



# DANA CONCENTRATED DIVIDEND EQUITY STRATEGY

## QUARTERLY REVIEW

As of December 31, 2021

In 2021, the S&P 500 Index returned +28.71% in another strong year for US equity markets. While the market did pullback coming into October and into December, these retreats were both brief and shallow. A Santa Claus rally then capped a +11.03% Q4 return for the S&P 500 Index. Even though the year was replete with challenges and stress, the buoyant S&P 500 Index set 70 record high daily closing values in 2021. Since 1929, only 1995 had more all-time closing highs. The S&P 500 Index has returned a remarkable +16.73% annualized since 3/31/2009, the depths of the global financial crisis. What a period for equities!

Characteristics <sup>a b c</sup>	Dana Concentrated Dividend Equity	Ru 1000V ETF
Dividend Yield	2.3%	1.8%
3 Year Dividend Growth	5.1%	3.2%
Shareholder Yield	4.2%	3.1%
Price to Free Cash Flow	14.2	20.0
P/E NTM <sup>1</sup>	13.9	16.9
Historical 3Yr Sales Growth	6.8%	5.7%
Est. 3-5 Year EPS Growth	19.9%	13.2%
Return on Equity (ROE) <sup>2</sup>	23.1%	17.6%
Net Margin	13.0	11.3

Weighted Average unless noted:

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

Statistics Since 3/31/2012 <sup>(b)</sup> (gross of fees)	Dana Concentrated Dividend Equity	Russell 1000 Value Index
Alpha	1.53	-
Beta	0.94	1.00
Sharpe Ratio	0.93	0.82
Batting Average	.573	-
Information Ratio	0.30	-

### SECTOR CONTRIBUTORS

**Industrials** – Fortune Brands Home & Security, Inc. (FBHS) recovered from mid-year weakness to lead the Strategy in the Industrials sector.

**Communication Services** – Alphabet, Inc. (GOOGL) and Interpublic Group of Companies, Inc. (IPG) contributed to absolute and relative returns. Google continues to grow at >2x the market rate. YouTube’s full monetization is still years in the future. IPG has consistently outgrown other agency peers and has benefited from a rebound in advertising since the early days of Covid.

### SECTOR DETRACTORS

**Consumer Staples** – Altria Group, Inc. (MO) and Philip Morris International, Inc. (PM) lagged the benchmark holdings, failing to offset solid returns in food-related assets. PM, a top five holding in the Strategy, underperformed due to a semiconductor shortage for its IQOS handheld devices as well as being negatively exposed to the strengthening dollar.

**Real Estate** – Gaming and Leisure Properties, Inc. (GLPI), the only REIT held in the Strategy, delivered a positive return, but lagged on a relative basis. Uncertainty surrounding the trajectory of the new Omicron variant and its effect on casino visitation held back performance.

The Dana Concentrated Dividend Equity Strategy delivered a +6.89% return in Q4, and +29.29% for the full-year 2021. While Growth staged a comeback in the quarter to pull ahead of Value for the year, the Dana Concentrated Dividend Equity Strategy beat both the Russell 1000 Growth and Value Indexes at year end. A market that appreciates valuation (as well as growth) has been a welcome shift this year compared to the “growth at any price” mentality of many previous years. We are watching the Strategy’s most undervalued stocks become less undervalued and have started to add a few stocks that we felt were previously overvalued. The good news is that our potential buy list continues to grow.

### SELECT ADDITION

**Activision Blizzard, Inc. (ATVI)** – Activision is one of the largest interactive game publishers in the world with a broadly owned IP portfolio which includes mega franchises such as Call of Duty, Overwatch, World of Warcraft, and Candy Crush. We believe organic top line growth should remain above average due to the demand growth of eGaming. Earnings growth should be consistently higher than top line growth due to the continued increase of higher margin digital downloads as a percentage of sales as well as ample resources for share repurchases.

### SELECT DELETIONS

**Annaly Capital Management, Inc. (NLY)** – This Finance sector stock is the largest mortgage REIT (mREIT) in the US. Its portfolio of almost \$90 billion of mortgages and related securities represents one of the largest providers of housing finance in the country. The company’s business model and structure as a REIT produces a relatively high current income with a dividend yield typically over 10%. While we are impressed by how management is positioning the company’s balance sheet, we feel the transition to a more restrictive monetary policy is not fully reflected in the company’s valuation.

**Compass Minerals International, Inc. (CMP)** – Compass is the largest miner and processor of salt for highway deicing as well as industrial uses. It is the largest producer of organic Sulfate of Potash, a specialty fertilizer used for higher value crops in North America. After years of performance problems at the Goderich Mine (the company’s most important asset) and poorly timed Latin American expansion into agricultural chemicals, the management team was replaced. The new CEO has made considerable progress in turning the company around. In November, the company announced plans for a lithium mining project that we feel has significantly changed the risk profile by enough to liquidate our position.

Average Annual Total Return (gross of fees) as of 12/31/2021	Unannualized				
	Quarter	1 Year	3 Year	5 Year	Since Inception
<b>Dana Concentrated Dividend Equity Strategy</b>	<b>6.89%</b>	<b>29.29%</b>	<b>18.99%</b>	<b>13.93%</b>	<b>13.06%</b>
Russell 1000 Value Index	7.77%	25.16%	17.64%	11.16%	12.10%

Sector Allocation (%) as of 12/31/2021	Dana Concentrated Dividend Equity	Ru1000V ETF
Communication Services	12.76	7.31
Consumer Discretionary	1.45	5.74
Consumer Staples	17.05	7.37
Energy	5.50	5.08
Financials	28.73	20.67
Health Care	11.25	17.99
Industrials	4.01	11.52
Information Technology	12.37	10.21
Materials	3.43	3.83
Real Estate	3.46	5.14
Utilities	0.00	5.14

Dana Concentrated Dividend Equity (%) Top 10 Holdings as of 12/31/2021	
Wells Fargo & Co	6.74
Bank of New York Mellon	6.62
AbbVie Inc	6.56
Philip Morris	6.56
Discover Financial Services	5.00
Truist Financial Corp	4.93
Fortune Brands	3.97
Alphabet Inc	3.82
Interactive Brokers Group	3.61
Altria Group Inc	3.57

Due to rounding, totals may not equal 100%

	3/31/2012 to 12/31/2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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%
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%
Benchmark Return	5.75%	32.53%	13.45%	-3.83%	17.34%	13.66%	-8.27%	26.54%	2.80%	25.16%
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%
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%
Number of Portfolios	2	2	2	3	4	4	5	13	14	33
Internal Dispersion	N/A	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	0.72%	0.54%	0.31%
Composite Assets (US\$ millions)	0.4	0.6	0.7	2.2	3.7	3.9	3.9	10.6	11.7	28.5
% of Bundled Fee Assets	30.6%	46.3%	46.4%	15.4%	11.7%	13.0%	12.2%	0.0%	0.0%	0.0%
Strategy Assets (US\$ millions)	0.4	0.6	0.7	2.2	3.7	3.9	3.9	10.6	11.7	43.4
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
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

\* 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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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 Concentrated Dividend Equity composite has had a performance examination for the periods March 31, 2012 through December 31, 2020. 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:** 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.**

Characteristics for the iSHARES® Russell 1000 Value ETF ("Ru1000V 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; <sup>(a)</sup> FactSet Research Systems; <sup>(b)</sup> Morningstar Direct; <sup>(c)</sup> Bloomberg.

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All data is gross of fees unless otherwise noted

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