



DANA | Investment  
Advisors

# DANA FIXED INCOME STRATEGY

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[www.DanaInvestment.com](http://www.DanaInvestment.com)

## THE WISE CHOICE

### HERITAGE

A strong family culture

Since our founding in 1980, Dana has remained independent and Employee-owned. Our investment firm is built on trust, integrity, and professional experience.

### QUALITY

Excellence in meeting client expectations

Dana strives to provide personalized client service and excellence in everything it does. We are uncompromising in our efforts to deliver superior results to clients.

### EXPERTISE

Focus on what we do best

Dana has assembled an investment team with diverse skill sets and specialized knowledge. We are adept at navigating challenging market environments and developing customized solutions.

### CONSISTENCY

Adherence to a uniform process

Dana implements a uniform investment process to help minimize volatility and improve consistency of returns. We seek repeatable and predictable results to more effectively grow cumulative wealth.



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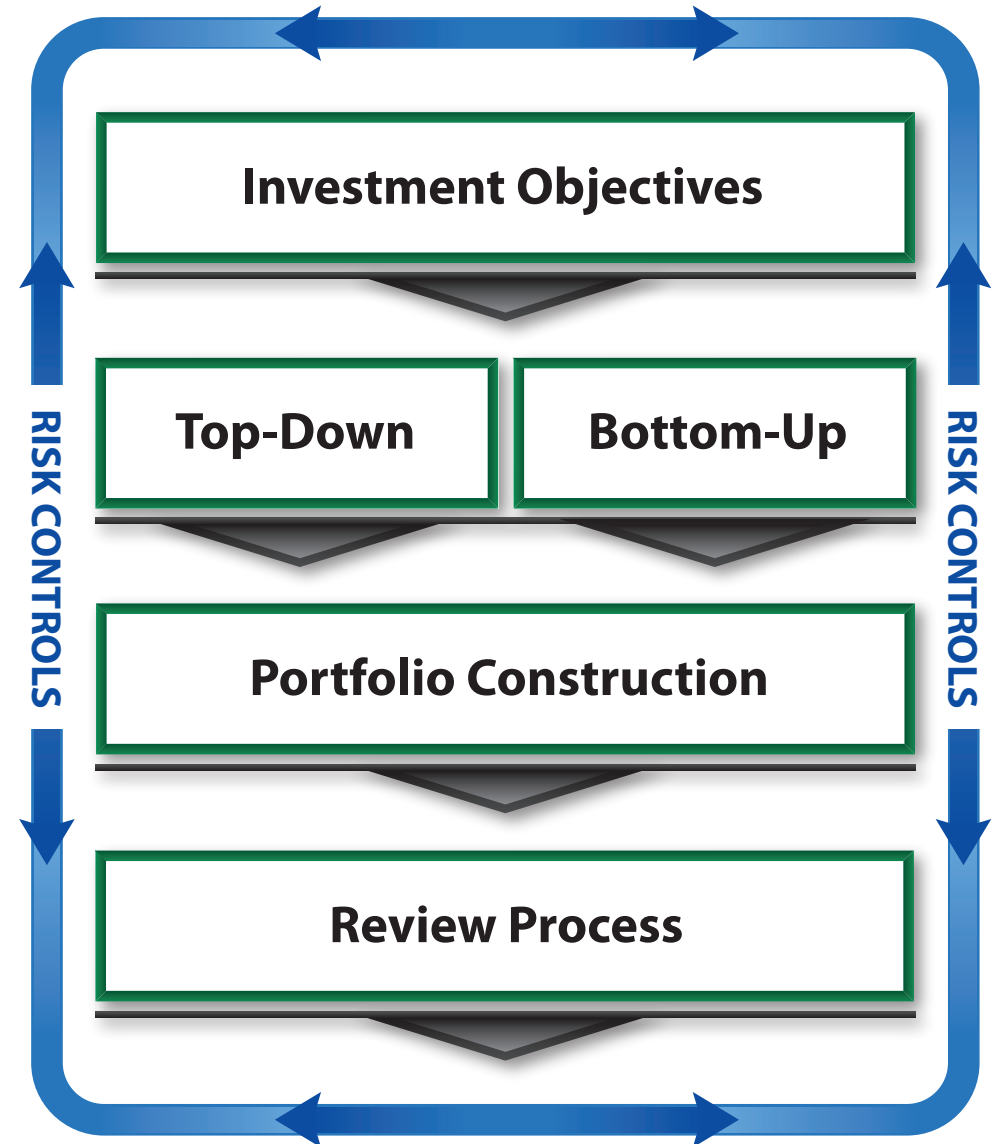
Dana Investment Advisors was built on the belief that adhering to a defined investment process allows our professionals to focus on the fundamentals of consistent outperformance through security selection.

