



DANA CONCENTRATED DIVIDEND EQUITY STRATEGY

QUARTERLY
REVIEW

As of June 30, 2022

The U.S. stock markets were negative for the second consecutive quarter with the first back-to-back quarterly declines in the S&P 500 Index since 2008-09. The S&P 500 Index fell -16.10% in Q2 and is down -19.96% YTD, the weakest first half of the year since 1970. Primarily due to valuation support and higher exposure to Energy stocks, Value stocks have held up better than the broad market as the Russell 1000 Value Index returned -12.21% for Q2 and -12.86 YTD. Spurred by rising inflation, the Fed raised short-term interest rates twice during Q2 and began the process of slowly reducing its balance sheet (i.e., quantitative tightening). Fixed income markets have tightened financial conditions ahead of the Fed as market based borrowing costs for mortgages and corporates of all credit quality have increased considerably. Despite strong demand and meaningful pricing power, many businesses saw margins decline from their 2021 peaks due to rising costs. The Russia-Ukraine conflict continued to drive volatility and uncertainty in commodities.

The Dana Concentrated Dividend Equity Strategy returned -11.64% in the second quarter, outperforming the benchmark return of -12.21. We are encouraged by the downside protection that our valuation discipline has provided. Outperforming in down periods has been shown to be the main value add of active managers and has helped the Strategy remain ahead of the benchmark on YTD, 1, 3 and 5 year performance periods. True to our contrarian nature, we took advantage of the market volatility to initiate new positions in some of the hardest hit segments of the market. While the current environment remains uncertain, the Strategy trades at a forward earnings multiple of just 11.6x with an expected earnings growth rate of 9%. The dividend yield at the end of the quarter was a healthy 7.9% and we expect Strategy holdings to increase dividends paid at the usual mid-single digit rate or higher. The total shareholder yield (the combined dividends and net share repurchases) of 6.6% also provides further downside protection and shareholder value accretion even if the market remains volatile.

SECTOR CONTRIBUTORS

Health Care – The sector significantly outperformed while the Strategy was underweight during the quarter. However, we more than made up the negative allocation effect with strong stock performance. Large biopharma stocks continued to outperform due to their safe haven status and significant free cash flow during times of rising volatility. The Strategy's largest position in the sector, Merck & Co. (MRK), enjoyed significant multiple expansion as the market continued to re-rate this leading pharma company.

Materials – The Strategy enjoyed outperformance from being underweight the sector which was the second worst performing sector in the Benchmark. The Strategy's only Materials holding, Axalta Coating Systems (AXTA), outperformed due to its end markets of auto refinish that still enjoyed a post Covid recovery and being inherently less volatile than other Materials stocks.

SECTOR DETRACTORS

Communications – The Strategy was overweight in Communications and specific holdings detracted from performance in Q2. Macro concerns have weighted on the performance of the advertising supported stocks such as Alphabet (GOOGL) and Interpublic Group (IPG). The market has also soured on subscriptions driven telecom and media stock, concerned that Covid has caused a pull forward of subs for Comcast (CMCSA) and Netflix (NFLX) at a time when competitive intensity is rising.

Energy – The Strategy was about neutral weight but the two holdings slightly underperformed the sector as they gave up some of their very strong gains from the previous quarter. Schlumberger NV (SLB) is a "higher beta" Energy stock and this held true as the sector recorded negative performance in the quarter.

Characteristics ^{a b c}	Dana Concentrated Dividend Equity	Ru1000V ETF
Dividend Yield	3.3%	2.2%
3 Year Dividend Growth	7.9%	7.3%
Shareholder Yield	6.6%	4.7%
Price to Free Cash Flow	9.3	14.6
P/E NTM ¹	11.6	13.1
Historical 3Yr Sales Growth	8.5%	7.6%
Est. 3-5 Year EPS Growth	13.4%	9.7%
Return on Equity (ROE) ²	21.4%	19.4%
Net Margin	20.1	17.6

Weighted Average unless noted:

¹ Weighted Harmonic Average; ² Weighted Median

Statistics Since 3/31/2012 ^(b) (gross of fees)	Dana Concentrated Dividend Equity	Russell 1000 Value Index
Alpha	1.46	-
Beta	0.94	1.00
Sharpe Ratio	0.76	0.66
Batting Average	.561	-
Information Ratio	0.29	-

SELECT ADDITIONS

Caesars Entertainment, Inc. (CZR) – CZR is one of the largest casino operators in the world with properties on the Las Vegas Strip and in key regional markets. CZR is currently at a peak investment phase of its digital business with the company guiding to breakeven by the 2023 football season. Given concern about a slowing consumer economy, CZR stock has underperformed providing an opportunity to initiate a position at attractive multiples.

