THE WISE CHOICE

Since our founding in 1980, Dana has remained independent and Employee-owned. Our investment firm is built on trust, integrity, and professional experience.

HERITAGE
A strong family culture

QUALITY
Excellence in meeting client expectations

EXPERTISE
Focus on what we do best

CONSISTENCY
Adherence to a uniform process

Dana strives to provide personalized client service and excellence in everything it does. We are uncompromising in our efforts to deliver superior results to clients.

Dana has assembled an investment team with diverse skill sets and specialized knowledge. We are adept at navigating challenging market environments and developing customized solutions.

Dana implements a uniform investment process to minimize volatility and improve consistency of returns. We seek repeatable and predictable results to most effectively grow cumulative wealth.

www.DanaInvestment.com
Dana Investment Advisors was built on the belief that adhering to a defined investment process allows our professionals to focus on the fundamentals of consistent outperformance through security selection.

- Founded in 1980
- Employee-owned
- Domestic equity, taxable and tax-exempt fixed income, and ESG asset manager
- $7.14 billion of assets under advisement as of December 31, 2019
- Headquartered in Brookfield, Wisconsin

We’ve never wavered from our goal of providing above market returns while reducing volatility for our clients.
We are delighted to be named to Pensions & Investments Best Places to Work in Money Management. Dana Investment Advisors is one of only a few firms to have received this recognition for eight consecutive years, since P&I began its program in 2012. CEO Mark Mirsberger stated, “Being named to Pensions and Investments Best Places to Work list for the seventh year in a row is a great honor. A lot is asked of our employees as we work in a very demanding field. High employee satisfaction and retention lead to strong client relationships and business results. It should come as no surprise that we integrate these insights into our research process to help us identify investible companies benefiting from similar values and practices.”

Dana Investment Advisors was presented with the 2018 Asset Manager of the Year for the category U.S. Equity Large Cap. This was the 14th annual Asset Manager Awards by Envestnet and the second time Dana has won the U.S. Equity Large Cap Category. “The Asset Managers of the Year competition recognizes best-in-class portfolio managers who outperform their peers, which is difficult even in the best environments”, said Tim Clift, Chief Investment Strategist of Envestnet|PMC.

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 this 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.

Dana Investment Advisors has been named the SMA Impact Manager of the Year by Envestnet|PMC. This was the 11th annual SMA Awards by Envestnet and the first time an award was given in the Impact space. Dana’s Director of Equities and Portfolio Manager, Duane Roberts, notes that contrary to many investors’ conception, integrating environmental, social and governance (ESG) criteria into the portfolio management process may enhance financial returns. “We have delivered consistent, superior investment performance over the Social ESG Equity Strategy’s 15 year history.”
### Universe:
The union of the Russell 3000 Index and S&P 1500 Index
(approximately 3000 stocks)

### Structural Risk Controls

**ESG**
- Derive proprietary relative ESG rank from discretionary E, S, and G scores
- Utilize thousands of underlying data points from multiple ESG vendors
- Compute relative rank to target top 30% of companies (900-1000 stocks)

**Financial**
- Derive proprietary sector relative rank based on valuation, growth, and quality
- Utilize earnings, cash flow and growth metrics, and balance sheet variables
- Focus on higher-ranking securities by sector (100-150 stocks)

**Quantitative Models**

**Fundamental Analysis**
- Reconcile contradictory ESG scores
- Evaluate sector specific ESG drivers
- Assess materiality on future earnings
- Review potential systematic litigation, regulatory, and environmental risks

**Integration**
- DuPont analysis
- Earnings estimates and revisions
- Uses of cash flow
- Persistence of competitive advantages
- Organic versus inorganic growth

### 50 - 55 Stocks with Strong ESG and Financial Characteristics by Sector

### Advocacy
Proxy voting, letters and resolutions, corporate engagement
Dana’s holistic process is **Comprehensive, Balanced, Thoughtful**

**Comprehensive:** Dana’s proprietary quantitative Environmental, Social, and Governance (ESG) model utilizes thousands of underlying data points from multiple vendors to rank approximately 3,000 U.S. stocks.

**Balanced:** An ESG rank is calculated for each stock by equally weighting the factors using a geometric mean that helps to identify companies with favorable performance across all E, S, and G considerations.

**Thoughtful:** Dana integrates ESG criteria into Dana’s stock selection process, resulting in positive, best-in-class representation. Advocacy efforts are aligned and consistent with process.

**Fossil Fuels:** Dana’s Carbon Sensitive Strategy excludes the Energy sector for clients wishing to divest of fossil fuel producers.

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Dana Investment Advisors ESG factors map to the United Nations Sustainable Development Goals

Source: United Nations, Sustainable Development Goals. Dana Investment Advisors is not affiliated with the above organization.