- Founded in 1980
- Employee-owned
- Equity, taxable and tax-exempt fixed income, and ESG asset manager
- \$ 6.421 billion of assets under advisement as of September 30, 2023
- Headquartered in Brookfield, Wisconsin

**We've never wavered from our goal of providing above-market returns while reducing volatility for our clients.**

## Investment Philosophy

We strive to generate excess *risk-adjusted returns* through a *consistent and disciplined* investment process.

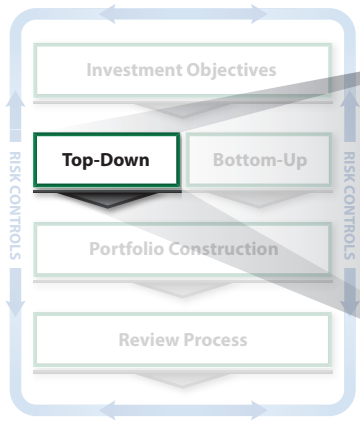




We believe that a well-diversified investment portfolio should contain a variety of fixed income strategies to produce repeatable and predictable results, making it easier to grow cumulative wealth.

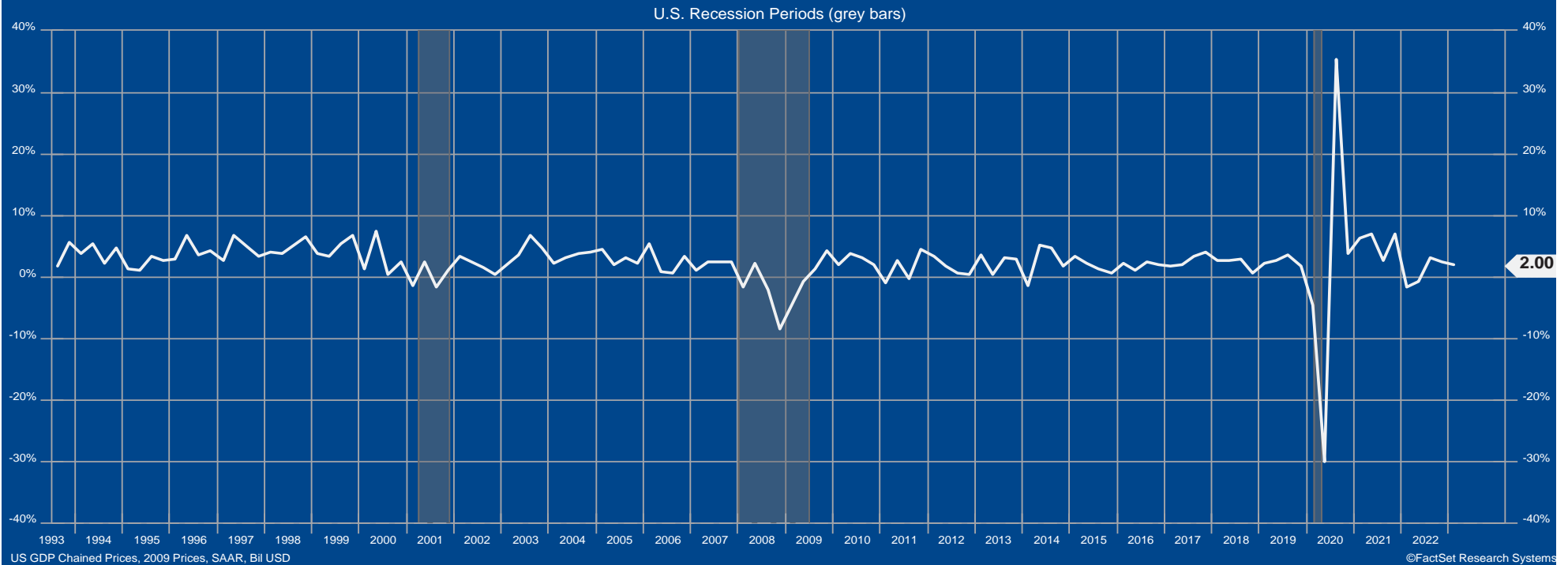
Dana therefore applies a uniform investment process to help improve the consistency of returns and reduce volatility.

