Performance Comparison[1]

Periods Ended 12/31/20 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Mid Cap Value (gross)	18.51	-1.17	-1.17	4.47	10.12	10.51	11.28
DCM Mid Cap Value (net)	18.27	-2.00	-2.00	3.60	9.18	9.51	10.27
Russell Midcap Value	20.43	4.96	4.96	5.37	9.73	10.49	9.35

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

Performance Summary

The DCM Mid Cap Value composite was up 18.51% (gross of fees) for the quarter ended December 31, 2020, compared with the Russell Midcap Value Index, up 20.43%.

Coming into 2020, many discussions ensued about the condition of the stock market and if it was time for a correction. Discussions centered around the dramatic outperformance of growth vs. value, large cap stock outperformance vs. small cap stocks, the level of multiple expansion driving markets, inflation stubbornly remaining near or below target, and many other topics relative to the markets. In early February, the onset of the pandemic along with the beginning of an OPEC price war shocked the market out of its complacency, sending indices sharply lower. However, while stocks with quality characteristics such as high profitability and a narrower range of outcomes held up through the selloff, valuation was not a factor as companies with cyclical leverage and bad balance sheets sold off indiscriminately without regard to normal valuation. In late March, the government stepped into the market in full force with both fiscal and monetary policy to get credit markets functioning and cash in the hands of consumers and businesses negatively impacted by the pandemic. With the influx of liquidity, less pessimistic outlooks on stock earnings, and the prospect of normalcy on the horizon, stocks accelerated sharply throughout the summer, only taking a pause in October as infection rates started to re-accelerate. However, in early November, the announcement that vaccine trials had proceeded well along with FDA approval expectations sent markets up significantly.

With the ensuing rally, many of the concerns heading into 2020 have only been exacerbated at a time when the “new normal” is far from certain. In addition, low interest rates and extreme liquidity have propped up companies with negative earnings and over-levered balanced sheets (also known as zombie companies). While we understand the stock market is forward looking, valuation multiples on forward earnings have expanded dramatically. In addition, the gap in performance between growth and value has continued to expand. Performance of stocks with factor exposure to growth, high volatility, high earnings variability, and high trading activity are significantly outperforming, far above trend relative to history. At the same time, stocks with value and high profitability characteristics are trading near the lows relative to history. While we are not great short term market prognosticators, we believe the extremes in the market are unsustainable. Thus, we view markets returning to a more normal environment where quality, profitability, and valuation matter.

The charts below of the Bloomberg style indices depict the extreme outperformance of the growth, volatility, and earnings variability factors while profitability and value have underperformed.

Growth Factor

While we prefer a company that is growing over one that is not, in our process, valuation matters. Growth has been on an upward move since 2017, with the outperformance going nearly vertical in 2020.

Volatility Factor

Volatility has significantly outperformed since March with investors piling into highly volatile stocks with wide ranges of outcomes, areas of the market we tend to shy away from.

Earnings Variability Factor

Companies with more stable and predictable earnings are a favorite of our process due to the higher certainty in which to normalize future earnings. Since the pandemic, stocks with wider earnings variability have significantly outperformed.

Profitability Factor

High-quality companies with higher-than-average returns over the cycle is a key aspect of our process and a factor we are generally overweight relative to the benchmark. As the graph shows, companies with high profitability outperformed significantly in the February market sell off but have more than given up the gain as the year progressed. The index of returns on companies with high profitability has fallen to early 2017 lows.

