DEAN | Capital Management

Equity Income Commentary

Fourth Quarter 2024

Performance Comparison[1]

Periods Ended 12/31/24 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Equity Income (gross)	-3.25	12.05	12.05	5.11	8.27	9.39	11.07
DCM Equity Income (net)	-3.40	11.38	11.38	4.48	7.62	8.71	10.35
Russell 1000 Value[2]	-1.98	14.37	14.37	5.63	8.68	8.47	10.33

Periods greater than 1 year are annualized
[1]DCM Equity Income inception was January 1, 2011
[2]Effective 1/1/19, the benchmark was changed from Russell 3000 Value to Russell 1000 Value. Benchmark returns presented reflect Russell 3000 Value for time periods prior to January 1, 2019.

Performance Summary

The DCM Equity Income composite gross total return was -3.25% in the fourth quarter of 2024, compared with the Russell 1000 Value Index down -1.98%.

Broad market factors switched strongly with the election and became a strong headwind in the fourth quarter. Most importantly for Dean Equity Income relative performance, dividend yield became a heavy detractor to returns. Additionally, quality factors such as higher profitability and lower stock price volatility were negative for portfolio returns this quarter. The portfolio's lower beta was also a negative factor in the quarter despite the negative portfolio and benchmark returns.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Health Care	8.5%	14.6%	-6.1%	-9.0%	-10.4%	-79 bps	67 bps
Energy	8.1%	6.8%	1.3%	5.0%	-1.6%	38 bps	51 bps
Materials	4.4%	4.4%	0.0%	-6.2%	-11.5%	-28 bps	25 bps
Utilities	12.3%	4.7%	7.6%	-2.5%	-6.0%	-31 bps	14 bps
Information Technology	5.9%	9.2%	-3.3%	1.5%	-0.4%	8 bps	5 bps
Consumer Discretionary	3.8%	6.2%	-2.4%	-4.9%	-2.7%	-20 bps	-7 bps
Industrials	9.3%	14.8%	-5.6%	-3.7%	-2.1%	-33 bps	-15 bps
Real Estate	10.4%	4.7%	5.6%	-7.0%	-6.8%	-75 bps	-30 bps
Consumer Staples	13.9%	7.8%	6.2%	-5.1%	-2.7%	-72 bps	-38 bps
Financials	15.1%	22.4%	-7.3%	4.3%	7.1%	60 bps	-102 bps
Communication Services	6.0%	4.3%	1.7%	-15.6%	2.3%	-100 bps	-106 bps

(see disclosures)

The Health Care sector was the most additive sector to performance in the fourth quarter of 2024. The portfolio was significantly underweight Health Care while the sector's performance was the second worst in the benchmark Russell 1000 Value index. Also, the portfolio's position in pharmaceutical manufacturer Bristol-Meyers Squibb (BMY) was helpful with the stock's total return over 10% in the quarter while the Health Care sector was down more than -10%.

The second best sector for Equity Income in the fourth quarter was Energy. Stock selection was the driver of performance mostly due to the portfolio's position in energy pipeline operator Kinder Morgan (KMI), up 25.5% in the quarter. See below for further discussion of KMI. Additional tailwinds in the quarter were small relative outperformance from both energy exploration and production holdings in the portfolio, EOG Resources (EOG) and Chevron (CVX), as well as the benefit of not owning Exxon Mobile (XOM) which is the largest market capitalization in the Energy sector and was down -7.5% in the quarter versus the benchmark Energy sector down -1.6%.

The portfolio's worst performing sector in the quarter was Communication Services. Stock selection drove the weakness with all three holdings underperforming the benchmark. BCE Inc (BCE) was particularly weak, down -31.4% in the fourth quarter. See below for further discussion of BCE. Verizon (VZ) and Comcast (CMCSA) were also underperformers, down -9.6% and -9.5%, respectively. The portfolio continues to hold the three Communication Services positions.

The second worst sector in the fourth quarter was Financials. Both allocation and stock selection were detrimental to performance with allocation being the bigger negative. The Financials sector was the Equity Income portfolio's largest underweight while it was the best performing benchmark sector in the quarter. Significant outperformance by many of the most volatile and "risk-on" index members such as SoFi Technologies (SOFI) and Robinhood Markets (HOOD), up 96% and 59%, respectively, drove the benchmark and represented the portfolio's headwinds well. Neither of these companies pay a dividend with volatile earnings and often negative free cash generation in aggressive pursuit of growth. The higher dividend paying and more stable businesses that the Equity Income portfolio invests in lagged such securities to the detriment of performance, especially since the election, with the market consumed by a risk-on fervor.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	KINDER MORGAN INC	1.79	0.38
2	JPMORGAN CHASE & CO	2.84	0.36
3	CISCO SYSTEMS INC	2.53	0.28
4	DIGITAL REALTY TRUST INC	2.23	0.20
5	BLACKROCK INC	2.03	0.16
6	ALTRIA GROUP INC	3.10	0.13
7	BRISTOL-MYERS SQUIBB CO	1.24	0.12
8	PNC FINANCIAL SERVICES GROUP	2.33	0.11
9	T ROWE PRICE GROUP INC	2.46	0.11
10	XCEL ENERGY INC	2.42	0.08

