



*The S&P 500 Index extended its rally in the third quarter of 2025, buoyed by robust corporate earnings and the Federal Reserve’s long-awaited September rate cut. Market leadership once again tilted toward mega-cap stocks, though small caps, represented by the Russell 2000 Index, also participated in the rally. Despite this broad strength, lingering uncertainties—ranging from unresolved tariff disputes and their inflationary risk to the prospect of a government shutdown—still kept many investors cautious. For now, sentiment remains steady as markets adopt a “wait-and-see” approach.*

### STRATEGY PERFORMANCE

The top 5 performance contributors were Alphabet Inc. (GOOGL), Lam Research Corporation (LRCX), Apple Inc. (AAPL), Broadcom Inc. (AVGO), and NVIDIA Corporation (NVDA).

Alphabet delivered outstanding results. Shares advanced amid strong demand for AI-enhanced services. Concerns over a major antitrust legal case eased on a favorable ruling that decided against breaking up the company. Revenues surged, fueled by growth across Search, YouTube ads, subscriptions, and especially Google Cloud. Management highlighted AI integrations boosting user engagement and cloud wins. A leading semiconductor manufacturer, Lam Research develops wafer fabrication equipment with advanced technologies for global chip production. In Q3 the shares overcame tariff-related hesitancy, revenues soared, and EPS exceeded estimates. AAPL’s stock surged on product refresh momentum and services resilience, shrugging off concerns over softness in China sales. Revenues rose 10% year-over-year, with iPhone sales contributing significantly alongside record Services growth and earnings beat consensus. Broadcom crafts chips for data centers and networking. The company was bolstered by its VMware acquisition, which significantly increased software revenue and enhanced margins through subscription growth and cost efficiencies. EPS topped estimates and management touted a massive backlog and hyperscaler demand. Bellwether AI stock, NVIDIA, again exceeded analyst expectations for sales of AI chips and data center products. Its latest GPU-infused server racks reached scale in the second quarter. By most accounts, demand for AI continues to exceed supply and NVIDIA is in the pole position as the GPU supplier of choice for leading AI model developers and infrastructure providers.

The largest 5 performance detractors were Fiserv Inc. (FI), Keurig Dr Pepper Inc. (KDP), Fortinet Inc. (FTNT), Accenture plc (ACN), and Philip Morris International Inc. (PM).

Fiserv provides merchant acquiring, payment processing, and banking solutions to businesses and institutions. Shares dropped following quarterly results as management’s full-year organic growth guidance was at the low end of the expected range as competition pressured the Merchant Acceptance segment. Keurig Dr Pepper shares plunged amid investor unease over transformative announcements, including an \$18 billion acquisition of JDE Peet’s (world’s largest coffee and tea firm by revenue) and a planned business split into separate entities. Despite near-term pressures, the company’s strong brand portfolio keeps us patient although we are evaluating alternatives. A global cybersecurity

Top 5 Performance Contributors <sup>a</sup> as of 09/30/2025	
Quarter Return (%) (gross of fees)	
Alphabet Inc (GOOGL)	38.1
Lam Research Corporation (LRCX) †	35.6
Apple Inc (AAPL)	24.2
Broadcom Inc (AVGO)	19.9
NVIDIA Corporation (NVDA)	18.1

Bottom 5 Performance Detractors <sup>a</sup> as of 09/30/2025	
Quarter Return (%) (gross of fees)	
Fiserv Inc (FI)	-25.2
Keurig Dr Pepper Inc (KDP) ‡	-24.0
Fortinet Inc (FTNT)	-20.5
Accenture Plc (ACN) ‡	-11.6
Philip Morris International Inc (PM)	-10.9

† Return is for purchase date through quarter end.

‡ Return is from the beginning of the quarter through date stock was sold.

As measured by contribution to return, the top contributors and bottom detractors represent the best and worst performing securities held by the Strategy based on the position weight and total return of each Strategy holding. Securities are ranked by each position’s Individual Performance impact on the Strategy’s return for the analysis period. The contributors and detractors are listed in the order of their non-weighted total return.

leader, Fortinet delivers integrated platforms for network security, cloud protection, and threat intelligence. Shares tumbled following a quarterly report that included Q3 revenue guidance which fell short of analysts' hopes, despite beating current-quarter estimates. Investors are concerned that future revenue growth might be more limited than hoped, sparking worry about sales momentum. Fortinet management did raise full-year billings guidance, suggesting strength in its pipeline. Accenture's performance was weighed down by the Trump administration's Pentagon-led cuts in IT and consulting contracts, including major Accenture federal deals, alongside project cancellations like the nearly completed Air Force HR software, creating uncertainty in its government services segment. Accenture continues to produce industry-leading growth and free cash flow conversion at a below-market valuation. Philip Morris managed to beat analyst estimates for earnings per share, it missed revenue forecasts due to weaker-than-expected sales of cigarettes and lower shipments of ZYN nicotine pouches.

