

DECEMBER 31, 2020

# Dana Epiphany ESG Equity Fund Market Commentary

## Overview

Pressured by COVID-19 stress and pre-election uncertainty, U.S. equities retreated in the last three weeks of October. Following the election in early November, equities moved higher and were further bolstered by encouraging vaccine news from both Pfizer and Moderna. The market then broadened, and value indices outperformed growth indices for the first full quarter since 2018. However, much of the outperformance in value came from sector rotations and strong rebounds in lower-quality stocks. Mid-cap and small-cap stocks outperformed large-cap stocks by wide margins in Q4, with the Russell 2000 Index producing its single largest quarterly return since inception in 1984. Despite all of the turmoil, uncertainty, and economic disruptions that arose during 2020, the S&P 500 Index still managed to produce a generous +18.40% return for the year, with +12.15% coming in Q4, helping large-cap stocks to retain their leadership position for another full year.

The Dana Epiphany ESG Equity Fund (the 'Fund') finished the quarter up +11.01%, having benefited from improving market breadth and generally strong equity market returns. Renewable energy related holdings performed quite well, as more countries and even energy companies, particularly in Europe, embraced low carbon trends and technologies. Positive news regarding several different vaccines helped to quickly move the market in the direction of companies that could benefit from further reopening and continued economic recovery. While many of these companies were standout performers in Q4, they typically remained laggards for the full year 2020. Conversely, many companies that provided solid performance through the first three quarters of the year, saw their returns suffer on a relative basis in Q4. The Fund retained its strong fundamental foundation, and while turnover in the Fund was low in Q4, a few new holdings were added that could benefit from an easing of pandemic-induced restrictions.

## Sector Contributors

### FINANCIALS

Hannon Armstrong Sustainable Infrastructure Capital, Inc. (HASI) performed exceptionally well during the quarter. Bank holdings, led by Morgan Stanley (MS), enjoyed strong rebounds in Q4. The Fund also benefited from the timely addition of Discover Financial Services (DFS).

### INFORMATION TECHNOLOGY

Semiconductor holdings, led by Lam Research Corporation (LRCX) and Microchip Technology Incorporated (MCHP), drove the strong relative performance within this sector.



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## *Sector Detractors*

### **CONSUMER DISCRETIONARY**

Retracements from D. R. Horton, Inc. (DHI) and Best Buy Co., Inc. (BBY), both significant outperformers in Q2 and Q3, led to underperformance in the Consumer Discretionary sector.

### **CONSUMER STAPLES**

Negative Q4 returns by Kimberly-Clark Corporation (KMB) and General Mills, Inc. (GIS) suppressed the overall return in the Consumer Staples sector.

## *Select Additions*

### **ALASKA AIR GROUP, INC. (ALK)**

Alaska Air has shifted its focus from surviving the pandemic to restructuring the airline for long-term benefit. After receiving significant price concessions from Boeing to transition all flights to a single plane type, the airline will further benefit from simplified and lower maintenance and logistics costs. Fuel efficiency from its young fleet provides both economic and environmental relative advantages. With Alaska's lower cost structure and its bias towards leisure travel, revenue should also rebound nicely in 2021.

### **DISCOVER FINANCIAL SERVICES (DFS)**

Discover Financial Services is one of the most conservative lenders in the unsecured consumer lending space. Strict underwriting standards before COVID-19 have allowed the company to maintain credit limits, helping to position it for added growth as the economy reopens. The company's "cash back" cards have also become more attractive versus competing travel-oriented rewards cards. Continued normalization should also result in buybacks and dividend increases in 2021.

## *Select Deletions*

### **HILL-ROM HOLDINGS, INC. (HRC)**

As hospital capital budgets become stressed due to falling profitability, Hill-Rom could see a slowdown in orders making other stocks in the sector appear to have superior risk versus reward profiles.

## Portfolio

### ANNUALIZED RETURNS as of 12/31/20

	TICKER	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Dana Epiphany ESG Equity Institutional	ESGIX	11.01%	13.82%	13.82%	11.05%	12.61%	10.44%	8.21%
S&P 500 Index		12.15%	18.40%	18.40%	14.18%	15.22%	13.88%	10.47%

The gross expense ratio for the institutional class is 2.13%.

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 12/31/20, subject to change

APPLE, INC.	3.12%
MICROSOFT CORP	2.84%
AMAZON.COM, INC.	2.72%
HANNON ARMSTRONG SUS. INFRA.	2.05%
CADENCE DESIGN SYSTEMS, INC.	2.01%
ACCENTURE PLC, CL A	2.00%
ALPHABET, INC. CL C	1.98%
MICROCHIP TECHNOLOGY, INC.	1.96%
LAM RESEARCH CORP	1.95%
HORIZON THERAPEUTICS, PLC	1.94%

Current and future portfolio holdings are subject to risk.

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There is no guarantee that this or any investment strategy will succeed; past performance is not an indicator of future performance; and investment results may vary. Mutual funds involve risk, including possible loss of principal. The S&P 500 Index is a widely recognized unmanaged index of equity prices and are representative of a broader market and range of securities than is found in the Fund's portfolio. The Index returns do not reflect the deduction of expenses, which have been deducted from the Fund's returns. The Index return assumes reinvestment of all distributions and does not reflect the deduction of taxes and fees. Individuals cannot invest directly in the Index, however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

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 at [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.