



# DANA CATHOLIC SMALL CAP EQUITY STRATEGY

QUARTERLY  
REVIEW

As of March 31, 2023

The S&P 500 and Russell 2000 Indexes delivered positive returns in the first quarter of 2023, despite the stress in the banking system originating from the collapse of Silicon Valley Bank (SIVB). Investor angst over the Fed's actions with regard to SIVB and interest rate hikes contributed to volatility. Growth stocks benefited from a flight to quality as investors bought stocks with high sales growth and durable cash flows (tech stocks, in particular) at the expense of financial stocks.

Characteristics <sup>a b</sup>	Dana Catholic Small Cap	Ru2000 ETF
Market Cap (\$ billions)	4.5	2.9
Median Market Cap (\$ billions)	4.1	0.9
Dividend Yield (%)	1.2	1.4
3 Year Dividend Growth (%)	9.5	4.1
Return on Equity (ROE) (%) <sup>2</sup>	20.2	9.8
P/E NTM <sup>1</sup>	16.2	23.9
P/E LTM <sup>1</sup>	15.6	24.9
Historical 3Yr Sales Growth (%)	20.2	14.4
PEG	1.3	1.7

Weighted Average unless noted:

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

Statistics (net of fees) <sup>b</sup>	Dana Catholic Small Cap	Russell 2000 Index
Monthly Returns Since 6/30/2014		
Alpha	0.07	-
Beta	0.96	1.00
Sharpe Ratio	0.25	0.26
Batting Average	.476	-
Information Ratio	-0.04	-

The Dana Catholic Small Cap Equity Strategy performed well, returning +6.09% versus +2.74% for the Russell 2000 Index in Q1. Stock selection was strong across multiple sectors, driving the outperformance. The Strategy as a whole has a significantly lower projected P/E and better sales projections versus the benchmark. These characteristics provided a solid foundation during this stressful market period. We are pleased to note that the Dana Catholic Small Cap Equity Strategy has outperformed its benchmark index over the 1, 3, and 5 year periods – time periods that encompass the Covid-driven lockdown and reopening, the invasion of Ukraine, and the recent banking crisis.

During the quarter we added a financial stock that is shifting its exposure to steadier business lines and away from commercial real estate lending. In addition, changes were made to several Health Care holdings, which were a source of weakness in the quarter, along with a number of other replacements that we believe improved the risk/return posture of the Strategy. In terms of the economic outlook, there is concern that earnings estimates are too high, so we are trading carefully and attending to our relative valuation discipline and sector neutral portfolio construction.

## SECTOR CONTRIBUTORS

**Industrials** – Atkore, Inc. (ATKR) rallied on a strong quarter and upped guidance on EPS and EBITDA on strength in electrification construction. Clean Harbors, Inc. (CLH) outperformed worried estimates and guided better than feared on '23 EBITDA.

**Consumer Discretionary** – TopBuild Corporation (BLD) topped the performance list in this sector while four other holdings exceeded the performance of the benchmark holdings. TopBuild beat both revenue and earnings expectations.

## SECTOR DETRACTORS

**Energy** – Crude oil and natural gas prices declined again in Q1 on warmer weather and rising recession odds during a volatile quarter as macro tensions and supply questions remain in focus. Lack of exposure to refining, off-shore, and transportation hurt relative performance. Ovitiv, Inc. (OVV) reported a weak quarter with a surprisingly high Canadian tax expense and weak Q1 production guide. Cactus, Inc. (WHD) declined as well.

**Health Care** – Outflows from biotech accelerated during the risk-off environment in February and March as the market considered tighter for longer Fed. Halozyme Therapeutics, Inc. (HALO) and Cytokinetics, Inc. (CYTK) retreated on less-than perfect legal rulings (HALO) and trial results (CYTK). Axsome Therapeutics, Inc. (AXSM) saw profit taking after a strong Q4 was followed by a downgrade and concern about a Teva Pharmaceutical Industries Limited (TEVA) patent challenge.

## SELECT ADDITIONS

**GMS, Inc. (GMS)** – This North American building products supplier experienced strong revenue growth and pricing power in 2022. The company is expanding its product offerings in various markets. The recent earnings announcement was positive with free cash flow improving and net debt leverage lower than the year before. The AMES acquisition added value and organic growth was strong as well.

**Eagle Materials, Inc. (EXP)** – EXP is a major U.S. manufacturer of construction materials including cement, paperboard, concrete, and aggregates. The company offers a competitive price in wallboard and is benefiting from tighter capacity and higher pricing in cement. We believe there is more room for margin expansion.

## SELECT DELETIONS

**Horizon Therapeutics PLC (HZNP)** – HZNP disappointed investors through much of 2022. In December, Amgen made HZNP an offer it couldn't refuse and the stock rose significantly. The FTC has issued HZNP a second request on the planned merger. At this stage we see little upside to the stock and have chosen to exit and invest elsewhere.