### STRATEGY ACTIVITY

During the third quarter, the portfolio added nine positions, emphasizing quality, innovation, and exposure to long-term structural growth drivers across technology, life sciences, and global services.

Element Solutions Inc. (ESI) was added for its dominant role in specialty chemicals supporting semiconductor and electronics production. Lam Research Corporation (LRCX) remains a key enabler of semiconductor manufacturing, benefiting from increased memory spending and technological complexity that supports margin expansion. We believe LRCX's structural position will outperform the broader Wafer Fab Equipment market, driven by growing process complexity. ServiceNow Inc. (NOW) further strengthens the technology sleeve with leading enterprise AI automation capabilities, rapid adoption, and robust subscription growth prospects through 2026. It is emerging as the go-to platform for AI-driven business transformation, acting as a central hub to manage AI tools across various systems. SLB Limited (SLB) was purchased for its global leadership in oilfield services, supported by the accretive ChampionX acquisition and strengthening digital operations.

Additions also included T-Mobile US Inc. (TMUS), Keurig Dr Pepper Inc. (KDP), Accenture plc (ACN), Restaurant Brands International Inc. (QSR), and Regeneron Pharmaceuticals Inc. (REGN). T-Mobile continues to deliver steady subscriber and broadband growth, leveraging its network leadership and UScellular synergies. Keurig Dr Pepper provides exposure to beverage resilience with expanding non-alcoholic offerings despite debt integration risks following its JDE Peet's acquisition. Accenture enhances the digital transformation category through its \$3 billion GenAI investment program and industry-leading consulting reach. Restaurant Brands International, one of the world's largest quick-service operators, benefits from strong Tim Hortons performance and ongoing Burger King U.S. turnaround efforts that support broad-based SSS improvement. Regeneron advances the healthcare allocation with a robust biopharma pipeline anchored by flagship products Eylea and Dupixent, with near-term catalysts tied to Eylea HD approvals and oncology data readouts. Collectively, these buys bolster the portfolio's exposure to innovation and execution-driven growth at reasonable valuations within sectors poised for secular expansion.

The Strategy sold thirteen positions during the quarter, focusing on companies facing structural or near-term challenges across diverse sectors.

Avient Corporation (AVNT) was sold due to uncertain demand in cyclical end markets and raw material cost pressures. Avery Dennison Corporation (AVY) faced persistent softness in apparel demand and currency headwinds affecting international sales. Bristol-Myers Squibb Company (BMY) exited amid clinical setbacks and looming patent expirations undermining near-term growth visibility. Comcast Corporation (CMCSA) was trimmed given stagnating broadband subscriber growth and competitive pressures limiting revenue expansion. Salesforce Inc. (CRM) sales reflected cresting momentum in core segments and delayed AI monetization. Deckers Outdoor Corporation (DECK) faced inventory clearance challenges and margin pressure in key brands.

The Coca-Cola Company (KO) and McDonald's Corporation (MCD) were sold as multiple consumer-facing headwinds, including volume deceleration and pricing challenges, dampened outlooks. Microchip Technology Incorporated (MCHP) exited amid uncertain durable demand recovery despite operational improvements. Mondelez International Inc. (MDLZ) traded under pressure from weak snack demand and reinvestment plans curbed margin gains. UnitedHealth Group Incorporated (UNH) faced turbulence from guidance cuts, leadership changes, and regulatory scrutiny. Cost pressure is likely to continue. Exxon Mobil Corporation (XOM) sales reflect slower free cash flow growth due to elevated capital spending cycles and margin pressures. Zoetis Inc. (ZTS) exited given increasing competition in key franchises and execution risks limiting valuation expansion.

Together, these sales reduced exposure to valuation risk, cyclical pressures, and execution uncertainty while maintaining portfolio alignment with secular growth and resilient business models.

## OUTLOOK

Earnings growth has remained solid this quarter, echoing last quarter's trend. That strength is tempered, however, by signs of softening in both the housing and labor markets. Against this backdrop, we remain disciplined in our approach, emphasizing relative valuation for stock selection and diversification as we move forward.

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Strategy characteristics, allocation, contributors, detractors, top 10 holdings, style, and activity are derived from the Dana Strategy model holdings as of each period end and therefore may differ from the same criteria for the actual composite. Strategy performance data such as returns and risk are based on actual composite holdings.

Source: Dana Investment Advisors; (a) FactSet Research Systems; (b) Morningstar Direct.