



THE DANA VIEWPOINT

May 31, 2018

Dow:24,415

School Is Out and Grades Are In

Most U.S. schools are out for the summer or approaching the finish line. The all-important grades are locked in. Next year will bring new challenges. Something similar can be said for the S&P 500 constituents. The most recent earnings season is nearly over. This time around, there are plenty of “A’s” for Corporate America. Indeed, 72% overachieved – that is, they beat consensus earnings estimates. While “earnings beats” have quickly become the new norm (do you remember the earnings recession just two years ago?), this quarter saw the benefit of a stronger top-line performance driven by an economic uplift and an added kicker from lower corporate tax rates.

The stock market is up year-to-date, but not nearly to the degree of last year’s rally. Investors started incorporating higher expectations for growth last year, resulting in price/earnings ratio expansion. This year, volatility has returned to the markets driven by uncertainty and a rise in interest rates. Concerns include trade and tariffs, an on-again, off-again North Korean summit, and potential Italy/European Union problems. So, despite some very good first quarter growth, investors are collectively taking a pause.

The current market forward P/E is below its three-year and five-year trailing averages. At 17 times earnings, is it high, indicating an expensive market? We don’t think so. 2018 earnings estimates were revised up on the heels of the aforementioned positive earnings surprises, and second quarter GDP is expected to show an increase from first quarter growth of 2.2%. Virtually all of our Dana equity strategies carry P/E’s that are lower than comparable market indexes, leaving room for future price

(CONTINUED ON REVERSE SIDE)

outperformance if the portfolio P/E's move towards or above the indexes. This process of investing in stocks that demonstrate strong growth at attractive prices relative to peers, and doing so in a risk-controlled manner, has served our clients well over the years.

We are pleased to report that the Dana Large Cap Equity Strategy won the SMA Large Cap Manager Award for 2017, the second time this Strategy has received this award. We are proud of our Investment Team for their efforts and appreciate the continued support of our wonderful clients!

Random Thought for May 2018: Price is what you pay, value is what you get.
- Warren Buffett

APPROVED FOR DISTRIBUTION TO CLIENTS. *Dana Investment Advisors welcomes any comments to their newsletter and is more than willing to discuss or explain any aspect of the letter. This newsletter is provided for general information only and is not intended to provide specific advice or recommendations for any individual or entity. This is not an offer, solicitation, or recommendation to purchase any security or the services of any organization. The foregoing reflects the opinions of Dana Investment Advisors.*

If you would prefer to have our newsletter e-mailed, please send your e-mail address to newsletter@danainvestment.com.



FOR IMMEDIATE RELEASE

**Dana Investment Advisors Wins Asset Manager of the Year
for U.S. Equity Large-Cap for the Second Time**

Waukesha WI – (May 22, 2018) - The Large Cap Equity team at Dana Investment Advisors was presented with the 2018 Asset Manager of the Year for the category U.S. Equity Large Cap at the Envestnet | PMC Advisor Summit 2018 held by Envestnet and *Investment Advisor*. This year's Summit took place in New Orleans and was attended by over 2,000 investment professionals. Envestnet is a leading provider of integrated portfolio, practice management, and reporting solutions to financial advisors and institutions.

"Once again, we're proud to be working with our partner Investment Advisor to present these awards," said Tim Clift, chief investment strategist of Envestnet | PMC, at the start of the presentation. "Now in its 14th year, the Asset Managers of the Year competition recognizes best-in-class portfolio managers who outperform their peers, which is difficult even in the best of environments."

This is the second time the Large Cap Equity team at Dana Investment Advisors has been presented with this award. To qualify for the award, a management team must have at least three years of experience running a strategy with over \$200 million in assets, and the strategy must be available to advisors on the Envestnet/PMC platform.

"The award supports our belief that consistent application of a defined investment process focused on stock selection and risk controls does win in the end. Our team has worked very hard to validate the benefits of active management and the award serves as confirmation of their efforts and a thank you to all those clients who have entrusted us with their assets" said Mark Mirsberger, chief executive officer.

The Dana Large Cap Equity Strategy dates back to June 1999 and seeks to outperform the S&P 500 Index with lower volatility over a full market cycle. The Strategy is unique in that it takes a sector neutral investment approach thereby recognizing the difficulty in predicting future sector performance. Structural risk controls are incorporated throughout the portfolio construction process which allows the team to add value via disciplined fundamental stock selection. The portfolio includes a blend of characteristics designed to perform well in up, down, growth or value markets and strives to participate on the upside while limiting the downside.

About Dana Investment Advisors

Dana Investment Advisors is an employee-owned Asset Management firm that was founded in 1980 and currently advises on \$7.4 billion in assets as of 3/31/18. The Firm was built on the belief that adhering to a defined investment process allows its professionals to focus on the fundamentals of consistent outperformance through security selection with the goal of providing above market returns while reducing volatility. Dana actively manages a broad range of public U.S. Equity and Fixed Income investment strategies for corporations, endowments, foundations, family offices and individuals. The objective is straightforward: deliver consistent excess returns with lower risk and provide clients with exceptional, personal and timely service.

To contact Dana: info@danainvestment.com