



DANA SMALL CAP EQUITY STRATEGY

QUARTERLY REVIEW

As of June 30, 2021

Beginning the quarter with strong momentum, the market set 8 new record highs for the S&P 500 Index in the first 11 trading days. Q1 earnings for the S&P 500 Index came in at the highest level ever, with the majority of companies reporting positive surprises on both EPS and revenue. Equities then retreated mid-quarter, as the April jobs report and other economic indicators were very positive but softer than expected. Interest rates fell as a result, which helped the bid for larger growth companies and weakened demand for value and interest-rate sensitive companies. Inflation and the Fed had remained in the crosshairs as we've proceeded through the recovery. After sprinting ahead in the first quarter, small-cap gains in Q2 were modest versus large-cap gains. Yet on a year-to-date basis, the Russell 2000 Index is up +17.54%, outshining the Russell large-cap indexes, as well as the S&P 500 Index. Q2 ended with the S&P 500 Index closing at record highs in each of the last 5 trading days in the quarter, all while hitting daily closing peaks 19 times during Q2 and 34 times in total so far in 2021. The S&P 500 Index produced a strong +8.55% total return for the quarter, and is up +15.25% year-to-date.

The Dana Small Cap Equity Strategy finished the quarter up +4.37%, with a year-to-date total return of +19.60%, outperforming its benchmark in both periods. Since the beginning of the year, small-cap earnings and revenue estimates have continued to grow much more than larger peers have, helping to maintain the relative attractiveness of small cap valuations despite having such a strong start to the year.

SECTOR CONTRIBUTORS

Materials – The sector benefited from a surge in commodity prices as metals companies paced the group. Other industries were stock specific, including Summit Materials, Inc. (SUM) and Element Solutions, Inc. (ESI), which both rallied on good earnings reports. Summit is seeing volume growth in cement and aggregates and pricing is stable to positive. Element Solutions reported large revenue and EBITDA beats with particular strength in auto and electronic end markets.

Information Technology – A rotation into value tech names boosted returns of IT services holdings Perficient, Inc. (PRFT) and DXC Technology Company (DXC). DXC continues to see multiple expansion. Perficient beat earnings and raised estimates, and disclosed a record pipeline.

SELECT ADDITIONS

PDC Energy, Inc. (PDCE) – This domestic exploration and production company with a solid balance sheet and a pathway to free cash flow is focused on a 3-year plan to generate \$2b in FCF at \$55 bbl oil. PDCE is buying back shares and targeting debt reduction.

Cambium Networks Corporation (CMBM) – CMBM is a wireless broadband infrastructure company serving network operators. It is benefiting from new products and rural broadband investment that should benefit from federal rural broadband investment funds.

Gates Industrial Corporation (GTES) – Gates makes power transmission and fluid transfer products for industrial, machinery, and auto end markets. Current estimates could be conservative if the firm hits its margin and revenue goals. GTES has been lagging, but Q1 revenue beat suggests acceleration.

Characteristics ^{a b}	Dana Small Cap Equity	Ru2000 ETF
Market Cap (billions)	\$ 4.7	\$ 3.4
Median Market Cap (billions)	\$ 4.1	\$ 1.2
Dividend Yield	0.7%	0.9%
3 Year Dividend Growth	2.1%	-12.4%
Return on Equity (ROE) ²	7.5%	2.1%
P/E NTM ¹	22.7	34.4
NTM Earnings Yield	4.4	2.6
Historical 3Yr Sales Growth	16.4%	8.7%
PEG	1.3	2.1

Weighted Average unless noted:

¹ Weighted Harmonic Average; ² Weighted Median

Statistics (gross of fees) ^b	Dana Small Cap Equity	Russell 2000 Index
Monthly Returns Since 7/31/1999		
Alpha	2.33	-
Beta	0.84	1.00
Sharpe Ratio	0.47	0.37
Batting Average	.502	-
Information Ratio	0.14	-

SECTOR DETRACTORS

Health Care – The biggest Russell 2000 sector had slightly positive performance, but the spoils were uneven. The market reacted harshly to a mixed report from SAGE Therapeutics, Inc. (SAGE) regarding a product for depression with a rapid onset versus the current standard of care. Cytokinetics, Inc. (CYTK) declined on an absence of news about an important phase 2 drug study for a cardiomyopathy indication.

Communication Services – This sector was the strongest performing sector in Q2, and while Bandwidth, Inc. (BAND), TechTarget, Inc. (TTGT), and Vonage Holdings Corporation (VG) posted double-digit returns, they did not keep up with the benchmark constituents.

SELECT DELETIONS

Cimarex Energy Co. (XEC) – Cimarex is merging with Cabot Oil & Gas at minimal premium that perplexed investors. XEC had been both a defensive quality domestic play, yet the combined entity is likely to acquire more assets and re-lever.

