



### 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.

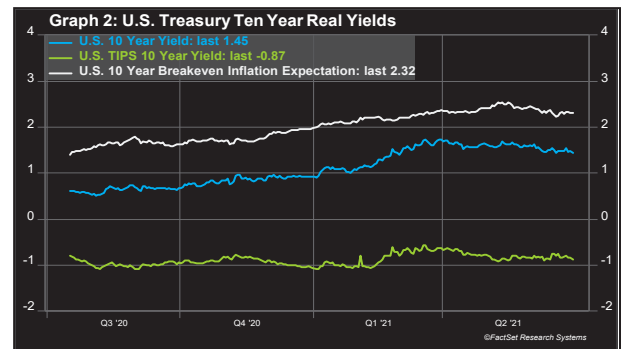
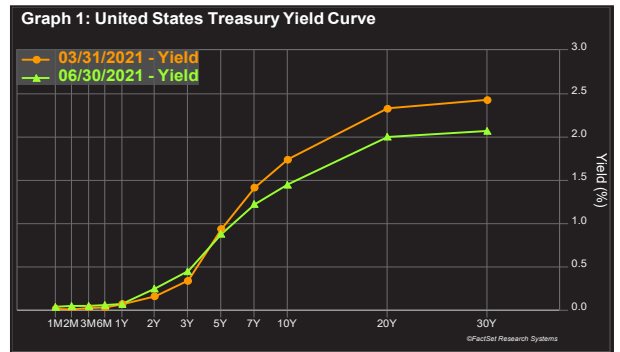
The market's cognitive dissonance in the face of stronger economic data prompted much of the yield curve to shift lower during Q2 (Graph 1). Adding to these challenges, the Federal Reserve seemed to have clearly placed employment in front of inflationary concerns. As the Fed sought to reconcile its dual inflation and full employment mandate, it introduced an "average inflation targeting" policy which likely means that the Fed doesn't intend to preemptively 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.

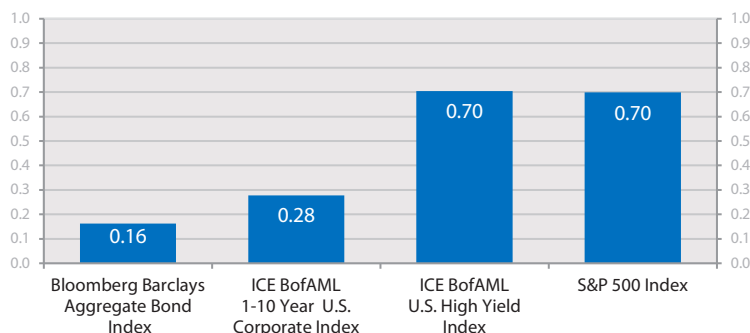
Does the prospect of easy financial conditions give way to higher interest rates? Possibly, and we view higher bond yields as an opportunity. In addition, on the positive side, it's important to remember that expansive fiscal policy and improving economic growth are supportive to the credit quality of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

Similar to prior quarters, Treasuries and traditional fixed income assets have offered little value in recent months as yields on the front end of the Treasury yield have remained near zero for several quarters. As a result of these persistently low yield levels, investors reached for additional yield by buying lower-quality or longer-duration securities. However, we continue to suggest that investors focus on higher-credit-quality fixed income investments such as Dana's Preferred Income Strategy. With careful consideration being placed on diversification and liquidity, the Strategy seeks to reduce credit risk by utilizing higher yielding, investment grade preferred stocks. 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 also 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	Since Inception
<b>Dana Preferred Income Strategy</b>	<b>2.98%</b>	<b>1.32%</b>	<b>9.39%</b>	<b>5.78%</b>	<b>4.43%</b>	<b>5.56%</b>	<b>6.03%</b>
S&P U.S. High Quality Preferred Stock Index	2.94%	2.02%	12.08%	7.19%	5.24%	6.09%	6.54%
Bloomberg Barclays Aggregate Bond Index	1.83%	-1.60%	-0.33%	5.34%	3.03%	3.40%	3.68%

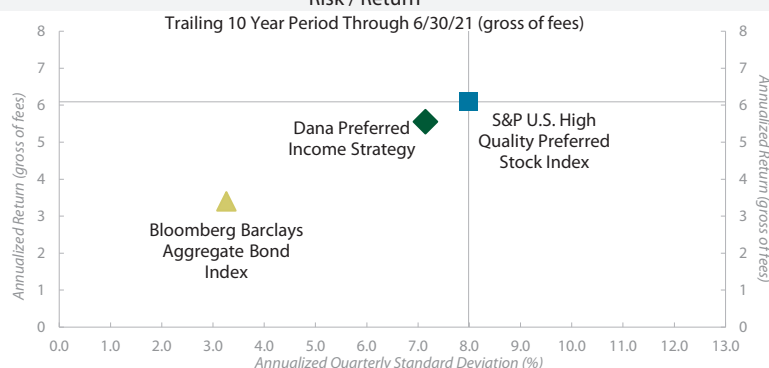
## 10 Year Performance Correlation to the Dana Preferred Income Strategy Quarterly Through 06/30/2021 (gross of fees)



