Performance Comparison[1]

Periods Ended 6/30/19 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Small Cap Value (gross)	0.12	13.30	-2.76	8.46	5.88	13.61	10.41
DCM Small Cap Value (net)	-0.09	12.83	-3.58	7.52	4.87	12.47	9.29
Russell 2000 Value	1.37	13.47	-6.24	9.81	5.39	12.40	8.31

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

Performance Summary

The DCM Small Cap Value Strategy returned 0.12% (gross of fees) compared with 1.37% for the Russell 2000 Value Index for the quarter ending June 30, 2019.

Macro factors were a headwind for the portfolio this quarter. Momentum stocks did well, and this was the largest negative macro factor for performance. We are price disciplined value investors; thus, the DCM Small Cap Value portfolio often has an anti-momentum bias to it, and it tends to lag in markets where momentum stocks have strong performance. The portfolio currently has more exposure to value stocks versus its Russell 2000 Value benchmark; and this exposure was a performance headwind this quarter as growth stocks outperformed value stocks. The combination of momentum stocks performing well and growth stocks beating value stocks accounted for nearly all of the portfolio's underperformance versus its benchmark this quarter. The one bright spot in terms of macro factors was that the portfolio benefited from being positioned in lower volatility stocks versus its benchmark, and these stocks performed well in the quarter.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Health Care	4.9%	4.0%	0.9%	5.8%	-5.0%	30 bps	53 bps
Information Technology	6.6%	12.0%	-5.5%	6.2%	2.3%	42 bps	21 bps
Communication Services	1.7%	3.2%	-1.5%	-5.9%	-7.5%	-10 bps	17 bps
Materials	9.7%	4.1%	5.6%	1.5%	-1.6%	17 bps	13 bps
Financials	26.1%	29.1%	-3.0%	5.7%	5.3%	147 bps	5 bps
Real Estate	6.6%	12.4%	-5.8%	0.6%	1.4%	4 bps	-5 bps
Energy	3.2%	5.3%	-2.1%	-17.6%	-8.7%	-64 bps	-12 bps
Consumer Staples	8.3%	2.5%	5.8%	-4.6%	-8.2%	-32 bps	-27 bps
Consumer Discretionary	8.5%	8.8%	-0.3%	-3.8%	-4.8%	-86 bps	-29 bps
Utilities	2.0%	7.4%	-5.4%	6.9%	5.3%	11 bps	-31 bps
Industrials	19.1%	11.2%	7.9%	-1.4%	6.4%	-46 bps	-116 bps

(see disclosures)

The best performing sector relative to the benchmark for the quarter was Health Care. The outperformance was a result of solid stock selection as well as avoiding the worst returning industries within the Health Care. The portfolio's Health Care weight resides entirely in the Providers & Services industry, which had a positive return this quarter compared to negative returns for the Pharmaceuticals, Biotechnology, and Health Care Equipment & Supplies industries.

The second best performing sector relative to the benchmark for the quarter was Information Technology. The outperformance was due to better than benchmark stock selection, especially within the IT Services industry, as well as avoidance of the Software industry, which had a negative return for the benchmark. There were seven benchmark holdings within the Software sector that had losses of more than -20% in the quarter, including one holding that was down -90%. At times, the quality bias of our process helps us win by not losing, and this quarter's results in the Software industry, as well as in the above-mentioned Health Care industries, are good examples of that.

The worst performing sector relative to the benchmark for the quarter was Industrials. The underperformance stemmed from below benchmark stock selection, especially in the Machinery, Construction & Engineering, and Electrical equipment industries. The portfolio had four companies miss Wall Street analysts' earnings estimates this quarter, which led to pressure on the stock prices. The reasons for the earnings estimate misses ranged from weather related outages, to labor strikes, to plant outages, to a general slowdown in world economic activity. We believe we own high quality companies that are experiencing transitory issues.

