Performance Comparison[1]

Periods Ended 3/31/21 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Small Cap Value (gross)	20.65	20.65	89.61	10.14	11.38	10.76	11.34
DCM Small Cap Value (net)	20.41	20.41	88.10	9.22	10.42	9.69	10.23
Russell 2000 Value	21.17	21.17	97.05	11.57	13.56	10.06	9.79

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

Performance Summary

The DCM Small Cap Value ("DCM SCV") Strategy returned 20.65% (gross of fees) compared with 21.17% for the Russell 2000 Value Index for the quarter ending March 31, 2021.

Macro factors provided a tailwind for the portfolio this quarter. Similar to last quarter, low quality factors such as high volatility and low profitability continued to be in favor; however, the outperformance borne by value stocks as growth and momentum faltered more than made up for the portfolio's avoidance of low quality stocks. The portfolio has lower valuations, on average, relative to the index, and this provided the largest underlying boost to performance this quarter with value stocks heavily back in favor. The portfolio also benefited from having less momentum than the index, but this was offset by having lower volatility and higher profitability than the index. Given the strong performance of value stocks, the macro factors netted to a nice tailwind for the portfolio.

According to Bloomberg Risk data, relative to the benchmark Russell 2000 Value Index, the portfolio's largest risk factors at quarter end are listed below. Thus, at this point in time, these factors will likely have the most significant impact on relative performance outside of individual company fundamentals:

1. Momentum (DCM SCV has lower)
2. Value (DCM SCV has lower valuations)
3. Volatility (DCM SCV has lower)
4. Profitability (DCM SCV has higher)
5. Leverage (DCM SCV has lower)

Recently, the value factor has started to rebound, which has provided a tailwind to our relative performance. Below is the Bloomberg isolated value factor index since June 30, 2008, DCM's founding. The value factor was consistently favorable for the first eight years, followed by a sharp downturn in value from early 2017 through last year. Value started to rebound about midway through the first quarter of this year:

DCM's quality bias held the portfolio back in 2020 due to the enormous, near-vertical move in high volatility stocks. This move appears stretched and is possibly reversing course. Below is the Bloomberg isolated high volatility factor since June 30, 2008, DCM's founding:

We feel the current market environment has become quite speculative due to the large fiscal and monetary stimulus response to the COVID-19 pandemic. In our opinion, the market, on average, appears to be assuming extremely high secular, as well is cyclical, growth rates, while seemingly ignoring balance sheet and profitability risks. At Dean, we are willing to pay for both growth and risk if we believe that the valuation implied growth rate is durable and if we believe we are being compensated for that risk. However, in many areas of the market, we feel implied growth rates appear high and risk compensation appears negligible. To ensure the fear of missing out on speculative returns (FOMO) does not cause us to get out over our skis, questions we pose for each of our companies are:

1. What is the assuredness of the valuation implied growth rate over a full economic cycle (i.e., how stable is growth historically, and is the valuation implied growth rate easily achievable over multiple cycles?)

2. What is the compensation for the possibility that easy financial conditions are not continued into perpetuity? (Like credit spreads in bonds, we require more compensation for higher risk – i.e., wider credit spreads in bonds being similar to lower valuations in stocks.)

Given the high valuations in secular growth stocks, as well as in many of the darlings of the "reflation" trade, we feel the implied growth rates in many areas of the market are not sustainable over a full economic cycle. Additionally, given the strong price moves in stocks with bad balance sheets, no profitability, and/or suspect business models, we would suggest that low quality stocks are not compensating for any possible changes in easy financial conditions – whether those changes come from the Fed (tapering of Quantitative Easing or raising of the Fed Funds rate), the market (wider credit spreads), or banks (tighter lending standards).

We attempt to structure the portfolio with an eye towards full cycle economics through our full cycle normalized earnings power calculation for valuations, as well as insisting on high quality attributes such as strong balance sheets, high returns on capital, robust cash flow generation, predictable earnings streams, and market leadership positions. In our opinion, the divergence between the valuation for high quality companies relative to those with high risks has rarely been wider. Those risks may come in the form of high growth expectations or in the form of bad balance sheets and low profitability; either way, we estimate that the compensation for the risk is low in most areas of the market.

