DEAN | Capital Management

Equity Income Commentary

First Quarter 2025

Performance Comparison[1]

Periods Ended 3/31/25 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Equity Income (gross)	4.00	4.00	11.02	5.48	14.78	9.88	11.17
DCM Equity Income (net)	3.85	3.85	10.36	4.85	14.10	9.20	10.45
Russell 1000 Value[2]	2.14	2.14	7.18	6.64	16.15	8.75	10.30

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 4.00% in the first quarter of 2025, compared with the Russell 1000 Value Index up 2.14%.

Broad market factors were a tailwind in the first quarter. The portfolio's outsized exposure to lower beta securities as well as higher dividends, higher profitability, and lower volatility were all additive in the quarter. The only significant detracting factor in the quarter was the relatively smaller market capitalization of the portfolio relative to the benchmark Russell 1000 Value Index.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Utilities	12.7%	4.6%	8.1%	13.1%	6.2%	159 bps	117 bps
Information Technology	6.0%	9.2%	-3.2%	3.2%	-5.7%	20 bps	81 bps
Industrials	9.0%	14.5%	-5.6%	1.4%	-2.9%	13 bps	68 bps
Consumer Staples	13.9%	7.9%	6.0%	7.0%	5.4%	97 bps	47 bps
Consumer Discretionary	3.8%	6.0%	-2.2%	2.9%	-4.7%	11 bps	45 bps
Energy	7.8%	6.8%	1.0%	9.8%	9.5%	80 bps	12 bps
Communication Services	5.5%	4.4%	1.1%	7.0%	7.0%	37 bps	6 bps
Health Care	9.0%	14.5%	-5.5%	8.3%	6.4%	72 bps	-5 bps
Materials	4.9%	4.2%	0.7%	-2.0%	1.7%	-7 bps	-18 bps
Real Estate	9.8%	4.7%	5.2%	-0.6%	2.7%	-5 bps	-29 bps
Financials	14.9%	23.2%	-8.3%	-5.0%	2.7%	-73 bps	-125 bps

(see disclosures)

The most positive impacting sector in the first quarter was Utilities. Utilities was the most overweight sector in the portfolio and was one of the better performing sectors in the benchmark. Additionally, the fund's holdings all outperformed both the benchmark and the Utility quarterly performance. The leading performer in the quarter from an attribution perspective was WEC Energy Group (WEC), up 16.9%. WEC is discussed further below, and the portfolio continues to hold the position.

The second highest impacting sector this quarter was Information Technology. The Information Technology sector was one of the portfolio's larger underweights and was the worst performing sector in the benchmark during the first quarter. Additionally, security selection was additive with network equipment supplier Cisco Systems (CSCO) and communications software and services provider Amdocs Limited (DOX) up 5.0% and 8.1%, respectively, compared with the sector down -5.7%. The portfolio continues to hold CSCO and DOX.

The most detracting sector in the first quarter was Financials. Sector allocation was not a significant detractor, but instead, stock selection was a driver of weakness. Asset manager T Rowe Price (TROW) was the largest detractor in the sector and is discussed in detail below. Additionally, the portfolio did not hold several relatively strong performers in the quarter. Most of these did not pay any or enough of a dividend to be considered for investment, and others are deemed lower quality.

The second most detracting sector in the quarter was Real Estate. Stock selection was the key driver of portfolio weakness in Real Estate with data center operator Digital Realty Trust (DLR) accounting for the bulk of the sector's weakness. DLR is discussed further below. Additionally, outdoor advertising leader Lamar Advertising (LAMR) negatively impacted performance, down -5.2% in the quarter. The portfolio continues to hold both DLR and LAMR.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	WEC ENERGY GROUP INC	3.37	0.54
2	CHEVRON CORP	3.27	0.53
3	ALTRIA GROUP INC	3.20	0.51
4	JOHNSON & JOHNSON	3.06	0.47
5	VERIZON COMMUNICATIONS INC	2.49	0.37
6	MONDELEZ INTERNATIONAL INC A	1.59	0.36
7	AMERICAN ELECTRIC POWER	1.91	0.35
8	AMGEN INC	1.76	0.33
9	AMERICAN TOWER CORP	1.60	0.28
10	ALLIANT ENERGY CORP	2.96	0.28

