



# DANA SOCIAL ESG 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, following a disappointing April jobs report and otherwise positive economic indicators that often came with red flags. Throughout the quarter, inflation received added attention as debates over how much was “transitory” or tied to “base effects” began to heat up. Monetary policy, fiscal policy, and money flows continued to dominate market behavior. Fundamentals became more relevant as well, but market responses to fundamental data generally remained muted by the unique circumstances created by the pandemic. Long-term interest rates trended downward, which lent support to long-duration growth stocks, and helped the Russell 1000 Growth Index outperform the Russell 1000 Value Index by more than 6.5% for the quarter. This was especially evident with growth stocks showing considerable strength in both April and June. 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 Socially Responsible ESG Equity Strategy finished the quarter up +6.50%, with a year-to-date total return of +15.19%. Due to COVID-19, the Strategy experienced high turnover during 2020 and into the first quarter of 2021. Having already re-positioned the portfolio in advance of the recovery that is underway, Q2 turnover was extremely light. We are keeping our eye on inflation and any downward pressure this may exert on margins for Strategy holdings, while continuing our search for companies demonstrating pricing power. Although we remain optimistic towards equities, we expect a reduction in the pace of growth in equity returns in the second half of the year.

Characteristics <sup>a b</sup>	Dana Social ESG Equity	S&P 500 Index
Market Cap (billions)	\$ 315.6	\$ 542.8
Median Market Cap (billions)	\$ 82.2	\$ 30.2
Dividend Yield	1.4%	1.3%
3 Year Dividend Growth	10.3%	5.4%
Return on Equity (ROE) <sup>2</sup>	27.4%	28.7%
P/E NTM <sup>1</sup>	18.6	22.5
P/E LTM <sup>1</sup>	22.3	27.3
Historical 3Yr Sales Growth	9.4%	8.9%
PEG	1.3	1.4

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

Statistics (gross of fees) <sup>b</sup>	Dana Social ESG Equity	Benchmark Index
Monthly Returns Since 1/31/2000		
Alpha	2.90	-
Beta	0.89	1.00
Sharpe Ratio	0.56	0.38
Batting Average	.553	-
Information Ratio	0.47	-

### SECTOR CONTRIBUTORS

**Materials** – Both Strategy holdings, Nucor Corporation (NUE) and Avery Dennison Corporation (AVY), posted double-digit returns well above the sector average, driven by pricing and margin strength at both companies.

**Communication Services** – Alphabet, Inc. (GOOGL) and Facebook, Inc. (FB) led the portfolios in the sector, but underweight positions in these stocks hurt relative performance. Double-digit returns from T-Mobile US, Inc. (TMUS) and Interpublic Group of Companies (IPG), and lack of exposure to several weak performers in this small sector, allowed the Strategy to overcome the headwind from concentrated sector leadership.

**Financials** – Rising spending and lower credit risk for individuals led to strong return from Discover Financial Services (DFS). Morgan Stanley (MS) also contributed to relative strength for the Strategy in the Financials sector.

### SELECT DELETIONS

**Alaska Air Group, Inc. (ALK)** – Alaska Air was added to the Strategy late in 2020 to gain exposure to travel which was expected to rebound significantly from 2020 lows as vaccine development encouraged travelers (and investors). Like other airline stocks, Alaska Air stock rebounded sharply, matching its 2019 high, despite revenue well below 2019 levels, higher debt, an increased share count, and cost pressures. We expect future gains in the stock to be more difficult.

**Mastercard, Inc. (MA)** – While we remain positive on Mastercard in the long-term, payments processing stocks have been relative laggards in the past year. We elected to consolidate exposure to this industry group by removing Mastercard, in part due to higher-than-expected expenses in the most recent quarter that are likely to persist for the remainder of 2021.

### SECTOR DETRACTORS

**Information Technology** – Lack of exposure to the exceptional return from NVIDIA Corporation (NVDA) accounted for the bulk of the underperformance in Information Technology, with underweights to Microsoft Corporation (MSFT) and Apple, Inc. (AAPL) also hurting relative performance.

**Health Care** – Negative return in Abbott Laboratories (ABT) was the primary drag for the Strategy in the Health Care sector. Underexposure to the very strong biotechnology (and related companies) group also hurt relative performance.

**Industrials** – A decline in the stock of Alaska Air Group, Inc. (ALK) was the biggest detractor for the Strategy, with negative returns from Deere & Company (DE) and Norfolk Southern Corporation (NSC) also hindering performance.

