DEAN Capital Management

Equity Income Commentary

Second Quarter 2026

Performance Comparison[1]

Periods Ended 6/30/26 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Equity Income (gross)	2.85	10.09	13.50	10.84	8.00	9.68	11.11
DCM Equity Income (net)	2.70	9.77	12.82	10.18	7.36	9.02	10.40
Russell 1000 Value[2]	13.87	16.26	27.12	17.79	11.17	11.54	11.41

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 2.85% in the second quarter of 2026, compared with the Russell 1000 Value Index up 13.87%.

Performance was negatively impacted by continued market concentration in a small group of companies benefiting from artificial intelligence (AI) spending and investor enthusiasm for higher-growth businesses. By contrast, many of the portfolio's holdings are mature, cash-generative companies whose value is driven more by earnings durability and dividend growth than by rapid revenue expansion. While that positioning was a headwind during the quarter, we believe it remains appropriate given current valuations and the uncertainty surrounding long-term returns in many of the market's most popular growth-oriented segments.

The largest driver of relative underperformance was the portfolio's below-benchmark exposure to higher-beta securities during an exceptionally strong equity market environment. Several of the market's strongest-performing stocks were concentrated in technology and semiconductor-related industries where valuations expanded materially as investors increased expectations for future AI-related growth.

The portfolio's emphasis on lower valuations, higher dividend yields, and stable cash-flow generation provided modest support; however, these characteristics were largely overshadowed by investors' preference for economically sensitive and growth-oriented businesses. As a result, style factors that have historically contributed positively to long-term returns were a headwind during the quarter.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Financials	15.5%	19.4%	-3.9%	13.6%	9.1%	198 bps	92 bps
Materials	4.9%	4.1%	0.7%	6.8%	1.1%	32 bps	19 bps
Real Estate	9.7%	3.9%	5.8%	13.6%	9.3%	123 bps	15 bps
Energy	7.0%	6.6%	0.4%	-12.7%	-13.8%	-97 bps	-2 bps
Consumer Discretionary	3.2%	7.0%	-3.8%	-2.4%	6.8%	-6 bps	-7 bps
Health Care	9.2%	10.9%	-1.7%	1.3%	7.7%	10 bps	-50 bps
Communication Services	5.2%	7.9%	-2.7%	-11.7%	1.6%	-63 bps	-57 bps
Industrials	10.3%	13.1%	-2.9%	3.7%	11.8%	37 bps	-77 bps
Utilities	12.2%	4.2%	7.9%	1.6%	-0.6%	24 bps	-81 bps
Consumer Staples	12.9%	7.1%	5.9%	-3.7%	0.6%	-46 bps	-133 bps
Information Technology	7.8%	15.8%	-8.0%	11.4%	80.6%	81 bps	-768 bps

(see disclosures)

Financials was the strongest contributor to relative performance. Both stock selection and sector positioning aided results, led by T. Rowe Price (TROW), Principal Financial (PFG), and PNC Financial. These holdings benefited from improving capital markets activity, stronger equity markets, resilient credit trends, and generally stable earnings expectations. While the portfolio remains underweight the sector, our Financials holdings benefited from improving operating fundamentals, resilient balance sheets, and favorable earnings revisions.

Materials was the second largest contributor. While sector allocation modestly detracted, stock selection more than offset that impact. Industrial coating manufacturer PPG Industries (PPG) performed particularly well as investors gained confidence in the company's aerospace exposure, pricing discipline, and ability to maintain earnings growth despite uneven industrial demand conditions.

Information Technology was the largest detractor from relative performance. Although holdings such as Cisco and Texas Instruments generated strong absolute returns, the portfolio's underweight exposure to several of the market's largest AI-related beneficiaries and weakness among selected software holdings resulted in significant relative underperformance within the sector. Market leadership remained concentrated in a narrow subset of AI-related hardware businesses that generally fall outside the portfolio's income and valuation discipline. In contrast, software and consulting companies such as Amdocs (DOX) and Accenture (ACN) experienced significant valuation pressure as investors questioned the long-term implications of AI on traditional technology spending patterns.

While the market currently views AI as a potential disruptive force for portions of the software and consulting ecosystem, we believe the range of outcomes remains wide. Many enterprises continue to require implementation, integration, cybersecurity, governance, and change-management capabilities that established technology providers are well-positioned to deliver.

