higher stock price. We sold shares on the price strength, but the portfolio still holds an average size weight in AGX.

The second largest contributing stock in the quarter was Silgan Holdings (SLGN). SLGN is the largest manufacturer of steel and aluminum food cans in North America, manufacturing about half of the North American metal food containers. It also manufactures plastic containers for personal and healthcare products as well as closures such as lids and caps. Its customers include major consumer packaged food companies and personal product companies such as Nestle, Campbell Soup, and Del Monte. We purchased SLGN in mid-2018 as a market leader in a niche business with defensive qualities that had low expectations embedded into its stock price. We have owned SLGN in the past. SLGN reported better than expected free cash flow when it announced earnings this quarter, and it guided to a better than expected free cash flow number for 2019 as well. SLGN's low expectations combined with its steady cash flow and solid asset profile made it attractive to investors in a market gripped by recession fears. SLGN continues to be one of the portfolio's largest weights.

Selected Detractor(s) from Performance

The largest detracting stock in the quarter was MEDNAX (MD). MD is a leading provider of physician outsourced services to hospitals and healthcare facilities, primarily focusing on neonatology (#1 market share with ~20%), anesthesia (#2 market share with ~3%), and radiology (one of the leaders with ~3% market share). It operates under brands such as Pediatrix Medical Group for neonatology, American Anesthesiology for anesthesia, and vRad for radiology. MD's stock price has been under pressure for the past three years as United States birth rates have been falling (its stock price is ~65% below its '15 high). Falling birth rates hurt same store sales in the NICU business, and this dynamic has occurred in conjunction with rising compensation costs in order to attract physicians, which has caused operating margins to collapse to almost half of what they were just three years ago. We purchased the stock this quarter, believing that the market is extrapolating these difficult current conditions indefinitely into the future, whereas we view some of the issues as transitory; meaning, we estimate MD's normalized earnings power is higher than its current earnings. In addition, MD is in the process of potentially selling its noncore office billing management business MedData, which, if completed, could help bolster the balance sheet by reducing adjusted net debt nearly one turn relative to earnings before interest, taxes, depreciation & amortization, and rent expense (EBITDAR). The stock price has continued to underperform the broad small cap market since our first purchase, and we have added shares on this price weakness increasing the portfolio weighting to an average position size.

The second largest detracting stock in the quarter was Greenbrier Companies (GBX). GBX manufactures railcars and provides repair and refurbishment for intermodal and conventional railcars. It also provides leasing and fleet management services. Depending on the quarter, GBX is either #1 or #2 in terms of manufacturing market share with ~40% share. It has ~50% market share in intermodal cars, and it is the largest manufacturer of new railcars in Europe and South Africa. The energy boom and bust from 2010-2016 created a large excess supply of railcars that is in the process of working down. The market has been skeptical that the railcar cycle has bottomed, which provided us the opportunity to add GBX to the portfolio early last year. GBX recently lowered its earnings guidance due to 1) poor manufacturing execution in its Romania operations compounded by supplier delivery failures in its European railcar manufacturing operations 2) increased labor costs and negative operating leverage in its Gunderson facility and 3) challenges in its railcar repair operations including extreme winter weather and closure costs. The stock sold off on this lowered guidance. We view these issues as mostly transitory, thus we added shares on the price weakness increasing the weight to an above average size in the portfolio.

Current Positioning

The portfolio's largest overweight sectors relative to the benchmark are currently in the Consumer Staples and Materials sectors. The largest underweight sectors relative to the benchmark are currently in the Real Estate and Information Technology sectors. Throughout the quarter, we added the most weight to the Consumer Discretionary and Health Care sectors, while reducing the most weight in the Industrials and Information Technology 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.

Our most recent new additions to the portfolio could be described as somewhat unique and independent situations where the companies being added have low near-term earnings visibility due to cyclicality, interest rate or commodity price sensitivity, unused capacity, management missteps, etc., but are businesses that we believe have solid strategic assets where the assets have the potential to produce much higher normalized earnings power than the current earnings level would suggest. The assets in these businesses might come in the physical form such as manufacturing plants, equipment, land, real estate, interest bearing loans, inventory, etc., in which they would appear on the balance sheet (although the accounting value of the assets might be over or understated relative to the private market value). Otherwise, the assets might come in the intangible form such as brands, trademarks, employees, relationships, reputation, etc., in which the assets do not necessarily appear on the balance sheet in standard form. Either way, the market appears to us to be overly punishing companies for lack of near-term earnings visibility by ignoring the value of the assets within the businesses in these situations, while overpaying for earnings consistency and perceived secular growth elsewhere in the market.

Some of the recent new additions to the portfolio have a great deal of upside in their stock prices if the businesses can manage to return to their earnings level from just two or three years ago. The same strategic assets that were able to produce much higher earnings only a few years ago are still in place in these businesses today. We have tried to enter into situations where we feel there is limited downside risk given the asset value within the business, but a lot of upside if those assets return to producing previously achieved earnings power. While we estimate these situations have a lot of upside with limited downside, some of them also have wider than our typical range of outcomes, so they will be limited to smaller maximum weightings in the portfolio to help us manage the risk resulting from the wider range of outcomes and greater uncertainty.

Ultimately, every business is a collection of assets, either physical or intangible, and those assets produce an internally generated economic return to investors through cash flow and earnings. This internally generated return on the assets will either be reduced or boosted depending on whether a secondary investor (such as a stock market investor) pays a premium or discount on those assets. The return stock market investors eventually receive is determined by 1) the normalized rate of internally generated return on the assets of the business and 2) how much the premium or discount paid on those assets either reduces or increases the internally generated return (reduces in the case of a premium paid or increases in the case of a discount paid). We try to find situations where we are buying assets that internally generate normalized returns on the assets of the business that are above the cost of capital, while also either paying a discount on the assets or paying a small enough premium so that as secondary investors, we will receive most of that internally generated return. By way of illustration: similar to a bond with a high stated coupon yield where if the bond is trading at a premium, it reduces the actual yield received to maturity-- if a business's assets generate a 15% internal return, for example, but an investor pays a premium of, say, 3x the asset level, the investor will most likely only receive ~5% annually over time on that investment even though the assets generate very high returns. We feel this is where growth investors often get ahead of themselves. A business may generate amazing returns, but if an investor pays too much for those returns, the actual return received by the secondary investor might be disappointing. We pay close attention to how much a business internally earns on its assets as well as how much we are diluting that internally generated return by the price we pay for those assets in the secondary market.

To summarize, the market currently appears to be willing to pay up for consistent earnings or perceived secular growth, leaving behind many solid businesses that might have some cyclicality, interest rate sensitivity, or transitory issues, yet they have strategic assets with the capability of producing much higher earnings than they currently are producing. We believe that looking at the normalized earnings power of the assets over a full cycle rather than fixating on the near-term earnings level helps uncover these types of opportunities.

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, and the number of holdings typically ranges between 50 and 80. 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 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% 2019: 0.3%.*

**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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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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