

DECEMBER 31, 2019

# Dana Large Cap Equity Fund Market Commentary

## Overview

U.S. equities continued climbing a wall of worry to produce record highs in Q4. Despite stumbling during the first two days of October, the S&P 500 Index reached new highs 22 times during the quarter, including 9 records in the final 13 trading days of the year. The S&P 500 Index rose +9.07% in Q4 and finished 2019 with a stellar total return of +31.49%, its strongest yearly performance since 2013. Large-cap stocks continued to lead the market, with mid-cap and small-cap indexes lagging the S&P 500 Index by 5-10% for the year. While many observers suggested that September's market action signaled a shift away from growth, any such "trend" disappeared by the middle of Q4. The Russell 1000 Growth Index continued its dominance over the Russell 1000 Value Index, with the growth index finishing +3.21% above the value index for the quarter and +9.85% over the value index for all of 2019. Large growth indexes were fueled by gains in the Information Technology sector where S&P 500 Index constituents gained an average +50.29% return during 2019, more than one and a half times the return of the second-best sector (Financials).

Despite the size and value risk controls that are inherent in Dana's investment process, solid stock selection once again resulted in a strong year for the Dana Large Cap Equity Fund Institutional Share Class (the 'Fund'). The Fund produced a +9.57% Q4 total return and was up +34.47% for the year, outperforming the S&P 500 Index by +2.98%. The Fund's performance was relatively consistent throughout the year, as well as across sectors, with full-year outperformance for the Fund in 10 of the 11 GICS sectors. Dana continued to find stocks with attractive valuations relative to the company's expected growth during a time when broadening market leadership also allowed Dana's active management to further shine. While we were rightly skeptical of the purported market shift toward value in September, we remain confident in our belief that value's performance will improve relative to growth in the decade to come. This should help to serve as a tailwind for Dana's relative value investment style.

## Sector Contributors

### CONSUMER DISCRETIONARY

Lofty performance from Best Buy Company, Inc. (BBY) and Royal Caribbean Cruises Ltd. (RCL) led the way to very strong performance within the sector, with AutoZone, Inc. (AZO) also adding meaningful contribution.

### FINANCIALS

Bank of America Corporation (BAC), Morgan Stanley (MS) and JPMorgan Chase & Company (JPM) led the Strategy in the sector, where every holding was positive in Q4, with half of the holdings producing double-digit total returns for Q4.

## Sector Detractors

### UTILITIES

Both Utilities holdings at the start of the quarter, CenterPoint Energy, Inc. (CNP) and Exelon



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Corporation (EXC) revealed significant issues during Q4, and were the Strategy's worst performers; we replaced both positions during the quarter.

#### COMMUNICATION SERVICES

Most of the Strategy's holdings in the Communication Services sector performed above the sector average, but a slightly negative return from T-Mobile US, Inc. (TMUS) created a drag on relative performance.

### Select Additions

#### AVERY DENNISON CORPORATION (AVY)

Strong internal execution and leverage to secular growth in RFID should result in solid revenue growth. In addition, aggressive cost cutting should aid earnings growth while a balanced capital allocation strategy should support valuation.

#### NEXTERA ENERGY INC. (NEE)

NextEra Energy has an attractive blend of regulated and unregulated business. A majority of earnings derive from regulated utilities in Florida, where rate base growth and favorable regulation provide a positive long-term outlook. NextEra is the largest producer of wind and solar generated electricity in the world, and the company's development pipeline, financial strength, and experience should allow the company to maintain its leadership in this important growth market.

#### EVERSOURCE ENERGY (ES)

Eversource is a diversified, 100% regulated utility has no major rate cases for several years. The company's investment in offshore wind compliments the desire of eastern states to lower dependence on fossil fuels. Offshore wind could generate 15% of earnings by 2025 and would be additive to Eversource's existing growth rate which is already above peers.

### Select Deletions

#### EXELON CORPORATION (EXC)

A federal corruption probe into Illinois state senators and lobbying and hiring practices by Exelon's ComEd utility was followed up with an SEC investigation. Concern was heightened after Exelon Utilities CEO, and former ComEd CEO, abruptly retired. Potential political and regulatory damage led us to consider alternatives within a normally unexciting sector.

#### CENTERPOINT ENERGY INC. (CNP)

A surprising negative rate order in Texas has put CenterPoint's growth in jeopardy as the company will now earn lower returns than expected. The company will need higher equity issuances and may have to sell some of its non-utility assets to avoid excess dilution from an increased share count. With elevated earnings risk, other utilities names are more attractive.

#### STEEL DYNAMICS INC. (STLD)

Slowing U.S. industrial momentum is weighing on steel pricing which is offsetting solid execution at the company level. As steel prices continue to fall, earnings could be under pressure, limiting upside in the shares.

*“Large growth indexes were fueled by gains in the Information Technology sector where S&P 500 Index constituents gained an average +50.29% return during 2019.”*

## Portfolio

### ANNUALIZED RETURNS *as of 12/31/19*

	TICKER	QTD	YTD	1 Year	3 Years	5 Years	Since Inception
Dana Large Cap Equity Investor	<b>DLCEX</b>	9.56%	34.20%	34.20%	15.48%	10.01%	13.62%
Dana Large Cap Equity Institutional	<b>DLCIX</b>	9.57%	34.47%	34.47%	15.76%	10.29%	11.67%
S&P 500 Index		9.07%	31.49%	31.49%	15.27%	11.70%	13.76%*

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

The gross expense ratio for the institutional class is 0.83%, and for the investor class is 1.08%.

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 12/31/19, subject to change*

APPLE, INC.	2.55%
LAM RESEARCH CORP.	2.19%
MICROSOFT CORP	2.17%
CDW CORP	2.14%
BRISTOL-MYERS SQUIBB CORP	2.13%
BEST BUY CO, INC.	2.13%
INTEL CORP	2.11%
UNITEDHEALTH GROUP, INC.	2.11%
ALPHABET INC., CLASS A	2.10%
AMGEN, INC.	2.09%

“The Fund’s performance was relatively consistent throughout the year, as well as across sectors, with full-year outperformance for the Fund in 10 of the 11 GICS sectors.”

#### 9518733-UFD-2/12/2020

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 Ultimus Fund Distributors, LLC member FINRA. Dana Investments Advisors is not affiliated with Ultimus Fund Distributors, LLC.