Performance Comparison[1]

Periods Ended 3/31/22 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Small Cap Value (gross)	-1.21	-1.21	9.12	13.07	8.38	11.38	11.17
DCM Small Cap Value (net)	-1.42	-1.42	8.21	12.13	7.48	10.33	10.09
Russell 2000 Value	-2.40	-2.40	3.32	12.73	8.57	10.54	9.31

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 -1.21% (gross of fees) compared with -2.40% for the Russell 2000 Value Index for the quarter ending March 31, 2022.

As the market continues to experience regime change underneath the surface, macro factors were a strong tailwind for the portfolio for the third quarter in a row. The portfolio benefited from holding stocks that are less volatile than the benchmark (a proxy for quality) and from holding stocks that have lower valuations than the benchmark (value).

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. Volatility (DCM SCV has lower)
2. Financial Leverage (DCM SCV has lower)
3. Value (DCM SCV has lower valuations)
4. Dividend Yield (DCM SCV has higher)
5. Profitability (DCM SCV has higher)

As we discussed in last quarter's commentary, the rising cost of capital is beginning to have an impact on the market environment, leading to more emphasis being placed on valuation and quality. This is causing a shift in investor appetite towards higher-quality, value-oriented stocks which represent the two most important tenets to DCM's investment philosophy: Value Driven, Quality Focused.

The following chart is one way we approximate the cost of capital for small cap companies. It is comprised of an average of the High Yield Bond Index yield, the BAA Corporate Bond Index yield, and the Long Corporate Bond Index yield. It contains both credit spreads (risk) as well as duration (interest rate sensitivity), and because of this, it does a good job of approximating the cost of capital for small cap companies. Interestingly, the median small cap stock's free cash flow yield tends to gravitate toward this index's value over time, further validating its use as a cost of capital proxy.

As illustrated below, the cost of capital dramatically fell to all-time lows in 2021, due to the U.S. Government's response to the COVID pandemic both from monetary stimulus, as well as fiscal stimulus. However, this dynamic is starting to change. This cost of capital proxy has risen by nearly 200 bps since October 2021 due to the rising interest rate environment caused by both inflation and the expectation of more Fed rate hikes, coupled with increased geopolitical risks at the same time fiscal stimulus is rolling off. That is a very large move in a short period of time in bond market terms, and incredibly, it has another ~150 bps to go just to get back to the historical median level:

Source: Bloomberg, DCM

The portfolio has performed well in this regime change due to a rising cost of capital environment. The value stocks we own typically have shorter duration as they have more near-term cash flows, thus, they tend to hold up better when interest rates are rising. In addition, the portfolio's high-quality nature has helped insulate it from the growing risks in the market. With inflation currently higher than most of the period in the chart, one could argue the cost of capital should be higher than the median level, not ~150 bps below it, which leads us to believe the cost of capital will continue rising. This should continue to be relatively favorable for the portfolio.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Financials	26.0%	27.0%	-1.1%	-0.5%	-5.4%	-11 bps	130 bps
Health Care	5.5%	9.2%	-3.7%	0.1%	-13.2%	0 bps	125 bps
Consumer Staples	13.3%	3.0%	10.3%	4.2%	-3.7%	47 bps	89 bps
Utilities	9.9%	5.1%	4.8%	9.0%	4.1%	88 bps	75 bps
Information Technology	6.3%	5.4%	0.8%	-3.2%	-8.9%	-19 bps	32 bps
Materials	3.3%	4.6%	-1.3%	4.4%	-2.5%	18 bps	24 bps
Real Estate	7.9%	11.5%	-3.6%	-0.3%	-2.2%	-3 bps	16 bps
Communication Services	0.0%	3.4%	-3.4%	0.0%	-2.9%	0 bps	2 bps
Consumer Discretionary	9.5%	7.6%	1.9%	-15.5%	-14.2%	-156 bps	-39 bps
Industrials	9.8%	15.1%	-5.3%	-9.9%	-2.8%	-100 bps	-75 bps
Energy	4.0%	8.1%	-4.2%	8.7%	43.4%	31 bps	-258 bps

(see disclosures)

The best performing sector relative to the benchmark for the quarter was Financials. The outperformance resulted from better than benchmark stock selection, especially in Diversified Financials. The portfolio holds idiosyncratic positions in this industry which, in their own unique ways, have benefited from the volatility in the markets as well as from the Fed beginning a rate hiking cycle.

The second best performing sector relative to the benchmark for the quarter was Health Care. The bulk of the outperformance was a result of the portfolio not holding any Biotech companies. Biotech stocks typically have a wide range of outcomes that tend to be binary in nature (they are either homeruns or strikeouts). Our process tends to shy away from these types of situations, and this quarter, as the market continued to shift its preference to higher quality companies, Biotech stocks sold off relative to the market. Thus, the portfolio's lack of ownership was a benefit to performance.