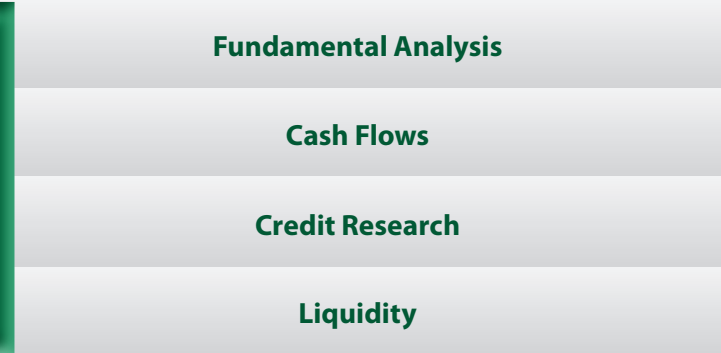
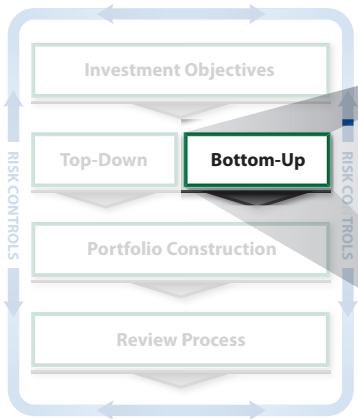
- **Diversification**
- **Stable Returns**
- **Lower Volatility**



### U.S. GROSS DOMESTIC PRODUCT (GDP)

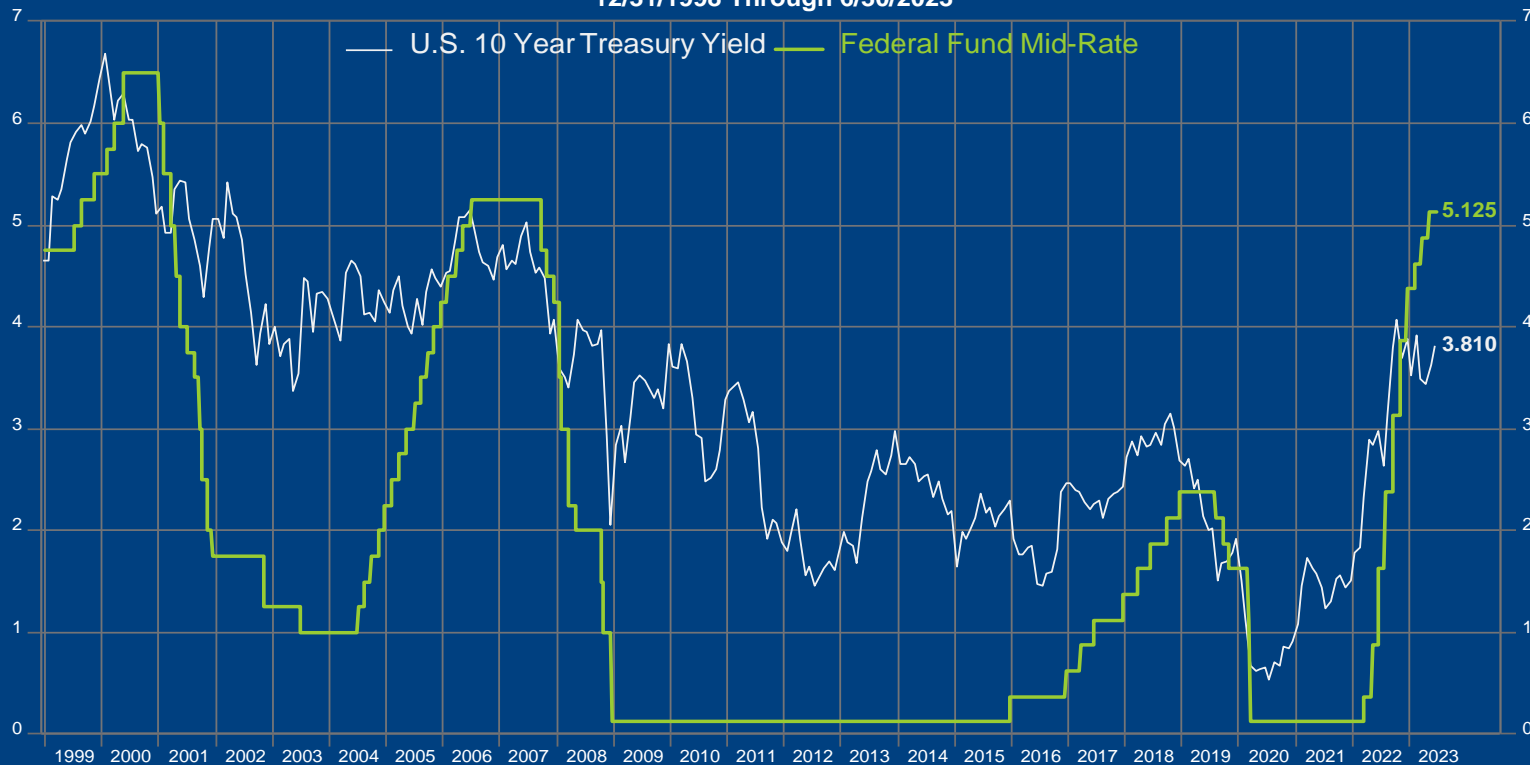
U.S. GDP Quarterly % Change From 07/02/1993 through 05/31/2023





