Dana All Cap Equity Strategy

Quarterly Review

As of September 30, 2026

Following a strong but volatile second quarter, equity markets posted more modest gains in the third quarter with lower volatility. The yield on the 10-year Treasury rose from roughly 4.5% to 5.25%, putting pressure on valuations as higher discount rates reduced the multiples investors were willing to pay. Corporate earnings growth more than offset that pressure — with earnings up approximately 30% and the market up about 13% year to date, the market traded at a lower price-to-earnings multiple than at the start of the year. Capital spending on artificial intelligence continued to support demand, although returns diverged across the businesses supplying and benefiting from that investment. The S&P 500's positive return nevertheless reflected unusually narrow leadership; only about 32% of its stocks outperformed the index, and four in ten lagged it by at least ten percentage points. Microsoft (MSFT) and NVIDIA (NVDA) together accounted for the equivalent of the index's entire quarterly gain.

Against that backdrop, we maintained our emphasis on disciplined portfolio construction, sector neutrality, and company-specific fundamentals rather than broad market forecasts. The quarter illustrated why those distinctions matter, specifically, companies exposed to the same investment theme could produce very different returns.

Strategy Performance

The top five contributors to performance were Microsoft Corporation (MSFT), Thermo Fisher Scientific Inc. (TMO), Meta Platforms Inc. (META), Apple Inc. (AAPL), and NVIDIA Corporation (NVDA).

Cloud computing, accelerated processing, and personal AI agents highlighted different paths for businesses to benefit from AI investment. Microsoft reported healthy enterprise demand as Azure growth accelerated, Copilot adoption progressed, and a growing backlog pointed to continued demand for its cloud and AI services. NVIDIA's revenue and earnings topped expectations as sustained demand lifted data-center sales. New products began shipping, supporting an encouraging longer-term outlook as demand continued to exceed available supply, even as production expands. Meta Platforms gained ground late in the quarter following the launch of Muse, its personal AI agent, which can book appointments and complete online purchases with user approval. Beyond its advertising business, Muse opens a potential path to revenue from software subscriptions and e-commerce transaction fees, broadening the revenue opportunity for Meta.

Outside that infrastructure and platform theme, consumer technology and life-sciences tools contributed through healthy product demand and improving customer activity. Apple reported record June-quarter revenue, supported by iPhone demand and a strong Mac quarter. Services grew across categories as its active-device base expanded while earnings and operating cash flow reached June-quarter records despite supply constraints. Thermo Fisher Scientific benefited from improving pharmaceutical and biotechnology demand, with laboratory products, biopharma services, and analytical instruments supporting organic growth above expectations. Margins expanded, and management raised its full-year outlook.

The five largest detractors were Vertiv Holdings Company (VRT), Axsome Therapeutics, Inc. (AXSM), Lam Research Corporation (LRCX), Element Solutions Inc. (ESI), and Lowe's Companies Inc. (LOW).

The AI supply chain faced a more demanding market where good operating results did not always satisfy expectations for the pace of growth. Lam Research increased sales and raised its outlook for chipmaking equipment spending, yet its shares lagged as investors questioned whether equipment orders could sustain their recent momentum. Vertiv Holdings reported improved earnings and raised its full-year outlook, but sales missed expectations as complex data-center projects and temporary supply-chain congestion deferred revenue. Element Solutions posted record results and increased its outlook, although a proposed merger weighed on its shares before shareholder opposition led to the deal being abandoned. Higher raw-material and shipping costs, along with a weaker seasonal outlook for smartphone-related sales, added pressure.

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Elsewhere, the cost of building a pharmaceutical franchise and weak home-improvement demand weighed on near-term expectations. Axsome Therapeutics reported prescription growth, but revenue came in slightly below analyst estimates. Spending on an expanded sales force to support new products contributed to a larger-than-anticipated loss. Lowe's Companies faced weak do-it-yourself demand, which held comparable sales below expectations despite better results in professional, online, and home-services channels. Management moved its full-year forecast to the low end of its previous range, while a tariff refund reduced the significance of the earnings beat. The common thread was a reset in near-term growth and earnings expectations, rather than a uniform deterioration in franchise quality.

Top 5 Performance Contributors [a] as of 09/30/2026 Quarter Return (%) (gross of fees)	
Microsoft Corporation (MSFT)	37.8
Thermo Fisher Scientific Inc (TMO)	34.7
Meta Platforms Inc (META)	28.8
Apple Inc (AAPL)	15.2
NVIDIA Corporation (NVDA)	14.3

Bottom 5 Performance Detractors [a] as of 09/30/2026 Quarter Return (%) (gross of fees)	
Vertiv Holdings Company (VRT)	-27.9
Axsome Therapeutics Inc (AXSM)	-24.7
Lam Research Corporation (LRCX)	-24.1
Element Solutions Inc (ESI)	-23.8
Lowe's Companies Inc (LOW)	-15.9

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.

Strategy Activity

There were no additions or deletions to the Strategy for the quarter.

Outlook

The AI investment cycle remained an important support for earnings growth in a broadly healthy U.S. economy, helping equity markets withstand higher interest rates. Its scale could make it one of the largest capital investment cycles in U.S. history. Much of the benefit so far has come from building the infrastructure itself; the productivity gains needed to justify that spending are only beginning to emerge through lower costs, greater efficiency, better returns, and new applications. We expect the pace and durability of those gains to be an important influence on equity market performance over the medium term.

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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.

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