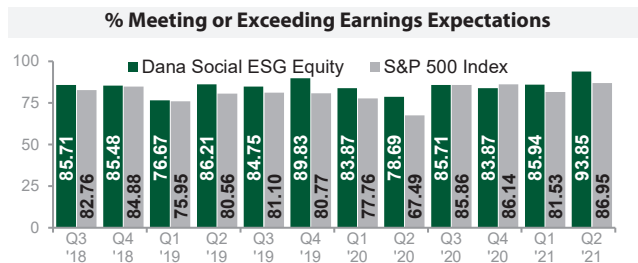
### SELECT ADDITIONS

There were no additions during the quarter.

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	
<b>Dana Social ESG Equity Strategy</b>	<b>6.50%</b>	<b>15.19%</b>	<b>37.48%</b>	<b>16.20%</b>	<b>15.01%</b>	<b>13.17%</b>	<b>10.20%</b>	<b>9.80%</b>
Benchmark Index	8.55%	15.25%	40.79%	18.67%	17.65%	14.84%	8.82%	7.33%

Sector Allocation	Dana Social ESG Equity	S&P 500 Index	Dana Social ESG Equity Top 10 Holdings	
Communication Services	11.10%	11.14%	Alphabet Inc	3.27%
Consumer Discretionary	12.38%	12.28%	Microsoft Corp	3.10%
Consumer Staples	5.65%	5.86%	Apple Inc	3.04%
Energy	2.86%	2.85%	Morgan Stanley	2.14%
Financials	11.51%	11.28%	Lam Research Corp	2.08%
Health Care	12.95%	12.90%	CDW Corp	2.05%
Industrials	8.40%	8.63%	Adobe Inc	2.04%
Information Technology	27.48%	27.42%	Accenture PLC	2.01%
Materials	2.81%	2.60%	CVS Health Corp	1.97%
Real Estate	2.52%	2.58%	Cadence Design Systems	1.93%
Utilities	2.34%	2.45%		

Due to rounding, totals may not equal 100%



Dana's Social ESG Equity Strategy holdings continue to execute well, often experiencing more positive earnings surprises than the S&P 500 Index.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD 2021
Total Return Gross of Fees	1.22%	14.97%	38.65%	16.63%	-1.72%	6.56%	21.15%	-9.63%	32.41%	13.53%	15.19%
Total Return Net of Fees	0.63%	14.33%	37.91%	16.03%	-2.27%	6.02%	20.59%	-10.08%	31.80%	12.94%	14.94%
Benchmark Return	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%	31.49%	18.40%	15.25%
Composite 36 Month Standard Deviation	17.46%	15.31%	13.17%	9.90%	10.93%	11.21%	10.35%	11.29%	11.98%	18.97%	18.81%
Benchmark 36 Month Standard Deviation	18.81%	15.09%	11.94%	8.97%	10.47%	10.59%	9.92%	10.80%	11.93%	18.53%	18.26%
Number of Portfolios	77	86	79	125	81	94	49	48	46	46	46
Internal Dispersion	1.07%	0.87%	1.16%	1.08%	0.44%	0.82%	0.29%	0.36%	0.65%	0.38%	N/A
Composite Assets (US\$ millions)	65.5	76.4	88.2	150.2	91.1	214.7	198.5	315.2	386.6	164.7	192.8
% of Bundled Fee Assets	48.2%	46.7%	53.7%	52.6%	47.3%	31.3%	14.6%	8.0%	5.7%	8.6%	8.2%
Strategy Assets (US\$ millions)	132.1	158.2	252.8	369.8	470.5	584.0	589.1	658.8	748.1	560.6	654.8
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 Social ESG Equity composite has had a performance examination for the periods January 31, 2000 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:** January 31, 2000. The composite was known as the Dana Socially Responsible Equity composite through December 30, 2017 and thereafter known as the Dana Social ESG Equity composite.
- Composite Definition:** The Dana Social ESG 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 ESG integrated equity 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 current benchmark for the Dana Social ESG Equity composite is the S&P 500 Index. Prior to January 1, 2010, the MSCI KLD 400 Social Index was used as the composite's primary benchmark and the S&P 500 Index was a secondary benchmark. The change was made as the investment process and characteristics of Dana Social ESG Equity portfolios more closely match those of the S&P 500 Index.
- Composite Construction:** Prior to April 1, 2008, the composite included the Social ESG Equity segment of balanced accounts. Cash was allocated to these segments based on the average cash position of the Social ESG 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 Social ESG Equity fee schedule is 0.75% on the first \$10MM, 0.65% on the next \$15MM, and 0.60% 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.

Data and Chart Sources: Dana Investment Advisors; <sup>(a)</sup> FactSet Research Systems; <sup>(b)</sup> Morningstar Direct

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All data is gross of fees unless otherwise noted

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