



*The S&P 500 Index continued its upward trajectory in Q4 and in effect iced the return cake for the full year. GDP and corporate earnings growth both beat beginning-of-year consensus estimates. AI stock leadership, particularly NVIDIA, and multiple expansion further boosted equity returns. While small-cap stocks had their moment during the summer, interest rates moving higher placed pressure on the Russell 2000 Index by quarter end. Market leadership remained concentrated in a handful of large-cap tech-related stocks.*

**STRATEGY PERFORMANCE**

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

The Strategy’s AI related large-cap stocks led the way for the final quarter of 2024. Alphabet returned to the leaderboard this quarter. Revenue growth in the Google Cloud segment was strong and ad revenue from YouTube and other platforms assuaged investors’ concerns compared to Q3. Importantly, AI investment and integration remains a key focus for growth going forward. NVIDIA, a name synonymous with AI, delivered strong revenue growth (again) and the company’s earnings estimates continued to rise, albeit at a slower pace. Broadcom also benefited from sales of AI processors and networking chips with revenues up over 50% in its latest quarter. Apple reported earnings that exceeded expectations and excitement grew that future product launches, particularly the iPhone, would see strong demand driven by upcoming AI related features. Top contributor, Tapestry, benefited from strong momentum at Coach, as the new collection of products has resonated well with their upper income consumer. Brand excitement led to strong sales and less discounting, resulting in strong earnings.

The largest 5 performance detractors were PulteGroup Inc. (PHM), IQVIA Holdings Inc. (IQV), Zoetis Inc. (ZTS), Adobe Inc. (ADBE), and UnitedHealth Group Inc. (UNH).

Homebuilder PulteGroup shares pulled back as interest rates increased, which further pressured mortgage costs for prospective buyers and added more uncertainty to the overall housing outlook. We continue to like the company because of their best-in-class margins and ROE, and believe the company will outgrow their markets. Adobe lagged as investors continued to embrace more AI related names in the sector.

**Top 5 Performance Contributors <sup>a</sup> as of 12/31/2024  
Quarter Return (%) (gross of fees)**

Tapestry Inc (TPR)	39.8
Broadcom Inc (AVGO)	34.7
Alphabet Inc (GOOGL)	14.3
NVIDIA Corporation (NVDA)	10.6
Apple Inc (AAPL)	7.6

**Bottom 5 Performance Detractors <sup>a</sup> as of 12/31/2024  
Quarter Return (%) (gross of fees)**

PulteGroup Inc (PHM)	-24.0
IQVIA Holdings Inc (IQV) ‡	-19.4
Zoetis Inc (ZTS)	-16.4
Adobe Inc (ADBE)	-14.1
UnitedHealth Group Inc (UNH)	-13.2

‡ 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.

Three of the largest detractors were in the Health Care sector, due in large part to the sector's price decline of more than 10%, while the overall market was up. With the prospect of large changes at the Department of Health and Human Services, rising resentment towards managed care businesses, and potential policies affecting drug pricing, investors allocated money away from Health Care and into the Communication Services and Information Technology sectors that are benefitting from AI. IQV, which conducts clinical trials for pharmaceutical companies, saw a disruption in demand as pharmaceutical companies deferred and cancelled certain drug development projects due to the Inflation Reduction Act (IRA). The IRA has created the incentive for pharmaceutical companies to deprioritize smaller indications, which resulted in a one-time increase in clinical trial cancellations. UnitedHealth Group became the target for broader industry wide criticism following the tragic death of the CEO of UnitedHealthcare's medical insurance unit. UNH performed poorly as investors reassessed the risk to the company's business model. Lastly, Zoetis, an animal health company was weak along with the sector.

### STRATEGY ACTIVITY

We sold Qualcomm Inc. (QCOM), IQVIA Holdings Inc. (IQV)<sup>†</sup>, Micron Technology Inc. (MU)<sup>†</sup>, and Merck & Company Inc. (MRK)<sup>†</sup>.

Qualcomm's slowing growth in the smartphone market combined with an eventual decline in sales to Apple (as AAPL plans to transition away from external suppliers) make the outlook for QCOM less exciting, especially relative to other companies in this dynamic sector. While QCOM is diversifying into other areas like automotive, these industries may not be large enough to materially improve the growth profile. Micron Technology, IQVIA, and Merck were sold in some accounts as part of tax loss harvesting strategies.

### OUTLOOK

In January a new Trump administration will take the helm. Investors are understandably focused on potential changes in tariffs, immigration, taxes, and more. We would not be surprised by greater volatility — all the more reason for us to remain committed to our disciplined, risk-controlled investment process.

<sup>†</sup> Indicates trade was done in applicable accounts as part of tax loss harvesting strategies.

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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.