DEAN Capital Management

Multi-Cap Value 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 Multi-Cap Value (gross)	-2.21	12.38	12.38	4.16	7.17	8.12	9.50
DCM Multi-Cap Value (net)	-2.35	11.71	11.71	3.54	6.53	7.43	8.72
Russell 3000 Value	-1.94	13.98	13.98	5.41	8.60	8.40	8.81

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

Performance Summary

The DCM Multi-Cap Value composite gross total return was -2.21% in the fourth quarter of 2024, compared with the Russell 3000 Value Index return of -1.94%.

Overall, factors were a headwind. The portfolio's overweight position in dividend yield and profitability relative to the benchmark were the biggest detractors from performance in the fourth quarter. DCM Multi-Cap Value was also hurt by its underweight to volatility relative to the benchmark.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Energy	7.2%	6.9%	0.3%	10.7%	-1.6%	68 bps	79 bps
Health Care	11.9%	14.3%	-2.4%	-6.4%	-10.3%	-74 bps	73 bps
Real Estate	5.3%	5.1%	0.3%	-2.9%	-6.7%	-16 bps	19 bps
Utilities	9.2%	4.7%	4.5%	-2.9%	-5.9%	-27 bps	10 bps
Consumer Discretionary	6.5%	6.4%	0.1%	-2.6%	-3.0%	-15 bps	7 bps
Financials	21.5%	22.7%	-1.3%	7.0%	6.9%	143 bps	-6 bps
Materials	4.2%	4.5%	-0.3%	-14.8%	-11.1%	-65 bps	-16 bps
Information Technology	7.1%	9.0%	-2.0%	-3.5%	0.0%	-25 bps	-26 bps
Consumer Staples	9.6%	7.5%	2.1%	-5.6%	-2.5%	-55 bps	-30 bps
Communication Services	2.6%	4.3%	-1.7%	-9.6%	2.1%	-26 bps	-37 bps
Industrials	12.7%	14.7%	-2.0%	-9.8%	-1.9%	-127 bps	-104 bps

(see disclosures)

The best performing sector for Multi-Cap Value was Energy. The portfolio was overweight the outperforming sector, with stock selection carrying the performance for the quarter. Kinder Morgan Inc (KMI) was the top contributor and is discussed in more detail below, while Ovintiv Inc (OVV) and Chevron Corp (CVX) were also in the top 20 contributors. The market turned more positive on natural gas-exposed names and is projecting higher long-term prices for crude as energy demand continues to increase, leading to favorable performance. Multi-Cap Value continues to own all three of the aforementioned names.

The second best performing sector in the fourth quarter was Health Care. Multi-Cap Value was underweight the underperformer, with both allocation and stock selection benefitting performance in the quarter. The portfolio's underweight to the widely underperforming Pharmaceuticals, Biotechnology, & Life Sciences industry group was a positive, as was strong stock selection in the Health Care Equipment & Services industry group. The portfolio's second largest position in Health Care, Mckesson Corp (MCK), a pharmaceutical distributor and provider of supply chain management solutions, was up 15.4% in the quarter after a beat-and-raise earnings report defied investor expectations for a guidance cut. The portfolio continues to hold a sizeable position in MCK.

The worst performing sector in the fourth quarter was Industrials. The portfolio was underweight the slight outperformer, with stock selection driving the underperformance, partially offset by positive allocation. Stanley Black & Decker (SWK) was the top detracting stock and is discussed in more detail below. Multi-Cap's Transportation holdings also underperformed the benchmark in the quarter, contributing to the poor performance.

The second worst performing sector was Communication Services. Multi-Cap Value was underweight the outperforming sector, with both allocation and stock selection contributing negatively to performance. The portfolio's lack of holdings in the Media & Entertainment industry group, an outperformer, hurt performance in the fourth quarter. The sole holding in this sector, Verizon Communications Inc (VZ), a telecommunications provider, underperformed the benchmark in the quarter after management posted weaker revenue than expected and maintained guidance despite a bottom-line beat. Multi-Cap continues to own VZ.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	KINDER MORGAN INC	2.96	0.64
2	PJT PARTNERS INC A	2.34	0.38
3	JPMORGAN CHASE & CO	2.47	0.34
4	FISERV INC	2.13	0.27
5	MCKESSON CORP	1.95	0.26
6	DIGITAL REALTY TRUST INC	2.45	0.23
7	BLACKROCK INC	2.67	0.22
8	THE HACKETT GROUP INC	1.20	0.18
9	BANK OF NEW YORK MELLON CORP	2.46	0.17
10	ALTRIA GROUP INC	2.92	0.12

