



DANA SMALL 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. Small cap stocks rebounded in Q4 as well, with the Russell 2000 Index up +6.23%. All benchmark sectors were up this quarter, except the Health Care sector, and the Energy sector led the way with the highest absolute return. This was a challenging year for markets, and one we certainly won't miss. However, we are pleased to see the "growth at any price" mentality dissipate. The Fed's inflation fighting interest rate hikes in 2022 compressed company valuations which led to significant declines across all market caps this past year. We expect the reset in valuations to help stabilize the equity market going forward, and a more fundamentally driven market favors Dana's active management and relative value approach.

The Dana Small Cap Equity Strategy posted a strong Q4 return of +8.09%, well ahead of its benchmark. For the full year, the Strategy returned -20.09%, edging out the -20.44% return for the Russell 2000 Index. Patience was certainly a virtue the second half of this year. Several holdings that seemed out of favor over the dog days of summer and early fall rebounded strongly in Q4 as investors rotated out of momentum and growth indices, and took profits on winners. While equity returns could be challenged in 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 Small Cap Equity Strategy for 2023 and beyond.

SECTOR CONTRIBUTORS

Health Care – Biotech and Pharma holdings led to positive industry returns vs. negative returns for the benchmark. Horizon Therapeutics PLC (HZNP) rallied after two rough quarters as Amgen decided it was the right fit to add to their stable. Axsome Therapeutics, Inc. (AXSM) hit the market with its newly approved drug for major depression in October, and released positive clinical results on secondary indication for Alzheimer's agitation.

Consumer Staples – e.l.f. Beauty, Inc. (ELF) continues to gain shelf space and expand market share with their line of low priced cosmetics. Q3 sales and EBITDA beat estimates and margins are improving as sales grow and leverage SG&A investment. Simply Good Foods Company (SMPL) beat cautious estimates and is showing better than expected product momentum.

SECTOR DETRACTORS

Energy – Crude oil and Natural gas prices declined during a volatile quarter as macro tensions and supply questions remain in focus. This hurt new holding Matador (MTDR) which has more beta to a changing commodity price deck as it has new capex in play aimed at production growth. Ovintiv, Inc. (OVV) lagged yet still managed a double-digit return.

Utilities – Strategy holdings lagged benchmark peers as normally reliable Chesapeake Utilities Corporation (CPK) reported a messy quarter and Clearway Energy, Inc. (CWEN) traded inversely to interest rate volatility.

Characteristics ^{a b}	Dana Small Cap Equity	Ru2000 ETF
Market Cap (\$ billions)	4.9	2.7
Median Market Cap (\$ billions)	4.0	0.9
Dividend Yield (%)	1.2	1.4
3 Year Dividend Growth (%)	9.1	1.4
Return on Equity (ROE) (%) ²	18.9	10.1
P/E NTM ¹	14.9	22.4
NTM Earnings Yield	6.7	4.1
Historical 3Yr Sales Growth (%)	17.8	13.4
PEG	0.9	1.6

*Weighted Average unless noted:
1 Weighted Harmonic Average; 2 Weighted Median*

Statistics (net of fees) ^b	Dana Small Cap Equity	Russell 2000 Index
Monthly Returns Since 7/31/1999		
Alpha	1.88	-
Beta	0.85	1.00
Sharpe Ratio	0.36	0.28
Batting Average	.502	-
Information Ratio	0.12	-

SELECT ADDITIONS

Matador Resources Company (MTDR) – This Texas-based domestic exploration company has an amount of midstream assets which support its operations. Matador has demonstrated strong execution on production, realizations, and expense management. FCF is going toward paying down debt, dividends, and adding a seventh rig which supports 2023 production growth.

Lattice Semiconductor Corporation (LSCC) – LSCC makes programmable logic chips and is a leader in the low power niche, which is outgrowing current semiconductor trends. Lattice is returning cash through repurchases, and its newly launched Avant platform is positioned to take market share.

SELECT DELETIONS

Rapid7, Inc. (RPD) – Rapid7 offers a cloud security software platform. The company has diversified away from virtual machine and pursued bigger opportunities that have low penetration. Hiccups in sales goals have required additional investments in the salesforce. Management is hoping a new pricing strategy will help, but this will likely require a few quarters before recurring revenue growth hits targets.

CONMED Corporation (CNMD) – This company provides surgical equipment for minimally invasive surgery. CONMED has been impacted by headwinds in forex, supply chains, and staffing shortages at hospitals. Margins will face continued pressure and top line estimates may be too optimistic.

Average Annual Total Return (%) as of 12/31/2022	Unannualized						
	Quarter	1 Year	3 Year	5 Year	10 Year	20 Year	Since Inception
Dana Small Cap Equity Strategy (gross of fees)	8.24	-19.61	5.68	4.28	9.56	9.65	9.12
Dana Small Cap Equity Strategy (net of fees)	8.09	-20.09	5.04	3.65	8.91	9.05	8.51
Russell 2000 Index	6.23	-20.44	3.10	4.13	9.01	9.36	7.47

Sector Allocation (%) as of 12/31/2022	Dana Small Cap Equity	Ru2000 ETF
Communication Services	2.55	2.58
Consumer Discretionary	10.36	10.54
Consumer Staples	4.03	3.60
Energy	6.47	6.80
Financials	16.63	17.21
Health Care	17.29	16.87
Industrials	15.75	15.45
Information Technology	13.25	12.72
Materials	3.96	4.30
Real Estate	6.69	6.42
Utilities	3.02	3.50

Dana Small Cap Equity Strategy Top 10 Holdings (%) as of 12/31/2022	
Horizon Therapeutics	2.61
Deckers Outdoor Corp	2.29
Ensign Group Inc	2.24
Atkore Inc	2.16
e.l.f. Beauty Inc	2.12
Simply Good Foods Co	1.91
Box Inc	1.90
Clean Harbors Inc	1.87
Wintrust Financial Corp	1.84
Evercore Inc	1.83



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%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Return Gross of Fees	19.29%	46.27%	6.72%	2.13%	11.89%	13.23%	-15.28%	23.35%	13.63%	29.20%	-19.61%
Total Return Net of Fees	18.67%	45.57%	6.18%	1.56%	11.13%	12.49%	-15.84%	22.63%	12.93%	28.44%	-20.09%
Benchmark Return	16.35%	38.82%	4.89%	-4.41%	21.31%	14.65%	-11.01%	25.52%	19.96%	14.82%	-20.44%
Composite 36 Month Standard Deviation	19.10%	16.34%	12.50%	13.30%	14.18%	12.54%	15.59%	16.61%	25.95%	23.77%	25.86%
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%	26.02%
Number of Portfolios	21	36	57	51	54	50	46	37	26	26	25
Internal Dispersion	0.20%	1.33%	0.57%	0.48%	0.66%	0.50%	0.68%	1.04%	1.61%	0.40%	0.78%
Composite Assets (US\$ millions)	17.7	46.0	62.6	67.3	123.5	135.3	107.1	109.4	71.8	68.0	50.2
% of Bundled Fee Assets	11.4%	21.4%	30.5%	12.5%	8.1%	7.7%	7.4%	6.1%	2.1%	2.5%	2.6%
Strategy Assets (US\$ millions)	25.6	79.2	172.8	286.4	429.7	489.9	368.1	310.0	235.2	271.3	197.8
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.

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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, 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:** 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 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.

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.