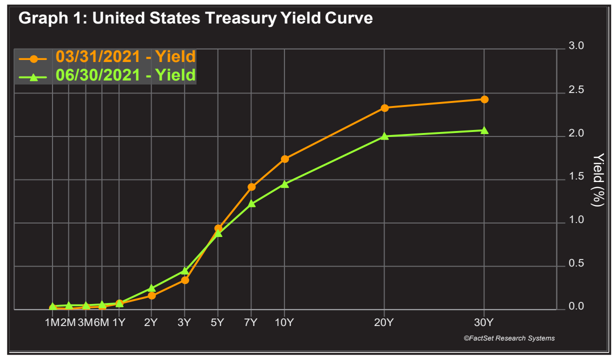
Dana Municipal Bond Strategy

Quarterly Review

As of June 30, 2021

Continued Optimism

Strong economic expansion continued in the second quarter of 2021 and the Federal Reserve effectively conceded that, since the start of this year it had significantly underestimated the rebound out of the pandemic by raising its 2021 real GDP growth and PCE inflation forecasts from 4.2% to 7.0% and from 1.8% to 3.4%, respectively. Then, at June's FOMC meeting, the Federal Reserve's interest-rate forecast moved from zero to two interest-rate hikes in 2023, which prompted a strong market reaction.



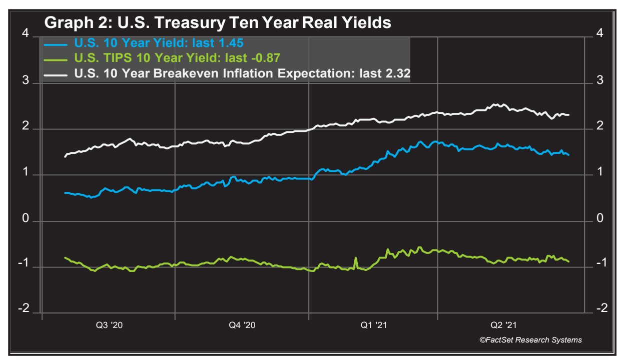
Graph 1: United States Treasury Yield Curve

The market's cognitive dissonance in the face of stronger economic data prompted much of the yield curve to shift lower during Q2 (Graph 1). Adding to these challenges, the Federal Reserve seemed to have clearly placed employment in front of inflationary concerns. As the Fed sought to reconcile its dual inflation and full employment mandate, it introduced an "average inflation targeting" policy which likely means that the Fed doesn't intend to pre-emptively raise rates. As a result, it is probable that the Fed would allow inflation to overshoot the previously stated inflation target of 2% for an extended period of time in order to make up for undershooting it for many years.

The likelihood of continued strong economic growth fueled by unprecedented fiscal stimulus, along with the Federal Reserve's willingness to allow for higher levels of inflation, forms the basis for our expectation that bond yields will likely move higher in the second half of 2021.

Our biggest near-term concern centers on negative real bond yields (nominal yields adjusted for inflation expectations). A nominal Ten-Year Treasury yield at 1.47% less the expected inflation of 2.34% translates into a negative real yield of -0.87%. This is a reflection of low expectations of rising rates (Graph 2). Negative real yields are an outgrowth of depressed economic activity and Federal Reserve monetary policy. However, as the economy improves and the Federal Reserve shifts away from its accommodative monetary policy, real rates are likely to rise taking nominal rates higher across the yield curve.

Does the prospect of easy financial conditions give way to higher interest rates? Possibly, and we view higher bond yields as an opportunity. In addition, on the positive side, it's important to remember that expansive fiscal policy and improving economic growth are supportive to the credit quality of corporate and municipal bonds. Case in point, over the past year, both taxable and municipal bonds funds experienced a quadrupling of net inflows.