	Top 10 Detractors	Average % Weight	Contribution
1	STANLEY BLACK & DECKER INC	1.57	-0.49
2	PUBLIC STORAGE	1.83	-0.35
3	INTL FLAVORS & FRAGRANCES	1.59	-0.33
4	LINDE PLC	2.58	-0.32
5	MOLINA HEALTHCARE INC	1.80	-0.31
6	JOHNSON & JOHNSON	2.97	-0.30
7	UNIVERSAL HEALTH SERVICES B	1.21	-0.29
8	VERIZON COMMUNICATIONS INC	2.58	-0.26
9	THE HERSHEY CO	2.09	-0.25
10	L3HARRIS TECHNOLOGIES INC	2.07	-0.25

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 best performing stock in the quarter was PJT Partners Inc (PJT). PJT is a strategic advisory firm offering restructuring and reorganization, as well as fund placement and secondary advisory services. PJT was up 18.5% in the quarter. A strong market environment for M&A helped prove PJT's recent hiring spree was strategically beneficial, raising compensation costs in the near-term while setting up the business to benefit from strong capital markets activity over the long-term. The restructuring business should also remain steady as interest rates remain higher for longer, providing multiple avenues for continued fee growth. PJT continues to be named as an advisor on large deals, with over $800mm in enterprise value of deals announced in November alone. PJT was also named as an advisor on Omnicom's takeover of Interpublic Group, which was announced in December for approximately $14B enterprise value. Multi-Cap Value continues to hold PJT.

Selected Detractor(s) from Performance

The worst performing security in the fourth quarter was Stanley Black & Decker Inc (SWK), a global provider of hand and power tools. The stock was down -26.4% in the quarter as near-term trends remain skewed to the downside. Management also reported an earnings miss, with inventory growing once again and free cash flow declining due to a weakening consumer and lower auto production impacting organic revenue growth. Finally, with Trump's re-election and the tariff threats that come with it, management announced it may take around two years to reconfigure their supply chain to side-step the increased costs, should final regulations match initial threats. With management doing everything in their power to affect a turnaround and maintain margins in light of top-line headwinds, the portfolio maintains a position in SWK.

The second worst performing security in the fourth quarter was Public Storage (PSA). PSA is the largest owner of self-storage facilities in the United States and was down -16.9% in the quarter. Investors grew nervous as management was cautious on move-in rates with the stock trading at elevated valuation levels, causing some trepidation in the market. The company then reported an FFO/share miss on the last day of November that sent the shares down further. Multi-Cap continues to own PSA.

Current Positioning

The portfolio is most overweight the Utilities and Consumer Staples sectors and is the most underweight the Health Care and Industrials sectors. The largest weight gains for Multi-Cap Value quarter-over-quarter were in the Energy and Consumer Discretionary sectors, while the largest weight losses were in the Health Care and Materials sectors. Multi-Cap Value was most overweight the Dividend Yield and Profitability factors, while being most underweight Size and Volatility. As always, these residual weightings are a result of DCM's bottom-up process and are not made to represent any sort of macro or top-down call on the economy.

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:

- Inflation remains stubbornly above the Federal Reserve's 2% target
- Interest rates remain high, with the Fed Funds rate still around 4.33%
- Tariffs threaten to further enflame both of these economic markers
- Credit spreads between high yield and government bonds are at 20-year lows
- The labor market remains strong, though unemployment has been ticking upward
- Geopolitical tensions are high across the world with ongoing conflicts in Ukraine and Israel, and governmental upheaval in Syria and a contested election in Venezuela
- The electrification of everything, the rise of electric vehicles, and the ceaseless march towards adding artificial intelligence to everything have put higher demands on an increasingly unstable power grid
- Rising competition for cloud providers, cell phones, electric vehicles, cheap and quick ecommerce shopping, semiconductors, and microchips threaten to commoditize once competitively entrenched products and hit their producers' margins and growth profiles

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 and a half that markets have existed in – sanguine growth with only short-lived retreats. A decade and a half of near zero interest rates, inflation well below target, decreasing corporate tax rates, few geopolitical conflicts, and a stagnant wage market overall 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 many believe to be a coming 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.

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 Multi-Cap Value style uses value oriented equities across the market capitalization spectrum of small, mid, and large stocks. This style is a fully invested equity style 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.

Future performance based on prior results should not be assumed. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. The Russell 3000 Value Index measures the performance of those Russell 3000 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 are 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 12/31/23. A firm-wide verification was performed for the periods 1/1/93 through 12/31/23. Data subsequent to 11/30/24 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.