



# DANA LARGE CAP 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 also remained satisfactory with most companies exceeding analyst expectations and avoiding worst-case market fears in their forecasts. The S&P 500 Index earnings growth was modestly positive in 2022, which raises the question, why did the Index lose -18.11% for the full year? Investors need look no further than the inflation-fighting Fed's relentless raising of interest rates during 2022. This crushed high-flying PE ratios for many stocks and resulted in the S&P 500 Index experiencing its worst loss since 2008 (amidst the financial crisis). This is also only the third negative annual return for the Index in the past twenty years. While we certainly won't miss 2022, 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</sup>	Dana Large Cap Equity	S&P 500 Index
Market Cap (\$ billions)	292.8	417.5
Median Market Cap (\$ billions)	55.7	29.6
Dividend Yield (%)	1.8	1.7
3 Year Dividend Growth (%)	10.6	8.1
Return on Equity (ROE) (%) <sup>2</sup>	30.3	31.2
P/E NTM <sup>1</sup>	14.7	17.4
P/E LTM <sup>1</sup>	16.1	17.5
Historical 3Yr Sales Growth (%)	11.3	11.6
PEG	1.3	1.6

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

Statistics (net of fees) <sup>b</sup>	Dana Large Cap Equity	S&P 500 Index
Monthly Returns Since 6/30/1999		
Alpha	1.52	-
Beta	0.93	1.00
Sharpe Ratio	0.41	0.31
Batting Average	.546	-
Information Ratio	0.33	-

## SECTOR CONTRIBUTORS

**Consumer Discretionary** – Tapestry, Inc. (TPR) and D. R. Horton, Inc. (DHI) led this sector higher with exceptional absolute returns. Not owning Tesla, Inc. (TSLA) was the largest contributor to relative sector performance.

**Information Technology** – A large majority of Strategy holdings outperformed the sector in Q4. An underweight position in Apple, Inc. (AAPL) was a meaningful relative contributor.

## SECTOR DETRACTORS

**Energy** – Cheniere Energy, Inc. (LNG) was a negative performer in the strongest sector in the market, while the other Strategy holdings also lagged the sector average. Lack of exposure to Exxon Mobil Corporation (XOM) and Chevron Corporation (CVX) significantly hurt relative performance.

**Financials** – Modest performance from most of the Strategy holdings lagged in an outperforming sector of the S&P 500 Index. New (and only partially invested) holding Interactive Brokers Group, Inc. (IBKR) had a negative return during our partial holding period at quarter end.

The Dana Large Cap Equity Strategy posted a double-digit Q4 return of +10.33%. The equity market broadened from the narrow mega-cap tech and platform names that have dominated the past several years. Relative performance of the Strategy was positive on a fairly steady basis, which we see as a favorable signal for future relative returns of our investment style. While equity returns could be challenged over the next few months by the "known unknown" of corporate earnings in the face of a potential recession, the resiliency of the U.S. economy, an equity market sustained by relatively good fundamentals, and reasonable valuations all support our favorable outlook for the Dana Large Cap Equity Strategy for 2023 and beyond.

## SELECT ADDITIONS

**Interactive Brokers Group, Inc. (IBKR)** – Interactive Brokers is the largest U.S. discount broker by transaction volume. The company successfully extended its low-cost platform for professional traders to retail investors, particularly retail investors outside of the U.S. looking to own U.S. securities. Account growth averaged over 20% annually before Covid and took another leg up as retail investors entered the market at increasing rates. While trading volume is now decelerating, this is more than offset by the earnings from rising interest rates.

**Walt Disney Company (DIS)** – Disney has exceptional content including Marvel, Pixar and Star Wars, the highest quality theme parks, and now with the hire of Bob Iger as CEO, also has a top-notch CEO. The market appears not to be giving the company credit for these superior assets which, under the right management, could dramatically increase the earnings power of the company.

## SELECT DELETIONS

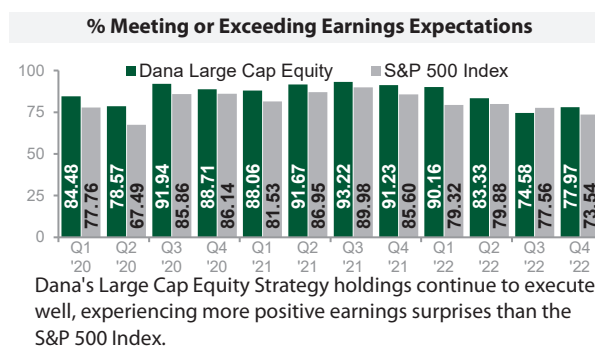
**Newell Brands, Inc. (NWL)** – Newell Brands has been caught up in the downward resetting of expectations for all retail Covid winners. The company has been hit hard from both inventory management by retailers who over-ordered, general demand softening, and the hit to margins from costs rising faster than prices. While the stock is quite cheap, we believe there are more attractive risk reward opportunities in Consumer Discretionary and retailing.