Graph 2: U.S. Treasury Ten Year Real Yields

After experiencing a heightened level of volatility in the first quarter, the municipal market found solid footing in the second quarter of 2021. Investors' appetites for tax-exempt securities improved in Q2 as investors faced with the potential of higher individual tax rates sought to shelter larger amounts of income from Federal taxes. This heightened level of demand, in combination with a seasonal summer lull in new issuance, helped to stabilize municipal yields at a time when Treasury yields experienced greater volatility. While the municipal market should remain relatively stable for the balance of 2021, we do expect pockets of volatility in reaction to pronounced movements in Treasury yields. Periods of volatility should therefore be viewed as short-term, and as providing an additional entry point in order to capture higher yields (prices lower, yields higher).

The Dana Municipal Bond Strategy continued to benefit from active management which has helped to traverse an unpredictable investment environment. Dana seeks to proactively review market conditions and the direction of interest rates to position client portfolios appropriately in the ever changing municipal market. Dana takes a dynamic, active approach to portfolio construction focusing on high-quality municipal securities that produce recurring organic cash flows, in addition to regularly scheduled interest payments and maturities. These additional cash flows help to limit return volatility by providing periodic reinvestment opportunities at different points in time during changing market environments. While we understand that current interest rates are low from a historical perspective, we feel it is important to have an allocation to high-quality fixed income securities that offer portfolio diversification and a low correlations to equities. Lower-credit-quality bonds, such as high-yield and emerging-market bonds, or leveraged loan funds, can be more sensitive to the ups and downs of the economy, as well as the stock market, than U.S. Treasuries or investment-grade municipal and corporate bonds. Investors should remember that fixed income investments continue to provide many other important benefits, including diversification from equities, lower return volatility, and the added predictability of a recurring income stream.

Average Annual Total Return (gross of fees) as of 6/30/2021	Unannualized							
	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	20 Year	Since GIPS Inception ‡
Dana Municipal Bond Strategy	**0.35%**	**0.30%**	**1.44%**	**2.74%**	**1.97%**	**2.24%**	**3.27%**	**4.00%**
Benchmark Index	0.31%	0.35%	1.34%	2.60%	1.74%	1.70%	2.79%	3.56%

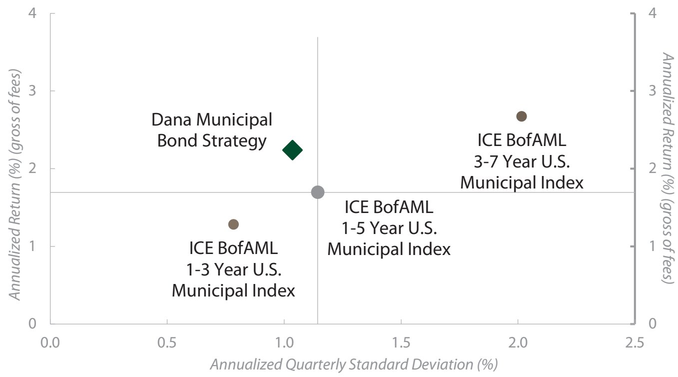
Dana Investment Advisors, Inc. • 20700 Swenson Drive • Suite 400 • Waukesha, Wisconsin 53186 • P.O. Box 1067 • Brookfield, WI 53008-1067
e-mail: Info@DanaInvestment.com • website: www.DanaInvestment.com • (800) 765-0157

All data is gross of fees unless otherwise noted

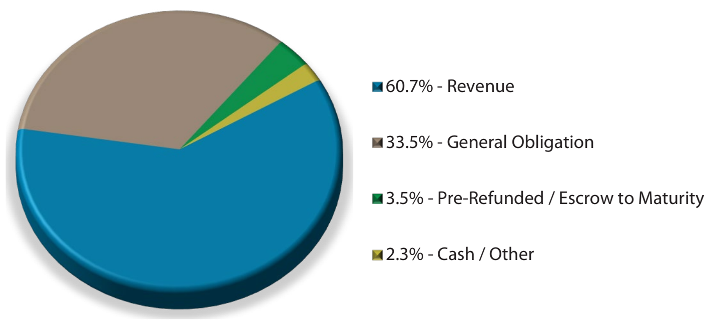
APPROVED FOR ADVISOR USE OR ONE-ON-ONE PRESENTATIONS ONLY

Risk / Return [a]

