



# DANA CARBON SENSITIVE ESG EQUITY STRATEGY

QUARTERLY  
REVIEW

As of December 31, 2021

In 2021, the S&P 500 Index returned +28.71% in another strong year for US equity markets. While the market did pullback coming into October and into December, these retreats were both brief and shallow. A Santa Claus rally then capped a +11.03% Q4 return for the S&P 500 Index. Even though the year was replete with challenges and stress, the buoyant S&P 500 Index set 70 record high daily closing values in 2021. Since 1929, only 1995 had more all-time closing highs. The S&P 500 Index has returned a remarkable +16.73% annualized since 3/31/2009, the depths of the global financial crisis. What a period for equities!

The Dana Carbon Sensitive ESG Equity Strategy delivered a +10.59% return in Q4, and +28.41% for the full-year 2021, slightly lagging the benchmark. The wider market cap exposure of the Strategy was a headwind in Q4 relative to the S&P 500 Index as a small number of very large, high-growth constituents drove the index returns. The Industrials sector was the strongest for the Strategy on a relative basis, while Real Estate had the highest absolute returns in the Strategy and the benchmark. The weakest relative performance came in the Information Technology sector. Turnover in the Strategy was very light in Q4 as we were comfortable with our positioning, and performance versus the broader market remained steady across sectors. Going forward, we anticipate making steady adjustments in holdings to capitalize on investment opportunities beyond the mega-cap and dominant growth stories. While the transition into 2022 will likely present new challenges in the market, we see numerous companies providing fundamental performance that should reward investors.

## SECTOR CONTRIBUTORS

**Industrials** – Several holdings recovered from mid-year weakness, led by W. W. Grainger, Inc. (GWW) and Norfolk Southern Corporation (NSC). All but one of the holdings outperformed the sector average.

**Health Care** – The Strategy had double-digit returns from 5 holdings, with particular strength from AbbVie, Inc. (ABBV) and CVS Health Corporation (CVS).

## SECTOR DETRACTORS

**Information Technology** – Negative returns from Fidelity National Information Services, Inc. (FIS), Visa, Inc. (V) and Adobe, Inc. (ADBE), were detractors from the Strategy in Q4. Underweights to Apple, Inc. (AAPL) and Microsoft Corporation (MSFT) also hurt relative returns as mega-cap stocks dominated the S&P 500 Index.

**Financials** – Suppression of travel spending due to the Omicron variant, and questions around consumer credit going forward, led to negative returns in Discover Financial Services (DFS) and American Express Company (AXP). Hannon Armstrong Sustainable Infrastructure (HASI) struggled as alternative energy stocks continued to retreat.

Characteristics <sup>a b</sup>	Dana Carbon Sensitive ESG	S&P 500 Index
Market Cap (billions)	\$ 373.7	\$ 674.3
Median Market Cap (billions)	\$ 69.5	\$ 34.2
Dividend Yield	1.3%	1.2%
3 Year Dividend Growth	8.9%	7.0%
Return on Equity (ROE) <sup>2</sup>	33.2%	32.7%
P/E NTM <sup>1</sup>	18.7	22.3
P/E LTM <sup>1</sup>	19.8	23.9
Historical 3Yr Sales Growth	9.8%	10.8%
PEG	1.2	1.4

*Weighted Average unless noted:*

*<sup>1</sup> Weighted Harmonic Average; <sup>2</sup> Weighted Median*

Statistics (gross of fees) <sup>b</sup>	Dana Carbon Sensitive ESG	S&P 500 Index
Monthly Returns Since 11/30/2012		
Alpha	-0.68	-
Beta	1.01	1.00
Sharpe Ratio	1.10	1.19
Batting Average	.477	-
Information Ratio	-0.20	-

## SELECT ADDITION

**Cisco Systems, Inc. (CSCO)** – Cisco is the leading provider of network infrastructure hardware and is seeing modest but sustained growth supported by new communications protocols (WiFi 6, 5G, 400GbE, etc.) and multiple drivers of growing bandwidth demand. Cash flow generation and balance sheet are consistently strong, and valuation is very attractive, particularly in light of accelerating order growth.

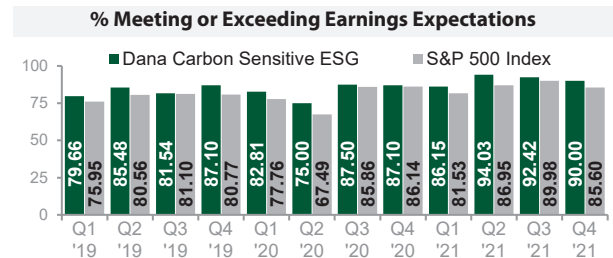
## SELECT DELETION

**Meta Platforms, Inc. (FB)** – Meta Platforms, the company formerly known as Facebook, faces growing challenges. From a purely financial perspective, revenue in the most recent quarter was 2.5% below expectation primarily due to iOS changes (Apple adding privacy features). Income was also hurt by rising capital expenditures. From an ESG perspective, scrutiny over teen health joined longstanding concerns about privacy, misinformation, antitrust, and corporate governance.