	Top 10 Detractors	Average % Weight	Contribution
1	BCE INC	1.47	-0.55
2	AMERICAN TOWER CORP	1.68	-0.37
3	AMGEN INC	1.76	-0.34
4	PUBLIC STORAGE	1.62	-0.30
5	PEPSICO INC	2.84	-0.29
6	JOHNSON & JOHNSON	2.51	-0.26
7	VERIZON COMMUNICATIONS INC	2.51	-0.25
8	THE HERSHEY CO	2.00	-0.24
9	LAMAR ADVERTISING CO A	2.60	-0.20
10	LOCKHEED MARTIN CORP	1.19	-0.20

Selected Contributor(s) to Performance

The highest contributing holding in the fourth quarter was Kinder Morgan Inc (KMI), an operator of pipeline transportation and energy storage facilities. The stock returned 25.5% in the quarter. The Company posted solid outperformance despite a weaker-than-expected earnings report as the market sees tangential natural gas exposure as a positive, with long-term contracts providing a stable floor. Management also continues to pursue growth opportunities through supplying utilities, which are facing increasing demand for electricity from the secular tailwinds of artificial intelligence and electrification. The portfolio maintains a position in KMI.

The second highest contributing holding was JPMorgan Chase & Co (JPM), which returned 14.4% for the fourth quarter. JPM is a global financial services business offering retail banking, investment banking, asset management, card member services, and commercial banking, amongst other services. JPM's stock was a large beneficiary of President Trump's re-election as many in the industry see his administration as favoring less regulation around both capital and M&A, freeing up JPM's capital allocation opportunities and driving higher fee revenues. The portfolio continues to hold JPM.

Selected Detractor(s) from Performance

The largest detracting security in the quarter was BCE Inc (BCE). BCE is a provider of communication services, including wireless phone, IP-broadband, and wireless internet services, to residential and business customers across Canada. The Company gave up -31.4% over the course of the quarter, falling to an 11-year low after announcing an acquisition of an internet provider in the United States' Pacific Northwest, whose purchase will be funded by the sale of its sports network division. The shares were sent lower by investors anticipating proceeds from the sale being used to delever the balance sheet, but which were instead used to fund the unexpected acquisition, catching many investors off guard. The strategy continues to hold BCE.

The second biggest detractor in the fourth quarter was American Tower Corporation (AMT). AMT is a real estate investment trust (REIT) that owns, operates, and manages wireless communications and broadcast towers in the US and abroad. The company lost -19.9% in the fourth quarter after reporting a top-line miss on weaker international revenue. An increase of ~80 basis points in the 10-year yield throughout the quarter also weighed on shares as property financing became more expensive, and the dividend aspect of REITs became less appealing to market participants. The portfolio continues to hold the position in AMT.

Current Positioning

The Equity Income portfolio continues to be overweight dividend yield and profitability broad factors while being most underweight beta, and volatility. Utility, Consumer Staples, and Real Estate are the largest overweight sectors. Financials, Health Care, and Industrials are the most underweight sectors relative to the benchmark Russell 1000 Value Index.

Market breadth continues to become increasingly narrow with valuation multiples expanding ahead of fundamentals in what seems to be a very wide-range-of-outcome environment. While it is impossible to predict the future, it doesn't take a stretch of the imagination to envision a coming decade that is markedly different from the past decade that markets have existed in – sanguine growth with only short-lived retreats. About 15 years of near zero interest rates, inflation well below target, decreasing corporate tax rates, few geopolitical conflicts, and a stagnant wage market overall have all contributed to one of the strongest periods of top-line growth and margin expansion in the past century.

The coming decade will require patience and discernment, two qualities a high-quality active management process exhibits. In what is shaping up to be a period of heightened volatility with an unknown beginning or duration, the investment team remains committed to putting capital to work in high-quality companies that are undervalued for transitory reasons. With much of the market at or near record prices and top quartile multiples, DCM remains patient in its pursuit of ideal candidates for inclusion to the portfolio and looks forward to the opportunity to purchase stocks with not only attractive upside, but that also provide downside protection and thus, offer a compelling risk-reward profile.

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Equity Income Commentary

Third Quarter 2024

Disclosures

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The Equity Income style is a fully invested style of primarily large cap stocks which ranges 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.

Effective 1/1/19, the benchmark was changed from Russell 3000 Value to Russell 1000 Value to provide a better represenation of the investment strategy. The Russell 1000 Index measures the performance of the large-cap segment and includes approximately 1000 securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 93% of the Russell 3000 Index. The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. 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, and trading and other expenses. Net results reflect the deduction of a model fee equivalent to the highest applicable advisory fee 0.60%. 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 1/1/11 through 12/31/23. A firm-wide verification was performed for the periods 7/1/08 through 12/31/23. Data subsequent to 11/30/24 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.