



# DANA SMALL CAP EQUITY STRATEGY

## QUARTERLY REVIEW

As of December 31, 2021

In 2021, the S&P 500 Index returned +28.71% in another strong year for US equity markets. While the market did pullback coming into October and into December, these retreats were both brief and shallow. A Santa Claus rally then capped a +11.03% Q4 return for the S&P 500 Index. Even though the year was replete with challenges and stress, the buoyant S&P 500 Index set 70 record high daily closing values in 2021. Since 1929, only 1995 had more all-time closing highs. The S&P 500 Index has returned a remarkable +16.73% annualized since 3/31/2009, the depths of the global financial crisis. What a period for equities!

The Dana Small Cap Equity Strategy delivered a +7.39% return in Q4, and an excellent return of +29.23% for the full-year 2021. The Strategy significantly outperformed the Russell 2000 Index return of +2.14% for the quarter, and it nearly doubled the benchmark return of +14.82% for the year! A broadening out of the market, operating margin expansion (underpinned by a better macro environment) and the outperformance of Value versus Growth styles proved to be strong tailwinds for the Strategy. Stock selection was also very strong in Q4 and the year. For the quarter, Health Care stock selection was particularly strong as the Strategy's holdings delivered an overall absolute positive return while the benchmark's Health Care holdings declined about -10%. M&A activity remained high and the Strategy experienced a number of key holdings that have been purchased at meaningful premiums throughout the year. While the transition into 2022 will likely present new challenges in the market, we see numerous companies providing fundamental performance that should reward investors.

### SECTOR CONTRIBUTORS

**Health Care** – Within the Strategy, every Health Care industry contributed to the absolute return, while each industry in the benchmark delivered a negative return. Large declines dominated the sector, punishing high valuation growth companies as Covid re-emerged. Positive news contributed strongly in this type of environment. In equipment, CONMED Corporation (CNMD) and Envista Holdings Corporation (NVST), announced strong quarterly results. Omnicell, Inc. (OMCL), a medical management technology and solutions provider, continues to demonstrate strong performance during the pandemic's ups and downs.

**Materials** – Specialty chemical company Avient Corporation (AVNT) beat expectations and upped guidance while also announcing new long-term targets in December. AVNT is targeting annual revenue growth of 6.5%, and 10% adjusted EBITDA growth. Summit Materials, Inc. (SUM) reported earnings and EBITDA upside. Management hit profitability metrics and reduced leverage.

### SECTOR DETRACTORS

**Financials** – The Fed affected yield curve expectations and pushed many interest rate sensitive bank stocks higher. Lack of rate beta in portfolio holdings muted upside. Growth oriented insurance companies led that industry in the index while Strategy holdings, Hanover Insurance Group, Inc. (THG) and Primerica, Inc. (PRI), were "flattish" for the quarter. Ameris Bancorp (ABCB) was modestly weak.

**Information Technology** – Despite strong relative performance from software industry holdings, info tech came up short as communications equipment holdings, Cambium Networks Corporation (CMBM) and CommScope Holding Company, Inc. (COMM) suffered weak quarters and guidance due to supply chain difficulties.

Characteristics <sup>a b</sup>	Dana Small Cap Equity	Ru2000 ETF
Market Cap (billions)	\$ 5.3	\$ 3.5
Median Market Cap (billions)	\$ 4.5	\$ 1.1
Dividend Yield	0.8%	1.0%
3 Year Dividend Growth	4.3%	-9.0%
Return on Equity (ROE) <sup>2</sup>	12.4%	8.2%
P/E NTM <sup>1</sup>	19.8	27.1
NTM Earnings Yield	5.0	3.0
Historical 3Yr Sales Growth	12.6%	10.1%
PEG	0.9	1.6

Weighted Average unless noted:

1 Weighted Harmonic Average; 2 Weighted Median

Statistics (gross of fees) <sup>b</sup>	Dana Small Cap Equity	Russell 2000 Index
Monthly Returns Since 7/31/1999		
Alpha	2.72	-
Beta	0.84	1.00
Sharpe Ratio	0.48	0.36
Batting Average	.509	-
Information Ratio	0.20	-

### SELECT ADDITIONS

**Radius Global Infrastructure, Inc. (RADI)** – RADI manages a portfolio of land with communication asset leases that generate significant cash flows. Leases aggregate rental cash flows of ground and rooftop cell towers, and the company is currently on pace to acquire 400mm of leases per year. RADI is financing assets mostly with debt and is more of a real estate asset company, but not a REIT. Its recent convertible and warrants should reduce the need for an equity raise in 2022. New assets are yielding about 6.4%.

