

JUNE 30, 2020

Dana Small Cap Equity Fund Market Commentary

Overview

Fiscal and monetary largesse overcame declining income and revenue estimates and pushed equity markets higher in April, starting with an 11.3% gain for the S&P 500 Index for the week ending 4/8/20. This was the highest weekly gain for the Index since 1974. The market continued a gentle rise to month end, even as earnings disappointments were more frequent than usual. Despite a host of companies withdrawing financial guidance, and growing uncertainty about the timing and shape of an economic recovery, April finished with the best monthly return on the S&P 500 Index since 1987, the 3rd best month since WWII. The S&P 500 Index experienced positive returns in both May and June as well. Small-cap stocks rebounded from the first quarter swoon even stronger than large-caps.

The Dana Small Cap Equity Fund (the 'Fund') finished the quarter up +27.10%, outperforming the Russell 2000 Index return of +25.42%. The growth headwind remained strong, yet trades made during the volatile first half added value. While COVID-19 uncertainty remained high, investors were encouraged by fiscal and monetary stimulus and appeared to be looking through this anticipating a time of robust economic recovery. During this time, we have remained focused on balancing the Fund's relative valuation, while we continue to assess the long-term trends that could affect Fund holdings. As a result, we believe the Fund is well positioned for added volatility that may be experienced during the second half of 2020.

Sector Contributors

ENERGY

Massive rebounds in the Fund's two holdings, Cactus, Inc. (WHD) and WPX Energy, Inc. (WPX), as West Texas Intermediate crude oil doubled from \$20 bbl to \$40 added substantial value. WPX is a shale producer with strong hedging and leading balance sheet. WHD is a well-head services company with strong management and expense controls.

FINANCIALS

Strong performance from banks and insurance holdings were accretive to performance. Western Alliance Bancorp (WAL) was a strong contributor amongst bank holdings. Prim-erica, Inc. (PRI) plunged in the Q1 sell-off, but managed a strong recovery in Q2 as the company reported results that showed resilience in sales force and product demand.

Sector Detractors

HEALTH CARE

Despite a positive contribution from pharmaceutical holdings, biotechnology and health care equipment holdings underperformed. In response to the COVID-19 pandemic, hospital procedures declined and equipment spending was negatively impacted. Haemonetics Corporation (HAE) retreated in June due to bottlenecks in plasma supply.



MICHAEL HONKAMP, CFA
Senior Vice President,
Portfolio Manager



DAVID STAMM, CFA
Senior Vice President,
Portfolio Manager



DUANE ROBERTS, CFA
Director of Equities,
Portfolio Manager



INFORMATION TECHNOLOGY

Sector holdings slightly lagged the benchmark sector's return. IT services company, DXC Technology Company (DXC), disappointed on first quarter earnings, lagging its peers.

Select Additions

E.L.F. BEAUTY, INC. (ELF)

This cosmetics and personal care company has strong digital engagement and an innovative product pipeline. Multiple product lines target affordable on-trend items and the company produces the best-selling primer in the U.S., "Poreless Putty Primer". Distribution channels include Walmart, Inc. (WMT) and Ulta Beauty, Inc. (ULTA). W3LL People acquisition adds 40 clean beauty standard products to portfolio and international growth as major opportunity.

QTS REALTY TRUST, INC. (QTS)

QTS is a data center REIT focusing on hyperscale and colocation customers. The industry is experiencing a secular tailwind with few players and consolidation trends. Significant potential annual sales growth and a management team that righted the ship after a change in Fund in 2018 have led to improved profitability.

LPL FINANCIAL (LPLA)

The largest independent broker dealer in US; sold-off dramatically in coronavirus pullback; reported strong Q1 performance beating EPS estimates handily; expense management and strong volumes pushing organic revenue growth of 6.5%; company looks to recruit new advisors and buy firms to support growth; IT investment and LPLA platform offer opportunity to scale and grow despite work-from-home trends; reduced sensitivity to rate sensitive income versus peers, and clean balance sheet make value shopping for assets attractive.

Select Deletions

OUTFRONT MEDIA, INC. (OUT)

This company leases outdoor advertising space with a heavy presence in major metro transit systems including New York City, Boston, and Washington DC. The coronavirus impact drove the stock to distressed levels and after a moderate rebound, we exited the position. Advertising visibility is quite poor, and cancellations continue.

CURTISS-WRIGHT CORPORATION (CW)

CW is in the aerospace and defense industry and is impacted by a slowdown in non-defense end markets. Exposure to Boeing Company (BA) and the MAX program creates concern for investors. CW has continued to ship product at a 52 plane per month build rate, though this could be overstocking and impair performance in 2021.

QUALYS, INC. (QLYS)

Cybersecurity software firm we purchased in Q1, purchased at a EV/Sales multiple of around 8x; stock recovered and multiple expanded to 11x, a lofty multiple for a moderately growing software firm; if new CFO builds on recent success a firm shows ability to match peer growth rates we could be interested in the future.

“The Dana Small Cap Equity Fund finished the quarter up +27.10%, outperforming the Russell 2000 Index return of +25.42%.”



Portfolio

ANNUALIZED RETURNS as of 6/30/20

	TICKER	QTD	YTD	1 Year	3 Years	Since Inception
Dana Small Cap Equity Institutional	DSCIX	27.10%	-15.42%	-13.01%	-2.18%	-0.01%
Russell 2000 Index TR		25.42%	-12.98%	-6.63%	2.01%	5.67%

The gross expense ratio for the institutional class is 1.88%.

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.

“As a result, we believe the Fund is well positioned for added volatility that may be experienced during the second half of 2020.”

TOP HOLDINGS as of 6/30/20, subject to change

HMS HOLDING CORP	2.32%
LIGAND PHARMACEUTICALS, INC.	2.30%
HORIZON THERAPEUTICS PLC	2.26%
UPLAND SOFTWARE, INC.	2.23%
MEDPACE HOLDINGS, INC.	2.13%
ITRON, INC.	2.08%
OMNICELL, INC.	2.06%
PERFICIENT, INC.	2.05%
ULTRA CLEAN HOLDINGS, INC.	1.95%
RAPID7, INC.	1.93%

Current and future portfolio holdings are subject to risk.

10864992-UFD-08/21/2020

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.

The funds may lose money due to fluctuations within the stock market which may be unrelated to individual issuers and could not have been predicted. The price of the securities which the funds hold may change unpredictably due to local, regional, international, or global events. In the case of a general market downturn, multiple asset classes, or the entire market, may be negatively affected for an extended and unknown amount of time.