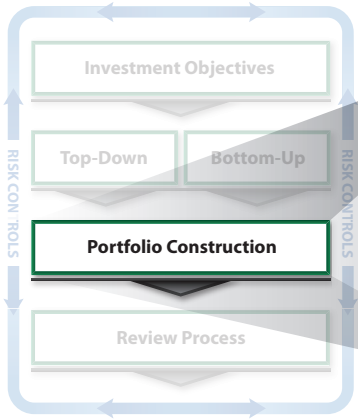
### U.S. 10 YEAR TREASURY YIELD

12/31/1998 Through 6/30/2023



Historically, forecasting the direction of interest rates has proven to be difficult and inconsistent.

Instead of relying on consensus forecasts, Dana constructs duration controlled portfolios that perform consistently over a variety of interest rate cycles.



### Portfolio Construction

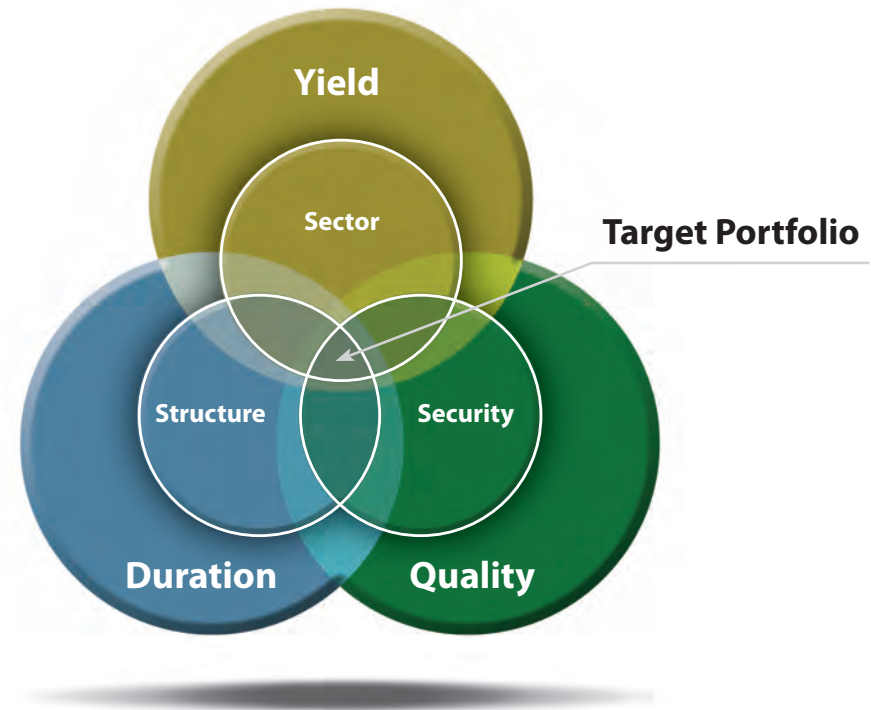
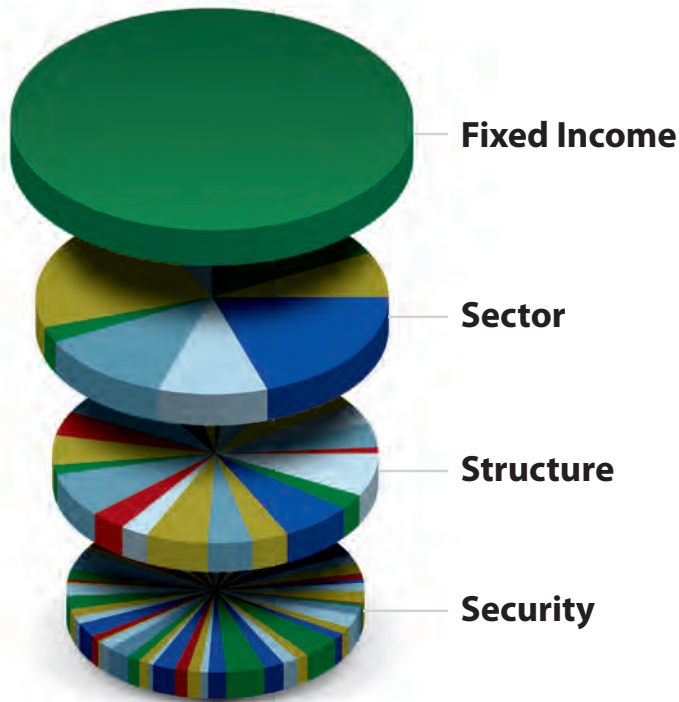
#### Security Selection

