



DANA CARBON SENSITIVE ESG EQUITY STRATEGY

QUARTERLY
REVIEW

As of March 31, 2024

We are pleased with the strong equity market returns for the first quarter of 2024 that followed an already terrific Q4 2023 return. The market performed well despite a backup in interest rates and waning expectations for rate cuts. While the majority of the "Magnificent 7" stocks once again propelled the S&P 500 Index returns, not all of these companies were quite so magnificent this quarter. Growth stocks outshone value stocks, large-cap stocks outperformed small-cap stocks and earnings growth overall was solid.

PERFORMANCE

The top 5 performance contributors were NVIDIA Corporation (NVDA), Tapestry Inc. (TPR), American Express Company (AXP), PulteGroup Inc. (PHM), and Microsoft Corporation (MSFT).

Artificial Intelligence themed stocks certainly felt the wind beneath their wings. Earnings growth expectations continued to rise especially for key players, including NVIDIA and Microsoft. AI products are in high demand and this is fueling the development race. NVIDIA provides the computing power for AI, while Microsoft has taken an early lead in large language models through their partnership with OpenAI.

Tapestry benefited from strong momentum with the Coach brand as new products resulted in strong growth. The value of American Express' closed-loop network is becoming more apparent, with Capital One buying Discover to get access to a payment network. In addition, AXP continued to grow market share in the premium segment. Homebuilder Pulte Group continued to benefit from a shortage in housing supply.

The bottom 5 performance detractors were lululemon athletica inc. (LULU), Adobe Inc. (ADBE), Apple Inc. (AAPL), Microchip Technology Inc. (MCHP) and UnitedHealth Group (UNH).

Apple experienced a slowdown in sales in large part due to its exposure to China, and Microchip Technology's pricing seems poised to weaken. We sold the latter. Adobe's shares fell following a disappointing quarterly report. Investors are concerned with the company's competitive solutions, especially as AI dominates headlines. We remain confident in Adobe's leadership positioning and appreciate the announcement of a \$25B share buyback authorization.

Lululemon's stock retreated when topline growth decelerated in the latest earnings report. We remain enthusiastic and believe the company's efforts to expand its product lineup are considerable. Managed care stocks were weak during the quarter following a competitor's significantly disappointing earnings guidance. The Strategy holding, UNH, was not immune to this announcement although the UNH management team continues to affirm its 2024 guidance.

Top 5 Performance Contributors ^a as of 03/31/2024 Quarter Return (%) (gross of fees)

NVIDIA Corporation (NVDA)	82.4
Tapestry Inc (TPR)	29.9
American Express Company (AXP)	21.9
PulteGroup Inc (PHM)	17.0
Microsoft Corporation (MSFT)	12.0

Bottom 5 Performance Detractors ^a as of 03/31/2024 Quarter Return (%) (gross of fees)

lululemon athletica Inc (LULU)	-23.5
Adobe Inc (ADBE)	-15.4
Apple Inc (AAPL)	-10.8
Microchip Technology Inc (MCHP) ‡	-10.5
UnitedHealth Group Inc (UNH)	-5.6

‡ 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. Total return is truncated to one

STRATEGY ACTIVITY

We purchased Broadcom Inc. (AVGO), Meta Platforms Inc. (META), T-Mobile US Inc. (TMUS), Johnson Controls International Plc (JCI), nVent Electric Plc (NVT), Howmet Aerospace Inc. (HWM), and Eli Lilly and Company (LLY).

Broadcom is a more defensive holding in the IT space. It has a diversified revenue base and businesses that are levered to AI. Meta is enjoying a strong sentiment rebound as the company proves out the monetization of its Reels and Messenger products. The company is also a leader in application of AI at scale for tangible business benefits. T-Mobile's message of "best value and best network" continues to win customers from competitors and it has successfully completed the Sprint network integration.

We made changes to some Industrials holdings. Johnson Controls is trading at a large discount to peers due to some self-inflicted wounds which include poor messaging with investors and sub-par margins. JCI is the dominant player in commercial HVAC and actually gaining share. We see potential for a significant re-rating of the stock. We added nVent to the Strategy as it has just enough exposure to data center growth, driven largely by AI demands, to underwrite growth expectations for the next few years. Howmet Aerospace has very high revenue visibility as 70% of aerospace revenue is secured under long-term agreements. Its shareholder-friendly buybacks and dividends and fiscal prudence in lowering leverage are appealing factors as well. Lastly, we added Eli Lilly & Company (LLY) that has growth potential in big markets including diabetes, weight loss, and Alzheimer's drugs.

The Strategy sold Deere & Company (DE), Regal Rexnord Corporation (RRX), Interpublic Group of Companies Inc. (IPG), Microchip Technology Inc. (MCHP), and Elevance Health Inc. (ELV).

Deere continued to execute well, however farm income may decline over the next year and the average farmer has newer equipment on average than in the past. We see greener pastures elsewhere (forgive the pun). Regal Rexnord has recovered from November lows and the company's current risk versus reward favors alternatives. In Information Technology, Microchip's pricing has thus far remained stable, yet the company has noted broad-based demand weakness and elevated customer inventories. Similarly, we do not have the confidence in ad revenue going forward for Interpublic Group and see more attractive opportunities elsewhere. We sold Elevance to swap into Eli Lilly and to reduce overweight exposure to health insurance and management.

OUTLOOK

Investors are responding to a steady earnings outlook over a stickier core inflation report. AI-themed stocks have moved considerably, yet the buildout continues at a fast pace. The anticipated Fed rate cuts are on pause for now and we expect a rate cut in late spring or summer. Market breadth retreated from levels seen in the prior quarter and we see opportunity for breadth to improve. This backdrop is supportive of our disciplined stock selection process.

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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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