**Omniceil, Inc. (OMCL)** – The company provides medication management solutions for health service systems and pharmacies. OMCL reported disappointing earnings in its 13/2022 quarter. Management guided product bookings lower citing budget freezes, project delays, and customer labor shortages. We sold the stock on the bounce in January given the disappointing news flow and continuing headwinds.

Average Annual Total Return (%) as of 03/31/2023	Unannualized				
	Quarter	1 Year	3 Year	5 Year	Since Inception
<b>Dana Catholic Small Cap Equity Strategy (gross of fees)</b>	<b>6.27</b>	<b>-7.92</b>	<b>23.67</b>	<b>6.68</b>	<b>6.73</b>
<b>Dana Catholic Small Cap Equity Strategy (net of fees)</b>	<b>6.09</b>	<b>-8.54</b>	<b>22.85</b>	<b>5.99</b>	<b>6.04</b>
Russell 2000 Index	2.74	-11.61	17.51	4.71	6.25

Sector Allocation (%) as of 03/31/2023	Dana Catholic Small Cap	Ru2000 ETF
Communication Services	2.79	2.75
Consumer Discretionary	11.67	11.34
Consumer Staples	4.00	3.77
Energy	6.29	6.46
Financials	17.48	16.08
Health Care	15.54	15.99
Industrials	17.02	16.97
Information Technology	11.46	12.40
Materials	4.37	4.58
Real Estate	6.14	6.33
Utilities	3.24	3.33

Dana Catholic Small Cap Equity Strategy Top 10 Holdings (%) as of 03/31/2023	
Ensign Group Inc	2.16
FTI Consulting Inc	2.15
Clean Harbors Inc	2.09
Envista Holdings Corp	2.04
Deckers Outdoor Corp	2.02
Bloomin Brands Inc	2.02
EnerSys	2.01
Atkore Inc	2.00
e.l.f. Beauty Inc	1.96
TopBuild Corp	1.95

Due to rounding, totals may not equal 100%

	6/30/2014 to 12/31/2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD 2023
Total Return Gross of Fees	1.75%	2.26%	11.75%	13.29%	-14.42%	23.76%	13.69%	31.72%	-20.37%	6.27%
Total Return Net of Fees	1.50%	1.64%	10.95%	12.55%	-14.97%	23.03%	12.97%	30.87%	-20.92%	6.09%
Benchmark Return	1.66%	-4.41%	21.31%	14.65%	-11.01%	25.52%	19.96%	14.82%	-20.44%	2.74%
Composite 36 Month Standard Deviation	N/A	N/A	N/A	12.59%	15.42%	16.31%	25.76%	23.86%	26.14%	21.78%
Benchmark 36 Month Standard Deviation	N/A	N/A	N/A	13.91%	15.79%	15.71%	25.27%	23.35%	26.02%	22.52%
Number of Portfolios	1	2	3	3	3	3	5	5	5	5
Internal Dispersion	N/A	N/A*	0.25%	0.02%	0.58%	0.84%	0.57%	0.43%	0.38%	N/A
Composite Assets (US\$ millions)	1.1	10.1	16.0	17.2	13.6	16.0	27.5	34.4	37.1	40.2
% of Bundled Fee Assets	100.0%	10.7%	8.7%	9.2%	9.1%	7.9%	5.2%	4.7%	3.5%	3.4%
Strategy Assets (US\$ millions)	1.1	10.1	16.0	17.2	13.6	16.0	27.5	35.1	37.6	40.7
Total Firm Assets (US\$ millions)	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	4,417.8
Total Entity Assets (US\$ millions)	5,383.3	6,634.5	7,172.0	7,538.4	7,454.1	7,142.0	7,185.0	7,662.0	6,816.3	6,794.8

\*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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- 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:** June 30, 2014. The composite was known as the Dana Catholic ESG Small Cap Equity composite through March 31, 2023 and thereafter known as the Dana Catholic Small Cap Equity composite.
- Composite Definition:** The Dana Catholic Small Cap 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 Catholic small cap 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 benchmark for the Dana Catholic Small Cap Equity composite is the Russell 2000 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 Catholic Small Cap Equity fee schedule is 0.75% on the first \$10MM, 0.70% on the next \$15MM, and 0.65% 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. The 36-month annualized standard deviation is not presented for 2014 to 2016 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 net returns of those portfolios that were included in the composite for the entire year.

**Past performance is not indicative of future results.**

Characteristics for the iSHARES® Russell 2000 ETF ("Ru2000 ETF") are presented for informational purposes only and are merely intended to serve as an approximation of similar characteristics for the underlying index. Dana is neither affiliated with iSHARES®, nor its distributor, BlackRock Investments, LLC ("BLACKROCK®"). iSHARES® and BLACKROCK® are registered trademarks of BFA and its affiliates. Data and Chart Sources: Dana Investment Advisors; (a) FactSet Research Systems; (b) Morningstar Direct.

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