



DANA | Investment
Advisors

1ST QUARTER 2021 OVERVIEW

DANA UNCONSTRAINED EQUITY STRATEGY

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 minimize volatility and improve consistency of returns. We seek repeatable and predictable results to most effectively grow cumulative wealth.



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Dana Unconstrained Equity - Origin

Dana launched the Unconstrained Equity Strategy following indications of client demand for a nimble, high conviction strategy.

Unconstrained is highly complementary to Dana's diversified legacy strategies.

Client Interest

We often receive requests to develop new investment strategies. The drum beat for a high conviction strategy became increasingly clear. Unconstrained's nimble, concentrated investment approach is highly complementary to Dana's diversified legacy strategies. It can also serve as a core allocation for investors willing to accept elevated volatility for higher return potential.

Security Selection Expertise

Dana's successful legacy equity strategies employ risk controls (e.g. sector neutrality) designed to limit portfolio volatility and minimize idiosyncratic risk. These risk controls mean that security selection within industry groups drives alpha. We believe that this stock picking expertise can be extended beyond industry groups in a less constrained portfolio.

Recognition of Disruptive Trends

Our fundamental work has increasingly focused on the impact of disruptive trends across industries. In an economy experiencing rapid innovation, the tried and true business models of the past must be questioned. The team is excited to offer a strategy that can more fully harness these changes.

Innovation at the Firm Level

As we analyze companies through the lens of disruption, it is important to turn that gaze inward. Since 1980, Dana has evolved its suite of strategies and services to best fit the needs of our clients. In a dynamic environment for asset managers, we couldn't be more excited about the future.

Dana Unconstrained Equity - Introduction

An Opportunistic Approach to Domestic Equities in a Concentrated Portfolio of 15 to 30 Stocks

“Unconstrained” means freedom from conventional frameworks such as style, sector weights, screens, turnover, volatility and market cap.

Three Sources of Advantage

- 1. Understand Disruption**
 - We seek to understand and not underestimate the effects of disruptive technological change
 - Disruption accentuates the winners and the losers
- 2. “Go Anywhere” to Find Good Ideas**
 - Being unconstrained allows for the widest possible opportunity set of ideas
 - We constantly search for the next great idea
- 3. Be Nimble and Embrace Change**
 - Being nimble allows us to take advantage of short-term volatility created by emotional reactions, crowding (e.g. ETF flows) or other non-fundamental factors
 - We embrace a flexible mindset that balances conviction with a willingness to admit mistakes and move on

INVESTMENT PHILOSOPHY

The economy is experiencing accelerated change driven by technological innovation. We capture value by understanding the business models of the future, broadening the opportunity set of ideas, and embracing a mindset that is nimble and tolerant of change.

**STRATEGY
PARAMETERS**

**3-STEP IDEA
GENERATION**

**5-STEP COMPANY
EVALUATION**

**VALUATION AND
TRADING DISCIPLINE**

Strategy Parameters

DESCRIPTION

Strategy

- ✓ Domestic Equities (long-only)[†]

Market Capitalization

- ✓ Size distribution roughly approximates the broader U.S. equity market ¹

Style

- ✓ Agnostic

Number of Holdings

- ✓ 15 to 30

Recommended Benchmark

- ✓ S&P 500 Index

RISK-REWARD FRAMEWORK

Price Targets

- ✓ Reaching a price target creates a "presumption of sale"

Relative Valuation

- ✓ Price targets are set using a relative valuation methodology

Position Size Limit

- ✓ 15% Maximum Weight

Cash Limit

- ✓ 30% Maximum Weight

Automatic Thesis Review ²

- ✓ -25% Price Underperformance

Targeted Return

- ✓ Capital appreciation that significantly exceeds the benchmark return

3-Step Idea Generation

A Wide Idea Sourcing Aperture

Seek Out Disruption and Growth

Identify Value Catalysts

EMBRACE TRADITIONAL
AND NON-TRADITIONAL
IDEA SOURCES

1) Maintain the Widest Possible Idea Sourcing Aperture

Quantitative
Research

Third-Party
Research

Financial
News

Social
Media

Podcasts

Industry
Blogs

Anecdotal
Observations

EXPLORE
"INTERESTING"
OPPORTUNITIES

2) Seek Out Disruption and Growth

Innovative / Disruptive
Business Models

Robust Industry /
Company Growth Rate

Large Total Addressable
Markets

3) Identify Value Catalysts

Overly Depressed
Valuations

Turnarounds / Special
Situations

Valuation and Trading Discipline

Valuation is Relative

Setting Price Targets

Position Sizing

Trading

Valuation is Relative

- **Everything is Relative:** Valuation is relative to the current landscape of equity opportunities.
- **Growth and Fundamental Volatility:** Relative growth potential and relative fundamental volatility are often the most important valuation levers.

Setting Price Targets

- **Fair Value:** Price targets represent the Strategy's determination of fair value.
- **Sell Trigger:** Reaching a price target creates a "presumption of sale" pending a valuation review.
- **Frequency of Change:** Price targets are reviewed on a quarterly basis or when thesis-altering information is presented intra-quarter.

Position Sizing

- **Overweight Largest Discounts to Price Targets:** Position sizing is biased to overweight equities with the largest discounts to price targets.
- **Overweight Highest Near-term Conviction:** Position sizing is biased to overweight equities with high conviction in positive near-term fundamentals.

Trading

- **Buy Criteria:** We seek to buy substantial discounts to fair value.
- **Sell Criteria:** We seek to sell when something better comes along or a holding reaches its price target (because of price appreciation and/or a lowered price target).
- **Turnover:** Trading frequency generally correlates positively with the price and fundamental volatility of current and prospective holdings.
- **Holding Period:** If investment theses are more often right than wrong, the ideal holding period is (counterintuitively) as short as possible, because this indicates that the share price appreciated to fair value very rapidly.



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Physical Address:
20700 Swenson Drive
Suite 400
Waukesha, Wisconsin 53186

Mailing Address:
P.O. Box 1067
Brookfield, Wisconsin 53008-1067

(262) 782-3631
(800) 765-0157

www.DanaInvestment.com