Value Factor

The value factor has underperformed since 2015, with most of the decline in the index occurring in the 2017-2019 time frame. The chart shows that the value factor has stabilized in terms of performance but has yet to significantly reverse course. A large part of the value index's performance year to date has been driven by the rebound in volatility and trading activity rather than the pure value factor.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Information Technology	10.4%	9.8%	0.6%	31.1%	25.9%	305 bps	53 bps
Consumer Staples	4.9%	4.2%	0.7%	10.4%	6.7%	51 bps	9 bps
Materials	8.4%	7.3%	1.2%	25.2%	25.0%	205 bps	7 bps
Communication Services	1.7%	4.0%	-2.4%	27.3%	21.9%	43 bps	5 bps
Utilities	6.6%	8.6%	-2.0%	2.2%	5.9%	20 bps	4 bps
Energy	3.0%	3.6%	-0.6%	42.4%	38.6%	112 bps	-1 bps
Consumer Discretionary	10.5%	12.1%	-1.6%	20.6%	20.5%	217 bps	-2 bps
Real Estate	6.0%	10.2%	-4.3%	10.5%	16.4%	62 bps	-22 bps
Health Care	8.6%	7.9%	0.8%	10.7%	16.0%	104 bps	-50 bps
Industrials	20.3%	17.4%	2.9%	16.9%	19.7%	341 bps	-61 bps
Financials	17.7%	15.0%	2.6%	23.5%	29.3%	397 bps	-79 bps

(see disclosures)

The top performing sector relative to the benchmark for the quarter was Information Technology. While being overweight an outperforming sector contributed to returns, stock selection was the primary driver of outperformance. Within the Technology Hardware & Equipment industry, the "risk-on" trade benefitted memory and disk drive maker Western Digital (WDC), up 51.6%, and electronic circuit protection provider LittleFuse (LFUS), up 43.9%. Both companies are expected to benefit meaningfully as the economy normalizes. Semiconductor testing company, KLA Corp (KLAC), up 34.2%, also added to performance as the demand for increasingly complex micro chip designs is expected to continue.

Consumer Staples was the second best performing sector relative to the benchmark in the quarter. The overweight to an underperforming sector was a detractor to performance. However, stock selection, primarily Sysco Corp (SYY), up 20.2%, drove the modest outperformance relative to the benchmark. Sysco is the largest US distributor of food and related products primarily to the foodservice industry. When the pandemic hit, many restaurants were closed and continue to be limited in their operations severely impacting Sysco's business. Thus, news of a vaccine approval drove the stock higher on hopes of a return to "normal".

Financials were the worst performing sector this quarter relative to the benchmark. The underperformance was due to weak stock selection within the Bank and Insurance industry groups. The portfolio focuses on banks and insurance companies that typically have better than average credit quality within their asset or investment portfolios. Thus, in a period of increased risk taking, as was the case this quarter, the portfolio holdings struggle to keep pace.

The second worst sector was Industrials. The sector is the portfolio's largest overweighted sector relative to the benchmark, which was negative to returns with the Industrial sector modestly underperforming. Stock selection was the primary cause of underperformance. In short, the portfolio lacked exposure to the key themes driving the quarter's performance such as aerospace & defense, construction & engineering, heavy machinery, and airline related stocks.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	AVIENT CORP	1.79	80 bps
2	APTIV PLC	2.00	76 bps
3	WESTERN DIGITAL	1.51	70 bps
4	UMB FINANCIAL	1.86	69 bps
5	REGIONS FINANCIAL	1.82	67 bps
6	LITTELFUSE INC	1.70	66 bps
7	KLA CORP	2.02	64 bps
8	BAKER HUGHES CO	1.17	57 bps
9	MSC INDUSTRIAL DIRECT	1.51	56 bps
10	PIONEER NATURAL RESOURCES	1.79	55 bps

	Top 10 Detractors	Average % Weight	Contribution
1	REINSURANCE GROUP	0.62	-5 bps
2	HIGHWOODS PROPERTIES	0.30	-1 bps
3	AMEREN CORP	1.61	0 bps
4	GILDAN ACTIVEWEAR	0.00	0 bps
5	CASH	2.10	0 bps
6	WILLIS TOWERS WATSON	1.57	0 bps
7	ATMOS ENERGY	1.30	1 bps
8	CMS ENERGY CORP	1.85	1 bps
9	MASCO CORP	1.38	1 bps
10	AMERISOURCEBERGEN	1.39	3 bps