The worst performing sector relative to the benchmark for the quarter was Energy. The underperformance was due to the underweight positioning as well as from below par stock selection. Energy was, by a large margin, the best performing sector in the benchmark as oil prices rose sharply from a lack of supply combined with concerns over the consequences from the war in Ukraine. The benchmark's Energy stocks were up more than 40% this quarter, and this was in a down market. In addition, some of the highest beta, widest range of outcome stocks turned in the best performance. We are concerned with how the higher price of oil flows through to small cap companies' economics during the recent oil price spike, as many of the dynamics in the industry have changed since the last price spike. We believe the stocks in the benchmark have high expectations built into their valuations, coupled with high risk to boot.

The second worst performing sector relative to the benchmark for the quarter was Industrials. The underperformance was a result of stock selection, specifically, the portfolio's overweight in trucking stocks. Investors are concerned over a slowing economy and a deceleration in freight rates at a time when fuel and labor costs are rising. We own two high-quality truckers from the Midwest who have managed many cycles before. They both have steadier than average end markets, and we believe they represent attractive opportunities, notwithstanding the potential for a slowing economy.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	CAL-MAINE FOODS INC	2.04	85 bps
2	STONEX GROUP INC	2.58	55 bps
3	SOUTHWEST GAS HOLDINGS INC	2.55	33 bps
4	CIVITAS RESOURCES INC	1.33	29 bps
5	SAFETY INSURANCE GROUP INC	2.61	21 bps
6	WEIS MARKETS INC	1.95	21 bps
7	CSG SYSTEMS INTL INC	1.94	20 bps
8	SPIRE INC	1.78	19 bps
9	COMPASS MINERALS INTERNATIONAL	0.79	17 bps
10	DHT HOLDINGS INC	1.43	17 bps

	Top 10 Detractors	Average % Weight	Contribution
1	TRI POINTE HOMES INC	2.55	-79 bps
2	STEWART INFORMATION SERVICES	1.97	-53 bps
3	STANDARD MOTOR PRODUCTS	2.30	-43 bps
4	HEARTLAND EXPRESS INC	2.38	-41 bps
5	AMERICAN WOODMARK CORP	1.18	-31 bps
6	WERNER ENTERPRISES INC	1.93	-28 bps
7	PRESTIGE CONSUMER HEALTHCARE	1.62	-21 bps
8	NELNET INC CL A	1.33	-19 bps
9	EDGEWELL PERSONAL CARE CO	0.87	-17 bps
10	GETTY REALTY CORP	1.58	-17 bps

Selected Contributor(s) to Performance

The largest contributing stock this quarter was Cal-Maine Foods (CALM). CALM is the largest egg producer in the United States. Egg prices have begun to rise along with other food items; however, there has been an added potential supply shock to egg production due to the reemergence of bird flu. This has the potential to cause future supply destruction, similar to what happened from 2013 through 2015. During this time, CALM's stock had a total return of over 200% compared to ~30% for the Russell 2000 Value Index. Insofar as this bout with bird flu is similar, we believe egg prices could have more room to climb. We have trimmed some of the outperformance; however, CALM remains a large weight in the portfolio.

The second largest contributing stock in the quarter was Stonex Group (SNEX). SNEX is a global brokerage and financial services firm that offers execution, risk management, advisory services, market intelligence, and clearing services. It specializes in commodity and foreign exchange markets. It has five segments: commercial hedging, global payments, securities, physical commodities, and clearing & execution services. SNEX benefits when market volatility is high, whether that is commodity prices, foreign exchange markets, or financial markets in general. It also benefits from the Fed raising rates as it earns more income on its customers' deposits. The emerging environment of higher volatility plus a Fed rate hiking cycle should continue to be good for SNEX. The portfolio maintains a large position in SNEX.

Selected Detractor(s) from Performance

The largest detracting stock in the quarter was Tri Pointe Homes Inc. (TPH). TPH is a single-family homebuilder that operates in California, Arizona, Nevada, Colorado, Texas, Oregon, and Virginia. The homebuilding stocks were down this quarter as mortgage rates rose sharply inducing concerns over how much of a hit demand might take with affordability getting worse. This, combined with rising input costs from commodities as well as labor, led to the selloff. With a low-cost foothold in California and expansion plans in the Southeast, we believe that TPH is well positioned to continue growing and expanding margins. The portfolio continues to hold a sizable position in TPH.

The second largest detracting stock in the quarter was Stewart Information Services (STC). STC is a title insurer for the residential and commercial markets. With mortgage rates rising sharply, industries related to housing sold off this quarter on fears over demand destruction as affordability worsens. We feel this housing cycle will be elongated relative to most given the short amount of supply available. The portfolio maintains a sizable position in STC.

Current Positioning

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

As we have written for the last three quarters, the market environment seems to be shifting in favor of our valuation sensitive, high-quality style of investing. We believe there is still a long way for this regime change to go as the Fed has just begun its hiking cycle, and as seen in the previous chart, the cost of capital still has a long way to go before it gets back to its historical median. Current inflation is higher than most of the time in the previous chart, arguing for an above median cost of capital for today's environment. We are optimistic about how the portfolio is currently positioned for what may continue to be a changing market environment.

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.

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 $4 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 12/31/20. A firm-wide verification was performed for the periods 7/1/08 through 12/31/20. Data subsequent to 2/28/22 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.