Dana Carbon Sensitive ESG Equity Strategy

Quarterly Review

As of September 30, 2026

Following a very strong and volatile Q2, the S&P 500 Index saw more modest positive returns in Q3 with lower volatility. The market remained highly concentrated, with only ~32% of stocks outperforming the index. During the quarter, 4 in 10 stocks lagged the index by 10 percentage points or more, and just 2 stocks — Microsoft (MSFT) and NVIDIA (NVDA) — can explain the entire index return. During the quarter, the yield on the 10-year Treasury increased from ~4.5% to ~5.25%, which would typically be enough to worry the equity markets, but unusually strong corporate earnings growth more than offset a decline in the market P/E that resulted from a higher discount rate. With earnings up ~30% and the S&P 500 Index up +13% YTD, the market now trades at a lower price-to-earnings multiple than at the start of the year.

Strategy Performance

The top five contributors to performance were IQVIA Holdings Inc. (IQV), Microsoft Corporation (MSFT), Meta Platforms Inc. (META), Apple Inc. (AAPL), and NVIDIA Corporation (NVDA).

IQVIA Holdings surpassed expectations by reporting solid year-over-year revenue increases and double-digit earnings growth, driven by a healthy book-to-bill ratio and record new bookings. Microsoft's strong financial results are being led by a massive AI infrastructure buildout along with strong enterprise demand. Accelerating revenue growth and a low relative valuation provided a strong setup for the quarter. Meta performed strongly late in the quarter upon the release of its Muse personal AI agent, which can carry out tasks such as booking appointments and handling online transactions. This could help Meta to diversify its advertising-focused business model to include software subscriptions and fees on e-commerce transactions, which represent a large and lucrative market. Apple has seamlessly woven its hardware and services together across devices, in effect locking in consumers and creating a modern version of a Consumer Staples company: a company rewarded with a high multiple due to its stable and durable growth profile. This valuation expansion has been happening for the past decade and was on display again in Q3. NVIDIA continued its exceptional momentum with quarterly revenue surging over 100% year-over-year. Sustained global data center demand and a smooth production transition to the next-generation Vera Rubin architecture gave investors confidence that growth can be sustained.

The five largest detractors were Vertiv Holdings Company (VRT), Lam Research Corporation (LRCX), CRH public limited company (CRH), Tapestry Inc. (TPR), and NXP Semiconductors NV (NXPI).

Vertiv Holdings pulled back significantly from prior highs after second-quarter sales came in below expectations, which put a dent in the company's premium multiple. Lam Research experienced share price weakness after a strong Q2 as investor sentiment around near-term AI spending weakened, which overshadowed the company's raised 2026 earnings outlook. CRH turned in a solid quarter, and shares rose over the subsequent ten days but later receded as strong pricing along with unchanged volume guidance were outweighed by near-term cost pressures from diesel, equipment, and supplies, all while the company's roughly one-third exposure to residential construction weakened further. Tapestry shares declined despite low-teens growth in the core Coach brand, as introductory guidance for low double-digit earnings growth did not meaningfully exceed consensus, and North American growth decelerated. NXP shares declined from recent June highs as modest upside to expected revenues in each segment, paired with modest gross margin upside, drove only small positive revisions in earnings estimates.

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Top 5 Performance Contributors [a] as of 09/30/2026 Quarter Return (%) (gross of fees)	
IQVIA Holdings Inc (IQV)	39.1
Microsoft Corporation (MSFT)	37.8
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
Lam Research Corporation (LRCX)	-24.1
CRH public limited company (CRH)	-22.3
Tapestry Inc (TPR)	-21.1
NXP Semiconductors NV (NXPI)	-15.1

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

The Strategy purchased J.M. Smucker Company (SJM) during the quarter.

J.M. Smucker has an established portfolio of brands with a strong presence in coffee and pet food that should see solid category growth and stable market share for private label competitors. The Uncrustables brand, a crustless frozen sandwich (primarily peanut butter and jelly) sealed in a circular shape, has grown volumes 20% for several years, and that growth may continue. This all contributes to positive growth with a valuation below the peer average of 11x earnings. Potential catalysts on the horizon include accelerated deleveraging, aided by receding coffee commodity costs, and any actions to unlock shareholder value encouraged by activist firm Elliott's two board members.

The Strategy sold Kimberly-Clark Corporation (KMB) during the quarter.

The Strategy exited Kimberly-Clark in the quarter as company fundamentals continued to soften after second-quarter revenues fell short of expectations and 2026 guidance pointed to a modest year-over-year decline. With the large acquisition of Kenvue, Inc. still pending, we believed capital could be better deployed into other positions with more organic earnings momentum and a more favorable ratio of reward vs. risk.

Outlook:

Despite a concentrated market, equity markets remained resilient in the face of rising interest rates due largely to strong earnings growth that is supported by a broadly healthy U.S. economy. Underpinning this growth is the AI investment cycle, potentially the largest capital investment cycle in U.S. history — larger than railroads, electrification, and highways combined, as a percentage of GDP. Much of the current payoff from AI has been from the infrastructure investment itself. The productivity payoff, needed to justify the investment, is just beginning to take shape in the form of cost reductions, efficiency gains, higher returns for advertisers, and new use cases. Over the medium-term, this productivity trajectory will be a determining factor in equity market performance.

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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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