DEAN Capital Management

Equity Income Commentary

Third Quarter 2026

Performance Comparison[1]

Periods Ended 9/30/26 (%)	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	S. I.[1]
DCM Equity Income (gross)	-0.90	9.10	7.81	12.13	8.07	9.28	10.86
DCM Equity Income (net)	-1.05	8.62	7.17	11.46	7.43	8.63	10.15
Russell 1000 Value[2]	2.61	19.26	23.80	20.07	11.92	11.40	11.39

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 -0.90% in the third quarter of 2026, compared with the Russell 1000 Value Index up 2.61%. Roughly 80% of the 3.51 percentage-point shortfall came from sector allocation rather than individual stock selection, reflecting two developments that worked against the portfolio's positioning.

First, long-term interest rates rose sharply. The 10-year U.S. Treasury yield climbed from roughly 4.4% at the end of June to 5.28% on September 30, its highest level of the past year, with most of the increase coming in the final five weeks of the quarter. Over the same period, Brent crude oil rose from roughly $72 per barrel to more than $100 as the conflict with Iran continued to disrupt Middle East supply. Rising rates pressured dividend-paying, interest-rate-sensitive sectors such as Utilities and Real Estate, where the portfolio is overweight.

Second, market leadership remained concentrated in a small group of very large technology companies. Microsoft (MSFT) and Apple (AAPL) alone accounted for about 2.25 percentage points of the benchmark's 2.59% return, or more than 85%, yet neither pays a dividend yield near the portfolio's minimum. While this environment was a headwind, the portfolio continued to deliver on its income objective, with an indicated dividend yield of 3.53% compared with 1.67% for the benchmark.

The third quarter of 2026 presented mixed factor influences for the Dean Equity Income portfolio. On the positive side, the portfolio's higher earnings yield (lower valuation), lower exposure to recent price momentum and high-growth stocks, higher dividend yield, and lower stock price volatility all contributed to relative performance. In aggregate, however, these positives were fully offset by the headwinds described below, leaving the net impact of style factors roughly neutral for the quarter.

The portfolio's smaller average market capitalization (size) was the largest factor headwind, as the market's gains were concentrated in the very largest companies. The portfolio's higher balance-sheet leverage, which largely reflects its utility and real estate holdings, also detracted as interest rates rose. Its emphasis on companies with stable, predictable earnings (lower earnings variability) worked against it, as the market favored companies with less predictable earnings during the quarter. The most important market influence of the quarter, the sharp rise in interest rates, showed up primarily in sector results, discussed below.

Sector Drivers

GICS Sectors	Average Weight			Stock Level Returns		Portfolio Impact	
	Port	Bench	Active	Port	Bench	Contribution	Attribution
Industrials	11.9%	11.0%	1.0%	1.2%	-6.4%	-9 bps	71 bps
Financials	16.3%	19.3%	-3.0%	-0.5%	-1.3%	-8 bps	23 bps
Health Care	9.0%	12.9%	-3.8%	13.5%	8.5%	115 bps	19 bps
Consumer Discretionary	3.6%	10.4%	-6.9%	-10.9%	-1.7%	-39 bps	-6 bps
Communication Services	4.7%	3.3%	1.4%	6.1%	10.3%	25 bps	-9 bps
Energy	6.9%	6.0%	0.9%	11.3%	16.4%	69 bps	-20 bps
Consumer Staples	12.2%	7.5%	4.8%	-3.1%	-1.7%	-41 bps	-37 bps
Materials	4.8%	3.5%	1.3%	-10.2%	-2.5%	-50 bps	-46 bps
Real Estate	9.5%	3.6%	6.0%	-5.2%	-5.9%	-50 bps	-46 bps
Utilities	12.0%	3.6%	8.3%	-12.5%	-11.8%	-157 bps	-137 bps
Information Technology	6.5%	19.0%	-12.5%	6.9%	12.8%	47 bps	-161 bps

(see disclosures)

The Equity Income portfolio's strongest sector in the third quarter was Industrials, driven by stock selection. The Industrials sector of the Russell 1000 Value Index fell -6.4%, weighed down by sharp declines in several capital goods companies the portfolio does not own, including Honeywell Aerospace (HONA), Cummins (CMI), and Carrier Global (CARR), down -29.9%, -27.3%, and -24.9%, respectively. By contrast, the portfolio's Industrials holdings gained 1.2% in aggregate, and every holding outperformed the sector. Paychex (PAYX), among the portfolio's largest detractors in the first quarter on fears of artificial intelligence (AI) disruption, stabilized during the quarter, rising 1.2%. In August, the portfolio initiated a new position in Broadridge Financial Solutions (BR), a leading provider of investor communications and technology solutions to the financial services industry.