Average Annual Total Return (gross of fees) as of 12/31/2021	Unannualized				Since Inception
	Quarter	1 Year	3 Year	5 Year	
<b>Dana Carbon Sensitive ESG Equity Strategy</b>	<b>10.59%</b>	<b>28.41%</b>	<b>24.39%</b>	<b>16.49%</b>	<b>15.95%</b>
S&P 500 Index	11.03%	28.71%	26.07%	18.47%	16.56%

Sector Allocation (%) as of 12/31/2021	Dana Carbon Sensitive ESG	S&P 500 Index
Communication Services	9.54	10.16
Consumer Discretionary	12.79	12.54
Consumer Staples	5.64	5.88
Energy	-	2.67
Financials	10.71	10.69
Health Care	14.18	13.19
Industrials	8.96	7.88
Information Technology	29.81	29.17
Materials	2.73	2.56
Real Estate	3.05	2.77
Utilities	2.59	2.50

Dana Carbon Sensitive ESG Top 10 Holdings (%) as of 12/31/2021	
Alphabet Inc	3.78
Apple Inc	3.76
Microsoft Corp	3.35
Accenture PLC	2.51
CVS Health Corp	2.32
Lam Research Corp	2.27
Bank of New York Mellon	2.25
AbbVie Inc	2.21
The Home Depot Inc	2.19
D.R. Horton Inc	2.19



Dana's Carbon Sensitive ESG Equity Strategy holdings continue to execute well, experiencing more positive earnings surprises than the S&P 500 Index.

Due to rounding, totals may not equal 100%

	12/1/12 to 12/31/12	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Return Gross of Fees	1.14%	36.93%	22.55%	-0.34%	5.68%	24.48%	-10.47%	32.13%	13.43%	28.41%
Total Return Net of Fees	1.14%	35.91%	21.66%	-1.09%	4.99%	23.69%	-11.06%	31.25%	12.75%	27.61%
Benchmark Return	0.91%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%	31.49%	18.40%	28.71%
Composite 36 Month Standard Deviation	N/A	N/A	N/A	10.78%	11.49%	10.66%	11.92%	12.14%	18.63%	17.44%
Benchmark 36 Month Standard Deviation	N/A	N/A	N/A	10.47%	10.59%	9.92%	10.80%	11.93%	18.53%	17.17%
Number of Portfolios	1	1	2	9	13	12	12	14	9	7
Internal Dispersion	N/A	N/A	N/A*	0.97%	0.99%	1.92%	0.53%	1.21%	1.09%	1.01%
Composite Assets (US\$ millions)	1.9	2.8	3.6	38.2	44.2	39.6	25.1	25.1	15.8	17.6
% of Bundled Fee Assets	100.0%	100.0%	100.0%	93.4%	86.3%	81.8%	91.2%	82.1%	73.5%	68.8%
Strategy Assets (US\$ millions)	1.9	2.8	3.6	38.2	44.2	39.6	25.2	25.3	15.8	17.6
Total Firm Assets (US\$ millions)	3,264.2	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
Total Entity Assets (US\$ millions)	3,622.2	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

\* Only one account was in the composite for the entire year.

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.

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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 Carbon Sensitive ESG Equity composite has had a performance examination for the periods November 30, 2012 through December 31, 2020. 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:** November 30, 2012. The composite was known as the Dana Carbon Sensitive SRI Equity composite through December 30, 2017 and thereafter known as the Dana Carbon Sensitive ESG Equity composite.
- Composite Definition:** The Dana Carbon Sensitive ESG Equity composite includes all fee-paying, discretionary equity portfolios that invest in U.S. equities with the goal of providing long-term capital appreciation within a well-diversified ESG integrated equity strategy which does not invest in the Energy sector. The composite does not have a minimum size criterion for membership. A complete list of composite descriptions is available upon request.
- Benchmark Description:** The benchmark for the Dana Carbon Sensitive ESG Equity composite is the S&P 500 Index.
- 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. The composite contains both traditional commission paying and bundled-fee (i.e., asset-based pricing) portfolios. Trading costs are allocated to bundled-fee portfolios at actual asset-based rates. If actual asset-based trading costs cannot be readily identified, the entire bundled fee (which may include costs for administration, investment management, custody, asset allocation, etc.), net of Dana's investment management fees, is deducted from the gross return. 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 Carbon Sensitive ESG Equity fee schedule is 0.75% on the first \$10MM, 0.65% on the next \$15MM, and 0.60% 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 gross-of-fees composite and the benchmark monthly returns for the period. The 36-month annualized standard deviation is not presented for 2012 to 2014 as the periods were less than 36-months from the composite's inception.
- Internal Dispersion:** Dispersion is calculated using the equal-weighted standard deviation of annual gross 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; (a) FactSet Research Systems; (b) Morningstar Direct.

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All data is gross of fees unless otherwise noted

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