**Verizon Communications, Inc. (VZ)** – Sifting through the carnage within the Telecommunications Services sector, Verizon was sold not because fundamentals or valuation are particularly poor, but because other companies now look more appealing and offer more upside, at least in the short-term, after significant volatility in the sector.

Average Annual Total Return (%) as of 12/31/2022	Unannualized						Since Inception
	Quarter	1 Year	3 Year	5 Year	10 Year	20 Year	
<b>Dana Large Cap Equity Strategy (gross of fees)</b>	<b>10.48</b>	<b>-18.63</b>	<b>5.53</b>	<b>7.88</b>	<b>11.91</b>	<b>10.25</b>	<b>8.36</b>
<b>Dana Large Cap Equity Strategy (net of fees)</b>	<b>10.33</b>	<b>-19.08</b>	<b>4.94</b>	<b>7.27</b>	<b>11.28</b>	<b>9.63</b>	<b>7.76</b>
S&P 500 Index	7.56	-18.11	7.66	9.42	12.56	9.80	6.46

Sector Allocation (%) as of 12/31/2022	Dana Large Cap Equity	S&P 500 Index
Communication Services	7.15	7.28
Consumer Discretionary	10.37	9.80
Consumer Staples	7.07	7.20
Energy	4.95	5.23
Financials	11.46	11.66
Health Care	15.65	15.72
Industrials	8.70	8.75
Information Technology	26.18	25.74
Materials	2.56	2.73
Real Estate	2.78	2.71
Utilities	3.12	3.18

Dana Large Cap Equity Strategy Top 10 Holdings (%) as of 12/31/2022	
Apple Inc	3.40
Microsoft Corp	3.35
Alphabet Inc	2.95
Merck & Co Inc	2.55
AbbVie Inc	2.32
McKesson Corp	2.21
UnitedHealth Group Inc	2.18
Deere & Co	2.16
Abbott Laboratories	2.13
CVS Health Corp	2.11



Due to rounding, totals may not equal 100%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Return Gross of Fees	16.55%	33.56%	15.81%	-0.88%	7.14%	28.37%	-8.65%	36.11%	13.38%	27.38%	-18.63%
Total Return Net of Fees	15.86%	32.80%	15.20%	-1.36%	6.49%	27.63%	-9.19%	35.34%	12.74%	26.67%	-19.08%
Benchmark Return	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%	31.49%	18.40%	28.71%	-18.11%
Composite 36 Month Standard Deviation	15.43%	12.50%	9.22%	10.18%	10.71%	10.22%	11.35%	11.86%	18.52%	17.34%	20.95%
Benchmark 36 Month Standard Deviation	15.09%	11.94%	8.97%	10.47%	10.59%	9.92%	10.80%	11.93%	18.53%	17.17%	20.87%
Number of Portfolios	238	320	433	287	253	241	238	222	219	211	196
Internal Dispersion	0.64%	0.92%	0.73%	0.54%	0.44%	0.42%	0.53%	0.66%	0.69%	0.56%	0.39%
Composite Assets (US\$ millions)	579.5	785.9	979.8	1,022.2	870.2	943.0	747.2	817.8	846.9	914.3	610.7
% of Bundled Fee Assets	21.7%	20.8%	18.1%	17.4%	19.4%	17.3%	18.1%	19.8%	6.7%	1.9%	2.5%
Strategy Assets (US\$ millions)	867.7	1,461.2	1,982.6	2,611.4	2,550.4	2,803.2	2,367.5	2,714.9	2,355.3	2,689.4	1,873.7
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

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, 2021.

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 Large Cap Equity Composite has had a performance examination for the periods June 29, 1999 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:** June 29, 1999.
- Composite Definition:** The Dana Large 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 large cap core 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 Large Cap Equity composite is the S&P 500 Index.
- Composite Construction:** Prior to October 1, 2009, the composite included the Large Cap Equity segment of balanced accounts. Cash was allocated to these segments based on the average cash position of the Large Cap Equity "only" portfolios in the composite.
- 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. Prior to April 1, 2008, transaction costs were allocated to bundled fee trades at a per share commission rate equal to Dana's preferred list of non-directed institutional brokers. 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 Large Cap 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 monthly net-of-fees composite and the benchmark monthly returns for the period.
- 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.**

Data and Chart Sources: Dana Investment Advisors; <sup>(a)</sup> FactSet Research Systems; <sup>(b)</sup> Morningstar Direct.