Financials was the second best sector in the quarter, also driven by stock selection, as the portfolio's holdings held up better than the sector. BlackRock (BLK), Prudential Financial (PRU), and Principal Financial Group (PFG) led the way, up 10.6%, 6.5%, and 4.6%, respectively, compared with -1.3% for the benchmark sector. BlackRock, the world's largest asset manager, ended June with $15.3 trillion in assets under management, supported by rising equity markets, strong inflows into its exchange-traded funds (ETFs), and growth in its technology and private markets businesses. Principal Financial reported second quarter adjusted earnings per share 7% ahead of consensus and up 16% from a year earlier, helped by a 25% increase in earnings from its specialty benefits business on favorable underwriting. During the quarter, we trimmed PFG and added to our position in Marsh & McLennan (MRSH).

The worst sector for Equity Income in the third quarter was Information Technology, with allocation driving most of the weakness. The sector rose 12.8% in the benchmark, led by Microsoft and Apple, up 37.8% and 15.2%, respectively. The portfolio's large underweight to the sector, a result of our dividend yield requirement since most of the benchmark's largest technology companies pay little or no dividend, worked against us. In addition, Cisco Systems (CSCO) and Texas Instruments (TXN), the portfolio's two largest contributors in the second quarter when they rose 52% and 54%, respectively, gave back some of those gains, down -8.0% and -5.6%. We trimmed both positions in early August, which reduced the impact of the decline. Cisco's fundamentals remain strong, and management expects AI infrastructure revenue from large cloud customers to nearly double to about $7.5 billion in fiscal 2027, but investors focused on lower gross margin guidance as sales shift toward hardware. The portfolio continues to hold CSCO and TXN.

The second worst sector for the Equity Income portfolio was Utilities. Allocation drove the underperformance, as the portfolio's significant overweight coincided with the sector's -11.8% decline. The jump in long-term Treasury yields made utility dividends less competitive with bonds and raised concerns about the cost of financing record capital spending plans. Growing political scrutiny of rising electricity bills ahead of November's elections added to the pressure. The portfolio's utility holdings performed roughly in line with the sector. Alliant Energy (LNT), the weakest holding, down -16.4%, shares Wisconsin-based peer WEC Energy Group's (WEC) exposure to state politics, discussed below. NextEra Energy (NEE), down -13.1%, faced growing political pushback in Virginia over its proposed acquisition of Dominion Energy (D) and is more sensitive than most utilities to rising interest rates because more of its debt sits outside its regulated utility operations. Importantly, we believe the decline was driven largely by interest rates and sentiment rather than fundamentals, and the long-term growth opportunity from data-center electricity demand remains intact. During the quarter, we added to our position in WEC, and the portfolio continues to hold all six utility positions.

Top 10 Contributors/Detractors

	Top 10 Contributors	Average % Weight	Contribution
1	CHEVRON CORP	2.74	56 bps
2	AMGEN INC	3.05	52 bps
3	ACCENTURE PLC A	1.20	43 bps
4	AMDOCS LTD	2.01	24 bps
5	MERCK & CO INC	1.81	22 bps
6	PFIZER INC	1.18	21 bps
7	VERIZON COMMUNICATIONS INC	2.38	21 bps
8	EOG RESOURCES INC	2.98	19 bps
9	BLACKROCK INC	1.54	15 bps
10	PRINCIPAL FINANCIAL GROUP INC	2.53	13 bps

	Top 10 Detractors	Average % Weight	Contribution
1	HOME DEPOT INC	2.08	-42 bps
2	WEC ENERGY GROUP INC	3.10	-41 bps
3	ALLIANT ENERGY CORP	1.85	-33 bps
4	XCEL ENERGY INC	2.37	-28 bps
5	PPG INDUSTRIES INC	1.58	-22 bps
6	PNC FINANCIAL SERVICES GROUP INC	2.48	-22 bps
7	AMERICAN ELECTRIC POWER CO INC	1.57	-21 bps
8	PEPSICO INC	3.28	-20 bps
9	SONOCO PRODUCTS CO	1.54	-19 bps
10	LAMAR ADVERTISING CO	2.61	-17 bps

Selected Contributor(s) to Performance

The highest contributing holding in the third quarter was Chevron (CVX), one of the world's largest integrated energy companies, with major assets in the Permian Basin, Guyana, Kazakhstan, and Australia. CVX shares rose 24.3% as Middle East supply disruptions tied to the Iran conflict pushed Brent crude oil from roughly $72 to over $100 per barrel and lifted refining margins. Second quarter results were exceptionally strong, with adjusted earnings of $6.06 per share, up from $1.41 in the first quarter, and $18.1 billion of free cash flow. Company-specific catalysts added to the gains, including faster-than-expected integration of Hess, which brought a 30% stake in Guyana's low-cost Stabroek Block, and a new 20-year agreement to supply power to a Microsoft data center in West Texas. The portfolio continues to hold CVX.