Characteristics	Dana Preferred Income Strategy
Yield to Maturity (YTM)	4.69%
Average Coupon	5.00%
Effective Duration	4.44
Average Credit Quality	Baa1

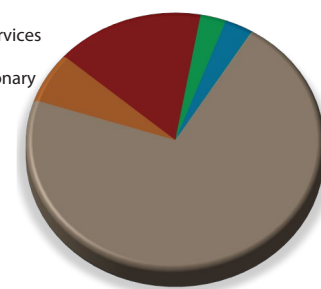
Data Source: BondEdge unless otherwise noted.

## Risk / Return<sup>(a)</sup>



## Asset Allocation as of June 30, 2021

- 2.8% - Communication Services
- 3.2% - Consumer Discretionary
- 0.03% - Energy
- 71.2% - Financials
- 6.35% - Real Estate
- 16.4% - Utilities



Due to rounding, totals may not equal 100%. Excludes Cash and equivalents.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD 2021
Total Return Gross of Fees	-0.88%	16.18%	0.22%	13.04%	6.99%	0.02%	8.78%	-3.62%	15.08%	5.91%	1.32%
Total Return Net of Fees	-1.16%	15.72%	-0.18%	12.59%	6.56%	-0.33%	8.41%	-4.00%	14.60%	5.46%	1.12%
S&P U.S. High Quality Preferred Index Return	6.22%	9.39%	-9.51%	21.17%	9.67%	-1.27%	9.97%	-4.78%	19.43%	7.81%	2.02%
BBAgg Index Return	7.84%	4.21%	-2.02%	5.97%	0.55%	2.65%	3.54%	0.01%	8.72%	7.51%	-1.60%
Composite 36 Month Standard Deviation Preferred Index 36 Month Std Deviation	N/A	N/A	6.54%	5.26%	3.77%	3.80%	3.49%	4.21%	4.86%	7.75%	7.81%
BBAgg Index 36 Month Std Deviation	N/A	N/A	4.96%	6.16%	6.30%	5.69%	4.58%	5.13%	5.57%	8.76%	8.78%
Number of Portfolios	2	7	8	10	20	45	61	73	77	77	91
Internal Dispersion	0.06%	0.01%	1.07%	0.93%	0.94%	1.44%	0.90%	0.49%	0.86%	0.82%	N/A
Composite Assets (US\$ millions)	7.1	12.8	12.5	14.0	23.3	43.0	59.9	50.5	58.7	77.0	91.9
Strategy Assets (US\$ millions)	7.1	12.8	12.5	14.0	23.3	43.0	59.9	50.5	58.7	77.0	91.9
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.

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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 Preferred Income composite has had a performance examination for the periods March 31, 2010 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, 2010.
- Composite Definition:** The Dana Preferred Income composite includes all institutional fixed income portfolios that invest in U.S. preferred stocks with the goal of providing higher yields along with the liquidity available in the U.S. equity markets. The composite does not have a minimum size criterion for membership. A complete list of composite descriptions is available upon request.
- Benchmark Description:** The current benchmarks for the Dana Preferred Income composite are the S&P U.S. High Quality Preferred Stock Index and the Bloomberg Barclays Aggregate Bond Index ("BBAgg Index"). Prior to January 1, 2016, the benchmarks for the Dana Preferred Income composite were the S&P U.S. Investment Grade Preferred Index and the BBAgg Index. At the time of the composite creation, the S&P U.S. Investment Grade Preferred Index, though market capitalization weighted, was deemed the best fit preferred stock benchmark for the Strategy. On December 28, 2015, the S&P Dow Jones created the S&P U.S. High Quality Preferred Stock Index, with return data calculated from October 19, 2007. This index is a modified equal weighted index, which better fits Dana's Preferred Income Strategy. The benchmark change has been applied retroactively to the performance presentation.
- 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 Preferred Income fee schedule is 0.45% on the first \$3MM, 0.40% on the next \$7MM, and 0.35% 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. The 36-month annualized standard deviation is not presented for 2011 to 2012 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.

Data and Chart Sources: Dana Investment Advisors; (a) Bloomberg Finance L.P.

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All data is gross of fees unless otherwise noted

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