



The last quarter of 2023 was the best and brightest quarter of the year for the S&P 500 Index and even more so for the Russell 2000 Index. The Russell 2000 Index was up +14.03% for the quarter and +16.93% for the year. Macroeconomic factors played a key role in the year-end rally. Interest rates dominated investor behavior, driven by a significant improvement in inflation and GDP growth. Corporate earnings and Fed speak played a supporting role. While much of 2023 was dominated by large-cap and especially mega-cap stocks dubbed the “Magnificent 7”, the equity market broadened out in the final quarter of the year. Attractive relative valuations, flows into small-cap ETFs, and falling interest rates turbo-charged many small-cap companies.

PERFORMANCE

The Dana Catholic Small Cap Equity Strategy returned +14.50% for the quarter and +20.48% for the year, exceeding the benchmark for both periods. Healthcare holdings were four of the top five largest contributors to Strategy returns in the final quarter of 2023, with biotech stocks leading the way. Cytokinetics, Inc. (CYTK) and TG Therapeutics, Inc. (TGTX) more than doubled and Blueprint Medicines Corporation (BPMC) and TransMedics Group, Inc. (TMDX) had stellar returns as well. Biotech Cytokinetics rallied on positive news flow and M&A rumors. TransMedics, a transplant transportation company, recovered from a disappointing Q2 and reported very strong sales in Q3, even upping full year guidance. Blueprint Medicines rose on news that Ayyakit scripts (GI oncology drug) were ahead of expectations and from a broader physician base. Construction and insulation contractor TopBuild Corporation (BLD) was another top performer that posted EBITDA and EPS beats.

Laggards for the quarter were more diverse. Semiconductor related stocks were weak this quarter and holdings Axcelis Technologies, Inc. (ACLS) and Lattice Semiconductor Corporation (LSCC) gave up ground. Communication Services company, Ooma, Inc. (OOMA) declined despite earnings beat. Energy company Cactus, Inc. (WHD) modestly declined in a sector that failed to excite investors. Lantheus Holdings (LNTH) suffered a setback as partner Point Biopharma released trial results for prostate cancer drug PNT-2002 that suggest a pushback in potential FDA approval date and smaller addressable market.

STRATEGY ACTIVITY

The Strategy initiated purchased in PDF Solutions, Inc. (PDFS), and Installed Building Products, Inc. (IBP). PDF Solution’s Extensio cloud-based analytics platform supports multiple data formats for engineering including semi design and optimization. PDF’s super clean balance sheet and fast-growing addressable market (doubled from \$1.3b to \$2.6b in four years), are a launch pad for profitability. The company is aiming for software-like 20% revenue growth with 70%+ gross margins. A pullback in the stock in November offered a good entry point. We swapped into PDF at the expense of Box, Inc. (BOX), a cloud management company. Box disappointed investors with a weak Q3 earnings report and lowered guidance.

We also added Installed Building Products, Inc. (IBP) to the Strategy. IBP is a leading insulation installer with a national presence and its energy efficiency and savings solutions have significant growth potential. Management looks to bolt on mom-and-pop acquisitions and new home construction has been a bright spot as home resales stalled. IBP is benefiting from a focus on margin over volume and margins and leverage have improved through a tighter residential environment. Multi-family and commercial are picking up the slack in starts. Lastly, we sold TopBuild Corporation (BLD) as its market cap soared. BLD has some inventory risk in its distribution business, and while we like the stock, we believe IBP has more headroom at these levels.

The year-end broadening of the market and investor recognition of the relative value of small and midcap securities were a welcome boost to 2023 performance. We expect the Strategy to continue to benefit from a less concentrated market and one that rewards disciplined stock selection.

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

Top 5 Contributors as of 12/31/2023 (Quarter Return,%gross of fees)	
Cytokinetics Inc (CYTK)	183.40
TG Therapeutics Inc (TGTX)	104.31
Blueprint Medicines Corp (BPMC)	83.67
TopBuild Corp (BLD)‡	49.15
TransMedics Group Inc (TMDX)	44.16

Bottom 5 Detractors as of 12/31/2023 (Quarter Return,%gross of fees)	
Axcelis Technologies Inc (ACLS)	-20.46
Lattice Semiconductor Corp (LSCC)	-19.71
Ooma Inc (OOMA)	-17.52
Lantheus Holdings Inc (LNTH)	-10.77
Cactus Inc (WHD)	-9.32

‡ Return is from the beginning of the quarter through date stock was sold.

	6/30/2014 to 12/31/2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Return Gross of Fees	1.75%	2.26%	11.75%	13.29%	-14.42%	23.76%	13.69%	31.72%	-20.37%	21.29%
Total Return Net of Fees	1.50%	1.64%	10.95%	12.55%	-14.97%	23.03%	12.97%	30.87%	-20.92%	20.48%
Benchmark Return	1.66%	-4.41%	21.31%	14.65%	-11.01%	25.52%	19.96%	14.82%	-20.44%	16.93%
Composite 36 Month Standard Deviation	N/A	N/A	N/A	12.59%	15.42%	16.31%	25.76%	23.86%	26.14%	20.82%
Benchmark 36 Month Standard Deviation	N/A	N/A	N/A	13.91%	15.79%	15.71%	25.27%	23.35%	26.02%	21.11%
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%	0.49%
Composite Assets (US\$ millions)	1.1	10.1	16.0	17.2	13.6	16.0	27.5	34.4	37.1	43.1
% 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	43.4
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	4,505.4
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	6,640.4

*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.

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 Catholic Small Cap Equity composite has had a performance examination for the periods December 31, 2014 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:** 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.