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Large and Small Cap Strategies Best Their Benchmarks in 2005

Q4 Performance

Dana Large Cap	2.36%
Dana Small Cap	-2.57%

Trailing 12 Months

Dana Large Cap	13.12%
Dana Small Cap	5.55%

HOW THE INDICES FARED

S&P 500	
Q4	2.09%
12 Months	4.91%
Russell 2000	
Q4	1.14%
12 Months	4.59%

Dana's Large Cap Equity Strategy outperformed the S&P 500 by **821** basis points in 2005.

The Dana Socially Responsible Equity Strategy has offered consistent strong performance.

Q4	2.08%
Trailing 12 month	10.68%
3 Year	23.08%

The Equity Market

After a very lackluster year in the equity markets – the S&P 500 appreciated 3% and returned 4.91% including dividends – we can say we told you so. We are referring to the phenomenon of the equity markets appreciating in years that end in 5. When considering what we went through in 2005 it is amazing that we experienced any type of appreciation at all: the price of oil topping \$70, severe hurricanes, eight interest rate hikes, heightened threat of inflation, and the slight inversion of the yield curve in late December. We have been impressed with the resiliency of the market.

The market traded in a high to low range of 12% during 2005 – a fairly tight range. The S&P 500 returned 2.09% in the fourth quarter, not the rally that some expected, but a positive quarter nonetheless. It was an awful quarter for President Bush any way you slice it. Not surprisingly, his approval ratings reached new lows, and the market discounted budget reconciliation, tax reform, and tax rate extensions as a result. Further, the Senate publicly chided major oil executives in televised hearings, and threatened the companies with a windfall profit tax. The President did recover from the Miers nomination to nominate Samuel Alito to the Supreme Court, which seems a likely confirmation at this point. He also nominated Ben Bernanke to succeed Alan Greenspan as Fed Chairman and the market cheered with its largest one-day increase in six months in what was being hailed as the “Bernanke Bounce.”

Dana Portfolios: Performance

Large Cap. With the fourth quarter officially in the books, we are pleased with our performance. Our large cap core product returned 13.12% for the year beating the S&P 500 by over 8%. We continued our streak of quarterly outperformance, beating the S&P 500 by 27 basis points during the fourth quarter and upping our batting average to 81% – or 21 out of

26 quarters of outperformance.

Once again, our top performing stock for the quarter was SanDisk (SNDK). An industrial name, Burlington Northern (BNI), the nation's second-largest railroad, started off the fourth quarter with a very strong earnings report and the momentum in the stock price continued throughout the year.

Revenue and profits were above expectations as railroads are low-cost shipping options in an environment of high energy prices and ongoing economic growth.

In addition, two sectors really jumped out in assessing our performance: Financials and Consumer Discretionary. Financials, as a sector, had a great quarter up 7.5%, trailing just the double digit gain of Materials. Our winners in the financial sector included: CIT Group (CIT) which increased its guidance and third quarter results beat expectations; Hartford Financial (HIG) avoided big hurricane losses and increased its dividend; Wachovia (WB) and Bank of America (BAC) had steadily rising share prices throughout the quarter; and Freddie Mac (FRE), which announced a \$2 billion share buy-back.

Consumer Discretionary was a challenging sector for the quarter and the year. For the quarter it was up 0.77% and for 2005 it was down 7.35%, besting only one other sector, Telecom. Our winners here included: Johnson Controls (JCI), Nordstrom (JWN) and Limited Brands (LTD).

Small Cap. We were ahead of the Russell 2000 for the year, beating it by almost 1%, but we did trail the benchmark in the fourth quarter. Two of our best performers were technology companies: Diodes (DIOD) and OmniVision Technologies (OVTI). Diodes, a leading manufacturer and supplier of high quality discrete semiconductors, raised its fourth-quarter sales guidance and stated it anticipates sequential sales growth of 10% to 12%. OmniVision Technologies, maker of semiconductor image sensor devices, soared over 20% in early December after it reported a 27% rise in quarterly profit on sharply elevated revenues. Bucking the fourth quarter downtrend in the En-

The Dana Large Cap Strategy beat the S&P 500 every quarter in 2005.

ergy sector was Maverick Tube Corp. (MVK), a maker of tubes used in oil and gas drilling. Its shares rose to a 52-week high during the quarter, due to an analyst upgrade and a share buyback. A convenience store operator, Pantry (PTRY), had a stellar quarter as the company reported above expectations for revenue and earnings and increased its 2005 and 2006 outlook. Similar to large cap, we had a transportation stock perform extremely well, Old Dominion Freight Line (ODFL), which transports such items as consumer goods and textiles. The company reported robust sales and profits and upped its prospects for the full year.

Outlook

All things considered, the market fared well in the fourth quarter. The market seems like a prize fighter at this stage of the bull market: it started off the early rounds very strong (2003), then in the middle rounds became complacent (2004), and in the late rounds took a lot of blows but still managed to win most of the rounds (2005). Now it seems like the market will finish strong (2006) after absorbing the hits and tiring out his opponent.