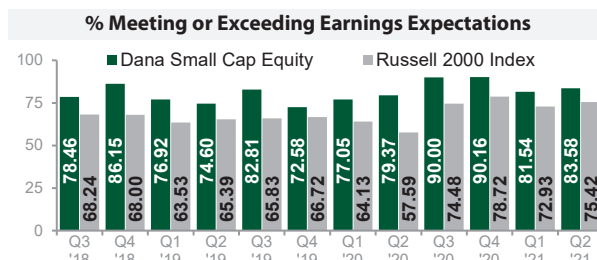
DXC Technology Company (DXC) – DXC has seen considerable multiple expansion in the last 12 months and its market value is approaching \$10 billion. Execution risk still remains.

QTS Realty Trust, Inc. (QTS) – QTS is a data center technology REIT that agreed to be purchased by Blackstone Group in early June at a significant premium to its prior closing price and at an all-time high. The buyout vindicates management's restructuring of the business and refocusing on key lines.

Average Annual Total Return (gross of fees) as of 6/30/2021	Unannualized							Since Inception
	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Dana Small Cap Equity Strategy	4.37%	19.60%	59.90%	11.78%	12.76%	12.34%	9.38%	10.48%
Russell 2000 Index	4.29%	17.54%	62.03%	13.52%	16.47%	12.34%	9.26%	9.25%

Sector Allocation	Dana Small Cap Equity	Ru2000 ETF
Communication Services	3.26%	3.74%
Consumer Discretionary	13.48%	11.96%
Consumer Staples	3.37%	3.20%
Energy	3.58%	4.28%
Financials	15.73%	14.80%
Health Care	19.10%	21.16%
Industrials	14.86%	14.17%
Information Technology	13.09%	13.63%
Materials	4.79%	3.85%
Real Estate	6.00%	6.81%
Utilities	2.73%	2.39%

Dana Small Cap Equity Top 10 Holdings	
Deckers Outdoor Corp	2.32%
Boot Barn Holdings Inc	2.11%
Omnicell Inc	2.09%
Blueprint Medicines Corp	1.99%
Ensign Group Inc	1.98%
Horizon Therapeutics PLC	1.93%
Rapid7 Inc	1.90%
Group 1 Automotive Inc	1.89%
Marriott Vacations	1.88%
PDC Energy Inc	1.87%



Dana's Small Cap Equity Strategy holdings continue to execute well, experiencing more positive earnings surprises than the Russell 2000 Index.

Due to rounding, totals may not equal 100%

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD 2021
Total Return Gross of Fees	1.93%	19.29%	46.27%	6.72%	2.13%	11.89%	13.23%	-15.28%	23.35%	13.63%	19.60%
Total Return Net of Fees	1.43%	18.67%	45.57%	6.18%	1.56%	11.13%	12.49%	-15.84%	22.63%	12.93%	19.25%
Benchmark Return	-4.18%	16.35%	38.82%	4.89%	-4.41%	21.31%	14.65%	-11.01%	25.52%	19.96%	17.54%
Composite 36 Month Standard Deviation	22.02%	19.15%	16.38%	12.49%	13.29%	14.14%	12.53%	15.56%	16.62%	25.95%	26.24%
Benchmark 36 Month Standard Deviation	24.99%	20.20%	16.45%	13.12%	13.96%	15.76%	13.91%	15.79%	15.71%	25.27%	25.20%
Number of Portfolios	23	21	36	57	51	54	50	46	37	26	25
Internal Dispersion	0.55%	0.22%	1.26%	0.53%	0.48%	0.61%	0.50%	0.65%	1.02%	1.59%	N/A
Composite Assets (US\$ millions)	15.5	17.7	46.0	62.6	67.3	123.5	135.3	107.1	109.4	71.8	66.3
% of Bundled Fee Assets	9.5%	11.4%	21.4%	30.5%	12.5%	8.1%	7.7%	7.4%	6.1%	2.1%	2.4%
Strategy Assets (US\$ millions)	21.7	25.6	79.2	172.8	286.4	429.7	489.9	368.1	310.0	235.2	257.1
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 Small Cap Equity composite has had a performance examination for the periods July 31, 1999 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:** July 31, 1999.
- Composite Definition:** The Dana Small 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 small cap 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 Small Cap Equity composite is the Russell 2000 Index.
- Composite Construction:** Prior to April 1, 2008, the composite included the Small Cap Equity segment of balanced accounts. Cash was allocated to these segments based on the average cash position of the Small 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 Small Cap Equity fee schedule is 0.75% on the first \$10MM, 0.70% on the next \$15MM, and 0.65% 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.

Characteristics for the iSHARES® Russell 2000 ETF ("Ru2000 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.

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All data is gross of fees unless otherwise noted

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