Amgen (AMGN) was the portfolio's second highest contributing security, up 17.1% in the quarter. Amgen is a leading biotechnology company with major franchises in inflammation, oncology, bone health, and cardiovascular disease. The shares reached an all-time high after a much stronger-than-expected second quarter, in which revenue grew about 10%, 22 products posted double-digit sales gains, and management raised full-year 2026 guidance. Growth was led by Repatha (cholesterol), Evenity (osteoporosis), Tezspire (asthma), and the company's biosimilars. We trimmed the AMGN position in early August following its strong stock price performance, and the portfolio continues to hold AMGN.

Selected Detractor(s) from Performance

The largest detractor in the third quarter was Home Depot (HD), the world's largest home improvement retailer, down -18.7%. Although fiscal second quarter results beat expectations, the shares declined through the rest of the quarter as reaffirmed guidance implied slower sales growth in the second half, part of the quarter's strength came from one-time tariff refunds, and CEO Ted Decker took a temporary medical leave in August. Management described housing conditions as frozen, as consumer uncertainty and housing affordability led homeowners to put off larger, financed remodeling projects, and the late-quarter jump in interest rates pushed mortgage rates higher. We view much of this weakness as cyclical, see a positive risk/reward opportunity, and continue to hold the position.

The second largest detractor was WEC Energy Group (WEC), a regulated utility serving about 4.7 million electric and natural gas customers across Wisconsin, Illinois, Michigan, and Minnesota. WEC shares fell -13.0% in the quarter despite better-than-expected earnings. The stock declined with the broader utility sector as interest rates rose, while investors grew concerned about Wisconsin's upcoming gubernatorial election, where data-center policy has become a campaign issue, and the credit quality of a major data-center customer. Fundamentals remain solid, with second quarter earnings beating consensus estimates by about 14% and a $37.5 billion five-year capital plan supporting 7-8% long-term earnings growth. We added to the WEC position in early August and continue to hold the position.

Current Positioning

The Equity Income portfolio continues to be overweight dividend yield, balance-sheet leverage, and earnings yield (valuation) broad style factors while being most underweight market capitalization (size), beta, growth, and earnings variability. Utilities, Real Estate, and Consumer Staples are the largest overweight sectors. Information Technology, Consumer Discretionary, and Health Care are the most underweight sectors relative to the benchmark Russell 1000 Value Index. At quarter-end, the portfolio's indicated dividend yield was 3.53% compared with 1.67% for the benchmark, more than double. The portfolio also traded at 16.5 times earnings and 13.1 times cash flow, compared with 20.4 times and 15.2 times, respectively, for the benchmark, while generating a higher return on equity (26.8% versus 16.6%).

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The third quarter introduced a new challenge for income-oriented investors, a rapid rise in long-term interest rates. Interest rates are being driven by stronger-than-expected economic growth and rising expectations for additional Federal Reserve rate increases, alongside Brent crude oil prices above $100 per barrel tied to the Iran conflict. Rate-sensitive, dividend-paying stocks bore the brunt of this move even where their underlying businesses continued to perform well. At the same time, market leadership remained concentrated in a narrow group of the largest technology companies, most of which pay little or no dividend and trade at valuations that already reflect substantial expectations for future growth.

We believe this combination has created opportunity. The sell-off in Utilities, Real Estate, and housing-related names has pushed the dividend yields of many high-quality companies well above their historical averages, while their long-term earnings and dividend growth prospects remain intact. Within technology, we continue to find select companies, such as Accenture (ACN) and Amdocs (DOX), up 49.1% and 14.3% in the quarter, that meet our dividend and valuation standards. As we have observed repeatedly, investor sentiment can shift rapidly, and periods like this one, when returns are driven by a narrow group of large, low-yielding companies and by sharp moves in interest rates, have historically been among the most challenging for our approach. Rather than attempting to anticipate the next shift in sentiment, we remain focused on owning high-quality businesses with sustainable and growing dividends at attractive valuations, an approach we believe is well positioned to generate 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.

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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 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 12/31/25. A firm-wide verification was performed for the periods 7/1/08 through 12/31/25. Data subsequent to 8/31/26 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.