The second worst performing sector relative to the benchmark for the quarter was Utilities. The underperformance was due to the portfolio's underweight positioning as the Utilities sector was one of the best performing sectors in the benchmark this quarter. The portfolio's Utilities stocks did outperform the benchmark's stocks; however, this was not enough to make up for the underweight positioning. Our assessment is that most Utilities stocks are currently overvalued relative to normalized earnings power as a result of falling interest rates driving up the Utilities' stock prices. To illustrate, El Paso Electric, (a former portfolio holding) was acquired by a JP Morgan fund this quarter for ~24x 2020 earnings per share. Meanwhile, the entire Russell 2000 Utilities Index also currently trades for ~24x 2020 earnings per share; meaning, the small cap Utilities sector is currently trading at private market values - as if the entire sector were to be acquired and taken private. Insofar as the private market is correct on valuation (and we usually side with the private market over the public markets), then the small cap Utilities sector appears fully valued at this point.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	CADENCE BANCORP	1.67	29 bps
2	KNOLL INC	1.64	29 bps
3	MAGELLAN HEALTH	2.21	28 bps
4	ALAMOS GOLD INC	1.40	27 bps
5	WASHINGTON FEDERAL	1.09	23 bps
6	CSG SYSTEMS INTL	1.00	16 bps
7	COREPOINT LODGING	1.49	14 bps
8	VALVOLINE INC	1.71	14 bps
9	WHITE MOUNTAINS	1.57	14 bps
10	AVX CORP	0.73	13 bps

	Top 10 Detractors	Average % Weight	Contribution
1	RPC INC	1.54	-65 bps
2	TUPPERWARE BRAND	1.01	-41 bps
3	BIG LOTS INC	1.09	-30 bps
4	ANDERSONS INC	1.53	-25 bps
5	ARGAN INC	1.25	-24 bps
6	VISTEON CORP	0.66	-22 bps
7	TRINSEO SA	1.04	-20 bps
8	RYDER SYSTEM INC	1.47	-18 bps
9	ASTEC INDUSTRIES	1.25	-15 bps
10	ADVANSIX INC	0.81	-14 bps

Selected Contributor(s) to Performance

The largest contributing stock in the quarter was Cadence Bancorp (CADE). CADE is a Houston, TX based bank that operates 98 branches in Alabama, Florida, Georgia, Mississippi, Tennessee, and Texas. It was founded in 2009 in the wake of the Great Financial Crisis by an experienced team of bankers with more than 30+ years of average experience; it IPO'd in 2017. CADE focuses on middle-market commercial lending (characterized as lending to businesses with annual revenues of $10 mil to $500 mil) providing a broad range of banking services to businesses, high net worth individuals, business owners, and retail customers. CADE reported solid operating results for the quarter with expense synergies showing through as it was its first full quarter that reflected the sizeable STBZ acquisition. CADE also held a well-received analyst day during the quarter that helped propel the stock higher. The portfolio maintains a position in CADE.

The second largest contributing stock in the quarter was Knoll, Inc. (KNL). KNL designs and manufactures branded office furniture as well as upscale residential furniture. It makes a variety of distinctively designed, curvilinear office furniture and related accessories including office systems. Its office brands include Knoll Office, Muuto, Spinneybeck, and FilzFelt among others. Its hybrid brands (office/residential) include KnollStudio and KnollTextiles. Its residential brands include HOLLY HUNT and Edelman. KNL reported earnings that were above analysts' expectations as margins continued to expand as a result of a mix shift from lower margin office business to higher margin non-office, as well as through expense management within its legacy office business. It also raised its quarterly dividend 13%, demonstrating future confidence in the overall business. The portfolio maintains a position in KNL.

Selected Detractor(s) from Performance

The largest detracting stock in the quarter was RPC, Inc. (RES). RES provides pressure pumping, coiled tubing, downhole tools, and other oilfield products and services to U.S. onshore energy exploration and production customers. RES missed analysts' earnings estimates and also lowered its dividend, which caused the stock to sell off throughout the quarter. The pressure pumping market currently is oversupplied because of increasing efficiency by completion services providers. This is putting downward pressure on pricing and while RES is one of the best operators in the space, it is more exposed to spot prices for pressure pumping than others. However, stabilizing oil prices coupled with the resolution of Permian Basin takeaway capacity could provide near term market opportunities. With RES's solid balance sheet, we believe it can ride out this down part of the pressure pumping cycle; and given its past excellent capital allocation record, it could also opportunistically take advantage of the industry's weakness. The portfolio maintains a position in RES.

