



# DANA BALANCED STRATEGY

## QUARTERLY REVIEW

As of December 31, 2023

Was 2023 the year of “patience is a virtue,” or the flip side of the coin “timing is everything,” as fixed income delivered strong total returns across the board? If one fell asleep on the last trading day of 2022 and then woke up one year later only to see the minimal yield change that transpired across the yield curve (two-year through thirty-year), they would have yawned glassy eyed while thinking to themselves “I didn’t miss anything in 2023.” However, if you happened to be a bond trader that tried to follow every tick throughout 2023, then you might very well have collapsed with exhaustion from one of the most volatile periods in recent memory. The U.S. Treasury Ten-Year bond began the year at 3.88% before slipping to 3.47% in March as regional banks experienced a temporary liquidity crisis. Then, over the next seven months, intermediate yields abruptly reversed course as the Ten-Year U.S. Treasury yield climbed to an intra year high of 4.99% in October due to concerns over growing U.S. deficits. Over the remainder of Q4 the market’s expectations of future Fed rate cuts helped yields reverse course once again as bond prices rallied into year end, only to then see bond yields settle where they began the year near the 3.80% yield level. As a result, the bond market delivered great returns in 2023 as broad categories within the Bloomberg bond indices, such as the Aggregate, Intermediate, Mortgages, Corporate, and Municipal Bond, all posted returns better than 5.30% for the year.

The S&P 500 Index provided upside throughout 2023, saving the best for last with a whopping 11.69% return for Q4. Investors were both pleased and relieved to experience a recovery from 2022. Interest rate sensitive and IT sectors led the market higher in Q4 with the Fed’s willingness to lower interest rates in 2024. What was most gratifying was the broadening out of the market, from its narrow focus on the mega-cap stocks dubbed the “Magnificent 7” to a various market cap and sector stocks. This made it a true bull market. Small-cap stocks as measured by the Russell 2000 Index outperformed the S&P 500 Index. AI-driven securities continued to capture investors’ imaginations and real dollars.

For much of Q4, economic indicators continued to present healthy economic growth (4.9% GDP) while inflation continued to trend toward the Federal Reserve’s 2% target. Although job growth has cooled recently, it still remained above 150,000 jobs per month, while unemployment also remained low at 3.7%. In addition, PCE core inflation trended from just under 5% at the beginning of the year to its current level of 3.15%. Interest rates rallied significantly over the course of the quarter as the Fed held rates steady but, more importantly, signaled very dovish future expectations at their end of December meeting.

### STRATEGY PERFORMANCE

Dana’s bond holdings performed particularly well in Q4, and for all of 2023, as their broad diversification and risk controls provided stability during volatile periods, while their corporate bond overweight provided extra income throughout the year. Total returns in Q4 2023 were driven by the longer Treasury exposure and overall corporate spread tightening. Fixed income holdings are well positioned for 2024 with attractive above benchmark yields and neutral to slightly defensive durations. Equity holdings finished the year on a strong note, up double-digits. Every sector had a positive return with the exception of the Energy sector. Trading was active and the largest contributors to performance came predominantly from the tech sector.

### OUTLOOK

Given the lagging effects of each rate increase along with the uncertainty surrounding both the future economic strength as well as the path of monetary policy, today’s fixed income market supports the need for active bond management. It is therefore important to remain focused on high-quality investment factors. A portfolio of high-quality bonds consisting of U.S. Treasuries, U.S. Agencies, and investment-grade corporate bonds can offer very attractive yields without the associated high interest rate risk of lower quality investments. Likewise, a focused and disciplined process for equity selection remains vital for long term performance. We continue to see opportunities across a variety of sectors and are pleased with our balanced positioning amongst growth and value characteristics and earnings and cash flow visibility.

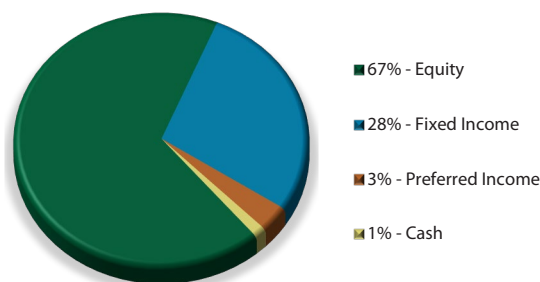
As always, we appreciate your support of our Strategy and Firm, and wish you and yours a wonderful and rewarding 2024.

