

SEPTEMBER 30, 2018

# Dana Large Cap Equity Fund Market Commentary

## Overview

Trade disputes, political drama, and rising interest rates could not hold back U.S. stocks during Q3. The S&P 500 Index posted a Q3 return of +7.71%, its best quarterly return since 2013. Growth outperformed value by wide margins across all market cap ranges. Indeed, the Russell 1000 Growth Index generated a total return 347 bps higher than the Russell 1000 Value Index in Q3, bringing the year-to-date growth over value gap to over 1300 bps. Mega-cap stocks led the market higher, and the 50 largest S&P 500 Index companies had an average total return of 7.71%. Earnings season was also exceptionally strong, having benefited from tax cuts and better-than-forecast revenue growth.

The Dana Large Cap Equity Fund Institutional Class (the 'Fund') generated a strong return of +6.05%, yet lagged the benchmark. The Fund held solid performers across an array of sectors, such as Royal Caribbean Cruises Ltd. (RCL) in Consumer Discretionary, Pfizer, Inc. (PFE) in Health Care, and Apple, Inc. (AAPL) in the Information Technology sector. These stocks have attractive relative valuations and solid fundamentals, including rising sales and earnings. Mega-cap concentration within the S&P 500 Index remained a headwind, as 1.1% of the 1.4% performance advantage of the S&P 500 Index over the Dana Large Cap Equity Fund came from just 4 of the largest companies in the Index. Three of these stocks are underweighted versus the Index as a result of Dana's disciplined minimization of market concentration risk, the benefits of which we expect to return over time. In the meantime, the Dana Large Cap Equity Fund continues to generate attractive absolute returns, with further upside potential as corporate earnings continue to grow.

## Sector Contributors

### INDUSTRIALS

All five Fund holdings produced double-digit positive returns in Q3, including Norfolk Southern Corporation (NSC), Delta Air Lines, Inc. (DAL), Caterpillar, Inc. (CAT), Waste Management, Inc. (WM) and Boeing Company (BA); not owning General Electric Company (GE) also contributed to relative returns.

### COMMUNICATION SERVICES

Double-digit returns by T-Mobile U.S., Inc. (TMUS) significantly contributed to this sector, which underwent a major restructuring in composition by S&P at the end of the quarter.

## Sector Detractors

### INFORMATION TECHNOLOGY

Underweights to mega-caps Apple, Inc. (AAPL) and Microsoft Corporation (MSFT) accounted for more than the full underperformance in this sector; weakness in semiconductor holdings, particularly Microchip Technology, Inc. (MCHP), also detracted from returns.



## CONSUMER DISCRETIONARY

Lack of exposure to Amazon.com, Inc. (AMZN) accounted fully for the underperformance in the Consumer Discretionary sector; Lear Corporation (LEA) pulled back as auto production forecasts were revised downwards.

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## Select Additions

### BRISTOL-MYERS SQUIBB COMPANY (BMY)

Offers above-average growth at a below-average valuation, based upon Dana's analysis that the growth potential of cancer drug, Opdivo, is underestimated.

### NETAPP, INC. (NTAP)

The Company's hardware storage products are gaining market share in an already robust IT spending environment; data storage and accessibility is increasingly mission critical in many industry verticals, and corporations are upgrading or replacing legacy systems after years of underinvestment; cash flow valuation is attractive, and NTAP maintains a healthy net cash position.

## Select Deletions

### ABBVIE, INC. (ABBV)

A solid performer over the past few years as their largest drug, Humira, has grown to over 60% of company sales; the positive Humira story may be inflecting negatively as the company faces new competition in Europe; with a high concentration of revenues in one product that is potentially slowing, other stories within the pharmaceutical sector look more attractive.

### LEAR CORPORATION (LEA)

The Company is facing additional headwinds as their global auto production forecasts are revised downwards and trade tensions with China escalate; raw material prices are also up, which results in higher costs; while the company is well managed, slowing growth and rising costs limit upside potential.

## Portfolio

### ANNUALIZED RETURNS as of 9/30/18

	TICKER	QTD	1 Year	3 Years	5 Years	Since Inception	Gross Exp. Ratio
Dana Large Cap Equity Investor	DLCEX	5.94%	13.69%	14.41%	12.14%	13.95%	1.12%
Dana Large Cap Equity Institutional	DLCIX	6.05%	13.98%	14.72%	—	11.68%	0.87%
S&P 500 TR USD	-	7.71%	17.91%	17.30%	13.95%	14.19%	-

\* Represents performance of the S&P 500 Index since inception of DLCEX (3/1/2010)

The performance of the Fund quoted is past performance and does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data as of the most recent month may be obtained by calling 1-855-280-9648.

**TOP HOLDINGS** as of 9/30/18, subject to change

APPLE INC.	2.48%	Information Tech.
PFIZER INC.	2.36%	Health Care
AMGEN INC.	2.21%	Health Care
WELLCARE HEALTH PLANS, INC.	2.18%	Health Care
UNITEDHEALTH GROUP INCORPORATED	2.15%	Health Care
STRYKER CORPORATION	2.12%	Health Care
ALPHABET INC. CLASS A	2.10%	Comm. Services
MICROSOFT CORPORATION	2.10%	Information Tech.
BRISTOL-MYERS SQUIBB COMPANY	2.05%	Health Care
JOHNSON & JOHNSON	2.03%	Health Care

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There is no guarantee that this, or any, investment strategy will succeed. Mutual funds involve risk, including possible loss of principal.

Before investing you should carefully consider the investment objectives, risks, charges and expenses of the Dana Funds. This and other important information about the Fund is contained in the prospectus, which can be obtained by visiting [www.DanaFunds.com](http://www.DanaFunds.com) or by calling 855-280-9648. The prospectus should be read carefully before investing. The Dana Funds are distributed by Unified Financial Securities, LLC member FINRA. Dana Investments Advisors is not affiliated with Unified Financial Securities, LLC.