

DECEMBER 31, 2019

Dana Small 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. While small-cap stocks participated in this rally, they still lagged large-caps for all of 2019 with the Russell 2000 Index up +9.94% for the quarter and +25.52% for the year. In addition, growth continued to outperform value. The Russell 2000 Growth Index was up +11.39% and 28.48%, and the Russell 2000 Value Index was up +8.49% and +22.39% for the quarter and year, respectively. Health Care was the leading Russell 2000 Index benchmark sector by a wide margin, up over +22%, and Utilities was the only negative returning sector in the quarter.

The Dana Small Cap Equity Fund Institutional Share Class (the 'Fund') delivered strong absolute returns of +6.52% for Q4 and +21.51% for the year. Pharmaceutical and biotech companies helped to drive the lofty Health Care sector return in a very "risk on" market environment. Biotech companies comprise over 8% of the Russell 2000 Index benchmark, however, only a fraction of these companies actually had positive earnings in 2019. In turn, these stocks substantially increased the volatility of the overall index. 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

Chegg, Inc. (CHGG), an edtech consumer company, had a strong quarter that reversed negative market sentiment. Ruth's Hospitality Group, Inc. (RUTH) managed margins better than investors expected and the stock rose sharply. Marriott Vacations Worldwide (VAC) and Boyd Gaming Corporation (BYD), both relative value stocks, benefited from decent earnings news.

FINANCIALS

A variety of regional banks including Western Alliance Bancorp (WAL), First Bancorp (FBNC), and Independent Bank Corporation (INDB) led the Fund in this sector, each posting double digit returns.

Sector Detractors

HEALTH CARE

Not holding more speculative companies in the benchmark was the primary detractor for relative performance. Health care technology holdings Tabula Rasa Healthcare (TRHC) and HMS Holdings (HMSY) retreated on timing issues with large customers. Weakness in ANI



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Pharmaceuticals, Inc. (ANIP) and Coherus BioSciences, Inc. (CHRS) did not help. ANIP is experiencing competitive pressure on legacy generics, yet we are excited about the launch of Cortrophin Gel (treatment for multiple sclerosis, arthritis) in 2020 and expect investors to focus on this in the coming months.

INDUSTRIALS

Lagging performance in Cubic Corporation (CUB) and TriNet Group, Inc. (TNET) offset solid performance from Harsco Corporation (HSC) and SkyWest, Inc. (SKYW).

Select Additions

FORMFACTOR, INC. (FORM)

Company manufactures probe test cards and measurement systems used by semiconductor manufacturers on the front end of the manufacturing process; products are consumables; company increasingly is diversifying products and revenue model; gaining share in advanced foundry applications; DRAM evolution is seeing new ramps; management is focused on free cash flow and evaluating opportunities for new growth; firm is seeing improvement in end markets on leading side of semi cap space; company gave strong guidance for Q4 and should be able to increase customer base in 2020.

DECKERS OUTDOOR CORPORATION (DECK)

Shoe manufacturer and owner of the UGG, HOKA, and Sanuk brands; concerns about tough comps for UGG brand kept a lid on shares during the summer, but new product lines and fashion trends keeping UGG relevant; HOKA is gaining traction (sic) in the running segment with its unique offerings and strong brand presence; company is buying back stock with its robust free cash flow and clean balance sheet; shoe industry is a bright spot in apparel and retail.

GLOBAL MEDICAL REIT, INC. (GMRE)

Healthcare REIT specializes in leasing facilities to clinical operators; firm focuses on market leaders using long term leases; valued at a discount to larger peers and offers an attractive 5.9% yield; management looking for accretive external deals for growth, completed 16 deals in 2019; footprint is increasingly diversified among geographies and tenants.

Select Deletions

REALPAGE (RP)

Software company selling to the real estate management channel; combination of organic growth and accretive acquisitions driving strong top and bottom line success; recent issues with implementation dampening organic growth rate; company announced large cash acquisition and paid more than 10x sales; margins likely to see pressure in near term as firm fixes implementation and reignites organic growth; we like the business but want to reduce software, RP was most vulnerable holding.

FOX FACTORY HOLDING (FOXF)

Hybrid automotive components company in the off-road space with lifestyle brands in the leisure industry; auto growth has been big driver in the last few years, but growth likely to moderate in 2020; valuation requires upside to 2020 revenues and firm margins, gross margins came in in Q3 and the stock was punished; growth in auto (Ford Raptor suspension products for example) in lull until 2021 model year wins.

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CORESITE REALTY CORPORATION (COR)

Data center REIT focused on the US market with a niche focus on firms seeking network based solutions; firm bumping into a near term pipeline ceiling and potential churn risks make valuation tenuous; believe strong risk of downward pressure on 2020 FFO estimates to endure into 1H 2020.

Portfolio

ANNUALIZED RETURNS as of 12/31/19

	TICKER	QTD	YTD	1 Year	3 Years	Since Inception
Dana Small Cap Equity Investor	DSCEX	6.48%	21.23%	21.23%	3.78%	3.82%
Dana Small Cap Equity Institutional	DSCIX	6.52%	21.51%	21.51%	4.03%	4.10%
Russell 2000 Index TR		9.94%	25.52%	25.52%	8.59%	9.98%

The gross expense ratio for the institutional class is 1.72%, and for the investor class is 1.97%. 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

REPLIGEN CORP	2.08%
STAG INDUSTRIAL, INC.	2.07%
FIVE9, INC.	2.01%
GLOBAL MEDICAL REIT	1.96%
HORIZON THERAPEUTICS	1.92%
EASTGROUP PROPERTIES	1.90%
FIRST BANCORP	1.90%
WESTERN ALLIANCE BANCORP.	1.89%
HARSCO CORPORATION	1.88%
FORMFACTOR, INC.	1.88%

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