Investment Philosophy

We strive to generate excess risk-adjusted returns through a consistent and disciplined investment process.
Dana’s sector neutral investment approach recognizes it is very difficult to predict future sector performance. Dana’s Risk Approach: Structural Risk Controls are the groundwork for our repeatable and consistent investment process.
The idea generation phase leverages our propriety models to generate segmented data that efficiently focuses our research on improving or deteriorating trends within sectors, industries or individual companies. We feel this dynamic component is a key advantage and provides a platform that focuses our stock selection.
Fundamental analysis is the basis for all of Dana’s investment decisions

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Fundamental analysis drives the Dana sell discipline

**Fundamental Characteristics**
- Company execution
- More attractive risk reward opportunity
- Industry dynamics

**Relative Strength**
- Sector Performance
- Industry Performance

**Model Ranking**
- Relative valuation model
- Value-to-growth model
- Estimate revisions model

**Rebalance**
- Position weight
- Sector weight
Trucost • Footprint Analysis

Carbon footprint analysis quantifies greenhouse gas emissions (GHG) embedded within the portfolio, presenting these as tonnes (metric ton) of carbon dioxide equivalents (tCO2e). Comparing the total GHG emissions of each holding relative to annual revenue, gives a measure of carbon intensity that enables comparison between companies, irrespective of size or geography. Each holding’s contribution to the carbon footprint of the portfolio is calculated on an equity ownership basis. The carbon footprint of the fund is the sum of these contributions, normalized by revenue owned.
**CORPORATE GOVERNANCE**

- For an independent chairman of the board
- Against directors serving on more than four boards, more than three for active CEOs
- Against CEO directors serving on the compensation committee
- Against all director nominees if no women are on the board or slate
- Against all director nominees if minority of directors would be independent
- Against ratification of auditors if non-audit fees exceed 25% of total fees paid
- Against ratification of auditors who have served more than ten years

**EXECUTIVE COMPENSATION**

- For proposals to link pay to performance
- For executive retention of significant stock
- For disclosure of disparity between executive compensation and employees’ median wage
- Against say-on-pay proposals when executive pay does not match company performance
- Against excessive pay packages (less than $10 million is typically a yes vote; more than $20 million is, in most cases, a no vote; discretion in the middle)
- Against re-pricing or replacement of stock options (with rare exceptions)
- Against stock option plans that do not apply to all vested/tenured employees
- Against stock option plans that could result in excessive dilution to existing shareholders

**SHAREHOLDER RIGHTS**

- For proposals to allow shareholders to act by written consent
- For proposals to allow qualified shareholders to nominate director candidates (proxy access)
- For proposals to adopt a simple majority vote standard (for vs. against, abstentions not counted)

**ENVIRONMENTAL**

- For reports on climate change risks, water use risks, GHG emissions reduction targets, renewable energy targets, environmental impact of fracking and other practices, avoidance of conflict minerals, sustainability, supply chain risks, political spending, lobbying that can be produced at a reasonable cost
- For proposals to adopt quantitative renewable energy goals
- For policies that limit global warming to 2°C
- For proposals to adopt recycling strategy

**SOCIAL**

- For proposals to implement human rights standards and codes of conduct
- For proposals to improve access to health care
- For proposals to implement humane treatment of animals
- For proposals to end predatory lending practices
- For proposals to increase diversity in the workforce
- For reports on gender pay
Dana Persists on Environmental and Human Dignity Policies and Practices

**Protect of Public Land/Water** – Signed on to an investor letter opposing the opening of previously protected federal public lands and waters to development and urging companies involved in oil, gas, mining, or other extractive activities, and the banks that fund them, not to conduct or finance any new or expanded commercial activity on any public lands or waters that were formerly or are currently under legal or administrative protections, or that would impact these lands and waters, and to adopt clear policies clarifying this position.

*(October 2019, coordinated by Ceres)*

**Climate Risks** – Sent a letter to JPMorgan asking for a dialogue to discuss why JPM voted for only 2 of 52 climate-related shareholder proposals, despite the company’s messaging about investment risks posed by climate change.

*(November 2019)*

**Opioid Crisis** – Joined the Investors for Opioid Accountability, which was established out of heightened concern that opioid company risks both threaten long-term shareholder value and have profound long-term implications for the U.S. economy and society. The aim of IOA is to hold manufacturers, distributors, and retail pharmacies’ boards accountable for their role in the opioid crisis.

*(November 2019)*

**Impact of Climate Risks on U.S. Financial System** – Sent a letter to the Federal Reserve Bank chair asking the Fed to consider climate risk (transitional and physical) when assessing risk and stability of the financial system. Most developed nations’ central banks are already starting to do this.