Trailing 10 Year Period Through June 30, 2021



Asset Allocation as of June 30, 2021



Due to rounding, totals may not equal 100%

Characteristics & Statistics	Dana Municipal Bond Strategy	ICE BofAML 1-5 Yr Municipal Index
Yield to Maturity (YTM) †	0.65%	0.32% [b]
Effective Duration	2.52	2.37 [b]
Average Maturity	3.58 Years	2.72 Years [b]
Average Credit Quality	Aa1	Aa2 [b]
Average Coupon	3.17%	4.74% [b]
Trailing 10 Year Alpha [a]	0.71	-
Trailing 10 Year Sharpe Ratio [a]	1.55	0.94

† For callable bonds, the expected yield to call is used. Data Source: BondEdge unless otherwise noted.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD 2021
Total Return Gross of Fees	4.32%	2.96%	1.16%	3.07%	1.54%	0.39%	2.31%	1.54%	3.57%	3.29%	0.30%
Total Return Net of Fees	4.04%	2.69%	0.90%	2.83%	1.29%	0.15%	2.10%	1.31%	3.29%	3.01%	0.18%
Benchmark Return	3.66%	1.63%	1.24%	1.30%	1.20%	0.16%	1.46%	1.79%	3.65%	2.76%	0.35%
Composite 36 Month Standard Deviation	2.10%	1.06%	0.95%	0.76%	0.74%	1.06%	1.16%	1.23%	0.94%	1.34%	1.36%
Benchmark 36 Month Standard Deviation	1.67%	1.12%	0.99%	0.90%	0.95%	1.21%	1.38%	1.42%	1.21%	1.61%	1.61%
Number of Portfolios	161	183	178	219	240	267	250	234	231	226	213
Internal Dispersion	0.79%	0.75%	0.55%	0.77%	0.41%	0.49%	0.73%	0.25%	0.55%	0.56%	N/A
Composite Assets (US$ millions)	261.5	295.8	264.6	291.4	328.5	349.2	322.4	295.5	305.0	278.2	265.4
Strategy Assets (US$ millions)	261.5	295.8	264.6	291.4	328.5	349.2	322.4	295.5	305.0	278.2	265.4
Total Firm Assets (US$ millions)	3,061.2	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	4,535.9
Total Entity Assets (US$ millions)	3,294.4	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	7,374.1

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, 2020.

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 Municipal Bond composite has had a performance examination for the periods January 1, 1992 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**: December 31, 1986.
- **Composite Definition**: The Dana Municipal Bond composite includes all institutional fixed income portfolios that invest in short to intermediate duration U.S. municipal fixed income securities with the goal of providing competitive current yield within a well-diversified, high credit quality, short to intermediate duration municipal fixed income 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 Municipal Bond composite is the ICE BofAML 1-5 Year US Municipal Securities Index ("BofAML 1-5 Yr Muni Index"). Prior to January 1, 2009, a blended benchmark was used for the Municipal Bond composite weighted 33% Merrill Lynch 1-3 Year Municipal Bond Index and 67% Merrill Lynch 3-7 Year Municipal Bond Index. The blended benchmark was rebalanced at the beginning of each quarter. The BofAML 1-5 Year Municipal Index inception date was January 1, 1997, therefore, when since inception performance is presented, the blended benchmark is shown.
- **Composite Construction**: Prior to January 1, 2009, the composite included the Municipal Bond segment of balanced accounts. Cash was allocated to these segments based on the average cash position of the Municipal Bond "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. 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 Municipal Bond fee schedule is 0.35% on the first $3MM, 0.25% on the next $7MM, and 0.20% 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 gross-of-fees composite and the benchmark monthly returns for the period.
- **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.

Data and Chart Sources: Dana Investment Advisors; [(a)] Morningstar Direct; [(b)] Bloomberg Finance L.P.; ‡ GIPS inception January 1, 1992

ca ✓ LS 07/19/2021

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

APPROVED FOR ADVISOR USE OR ONE-ON-ONE PRESENTATIONS ONLY