Selected Contributor(s) to Performance

The largest contributing stock was Avient Corporation (AVNT), up 53.0% in the quarter. Avient specializes in polymer products including specialty engineered materials, advanced composites, color systems, and resin distribution. In July, Avient, formerly known as PolyOne, closed on its acquisition of Clariant's Masterbatch color business. In addition to providing cost synergies and selling synergies, the acquired business has less cyclical end markets, which should benefit the stability of Avient over market cycles. The combined company has very diversified end markets including appliances, construction, consumer products, healthcare, industrial, and packaging to name a few. The company benefitted from strong demand in its Engineered Materials segment, partially related to strong demand for outdoor applications, as well as increased the expected target for synergies in the Masterbatch acquisition. The stock also benefitted from the increased risk taking for cyclical businesses in the market rally once Covid 19 vaccine news was communicated.

Aptiv (APTV) was the second best contributing stock, rising 42.1% in the quarter. Aptiv's primary business is designing and assembling a car's electronics, including wiring assemblies, cabling, and safety control. The company has been growing its advanced electrical systems and software business, which are used in autonomous driving features and vehicle connectivity. With the growing content per car for electrical control systems as well as the increase in electric vehicle programs, Aptiv has generated above market growth and customer award activity, which accelerated in the third quarter.

Selected Detractor(s) from Performance

Reinsurance Group of America (RGA) was the largest detractor to performance in the quarter. The company is one of the top 3 global life insurance reinsurers. The position was purchased late in the quarter and was down -3.2% since purchase. With exposure to adverse mortality rates, the company is exposed to the outcomes of the Covid 19 pandemic, where we expect to see stock volatility around infection rates vs. the prospect of the market reopening. As infections increased worldwide late in the quarter, the stock underperformed.

The second largest detracting stock was Highwoods Properties (HIW), down -0.9% for the period held. Highwoods is an office real estate investment trust (REIT). Its largest markets are Atlanta, Charlotte, Nashville, Orlando, Pittsburgh, Raleigh, Richmond, and Tampa. The top 10 tenants account for approximately 20% of revenue. With many office workers shifting to work from home during the pandemic, the outlook for office properties is highly uncertain. It is unclear what office demand and pricing will look like in a post-pandemic world. Thus, Highwoods was exited early in the quarter on the uncertainty and as infection rates were on the rise. Later in the quarter, the proceeds were invested in CBRE Group (CBRE) which has more diversified exposure to property management, property valuation services, and real estate investment and advisory services across all sub-categories of real estate.

Current Positioning

From a sector perspective, we remain constructive on cyclical areas of the market with our largest overweight sectors being Industrials, Financials, and Materials. We continue to focus on company fundamentals and quality, avoiding low-quality situations that are being driven by cheap credit or speculative situations on an unproven company based on what it may earn in the future. With two rounds of government stimulus in place and vaccines in the early stages of distribution, we believe much of the low-quality, distressed risk-on trade has occurred, and 2021 will focus more on quality and profitability of companies going forward.

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 Mid Cap Value style uses value oriented equities, the majority of which have a market capitalization between $2 billion and $20 billion at purchase. These are fully invested equity styles which range 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 Midcap Index is a subset of the Russell 1000 Index and includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The Russell Midcap Value Index measures the performance of those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. Members of the Russell Midcap Value Index are also members of the Russell 1000 Value Index. 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: 100.0% 2009: 100.0% 2010: 39.9% 2011: 11.1% 2012: 7.4% 2013: 6.8% 2014: 4.0% 2015: 4.2% 2016: 3.6% 2017: 3.1% 2018: 2.7% 2019: 1.4% 2020: 1.2%.*

**A performance examination has been performed on performance results through 12/31/19. A firm-wide verification was performed for the periods 1/1/93 through 12/31/19. Data subsequent to 9/30/20 represents preliminary performance results.*

FOR MORE INFORMATION

Patrick J. Krumm
Founding Member/
Director of Institutional Sales

7400 W. 130th St., Suite 350
Overland Park, KS 66213

pkrumm@deancapmgmt.com
913-944-4452
www.deancapmgmt.com

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.