- Structure Analysis
- Bullet Securities
  - Amortizing Securities
  - Callable Securities
  - Serial Bonds

- Security Analysis
- Spread Analysis
  - Duration Analysis
  - Convexity Analysis
  - Maturity Analysis
  - Coupon Analysis (Fixed / Floating)

#### Diversification

- Correlation Effects
- Position Sizing







### Performance Review

- Tracking Error
- Attribution

### Investment Policy Compliance

- Credit Ratings
- Duration
- Maturity Restriction
- Industry Concentration
- Environmental, Social, and Governance Evaluation

### Market Analysis

- Spread Analysis
- Low Quality versus High Quality



	Investment Committee	Fixed Income Committee	Internal Controls
Macro Economics	✓	✓	
Monetary Policy	✓	✓	
Sector Rotation		✓	
Security Selection		✓	✓
Compliance		✓	✓
Custodian Reconciliation			✓

Risk controls are a critical element in our investment process.

A dynamic market environment calls for ongoing monitoring of portfolio risks to ensure responsible capital growth.

## Dana’s holistic process is **Comprehensive, Balanced, Thoughtful**

**Comprehensive:** Dana’s proprietary quantitative Environmental, Social, and Governance (ESG) model combines over 120 E, S, and G variables to rank approximately 3,000 U.S. corporate issuers.

**Balanced:** An ESG rank is calculated for each corporate name by equally weighting the factors using a geometric mean that helps to identify companies with favorable performance across all E, S, and G considerations. A size adjustment is then utilized to compute relative Dana ESG rank that is used to create an investment universe comprised of the top 50% of companies by market capitalization.

**Thoughtful:** Dana integrates ESG criteria into Dana’s bond selection process resulting in positive best-in-class representation. Advocacy efforts are aligned and consistent with Dana’s process.

Certain qualitative considerations may give rise to us overriding one or more aspects of our quantitative research.

Environmental	Social	Governance	Exclusions	Advocacy
<ul style="list-style-type: none"> <li>• Climate Change Impacts and Metrics</li> <li>• Fines and Regulatory Actions</li> <li>• Environmental Disclosures and Policies</li> <li>• Board Accountability</li> </ul>	<ul style="list-style-type: none"> <li>• Workforce Diversity</li> <li>• Human Rights Policies</li> <li>• Product and Workplace Safety</li> <li>• Labor Rights and Policies</li> <li>• Animal Testing</li> </ul>	<ul style="list-style-type: none"> <li>• Board Composition</li> <li>• CEO Compensation</li> <li>• Audit and Accounting</li> <li>• Board Independence</li> <li>• Corporate Transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Adult Entertainment</li> <li>• Alcohol</li> <li>• Tobacco</li> <li>• Gambling</li> <li>• Weapons</li> <li>• Sanctity of Life *</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Engagement</li> <li>• Partnerships with Mission-aligned Nonprofits</li> </ul>

## Strategy Overview

The Dana Social ESG Bond Strategy integrates environmental, social, and governance (ESG) metrics into the investment process, which can be further refined with faith-based factors. The overall objective is to deliver attractive excess yield over other high-quality, intermediate-duration investment options while focusing on ESG factors, sector allocation, credit quality, and duration in order to perform well in most market environments.