Douglas Emmett, Inc. (DEI) – DEI has the largest share of the premium office market as well as some multi-family exposure in key West Los Angeles submarkets of Santa Monica, Brentwood, and Beverly Hills. We believe the hit to occupancy from Covid is temporary and recessions fears present us with an opportunity to buy this unique collection of premium real estate assets at a discounted price and a 4.9% dividend yield.

SELECT DELETIONS

Axalta Coating Systems (AXTA) – AXTA is the leading global auto refinish, new auto, and industrial coatings supplier. We initially invested in the company during the March 2020 market sell-off as miles driven and new auto production declined, and the stock recovered nicely. We are generally pleased with the company's performance, but are finding better opportunities.

Bank of Marin Bancorp (BMRC) – BMRC is a regional bank primarily serving the Northern Bay Area. We were attracted to its long history of conservative underwriting, footprint growth through consolidation, low earnings multiple, and high dividend yield. We are generally pleased with the company's performance and its recent acquisition, but are finding more attractive opportunities.

Average Annual Total Return (gross of fees) as of 6/30/2022	Unannualized						Since Inception
	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	
Dana Concentrated Dividend Equity Strategy	-11.64%	-11.76%	-5.02%	10.23%	9.51%	11.36%	11.02%
Russell 1000 Value Index	-12.21%	-12.86%	-6.82%	6.87%	7.17%	10.50%	9.99%

Sector Allocation (%) as of 06/30/2022	Dana Concentrated Dividend Equity	Ru1000V ETF
Communication Services	14.01	8.76
Consumer Discretionary	1.79	5.75
Consumer Staples	18.50	7.29
Energy	6.29	7.24
Financials	23.20	19.52
Health Care	14.65	17.23
Industrials	4.82	9.90
Information Technology	10.33	9.03
Materials	0.00	4.23
Real Estate	6.41	5.09
Utilities	0.00	5.96

Due to rounding, totals may not equal 100%

Dana Concentrated Dividend Equity Top 10 Holdings (%) as of 06/30/2022	
Philip Morris International Inc	8.79
Merck & Co Inc	8.06
Wells Fargo & Co	5.66
Bank of New York Mellon	5.19
Truist Financial Corp	4.55
Gaming and Leisure Properties	4.20
Bristol-Myers Squibb Co	3.91
Fiserv Inc	3.87
Discover Financial Services	3.75
Ingredion Inc	3.70

	3/31/2012 to 12/31/2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD 2022
Total Return Gross of Fees	3.48%	29.25%	16.29%	-0.12%	10.95%	19.62%	-4.75%	20.41%	8.21%	29.29%	-11.76%
Total Return Net of Fees	2.98%	28.47%	15.59%	-0.68%	10.32%	18.92%	-5.31%	19.70%	7.57%	28.53%	-12.04%
Benchmark Return	5.75%	32.53%	13.45%	-3.83%	17.34%	13.66%	-8.27%	26.54%	2.80%	25.16%	-12.86%
Composite 36 Month Standard Deviation	N/A	N/A	N/A	9.91%	9.98%	9.35%	10.25%	11.35%	18.76%	18.65%	19.47%
Benchmark 36 Month Standard Deviation	N/A	N/A	N/A	10.68%	10.77%	10.20%	10.82%	11.85%	19.62%	19.06%	19.18%
Number of Portfolios	2	2	2	3	4	4	5	13	14	33	61
Internal Dispersion	N/A	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	0.72%	0.54%	0.31%	N/A
Composite Assets (US\$ millions)	0.4	0.6	0.7	2.2	3.7	3.9	3.9	10.6	11.7	28.5	34.5
% of Bundled Fee Assets	30.6%	46.3%	46.4%	15.4%	11.7%	13.0%	12.2%	0.0%	0.0%	0.0%	0.0%
Strategy Assets (US\$ millions)	0.4	0.6	0.7	2.2	3.7	3.9	3.9	10.6	11.7	43.4	55.1
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	4,517.9
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	6,979.6

* Less than 5 accounts were 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:** March 31, 2012.
- Composite Definition:** The Dana Concentrated Dividend Equity composite includes all fee-paying, discretionary equity portfolios that invest in U.S. equities with the goal of providing long-term capital appreciation utilizing a concentrated dividend focused equity 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 Concentrated Dividend Equity composite is the Russell 1000 Value 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 Concentrated Dividend Equity fee schedule is 0.75% on the first \$10MM, 0.65% on the next \$15MM, and 0.50% 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 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.

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Data and Chart Sources: Dana Investment Advisors; (a) FactSet Research Systems; (b) Morningstar Direct; (c) Bloomberg.

Dana Investment Advisors, Inc. • 20700 Swenson Drive • Suite 400 • Waukesha, Wisconsin 53186 • P.O. Box 1067 • Brookfield, WI 53008-1067
e-mail: Info@Danainvestment.com • website: www.Danainvestment.com • (800) 765-0157

All data is gross of fees unless otherwise noted

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