**Shockwave Medical, Inc. (SWAV)** – SWAV is an interesting company with emerging cardio tech rolling out with increasing application opportunities and no direct competition yet. The company achieved net income profitability in Q3 for the first time, well ahead of expectations. Its revenue ramp is compelling.

### SELECT DELETIONS

**CommScope Holding Company, Inc. (COMM)** – CommScope provides communications equipment for broadband and wireless networks. Supply chain headaches and lack of clarity in rural broadband funding dim near-term expectations for the firm.

**Altimmune, Inc. (ALT)** – Altimmune abandoned AdCovid program on somewhat weak efficacy and desire to save bullets for development of Pemvidutide for weight loss and fatty liver (NASH). Investors bailed on the news. Pemvidutide results are thus far promising, and we may revisit down the road.

Average Annual Total Return  
(gross of fees) as of 12/31/2021

Unannualized

Since

(gross of fees) as of 12/31/2021

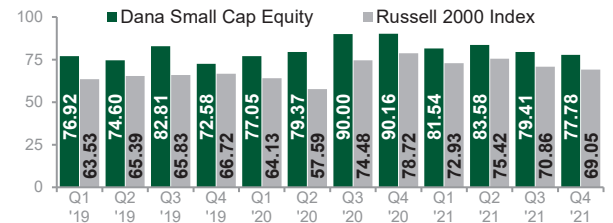
	Quarter	1 Year	3 Year	5 Year	10 Year	20 Year	Inception
<b>Dana Small Cap Equity Strategy</b>	<b>7.39%</b>	<b>29.23%</b>	<b>21.90%</b>	<b>11.68%</b>	<b>13.97%</b>	<b>10.06%</b>	<b>10.61%</b>
Russell 2000 Index	2.14%	14.82%	20.02%	12.02%	13.23%	9.36%	8.92%

Sector Allocation (%) as of 12/31/2021	Dana Small Cap Equity	Ru2000 ETF
Communication Services	3.20	3.12
Consumer Discretionary	11.00	11.47
Consumer Staples	3.61	3.45
Energy	4.44	4.36
Financials	15.64	16.00
Health Care	18.49	18.06
Industrials	15.40	15.07
Information Technology	14.17	14.53
Materials	4.11	3.82
Real Estate	7.34	7.45
Utilities	2.60	2.68

Due to rounding, totals may not equal 100%

Dana Small Cap Equity Top 10 Holdings (%) as of 12/31/2021	
Boot Barn Holdings Inc	2.58
Ovintiv Inc	2.18
Group 1 Automotive Inc	2.16
Cactus Inc	2.13
Horizon Therapeutics	2.02
TechTarget Inc	1.98
Cohu Inc	1.98
Semtech Corp	1.94
Advanced Drainage	1.94
Stag Industrial Inc	1.88

## % Meeting or Exceeding Earnings Expectations



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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Return Gross of Fees	19.29%	46.27%	6.72%	2.13%	11.89%	13.23%	-15.28%	23.35%	13.63%	29.23%
Total Return Net of Fees	18.67%	45.57%	6.18%	1.56%	11.13%	12.49%	-15.84%	22.63%	12.93%	28.47%
Benchmark Return	16.35%	38.82%	4.89%	-4.41%	21.31%	14.65%	-11.01%	25.52%	19.96%	14.82%
Composite 36 Month Standard Deviation	19.15%	16.38%	12.49%	13.29%	14.14%	12.53%	15.56%	16.62%	25.95%	23.80%
Benchmark 36 Month Standard Deviation	20.20%	16.45%	13.12%	13.96%	15.76%	13.91%	15.79%	15.71%	25.27%	23.35%
Number of Portfolios	21	36	57	51	54	50	46	37	26	26
Internal Dispersion	0.22%	1.26%	0.53%	0.48%	0.61%	0.50%	0.65%	1.02%	1.59%	0.36%
Composite Assets (US\$ millions)	17.7	46.0	62.6	67.3	123.5	135.3	107.1	109.4	71.8	68.0
% of Bundled Fee Assets	11.4%	21.4%	30.5%	12.5%	8.1%	7.7%	7.4%	6.1%	2.1%	2.5%
Strategy Assets (US\$ millions)	25.6	79.2	172.8	286.4	429.7	489.9	368.1	310.0	235.2	271.3
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
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

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 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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