



# DANA CATHOLIC SMALL CAP EQUITY STRATEGY

QUARTERLY  
REVIEW

As of September 30, 2023

After a somewhat stable first half of the year, interest rates began steadily rising in mid-July, and by the end of the quarter were at their highest level in over 15 years. These higher rates put pressure on equity markets as valuation measures began to discount future cash flows at higher rates. Not only did rates back up, but oil prices did as well, moving from approximately \$70 to \$90 a barrel by quarter end. The Energy sector was the only sector that delivered a positive return out of the 11 sectors in the benchmark. Investors began to fear that rates would remain higher for longer and this also increased concerns of a rate-induced recession. As a result of higher oil prices, and fear of higher rates for longer, the S&P 500 Index ended the quarter down -3.27%, with mid-cap and small-cap stocks suffering deeper declines. The Russell 2000 Index declined -5.13%.

The Dana Catholic Small Cap Equity Strategy declined -7.15% during the quarter. Year-to-date the Strategy is up +5.22% and +13.46% year-over-year. Overall earnings continue to beat expectations in the Strategy, providing a strong validation of our stock selection discipline. We are seeing value in the small cap universe compared to loftier values in the largest cap stocks and continue to take advantage of these opportunities. Our outlook remains optimistic for the existing Strategy.

Characteristics <sup>a b</sup>	Dana Catholic Small Cap	Ru2000 ETF
Market Cap (\$ billions)	4.6	2.8
Median Market Cap (\$ billions)	4.0	0.8
Dividend Yield (%)	1.1	1.6
3 Year Dividend Growth (%)	9.9	7.5
Return on Equity (ROE) (%) <sup>2</sup>	19.9	8.9
P/E NTM <sup>1</sup>	16.6	23.0
P/E LTM <sup>1</sup>	18.0	26.2
Hist 3Yr Sales Growth (%)	19.8	15.9
PEG	1.6	2.2

Weighted Average unless noted: 1 Weighted Harmonic Average; 2 Weighted Median

Statistics (net of fees) <sup>b</sup>	Dana Catholic Small Cap	Russell 2000 Index
Monthly Returns Since 6/30/2014		
Alpha	-0.02	-
Beta	0.96	1.00
Sharpe Ratio	0.22	0.23
Batting Average	.477	-
Information Ratio	-0.05	-

## SECTOR CONTRIBUTORS

**Financials** – Pinnacle Financial Partners, Inc. (PNFP) and Evercore, Inc. (EVR) were up double-digits, both contributing on an absolute and relative basis.

**Consumer Discretionary** – Group 1 Automotive, Inc. (GPI) delivered a positive return in an otherwise weak sector laden with consumer spending worries.

## SECTOR DETRACTORS

**Health Care** – DocGo, Inc. (DCGO) and TransMedics Group, Inc. (TMDX) lagged in this underperforming sector in Q3.

**Industrials** – Cyclical, interest rate sensitive stocks were under pressure and this included MasTec, Inc. (MTZ).

## SELECT ADDITIONS

**Applied Industrial Technologies, Inc. (AIT)** – AIT is expanding ROIC and margins and should continue to see multiple expansion. Secular tailwinds from reshoring, outsourcing, and automation are drivers. AIT is levered to maintenance, repair and operations capex spending. AIT also has value add services like engineered solutions which differentiate from pure distributors. AIT is an active acquirer doing accretive deals annually. The company has a clean balance sheet and excellent free cash flow generation (up 8% organically in Q2).

**Weatherford International PLC (WFRD)** – WFRD is a services company involved in drilling, construction and production of wells. Diversification outside the lower 48 comes from rising rig counts globally especially in Latin America. The firm is generating better than consensus FCF and leverage is falling. Versus larger peers, WFRD's multiple has ample room for expansion.

## SELECT DELETIONS

**MasTec, Inc. (MTZ)** – MasTec missed Q2 estimates and guided EBITDA lower, despite resumption of the Mountain Valley Pipeline.

**Ovintiv, Inc. (OVV)** – Ovintiv's balance sheet discipline took a back seat to some asset shuffling, but their tilt to natural gas versus crude meant less leverage to higher commodity deck vs peers. We prefer Weatherford's diversification and upside potential at this stage.

Average Annual Total Return (%) as of 09/30/2023	Unannualized					Since Inception
	Quarter	YTD	1 Year	3 Year	5 Year	
<b>Dana Catholic Small Cap Equity Strategy (gross of fees)</b>	<b>-7.10</b>	<b>5.63</b>	<b>14.08</b>	<b>12.55</b>	<b>3.89</b>	<b>6.28</b>
<b>Dana Catholic Small Cap Equity Strategy (net of fees)</b>	<b>-7.15</b>	<b>5.22</b>	<b>13.46</b>	<b>11.83</b>	<b>3.25</b>	<b>5.62</b>
Russell 2000 Index	-5.13	2.54	8.93	7.16	2.40	5.88

Sector Allocation (%) as of 09/30/2023	Dana Catholic Small Cap	Ru2000 ETF
Communication Services	2.45	2.40
Consumer Discretionary	10.76	10.61
Consumer Staples	3.58	3.59
Energy	8.41	8.46
Financials	16.53	16.01
Health Care	14.49	14.85
Industrials	17.35	17.32
Information Technology	13.29	13.33
Materials	4.72	4.57
Real Estate	6.02	6.04
Utilities	2.38	2.82

Due to rounding, totals may not equal 100%

Dana Catholic Small Cap Equity Strategy Top 10 Holdings (%) as of 09/30/2023	
Weatherford Int'l	2.09
Matador Resources Co	2.08
Cactus Inc	2.08
Veeco Instruments Inc	2.08
Chord Energy Corp	2.06
Lantheus Holdings	2.05
Atkore Inc	2.02
Ensign Group Inc	1.99
Clean Harbors Inc	1.98
Axcelis Technologies Inc	1.96

	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%	5.63%
Total Return Net of Fees	1.50%	1.64%	10.95%	12.55%	-14.97%	23.03%	12.97%	30.87%	-20.92%	5.22%
Benchmark Return	1.66%	-4.41%	21.31%	14.65%	-11.01%	25.52%	19.96%	14.82%	-20.44%	2.54%
Composite 36 Month Standard Deviation	N/A	N/A	N/A	12.59%	15.42%	16.31%	25.76%	23.86%	26.14%	21.27%
Benchmark 36 Month Standard Deviation	N/A	N/A	N/A	13.91%	15.79%	15.71%	25.27%	23.35%	26.02%	22.07%
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	38.0
% of Bundled Fee Assets	100.0%	100.0%	8.7%	9.2%	9.1%	7.9%	5.2%	4.7%	3.5%	3.2%
Strategy Assets (US\$ millions)	1.1	10.1	16.0	17.2	13.6	16.0	27.5	35.1	37.6	38.2
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	4,445.4
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	6,810.3	6,421.2

\*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:** September 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.**

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