Consumer Staples was the second largest detractor. The portfolio's overweight position in the sector weighed on relative returns as investors favored more cyclical and growth-oriented businesses. Consumer Staples companies continued to face investor concerns surrounding pricing power normalization, volume growth challenges, and shifting consumer spending patterns, further contributing to the sector's relative weakness. Holdings including Hershey (HSY), PepsiCo (PEP), and Kroger (KR) faced company-specific challenges, but the broader driver was a rotation away from defensive sectors amid improving market sentiment and elevated risk appetite.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	CISCO SYSTEMS INC	2.05	95 bps
2	TEXAS INSTRUMENTS INC	2.32	90 bps
3	LAMAR ADVERTISING CO A	2.56	56 bps
4	PRINCIPAL FINANCIAL GROUP	2.72	51 bps
5	T ROWE PRICE GROUP INC	1.94	47 bps
6	ESSEX PROPERTY TRUST INC	2.38	47 bps
7	PNC FINANCIAL SERVICES GROUP	2.36	43 bps
8	JPMORGAN CHASE & CO	2.42	27 bps
9	ALTRIA GROUP INC	2.45	26 bps
10	UNION PACIFIC CORP	2.04	24 bps

	Top 10 Detractors	Average % Weight	Contribution
1	CHEVRON CORP	2.81	-63 bps
2	AMDOCS LTD	2.22	-53 bps
3	ACCENTURE PLC A	1.17	-51 bps
4	PEPSICO INC	3.36	-42 bps
5	VERIZON COMMUNICATIONS INC	2.50	-38 bps
6	THE HERSHEY CO	1.89	-32 bps
7	EOG RESOURCES INC	3.00	-30 bps
8	LOCKHEED MARTIN CORP	1.57	-27 bps
9	COMCAST CORP A	0.86	-20 bps
10	KROGER CO	0.35	-18 bps

Selected Contributor(s) to Performance

Cisco Systems (CSCO) was the portfolio's largest contributor during the quarter with a 52% total return. The company demonstrated that AI infrastructure spending is extending beyond semiconductors and into networking equipment, supporting stronger demand trends and improving investor sentiment. Combined with a favorable enterprise hardware refresh cycle and improving operating leverage, Cisco's results reinforced its position as a critical component of modern digital infrastructure.

Texas Instruments (TXN) was another significant contributor, up 54% in the quarter. Evidence that the analog semiconductor cycle may be approaching an inflection point, coupled with stronger-than-expected guidance and improving free-cash-flow prospects, drove meaningful upward revisions to earnings expectations. The market increasingly rewarded the company's combination of cyclical recovery potential and long-standing commitment to shareholder returns.

Selected Detractor(s) from Performance

Chevron (CVX) was the largest detractor during the quarter, down -19%. Lower oil prices, concerns about future supply growth, and continued investor preference for technology-related opportunities weighed on the shares. While energy businesses remain inherently tied to commodity prices, we continue to believe Chevron offers an attractive combination of balance sheet strength, capital discipline, and shareholder returns.

Amdocs (DOX), down -22% in the quarter, detracted despite beating Wall Street earnings estimates and having generally stable operating performance. Investor concerns centered on muted growth, restrained telecommunications spending trends, and uncertainty surrounding the company's role in an AI-driven technology landscape. While near-term growth remains modest, the shares continue to trade at valuation levels that we believe adequately reflect these risks.

Current Positioning

The portfolio remains positioned toward companies with attractive valuations, durable competitive positions, strong balance sheets, and sustainable dividend policies. Relative to the Russell 1000 Value Index, the portfolio maintains overweight positions in Utilities, Real Estate, and Consumer Staples, while remaining underweight Information Technology, Consumer Discretionary, and Health Care.

Today's market continues to be characterized by unusually narrow leadership and exceptionally high expectations for a relatively small group of AI-related businesses. While the underlying technological advancements appear meaningful, current market prices in many cases already reflect substantial assumptions regarding future growth, profitability, and capital investment. While technological change can create substantial long-term value, market participants often overestimate the durability of early winners and underestimate the degree to which competition eventually pressures returns on capital.

We therefore remain focused on businesses where expected returns are supported by current cash flows, reasonable valuations, and sustainable capital allocation policies. While such positioning may lag during periods dominated by speculative enthusiasm or valuation expansion, we believe it remains a prudent approach for generating attractive risk-adjusted returns over a full market cycle.

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 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 of the US equity universe. The Russell 1000 Index is a subset of the Russell 3000® Index which is designed to represent approximately 98% of the investable US equity market. It includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are included. The Russell 1000® Value Index measures the performance of the largecap value segment of the US equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth, and lower sales per share historical growth (5 years). The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The indices are representative of a broader market and range of securities than are found in the portfolio. Index returns assume reinvestment of all distributions and do not reflect the deduction of taxes and fees. An individual cannot invest directly in an index; however, an individual can invest in exchange-traded funds or other investment vehicles that attempt to track the performance of a benchmark index. 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 5/31/26 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.