

DECEMBER 31, 2018

Dana Small Cap Equity Fund Market Commentary

Overview

After impressively powering through a wall of worry in Q3, equity markets abruptly began Q4 by falling sharply in October. The S&P 500 Index then oscillated to a slight gain in November, while December ushered in yet another round of sharp losses. Not only did a Santa Claus Rally fail to materialize, the S&P 500 Index produced its weakest Christmas Eve ever. However, the day after Christmas was far merrier for investors, with the S&P 500 Index generating its largest one-day gain since March 2009 and the Dow Jones Industrial Average posting its first ever 1,000+ point day. Despite this last minute surge, the S&P 500 Index ended Q4 and the year in negative territory, the first negative calendar year total return since 2008. Mid-cap and small-cap indexes lagged larger cap indexes, producing greater losses for both the quarter and the year. The Russell 2000 Index was down -20.20% for the quarter and 11.01% for the year, marking the worst calendar year for Small Cap since the Financial Crisis. The pain was widespread, and every GICS sector declined in the quarter.

The Dana Small Cap Equity Fund Institutional Class (the 'Fund') declined -22.79% during Q4. Mellanox Technologies, Ltd. (MLNX) delivered the highest positive return and contribution to the Fund after reporting strong revenue growth. Defensive holdings such as AMN Healthcare Services, Inc. (AMN) and Horizon Pharma PLC (HZNP) also held up well during the Q4 "risk-off" environment. Ligand Pharmaceuticals Incorporated (LGND) was the Fund's weakest performing holding, as biotechnology stocks sold off significantly this quarter. Cyclical companies also suffered, particularly those in the Consumer Discretionary sector. As this market pulled back, we selectively added stocks to the Fund that offered very attractive relative valuations as well as quality growth characteristics.

Sector Contributors

HEALTH CARE

The Russell 2000 Index pharmaceutical industry fell 30%, while Fund holdings fared much better. Horizon Pharma PLC (HZNP) and Corcept Therapeutics, Inc. (CORT) were comparative rock stars in the quarter, falling less than 5% each in an industry where many stocks lost more than 40% in Q4. HZNP climbed on strong earnings and guidance; while CORT climbed on a short-squeeze following a positive FDA usage announcement in December.

INFORMATION TECHNOLOGY

Semiconductor holdings outperformed Index peers: Mellanox Technologies Ltd. (MLNX) climbed after reports of a good quarter and announcing they have hired an advisor to consult on a potential sale; Five9, Inc. (FIVN), a cloud service provider, climbed on solid earnings.

Sector Detractors

CONSUMER DISCRETIONARY

The market rotated dramatically in Q4 and priced in a harsher economic environment.

OFFICES



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Weight Watchers International, Inc. (WTW) reported a quarter that failed to match expectations but grew subscribers 25% year-over-year; Boot Barn Holdings, Inc. (BOOT) plunged in correlation to falling crude price as the company is linked to Texas economy and oil & gas employment.

FINANCIALS

Several small cap banks including Cadence Bancorp (CADE), which is in the midst of a merger, Berkshire Hills Bancorp (BHLB) and Western Alliance Bancorp (WAL) significantly declined within a sector that experienced double-digit losses for Q4.

Select Additions

CABOT MICROELECTRONICS CORPORATION (CCMP)

CCMP is a market leader in polishing pads and slurries in integrated circuit manufacturing, with the recent acquisition of KMG Chemicals adding to consumables it sells into the channel. There is a 2-3 year window for double-digit growth as industry shifts to 3D NAND and expands margins; potential for 6% free cash flow yield in 2019, 53% gross margin and 32% EBITDA.

QUINSTREET, INC. (QNST)

This communication services company engages in online performance marketing with property & casualty insurance niche. The company is the provider of the QuinStreet Media Platform that is expanding into adjacent verticals, with growth in all verticals in the high double-digits. There is concern about single customer exposure abating as firm diversifies; free cash flow growth story with no long-term debt.

Select Deletions

BERKSHIRE HILLS BANCORP, INC. (BHLB)

The company's longstanding and well-respected CEO stepped down unexpectedly in November 2018, leaving questions regarding effective leadership moving forward. Following the CEO resignation, BHLB made a surprise \$180m acquisition, increasing anticipation of a strategic pause to allow for executive transition.

PATRICK INDUSTRIES, INC. (PATK)

PATK reported a strong quarter ahead of estimates with sales and EPS beats and increased buybacks, yet weakness in RV shipment data pressured shares; cyclical factors are likely to remain headwind until channels reduce inventory.

Portfolio

ANNUALIZED RETURNS as of 12/31/18

	TICKER	QTD	1 Year	2 Years	3 Years	Since Inception	Gross Exp. Ratio
Dana Small Cap Equity Investor	DSCEX	-22.86%	-17.15%	-3.97%	0.58%	-1.15%	2.22%
Dana Small Cap Equity Institutional	DSCIX	-22.79%	-16.98%	-3.75%	0.86%	-0.87%	1.97%
Russell 2000 Index TR		-20.20%	-11.01%	1.01%	7.36%	5.47%	-

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.

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**TOP HOLDINGS** *as of 12/31/18, subject to change*

CHESAPEAKE UTILITIES CORP.	2.00%	Utilities
MARRIOTT VACATIONS WORLDWIDE CORPORATION	1.96%	Consumer Disc.
SOUTHWEST GAS CORP.	1.96%	Utilities
PRIMERICA INC.	1.92%	Financials
CADENCE BANCORPORATION CLASS A	1.84%	Financials
WESTERN ALLIANCE BANCORPORATION	1.80%	Financials
STAG INDUSTRIAL INC.	1.80%	Real Estate
FIRST BANCORP	1.79%	Financials
RUTH`S HOSPITALITY GROUP INC.	1.79%	Consumer Disc.
PREFERRED APARTMENT COMMUNITIES	1.78%	Real Estate

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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. Small cap investing involves greater risk no associated with investing in more established companies, such as greater price volatility, business risk, less liquidity, and increased competitive threat.

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 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.