We currently like the valuation of the market as the market multiple contracted for the second straight year. Companies are showing sturdy balance sheets, especially cash balances. Firms feel pressured to use this cash hoard as it is a drag on ROE, so plan on musing over more M&A activity, dividend increases and share buybacks. The succession occurring at the Fed should be smooth, even though Chairman Greenspan has left Mr. Bernanke some challenges. The Fed's two year tightening campaign will probably come to an end this year. Finally, economic growth and earnings growth seem to be on solid footing, despite their deceleration.

Of course, in full disclaimer, there are risks to our bullish outlook for 2006. The bear could come out in a number of different places. First, the current bull market seems to be getting a little long in the tooth. Secondly, yield levels have risen on bonds, which are less risky than equities. In late December the yield curve inverted. Many market pundits will cite history and point out that the inversion of the yield curve has preceded economic recessions in the past. It is hard for us to buy into this scenario at this time for three reasons: first, the curve has been flat as a pancake for most of 2005 and the slight inversion was not much of a

change and second, the foreign demand for longer dated treasuries has kept their yield depressed, and third, economic growth and profit growth is still strong but slowing. Another income statement variable to keep an eye on for 2006 is the expensing of stock options, which will finally be mandatory, as it always should have been. Some companies, particularly technology stocks, will have lower earnings and thus higher valuations. A little irrational exuberance seems to be taking place as well, with shares of Google changing hands at over \$450. Finally, Gold keeps on chugging upward as it surpassed \$500, its highest close since 1987, and has continued on to over \$560/ounce.

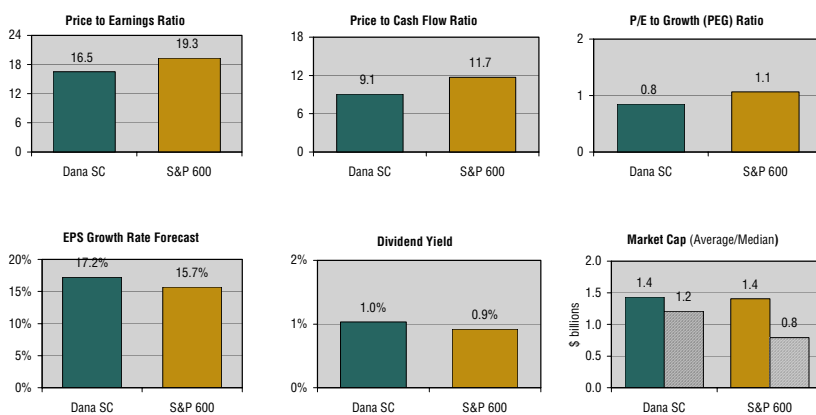
All in all, we are excited about the opportunities for 2006. We continue to pursue equities with increasing ROEs, growing cash flow, solid growth initiatives, strong balance sheets, and secure positions in their industries.

Dana Large Cap Characteristics



Actual Composite Characteristics as of December 31, 2005

Dana Small Cap Characteristics



Actual Composite Characteristics as of December 31, 2005

Dana Investment Advisors, Inc. is an independent federally registered investment adviser providing equity and fixed income investment management services to a broad range of clients. The returns presented have been prepared and presented in accordance with the AIMR PPS Standards. AIMR has neither endorsed the presented performance, nor is AIMR affiliated with Dana Investment Advisors, Inc. in any way. All fee-paying accounts utilizing similar investment strategies to those discussed herein were included in the composite performance returns presented. Total firm assets for the period ending 12-31-04 were \$2,307,600,000. The number of portfolios contained in the Dana Large Cap Equity and Small Cap Equity Strategies were 186 and 30 respectively. The percentage of firm assets in 2004 represented in the Dana Large Cap Equity Strategy was 15.9%; with an annual 2004 return dispersion of .059%. The percentage of firm assets in 2004 represented in the Dana Small Cap Equity Strategy was 1.7%; with an annual 2004 return dispersion of 1.71%. To receive a complete list and description of Dana Investment Advisor, Inc.'s composites and/or a presentation that adheres to the AIMR-PPS standards, contact Nick Berich at Tel. (262) 782-3631. All data is presented in U.S. Dollars. Portfolio Characteristics reflect Dana Equity Strategy holdings as of market close on the date indicated. Returns presented are exclusive of investment management and custodial fees, and net of transaction costs. Investment management fees would reduce the returns presented, for example: on a one-million dollar portfolio with an advisory fee of .75% earning a 10% return, the total compounded advisory fee over a five year period would be \$50,368. The resulting average annual return for the period would therefore be 9.17%. All returns were calculated on a time weighted total return basis. Performance does include the accrual of income and the reinvestment of dividends and interest received. Indexes shown were selected because they demonstrated similar characteristics to the Dana strategy to which they were compared. During various market cycles, the strategies discussed herein have demonstrated portfolio characteristics and returns that have been both more and less volatile than that of the comparable index. While data contained herein was gathered from sources deemed reliable, the accuracy of the data presented cannot be guaranteed. Past performance is not indicative of future returns.