The fortunate byproduct of the current environment for our portfolio is that high quality, small cap value has rarely looked this good to us on a relative basis. We believe the portfolio is well positioned to generate a solid return across a variety of possible future economic scenarios, whereas we feel the overall market is currently positioned for a very narrow set of possible future outcomes that would result in the anticipated return reflected in today's valuations.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Utilities	7.6%	4.0%	3.6%	15.6%	4.9%	141 bps	70 bps
Energy	4.0%	4.9%	-0.9%	54.6%	41.9%	221 bps	45 bps
Financials	32.3%	27.0%	5.4%	21.6%	20.7%	710 bps	36 bps
Health Care	3.3%	6.7%	-3.4%	20.7%	16.3%	65 bps	29 bps
Industrials	13.6%	17.2%	-3.6%	21.8%	19.3%	304 bps	28 bps
Real Estate	3.9%	8.5%	-4.6%	4.3%	12.4%	14 bps	23 bps
Communication Services	0.0%	2.5%	-2.5%	0.0%	18.5%	0 bps	9 bps
Information Technology	5.8%	6.1%	-0.3%	14.3%	14.8%	84 bps	-8 bps
Consumer Staples	10.3%	3.5%	6.8%	17.4%	18.6%	170 bps	-14 bps
Materials	4.1%	6.0%	-1.9%	18.6%	22.7%	77 bps	-23 bps
Consumer Discretionary	10.6%	13.8%	-3.2%	24.4%	35.9%	264 bps	-160 bps

(see disclosures)

The best performing sector relative to the benchmark for the quarter was Utilities. The outperformance stemmed from having better-than-benchmark stock selection. As interest rates climbed throughout the quarter, Utility stocks underperformed, and we were able to initiate well timed additions to the sector during this underperformance. We were consistently adding to the portfolio's Utility weight throughout the quarter as normalized valuations became more attractive. We feel the market is ignoring the assuredness of a respectable 5-7% fundamental growth rate, while salivating over much less assured 20%+ growth rates elsewhere, which have historically been extremely difficult to maintain over full cycles except by a very small list of elite companies. As of the end of the quarter, Utilities are the portfolio's second largest overweight sector as we believe the future risk adjusted returns look promising.

The second best performing sector relative to the benchmark for the quarter was Energy. The outperformance was due to both our dynamic allocation, as well as above benchmark stock selection. Oil prices rallied, and Energy stock prices followed suit with Energy being the best performing sector in the quarter. The portfolio began the quarter overweight the benchmark in the Energy sector. As Energy stocks outperformed, we took advantage of the move by gradually reducing the Energy sector weight throughout the quarter to end the quarter underweight the benchmark.

The worst performing sector relative to the benchmark for the quarter was Consumer Discretionary. The underperformance was entirely the result of being underweight the second best performing sector. Drilling down even further, all of the sector underperformance came from being underweight the Retailing industry. Retail stocks benefited from the quarter's "risk on" mood. For example, here are the top contributors to the benchmark's quarterly return from the Retail industry: Gamestop (GME) added 79 bps to the benchmark's quarterly performance, Macy's (M) and Signet Jewelers (SIG) added 13 bps each, while Bed Bath & Beyond (BBBY) and American Eagle (AEO, a former portfolio holding) both added 12 bps. Using our investing framework, those are all very wide range of outcome stocks, meaning, the large gains from this quarter can just as easily turn into large losses at any given time in the future. We continue to see great uncertainty surrounding post-pandemic normalized earnings power levels in the Retailing industry, even in a "fully" opened economy.

The second worst performing sector relative to the benchmark for the quarter was Materials. The underperformance was on account of subpar stock selection; in reality, just one stock in particular. The portfolio owned a packaging company that had a disappointing earnings report, which drove the stock price down in a quarter where the Materials sector outperformed the benchmark.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	BONANZA CREEK ENERGY	1.82	144 bps
2	BRYN MAWR BANK	2.35	112 bps
3	COMMERCIAL METAL	2.25	111 bps
4	COOPER TIRE & RUBBER CO	2.14	105 bps
5	CATHAY GENERAL BANCORP	2.45	70 bps
6	UMB FINANCIAL	2.12	70 bps
7	ASSOCIATED BANC-CORP	2.44	65 bps
8	ARCBEST CORP	0.84	58 bps
9	TEXTAINER GROUP	1.23	58 bps
10	FNB CORP	1.47	51 bps