The second largest detracting stock in the quarter was Tupperware Brands (TUP). TUP manufactures and sells a variety of kitchen, home storage, and beauty products. It sells food preparation, storage, and serving products as well as cookware and microfiber textiles under the Tupperware brand name. Its products are sold through the direct-to-consumer channel via an independent sales force outside of traditional retail store locations. TUP reported disappointing earnings as currency fluctuations, a slowing global economy, and the China vs U.S. "trade war" effects took its toll, all while TUP is trying to turnaround multiple business regions. Given the persistence of the macro headwinds during a time of attempting business unit turnarounds in emerging market regions, along with a balance sheet that deteriorated in the quarter, we exited the position. Our confidence in our normalized earnings estimate was reduced, and the range of outcomes for the stock was widened to a point where we felt there were better risk/rewards available elsewhere.

Current Positioning

The portfolio's largest overweight sectors relative to the benchmark are currently in the Industrials and Consumer Staples 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 Communication Services and Industrials sectors, while reducing the most weight in the Consumer Discretionary and Consumer Staples 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.

Given that the small cap value style is the worst performing equity "style box" over the last decade, we feel that it currently is a relatively attractive place to allocate capital compared to the other equity "style boxes." We typically do not spend a great deal of time thinking about the market as a whole; instead, preferring to focus on individual stocks. However, a crude metric for viewing the entire market in a similar manner to which we normalize earnings power for individual companies would be to compare the price to sales ratio of small cap value stocks to that of other styles.

Price to sales is an interesting valuation metric because it illustrates what the market is implying in terms of profit margins and growth prospects going forward. If sales are being capitalized at a high historical rate, then it demonstrates that the market is expecting each dollar of sales to turn into a higher proportion of earnings going forward either through high profit margins, high growth, or a combination of both.

At DCM, we normalize profit margins and growth rates to estimate what we view to be the full cycle normalized earnings power for a business, thus when valuations are relatively high based on our estimate of normalized earnings power, the price to sales ratio also tends to be relatively high and vice versa. By moving up the income statement to the "top line" of sales, the price to sales ratio has the same effect of "normalizing" profit margins and growth rates. Therefore, when looking at the market as a whole, the price to sales ratio is a decent crude metric that will lead to similar conclusions as our normalization process does for individual companies.

The best performing "style box" over the last five years has been large cap growth as the market is beginning to feel, at least to DCM, similar to how it did in the tech bubble, just not quite as extreme. As seen in the chart below, the relative price to sales of the Russell 1000 Growth Index versus the Russell 2000 Value Index, is in the 90th percentile towards most expensive. Meaning, large cap growth stocks have been more expensive than small cap value stocks compared to today only 10% of the time dating back to 1995. That entire 10% of the time, when large cap growth was more expensive than small cap value compared to today, occurred from the time period of July 1999 to August 2001, plus a very brief time in March 1999— all in the heart of the tech bubble (sources: Bloomberg and Russell):

The last time the Russell 1000 Growth Index's price to sales ratio was this high versus the Russell 2000 Value Index was March 1999. It is important to remember what happened in the following years in terms of relative performance of the two style boxes. Below is a chart of the relative performance between the Russell 1000 Growth Index and the Russell 2000 Value Index the eight years following the last time the large cap growth stocks were this expensive relative to small cap value stocks. Small cap value stocks materially outperformed large cap growth stocks for the following several years (sources: Bloomberg and Russell):

We feel the small cap value space in general is ripe for reversion to the mean, and we believe the DCM Small Cap Value portfolio is positioned well from a relative risk adjusted basis. Using DCM's estimate of normalized earnings power on the portfolio's holdings current asset base, the DCM Small Cap Value portfolio is currently trading at ~15x normalized earnings power versus ~24x for the broad Russell 2000 Index while having an expected five year earnings growth rate that is slightly higher than the broad index, plus owning balance sheets that are on average materially better than the broad index. We believe this combination of a nearly 40% valuation discount, comparable growth, and less balance sheet risk is a good combination over time.

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.

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% 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. Data subsequent to 3/31/19 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.