*(November 2019)*

**Methane Emissions** – Signed on to an investor comment letter opposing the EPA’s proposed changes to federal methane regulation. Fugitive emissions, or leaks, of methane, frequently accompanied by volatile organic compounds (VOCs), occur throughout the process of natural gas and oil extraction, processing and transport. Methane leaks accelerate climate change and thus increase health threats worldwide. Leaks of VOCs endanger the health of people living near oil and gas infrastructure. The changes would reduce the frequency of monitoring and lengthen the time operators have to repair leaks, thus exacerbating the amount of methane and VOCs allowed to escape into the atmosphere, increasing health threats of Americans and people around the world.

*(November 2019, coordinated by Socially Responsible Investment Coalition)*

**Human Rights** – Signed on to a letter urging Western Union to discontinue its business relationship with a military-owned bank in Burma. Myawaddy Bank is a subsidiary of a giant military business conglomerate, Union of Myanmar Economic Holdings Ltd (UMEHL). Profits from Myawaddy Bank benefit the Burmese military. The United Nations-mandated International Independent Fact-Finding Mission on Myanmar has urged the international community to "sever ties with Myanmar’s military and the vast web of companies it controls and relies on."

*(October 2019, coordinated by Rohingya Campaign) [Update: On January 7, 2020, Western Union announced that it has ended its contract with Myawaddy Bank.]*

**Human Rights** – Signed on to an investor letter to Alphabet (Google) requesting a meeting or call to discuss how Alphabet’s Board of Directors oversees the management of societal impacts and the implementation of the UN Guiding Principles on Business and Human Rights across the company’s operations and value chain. The goal is to promote respect for human rights, particularly in relation to data privacy, freedom of expression, and artificial intelligence.

*(October 2019, coordinated by Investor Alliance for Human Rights)*
Dana Investment Advisors often engages with portfolio companies to identify material ESG factors and how they impact our business model. Dana encourages best practices and accountability.

**Corporate Governance**

**VMware, Inc. (VMW)** - Given a controlling shareholder in Dell, Dana has closely monitored corporate governance at VMW. Warning signs were visible last year following Dell’s underbid for VMW’s tracking stock, DVMT and Dana took action by writing letters to Michael Dell and the DVMT Special Committee. In that situation, VMW’s independent governance committee protected independent VMW shareholders, like Dana. In August of this year, VMW announced the acquisition of two non-core companies, one of which is controlled by Dell. Dana believes that VMW’s independent committee has effectively ceded control to Dell, to the detriment of independent shareholders. VMW was sold from Dana’s ESG Equity Strategies. (December 2018 – September 2019)

**WellCare Health Plans, Inc. (WCG)** - In June, Dana sent a letter to WCG’s Board, arguing against the proposed takeover by Centene. In March, WCG’s Board agreed to sell the company at a valuation well below the initial deal terms, which were reached five months earlier. The Board denied shareholders like Dana a +25% premium. Fundamentals remained strong. The Board’s decision was inexplicable. Dana urged the Board to run a competitive sale process or otherwise provide an explanation. While Dana voted against the takeover, shareholders ultimately approved the deal. (June 2019)

**Marathon Petroleum Corporation (MPC)** - In September, two large Marathon shareholders, both of whom possessed historical expertise with regard to Marathon’s operations, accused the company of substandard corporate governance. One of the shareholders called for the ousting of Marathon’s CEO. The shareholders also proposed a value unlocking divestment strategy. Dana wrote a letter to Marathon’s Board, expressing support for both the governance allegations and divestment strategy. Dana also highlighted a rapidly deteriorating glassdoor.com profile, which is indicative of increasing employee discontent. The CEO Approval rating declined 20 percentage points in the most recent two year period. Ratings for culture and senior management were also well below refining peers. We await feedback from the Board. (October 2019)

**Gun Control**

Dana participated in an investor call with a payment-processing company on the topic of firearms financing. Investors asked the company to require merchants to restrict firearms sales for buyers under 21, to sell firearms only to customers who have passed a universal background check, and to prohibit the sale of high-capacity firearm accessories. The company responded that as long as the transactions processed are legal in the buyer’s and seller’s jurisdictions, company policy is to maintain a neutral stance. Dialogue with the company will continue. (August 2019)

**Climate Risk**

Dana participated in an investor call with an aerospace company on the topic of climate risk as part of Climate Action 100+, a 5-year global initiative. The aim is to encourage companies to improve governance on climate change, curb emissions, and strengthen climate-related financial disclosures. Dialogue with this company is ongoing. (August 2019)
Physical Address:
20700 Swenson Drive
Suite 400
Waukesha, Wisconsin 53186

Mailing Address:
P.O. Box 1067
Brookfield, Wisconsin 53008-1067

(262) 782-3631
(800) 765-0157

www.DanaInvestment.com