



DANA CONCENTRATED DIVIDEND EQUITY STRATEGY

QUARTERLY
REVIEW

As of September 30, 2022

Stock markets entered the third quarter on a hopeful note in July, yet this hope was dashed by mid-August. Jerome Powell used his August Jackson Hole presentation to deliver a succinct and direct message that the Fed would not change from its tightening policy until inflation was clearly abating. Many market participants were expecting a more accommodative policy, given the impact that the dramatic rise in rates has already had on economic growth. The Fed's firm stance surprised investors and the market resumed its decline. The S&P 500 Index delivered a -4.88% return for the quarter, down -16.71% from its August peak, which marked the benchmark's third consecutive quarterly decline. Value stocks somewhat lagged, with the Russell 1000 Value benchmark down -5.6% in the quarter. The Q2 earnings season was weaker than recent history, but many companies still managed to exceed cautious expectations. Investors' concerns once again turned towards stubborn worldwide inflation, higher interest rates, the effects of a strong dollar, the ongoing Ukraine conflict, rising concerns about global recession, and Q3 earnings expectations that depicted a deeper earnings decline compared to historical averages. Growth held up better than value in the quarter, benefiting from growth's strong relative performance during July's market bounce.

The Dana Concentrated Dividend Equity Strategy posted a decline of -6.57% in Q3. The Strategy lagged the benchmark through the first two months of the quarter as market participants rushed back into stocks, particularly those that have been hit the hardest, but made up some ground in the last month of the quarter. Energy had the strongest absolute return for the Strategy in the quarter while Industrials stocks were down the most. On a relative basis, underperformance in the Consumer Staples sector was the major outlier driving most of the underperformance for the quarter and only somewhat made up for by the positive stock selection contribution in Information Technology. We continue to believe that the Strategy has a performance tailwind as the historically wide valuation gap between Value stocks and the rest of the market reverts closer to historical averages. The Strategy should also benefit as market participants continue to rationalize forward return expectations and the Strategy holdings of growing and very profitable businesses with appealing capital return policies become relatively more attractive.

SECTOR CONTRIBUTORS

Information Technology – The sector significantly outperformed with allocation effect about neutral and all the gains coming from stock selection. The largest holding in the sector, Fiserv, Inc. (FISV), recorded positive absolute performance while the rest of the sector was down in the quarter. FISV outperformed due to strong growth from its Clover business and unexpectedly strong margin expansion combined with a discounted valuation going into the quarter.

Utilities – The Strategy enjoyed outperformance from not having exposure to the sector which underperformed the Benchmark. We did not own any Utilities as it is hard to find attractive values. Going into the quarter, the average utility stock was still priced at a much higher than average relative multiple despite rising rates and widening credit spreads.

SECTOR DETRACTORS

Consumer Staples – The Strategy was overweight in Staples which underperformed other sectors and specific holdings detracted from performance in Q3. Phillip Morris (PM) drove almost all of the underperformance due to a strong USD rally vs European and Asian currencies, as well a macro concerns and geopolitics in Europe.

Industrials – The Strategy was underweight Industrials, but the entirety of the underperformance is explained by two housing related holdings in the sector. Stanley Black & Decker (SWK) and Fortune Brands (FBHS) are primarily exposed to the U.S. residential housing market and de-rated significantly in the quarter as the market became more bearish on near term housing demand given the increase in mortgage rates.

Characteristics ^{a b c}	Dana Conc. Dividend Equity	Ru1000V ETF
Dividend Yield (%)	3.3	2.4
3 Year Dividend Growth (%)	6.0	8.0
Shareholder Yield	6.9	5.2
Price to Free Cash Flow	14.2	15.8
P/E NTM ¹	11.1	12.6
Historical 3Yr Sales Growth (%)	8.8	8.3
Est. 3-5 Year EPS Growth	9.4	9.2
Return on Equity (ROE) (%) ²	20.4	18.6
Net Margin	20.0	17.5

Weighted Average unless noted:

¹ Weighted Harmonic Average; ² Weighted Median

Statistics (net of fees) ^b	Dana Conc. Dividend Equity	Russell 1000 Value Index
Monthly Returns Since 3/31/2012		
Alpha	0.73	-
Beta	0.94	1.00
Sharpe Ratio	0.62	0.59
Batting Average	.548	-
Information Ratio	0.07	-

SELECT ADDITION

Restaurant Brands International, Inc. (QSR) – QSR is one of the largest, global franchisers of quick service restaurants. Flagship brands are Burger King (BK) and Tim Hortons, as well as the more recent additions of Popeye's Louisiana Kitchen and Firehouse Subs. Since its 2010 acquisition of BK, 3G Capital playbook has been to use their considerable global network to expand internationally and then acquire more brands/concepts and repeat the process. We believe future returns are quite attractive as earnings are expected to grow ~10% per year plus and the valuation has room for multiple expansion. Returns are further bolstered with a 4% dividend yield.

SELECT DELETION

Altria Group, Inc. (MO) – Altria represents the U.S. combustibles business after the 2008 separation of legacy Philip Morris into the U.S. and international businesses, with the international segment keeping the IP/brand right to the noncombustible portfolio of products. We ultimately sold the stock after the company's partner and owner of the most globally successful reduced-risk product portfolio announced an acquisition of a competitor which would give it U.S. distribution.

Average Annual Total Return as of 09/30/2022	Unannualized						Since Inception
	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	
Dana Concentrated Dividend Equity Strategy (gross of fees)	-6.42	-17.44	-11.75	7.80	7.19	10.03	10.04
Dana Concentrated Dividend Equity Strategy (net of fees)	-6.57	-17.84	-12.33	7.15	6.55	9.38	9.39
Russell 1000 Value Index	-5.62	-17.75	-11.36	4.36	5.29	9.17	9.14

Sector Allocation (%) as of 09/30/2022	Dana Conc. Dividend Equity	Ru1000V ETF
Communication Services	13.91	8.03
Consumer Discretionary	3.65	5.98
Consumer Staples	15.52	7.23
Energy	6.68	7.81
Financials	23.93	19.96
Health Care	14.65	17.29
Industrials	3.89	10.02
Information Technology	10.90	8.79
Materials	0.00	4.10
Real Estate	6.87	4.80
Utilities	-	5.97

Due to rounding, totals may not equal 100%

Dana Concentrated Dividend Equity Strategy Top 10 Holdings (%) as of 09/30/2022	
Merck & Co Inc	8.13
Philip Morris International	7.93
Wells Fargo & Co	6.21
Bank of New York Mellon	5.11
Truist Financial Corp	4.46
Fiserv Inc	4.35
Bristol-Myers Squibb Co	3.89
Discover Financial Services	3.86
Schlumberger Ltd	3.79
Gaming and Leisure Prop	3.78

	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%	-17.44%
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%	-17.84%
Benchmark Return	5.75%	32.53%	13.45%	-3.83%	17.34%	13.66%	-8.27%	26.54%	2.80%	25.16%	-17.75%
Composite 36 Month Standard Deviation	N/A	N/A	N/A	9.88%	10.01%	9.36%	10.26%	11.30%	18.71%	18.58%	20.11%
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%	20.17%
Number of Portfolios	2	2	2	3	4	4	5	13	14	33	71
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	34.8
% 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	55.6
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	4,246.8
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	6,500.2

* 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 net-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.