	Top 10 Detractors	Average % Weight	Contribution
1	T ROWE PRICE GROUP INC	2.30	-0.44
2	DIGITAL REALTY TRUST INC	2.09	-0.42
3	UNITED PARCEL SERVICE CL B	1.51	-0.18
4	PNC FINANCIAL SERVICES GROUP	2.28	-0.18
5	BLACKROCK INC	2.00	-0.15
6	MERCK & CO INC	1.47	-0.14
7	LAMAR ADVERTISING CO A	2.46	-0.13
8	CANADIAN IMPERIAL BANK OF COMMERCE	1.24	-0.13
9	HOME DEPOT INC	2.35	-0.12
10	PPG INDUSTRIES INC	1.65	-0.12

Selected Contributor(s) to Performance

The highest contributing holding in the first quarter was WEC Energy Group (WEC). WEC manages electric and natural gas distribution and transmission lines, as well as power plants, primarily in WI, IL, MI, and MN. The stock returned 16.9% in the quarter, benefitting from a general risk-off mood in the markets as the Trump administration's strong and volatile rhetoric led to increased uncertainty from management teams, investors, and consumers alike. The portfolio continues to hold WEC, although the position was slightly trimmed post quarter end on recent outperformance.

The second biggest contributor in the first quarter was Chevron (CVX). CVX is a globally integrated producer, refiner, and distributor of oil and gas products that gained 16.8% during the quarter. CVX outperformed on rising crude prices early in the quarter as new sanctions were announced against Russian oil and gas. Management also announced in March that they had built a 5% stake in Hess, a signal of confidence to the market that they would win arbitration against Exxon and be able to close the significant offshore acquisition. The portfolio continues to hold the position in CVX.

Selected Detractor(s) from Performance

The largest detractor was T Rowe Price Group (TROW). TROW provides investment advisory services to individual and institutional investors while managing a broad range of securities, asset classes, and vehicles for these client groups. The company lost -17.7% in the first quarter as investment performance was poor and fund outflows continued. However, the portfolio continues to collect a well-covered dividend yield over 5% while the investment team awaits a stabilization in fund flows and asset performance.

The second worst detractor was Digital Realty Trust (DLR). Digital Realty is a global provider of data center, colocation, and interconnection solutions for customers across a variety of industry verticals. The Company returned -18.5% in the first quarter as the emergence of China's DeepSeek, an open-source AI model trained to be as efficient as top tier US models for a fraction of the cost, undercut the market's views on future data center infrastructure spend, sending shares down. However, questions are still outstanding from DeepSeek's release in January around its true all-in cost and viability. This, paired with DLR's pre-leased pipeline under construction gives us confidence in the ability of management to generate strong returns on their investment in more capacity. Thus, the portfolio continues to hold DLR.

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.

The extreme volatility in markets is providing several new investment opportunities. Technology related and more cyclical businesses have been disproportionately sold in recent days and weeks, and we are looking at adding back some of this beta to our unusually low risk positioning we had coming into the year. The Trump tariffs are causing many businesses to rethink expenditures in both longer-term capital outlays and short-term inventory and staffing. Furthermore, international demand for U.S. products and services have already felt the impact of the new administration's policies. This earnings season will likely provide further insight into corporate reactions to the new international trade environment. It is widely expected that an economic contraction will result, if it hasn't already begun. Given these two conflicting signals – lower prices for cyclical stocks and higher economic risks – we are choosing to move slowly into more volatility spaces when given attractive entry prices. We feel longer term economic weakness is likely, so we will remain largely defensive to provide some cover for our investors.

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 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 12/31/24. A firm-wide verification was performed for the periods 7/1/08 through 12/31/24. Data subsequent to 2/28/25 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.