	Top 10 Detractors	Average % Weight	Contribution
1	PACTIV EVERGREEN	1.31	-39 bps
2	KAR AUCTION SERVICES	0.83	-17 bps
3	PIEDMONT OFFICE A	0.58	-4 bps
4	HOSTESS BRANDS	1.06	-3 bps
5	ALICO INC	0.50	-2 bps
6	KAISER ALUMINUM	0.02	-2 bps
7	ALAMOS GOLD INC	0.03	-1 bps
8	CSG SYSTEMS INTERNATIONAL	1.18	-1 bps
9	RADIAN GROUP INC	0.18	0 bps
10	CASH	4.63	0 bps

Selected Contributor(s) to Performance

The largest contributing stock this quarter was Bonanza Creek Energy (BCEI). BCEI is an oil and natural gas exploration and development company headquartered in Denver, CO, with operations in the Wattenberg Field. Oil prices climbed approximately 21% in the quarter, which led to price gains in Energy stocks. BCEI had an additional boost from solid earnings, coupled with closing on its opportunistic acquisition of Highpoint Resources out of bankruptcy.

The second largest contributing stock in the quarter was Bryn Mawr Bank (BMTC). BMTC is a bank holding company headquartered in Bryn Mawr, PA. BMTC has an attractive trust business for a bank of its size. WSFS Financial (WSFS) announced its intentions to merge with BMTC, with the deal calling for BMTC shareholders to receive 0.9 WSFS shares for every one share of BMTC owned. This valued BMTC at $48.55, or a 14% premium to the previous day's closing price. Our estimated private market value for BMTC was approximately $46. We view acquisition prices such as this as validation of our valuation process. In BMTC's case, we were within about 5% of the actual private market value.

Selected Detractor(s) from Performance

The largest detracting stock in the quarter was Pactiv Evergreen (PTVE). PTVE is the largest fresh food and fresh beverage packaging manufacturer in North America. It offers a diverse set of paper and plastic products, which cater to on-premise, on-the-go, and at-home consumption, primarily serving quick and full-service restaurants, grocers, distributors, and schools. PTVE reported disappointing earnings as a result of rising input costs and still low on-site traffic levels at restaurants. We feel these issues are transitory, and PTVE has a leading market position in a stable industry, thus we took the opportunity to add to the position on the declining stock price.

The second largest detracting stock in the quarter was KAR Auction Services (KAR). KAR is a leading auction provider of off-lease, wholesale vehicles. Its primary suppliers are dealers, rental companies, and fleet operators, while its primary customers are dealers and used vehicle buyers for reconditioning and resale. KAR reported disappointing earnings as used car prices have climbed to a point where dealers have been bypassing the auction market and buying directly off-lease. KAR's volumes have suffered as a result. Given its solid market position in a niche industry, we continue to hold a position in the portfolio.

Current Positioning

The portfolio's largest overweight sectors relative to the benchmark are currently in the Financials and Consumer Staples sectors. The largest underweight sectors relative to the benchmark are currently in the Real Estate and Health Care sectors. Throughout the quarter, the Utilities and Consumer Staples sectors increased the most in weight, while the Industrials and Information Technology sectors decreased the most in weight. 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.

In last quarter's commentary, we used this section to explain our thinking behind the portfolio's bank positioning. Throughout the quarter, banks represented an average weight of approximately 20% of the portfolio. They returned approximately 41% as a group in the quarter. So far, the banks seem to be following the thesis we put forth in last quarter's commentary as the yield curve improves and the market is realizing the discounted valuations. Even with some profit taking on our part as we paired back the outperformance in select names, banks continue to be a large part of the portfolio, remaining around 20% of the overall portfolio.

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®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Past performance does not guarantee future results.

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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 report 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 0.80%. 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 is stated in U.S. Dollar terms. Leverage is not used in any portfolio in these composites.

A performance examination has been performed on performance results from 7/1/08 through 12/31/19. A firm-wide verification was performed for the periods 7/1/08 through 12/31/19. Data subsequent to 12/31/20 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.