We begin by understanding specific client objectives, including specific ESG guidelines, cash flow needs, time horizons, tax considerations, and credit restrictions. The portfolio construction process starts with ESG ranked issuer universe, which includes roughly 900+ corporate bond issuers and high-quality governmental issuers, then focuses on sectors and individual security holdings with credit quality and liquidity constraints. Our process manages risk by controlling duration, yield curve positioning, sector, and security monitoring. We excel at building customized solutions and actively manage portfolios to incorporate client-specific goals while providing consistent long-term portfolio returns.

### Dana's Strategy Objective

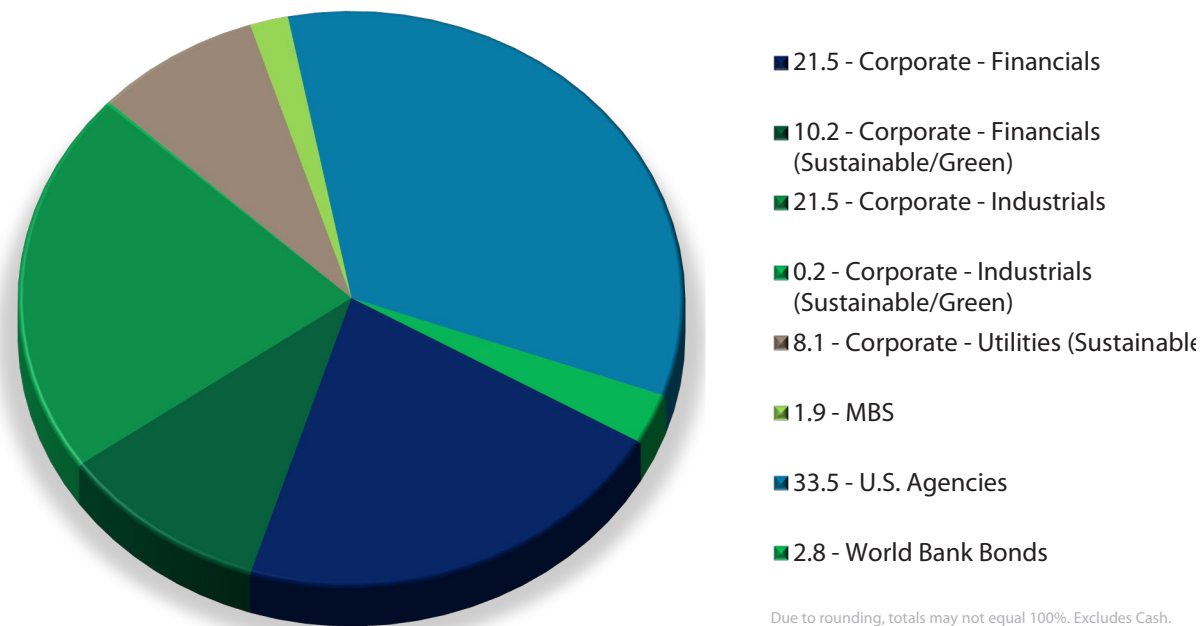
Seeks to deliver excess yield over other high-quality, intermediate-duration investment options. Focusing on sector allocation, credit quality, and duration to perform well in all market environments.

<b>Mandate:</b>	Intermediate Duration Taxable Fixed Income
<b>Benchmark:</b>	Bloomberg Intermediate Government / Credit Index
<b>Inception:</b>	March 2011
<b>Average Number of Holdings:</b>	30 – 65
<b>Target Cash (%):</b>	0 – 5
<b>Effective Duration Target:</b>	± 15% of Benchmark
<b>Target Portfolio Credit Rating:</b>	A1 – Aa2

Source: Dana Investment Advisors  
See Important Disclosure Information

## Composite Sector Allocation (%)

As of September 30, 2023



### Portfolio Construction

- Security by security
- High credit quality
- Cash flow reinvestment
- Individual cash-flow needs

### We avoid

- Exotic/speculative securities
- Unnecessary risk
- Illiquid securities



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