Dana Balanced Strategy All Cap Equity Sector Allocation (%)	
Communication Services	9.0
Consumer Discretionary	10.7
Consumer Staples	5.8
Energy	3.8
Financials	13.3
Health Care	12.3
Industrials	9.2
Information Technology	28.8
Materials	2.4
Real Estate	2.4
Utilities	2.2

Due to rounding, totals may not equal 100%

Dana Balanced Strategy Top 10 All Cap Equity Holdings (%)	
Apple Inc	5.7
Microsoft Corp	4.8
Alphabet Inc	3.3
Amazon.com Inc	3.0
NVIDIA Corp	2.9
Broadcom Inc	2.6
Meta Platforms Inc	2.5
Adobe Inc	2.4
Cadence Design Systems Inc	2.3
Uber Technologies Inc	2.2

Asset Allocation as of December 31, 2023



Due to rounding, totals may not equal 100%

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Return Gross of Fees	18.48%	10.27%	0.06%	5.33%	15.63%	-6.26%	23.23%	12.18%	17.53%	-15.68%	16.02%
Total Return Net of Fees	17.87%	9.71%	-0.45%	4.79%	15.08%	-6.69%	22.66%	11.64%	16.95%	-16.09%	15.46%
Benchmark Return	18.17%	9.46%	1.43%	7.97%	13.94%	-2.01%	21.34%	14.78%	16.04%	-14.04%	17.62%
Composite 36 Month Standard Deviation	7.80%	5.97%	6.48%	6.68%	6.09%	7.04%	7.71%	12.40%	11.60%	14.66%	12.68%
Benchmark 36 Month Standard Deviation	7.59%	5.54%	6.37%	6.25%	5.76%	6.28%	7.06%	11.23%	10.44%	13.31%	11.57%
Number of Portfolios	61	76	127	141	144	144	113	114	122	126	122
Internal Dispersion	4.30%	2.53%	0.76%	0.97%	2.95%	1.23%	1.30%	1.79%	1.46%	1.13%	2.82%
Composite Assets (US\$ millions)	263.1	288.1	297.6	287.9	307.0	248.7	191.8	196.7	222.9	154.0	173.9
Strategy Assets (US\$ millions)	269.0	296.1	313.5	318.2	345.4	288.6	244.0	255.3	293.3	214.2	239.0
Total Firm Assets (US\$ millions)	3,664.9	4,091.7	4,490.7	4,769.4	4,865.7	5,183.2	4,548.9	4,782.0	4,647.0	4,427.7	4,505.4
Total Entity Assets (US\$ millions)	4,486.3	5,383.3	6,634.5	7,172.0	7,538.4	7,454.1	7,142.0	7,185.0	7,662.0	6,810.3	6,640.4

Strategy Assets and Total Entity Assets include applicable composite assets, wrap program assets, and model portfolio assets and are presented as supplemental information.

Dana does not have final trading authority on model portfolio assets, which are excluded from both Composite Assets and Total Firm Assets.

Asset allocation, statistics, and performance data is presented for the Dana Balanced composite. Equity and fixed income characteristics only pertain to the identified investment strategies. While the identified investment strategies are contained in the Dana Balanced composite, their respective characteristics do not represent the overall Dana Balanced composite's characteristics, as actual characteristics vary based upon client preferences.

Dana Investment Advisors, Inc. ("Dana") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. 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. Dana has been independently verified for the periods January 1, 1992 through December 31, 2022.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Dana Balanced composite has had a performance examination for the periods January 1, 1992 through December 31, 2022. The verification and performance examination reports are available upon request.

- Definition of Firm:** Dana Investment Advisors, Inc. is an SEC-registered independent investment management firm established in 1980 and is not affiliated with any parent organization. Dana manages a variety of equity, fixed income, and balanced portfolios for primarily U.S. institutional, individual, and mutual fund clients.
- Composite Creation Date:** December 31, 1987.
- Composite Definition:** The Dana Balanced composite includes all fee-paying, discretionary equity portfolios that invest in a blend of U.S. and International equities and fixed income securities with the goal of providing long-term capital appreciation and income within a well-diversified balanced strategy. The composite does not have a minimum size criterion for membership. A complete list of composite descriptions is available upon request.
- Benchmark Description:** The current blended benchmark for the Dana Balanced composite consists of 60% S&P 500 Index and 40% ICE BofA 1-10 Year US Corporate & Government Index ("ICE BofA 1-10 Yr C/G Index"). The blended benchmark is rebalanced at the beginning of each quarter. Prior to January 1, 2012, the blended benchmark utilized as the composite benchmark was 50% S&P 500 Index and 50% ICE BofA 1-10 Year US Corporate & Government Index. The change was made as the asset allocation and characteristics of Dana Balanced composite portfolios more closely match those of a 60% S&P 500 Index and 40% ICE BofA 1-10 Year US /Corporate & Government Index blend.
- Performance and Fees:** Valuations are computed and performance is reported in U.S. dollars. Gross-of-fees returns are presented before investment management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting Dana's actual investment management fees from the monthly gross-of-fees returns. Dana's current standard annual Balanced fee schedule is 0.65% on the first \$10MM, 0.55% on the next \$15MM, and 0.45% thereafter; however, Dana's investment management fees may vary based upon the differences in size, composition, and servicing needs of client accounts. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- Standard Deviation:** The 36-month annualized standard deviation measures the variability of the monthly net-of-fees composite and the benchmark monthly returns for the period.
- Internal Dispersion:** Dispersion is calculated using the equal-weighted standard deviation of annual net returns of those portfolios that were included in the composite for the entire year.

Past performance is not indicative of future results.

Data and Chart Sources: Dana Investment Advisors; <sup>(a)</sup> FactSet Research Systems; <sup>(b)</sup> Morningstar Direct; <sup>(c)</sup> Bloomberg Finance L.P.; ‡ GIPS inception January 1, 1992.

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