



# DANA CONCENTRATED DIVIDEND EQUITY STRATEGY

## QUARTERLY REVIEW

As of December 31, 2022

After three consecutive down quarters in 2022, the S&P 500 Index delivered a most welcome +7.56% return in the fourth quarter. While volatility kept investors on their toes, the bounce into December had good breadth. Importantly, earnings reports remained satisfactory with most companies exceeding analyst expectations and avoiding worst-case market fears in their forecasts. The Russell 1000 Value Index was up +12.42%, beating both the S&P 500 and Russell 1000 Growth Indexes. All benchmark sectors were up this quarter with the Energy sector leading the way. This was a challenging year for markets, and one we certainly won't miss. However, we are pleased to see the "growth at any price" mentality dissipate. Valuations that have compressed relative to year-ago levels should help to stabilize the equity market, and a more fundamentally driven market favors Dana's active management and relative value approach.

Characteristics <sup>a b c</sup>	Dana Conc. Dividend Equity	Ru1000V ETF
Dividend Yield (%)	3.0	2.2
3 Year Dividend Growth (%)	5.4	6.5
Shareholder Yield	5.7	4.7
Price to Free Cash Flow	16.3	18.9
P/E NTM <sup>1</sup>	12.7	14.6
Historical 3Yr Sales Growth (%)	9.5	8.7
Est. 3-5 Year EPS Growth	12.7	9.2
Return on Equity (ROE) (%) <sup>2</sup>	19.5	18.2
Net Margin	19.7	17.4

Weighted Average unless noted:  
<sup>1</sup> Weighted Harmonic Average; <sup>2</sup> Weighted Median

Statistics (net of fees) <sup>b</sup>	Dana Conc. Dividend Equity	Russell 1000 Value Index
Monthly Returns Since 3/31/2012		
Alpha	0.86	-
Beta	0.95	1.00
Sharpe Ratio	0.68	0.63
Batting Average	.558	-
Information Ratio	0.12	-

The Dana Concentrated Dividend Equity Strategy posted a double-digit Q4 return of +14.40%, surpassing the benchmark's return. For the full year, the Strategy returned - 6.03% versus -7.54% for the benchmark. The Strategy performed well in a down market for the year versus its benchmark and considerably better than the S&P 500 Index. The Strategy has a relative performance tailwind as the historically wide valuation gap between Value stocks and the rest of the market is still in place and may continue to revert closer to historical averages. After a tough 2022, certain leading growth franchises which are now much more reasonably valued, are growing above market rates and returning cash to shareholders.

### SECTOR CONTRIBUTORS

**Communication Services** – The sector was a significant contributor with Interpublic Group of Companies (IPG) up substantially.

**Information Technology** – Four of five holdings in the sector outperformed in the quarter. Lack of exposure to significant underperformers such as PayPal Holdings, Inc. (PYPL) also boosted performance. Of particular note was the outperformance of Hewlett Packard Enterprise (HPE) which rebounded from what can be described as distressed multiples to being merely cheap.

### SECTOR DETRACTORS

**Financials** – Wells Fargo & Company (WFC), a more traditional bank holding, did not keep pace with more capital markets exposed Financials such as JPMorgan Chase & Co. (JPM) and BlackRock, Inc. (BLK) that were not held in the Strategy, which rallied along with the strong market performance in the quarter.

**Industrials** – The Strategy was underweight Industrials, which hurt performance and housing related exposure detracted from relative performance. Stanley Black & Decker (SWK) is primarily exposed to the U.S. residential housing market and while the stocks were up in the quarter, housing stocks continued to lag the broader Industrials universe.

### SELECT ADDITIONS

**Meta Platforms, Inc. (META)** – META is the largest social network and one of the largest digital advertising platforms in the world. The shares declined dramatically in 2022 due to lower earnings guidance on the back of Apple iOS privacy changes, rising competition, mean reverting Covid comparisons, and ballooning metaverse spend. We believe META will, at a minimum, grow with global GDP, and now at 10x our estimate of earnings power in a few years or ~7x excluding the metaverse spend representing an excellent risk/reward versus the market.

### SELECT DELETIONS

**Masterbrand, Inc. (MBC)** – MCB is one of the largest cabinet manufacturers in the U.S. and the Strategy received shares as part of the December 2022 spin off from Fortune Brands Innovation, Inc. (FBIN). We chose to liquidate the received shares of MBC as we believe that cabinets are a structurally less attractive business within home building products given their commoditized nature and exposure to competition from low cost countries.

**Schlumberger Limited (SLB)** – SLB has been one of the largest winners in the Strategy over the last two and a half years as the stock has been boosted by a realization that global oil exploration and production is not going away, company specific improvements at the company, and an advantageous purchase price during peak oil bearishness in 2022. After a very positive Investor Day, the stock added to its already strong 2022 returns, and we trimmed the position. SLB remains a top ten holding in the portfolio.

Average Annual Total Return as of 12/31/2022	Unannualized					Since Inception
	Quarter	1 Year	3 Year	5 Year	10 Year	
<b>Dana Concentrated Dividend Equity Strategy (gross of fees)</b>	<b>14.58</b>	<b>-5.42</b>	<b>9.78</b>	<b>8.70</b>	<b>11.70</b>	<b>11.19</b>
<b>Dana Concentrated Dividend Equity Strategy (net of fees)</b>	<b>14.40</b>	<b>-6.03</b>	<b>9.12</b>	<b>8.05</b>	<b>11.04</b>	<b>10.53</b>
Russell 1000 Value Index	12.42	-7.54	5.96	6.67	10.29	10.11

Sector Allocation (%) as of 12/31/2022	Dana Conc. Dividend Equity	Ru1000V ETF
Communication Services	15.15	7.31
Consumer Discretionary	4.00	6.00
Consumer Staples	15.95	7.38
Energy	7.01	8.44
Financials	22.23	20.11
Health Care	14.94	17.36
Industrials	3.54	10.53
Information Technology	10.19	8.27
Materials	-	4.31
Real Estate	6.99	4.48
Utilities	-	5.83

Due to rounding, totals may not equal 100%

Dana Concentrated Dividend Equity Strategy Top 10 Holdings (%) as of 12/31/2022	
Merck & Co Inc	9.18
Philip Morris International	8.43
Wells Fargo & Co	5.56
Bank of New York Mellon	4.78
SLB	4.29
Fiserv Inc	4.15
Gaming and Leisure Prop	3.95
Ingredion Inc	3.90
Truist Financial Corp	3.85
Discover Financial Serv	3.61

	3/31/2012 to 12/31/2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	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%	-5.42%
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%	-6.03%
Benchmark Return	5.75%	32.53%	13.45%	-3.83%	17.34%	13.66%	-8.27%	26.54%	2.80%	25.16%	-7.54%
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%	21.40%
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%	21.25%
Number of Portfolios	2	2	2	3	4	4	5	13	14	33	75
Internal Dispersion	N/A	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	0.83%	0.46%	0.32%	0.32%
Composite Assets (US\$ millions)	0.4	0.6	0.7	2.2	3.7	3.9	3.9	10.6	11.7	28.5	41.1
% 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	65.4
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	4,427.7
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	6,816.3

\* 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, 2021. 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 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 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 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; (a) FactSet Research Systems; (b) Morningstar Direct; (c) Bloomberg.