Dana Unconstrained Equity Strategy

Investment Philosophy

Change is the only constant in today's market. We are flexible in mindset, idea generation and research efforts. We cultivate a nimble, adaptable mindset that seeks catalysts and is unapologetic in its willingness to change course. We are unconstrained in idea generation with flexibility among U.S. Equity sectors and expertise in both value and growth opportunities. We seek to understand and capitalize on disruptive change, with a bias toward owning disruptive winners and avoiding disrupted losers.

Investment Objective

The Dana Unconstrained Equity Strategy endeavors to generate long-term capital appreciation exceeding the benchmark return through the purchase of a limited number of companies that can thrive across disparate market environments.

Investment Strategy

The Dana Unconstrained Equity Strategy is concentrated (15 to 30 holdings), conviction-weighted, and style agnostic. We search for stocks with identifiable catalysts that may meaningfully outperform over the forward 12 months. Catalysts often include growth or profitability above expectations, disruptive products or services, regulatory tailwinds, macro or exogenous factors, and management changes and/or restructuring. We focus our research efforts on identifying critical issues that will make or break an investment thesis. Trading decisions and position sizing follow from our relative valuation discipline that identifies price targets representing the Strategy's determination of fair value for individual securities.

Key Differentiators:

- Style agnostic: At any given point the Strategy can reflect a tilt to growth or value, but that is an output not an input. Stocks are not analyzed in a context of factors, but instead on identifiable catalysts we believe can provide meaningful outperformance in the near term (forward 12 months).
- Highly concentrated and actively managed: Strategy is focused on conviction weighting of securities we identify as most attractive and adaptable to changing markets.
- Lower correlation: Historically, the Strategy has exhibited lower correlation to the S&P 500 Index.
- Targets Winning Business Models of the Future: In a world driven by technological innovation, we're laser-focused on identifying companies with winning business models. Our goal? To thrive across disparate market environments.

Investment Team

- David Weinstein, JD, Senior Vice President and Lead Portfolio Manager
- Joe Veranth, CFA, Chief Investment Officer
- Duane Roberts, CFA, Director of Equities
- Greg Dahlman, CFA, Senior Vice President
- Michael Honkamp, CFA, Senior Vice President
- David Stamm, CFA, Senior Vice President
- Sean McLeod, CFA, Vice President
- Mikhail Alkhazov, CFA, Vice President

YJLKG 03/14/2024

Q: Can you elaborate upon the Strategy's investment style?

A: We are agnostic to style. For any given period, the portfolio will reflect a tilt toward growth or value, but we don't analyze stocks in the context of factors. We don't think much about timing or balancing value and growth factors in the portfolio. Style tilt is an output, not an input. With that said, we acknowledge a positive bias toward secular winners. This can manifest in a number of ways. Most directly, we can own the winners if they trade at sufficient discounts to fair value. If enough secular winners are in the portfolio, we will likely tilt toward the growth factor. Alternatively, we can avoid secularly challenged companies or, more interestingly, buy secularly challenged companies at sufficiently depressed prices. The latter represents a traditional type of value investing approach. We will keep an open mind and let the market guide us.

Q: Historically, there has been an overweight to Technology in Unconstrained Equity. How do I know this isn't just a closet Technology fund?

A: Good and fair question. I'd refer back to the above answer on being style agnostic as one reason. However, technology, more specifically enterprise software and mega cap technology, have clearly been secular winners over the last few years. These were the companies where we saw identifiable catalysts that we felt would lead to meaningful outperformance. Additionally, I would note that some of the current holdings would traditionally be identified as 'value' stocks.

Q: What are the product goals and performance expectations?

A: We aim to offer a high performing, highly active equity strategy with a U.S. geographic bias. Capital appreciation is paramount. The Strategy is designed to adapt across market environments. We strive to obtain relative returns that can materially exceed benchmark returns over long rolling periods. Importantly, the adaptability of the Strategy is meant to improve the consistency of its relative performance. Therefore, we would not be doing a good job if performance trails the benchmark for an extended period of consecutive quarters.

Q: What are the risk and volatility expectations?

A: Valuation discipline is the primary risk control for the Strategy. This manifests in two ways. First, if we know the companies well (as is required for an accurate valuation), we can react quickly and effectively to unexpected changes in their fundamental trajectories. Second, at purchase positions should trade at a discount to fair value, which provides an incremental buffer in times of stress. Because the Strategy is concentrated, it will be considerably more volatile than the benchmark. We don't think, however, that it will be any more or less volatile than the average, unlevered, long-only concentrated equity portfolio. Overall, one should expect a range of volatility commensurate with equities as an asset class.

Q: How would you position this in a client portfolio?

A: We feel the Strategy can have a place in any client portfolio, but ultimately the client's appetite for risk or volatility will determine the allocation. Some clients will allocate to Unconstrained as a part of a core-satellite approach where they position Unconstrained as an alpha generator to their core U.S. Equity exposure. Those with a more aggressive outlook may increase their allocation weight and position it as their U.S. Equity Growth allocation to the portfolio.

JLKG 03/14/2024

Dana Investment Advisors, Inc. • 20700 Swenson Drive • Suite 400 • Waukesha, Wisconsin 53186 • P.O. Box 1067 • Brookfield, WI 53008-1067
e-mail: Info@DanaInvestment.com • website: www.DanaInvestment.com • (800) 765-0157