



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), Tapestry Inc. (TPR), Apple Inc. (AAPL), and NVIDIA Corporation (NVDA).

In the third quarter of 2025, Alphabet delivered outstanding results, driven by robust double-digit revenue growth across Google Search, YouTube ads, subscriptions, and a particularly impressive performance in Google Cloud. Earnings continued to be fueled by steady pricing in Search advertising and margin improvement in Cloud. A better-than-feared antitrust trial outcome also helped sentiment. Lam Research was another top performer, benefiting from continued high global demand for advanced semiconductor manufacturing equipment and rebounding prices in key memory and storage markets. Tapestry announced record-breaking earnings and robust growth from its Coach brand. As a result, management raised its fiscal 2025 revenue guidance. Apple's stock remained resilient thanks to robust demand for both iPhones and services, with quarterly performance aided by ongoing excitement around AI features. Bellwether AI stock, NVIDIA, again exceeded analyst expectations for sales of AI chips and data center products.

The largest 5 performance detractors were Align Technology Inc. (ALGN), Fiserv Inc. (FI), Elevance Health Inc. (ELV), Accenture plc (ACN), and Magnite Inc. (MGNI).

Align Technology, known for its Invisalign clear aligners and digital orthodontic solutions, lagged in Q3 2025 due to supply chain disruptions and weaker demand. Competition in this space and from traditional braces impacted the company. Fiserv's organic growth guidance was positioned at the low end of the expected range, disappointing investors. The deceleration suggests that competition may be pressuring its Merchant Acceptance segment. Elevance suffered from medical and Medicaid cost pressures, particularly for Affordable Care Act (ACA) plans. 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. Magnite is a sell-side advertising platform for digital advertising inventory. Despite positive company developments and earnings, the company did not meet investor expectations and slower growth concerns on a macroeconomic level were a headwind for advertising related stocks.

Top 5 Performance Contributors ^a as of 09/30/2025 Quarter Return (%) (gross of fees)

Alphabet Inc (GOOGL)	38.1
Lam Research Corporation (LRCX)	37.8
Tapestry Inc (TPR)	29.4
Apple Inc (AAPL)	24.2
NVIDIA Corporation (NVDA)	18.1

Bottom 5 Performance Detractors ^a as of 09/30/2025 Quarter Return (%) (gross of fees)

Align Technology Inc (ALGN) †	-38.7
Fiserv Inc (FI)	-25.2
Elevance Health Inc (ELV) ‡	-23.7
Accenture Plc (ACN)	-17.1
Magnite Inc (MGNI)	-9.7

† 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.

STRATEGY ACTIVITY

The Strategy added Align Technology Inc. (ALGN), CRH Public Limited Company (CRH), Ferguson Enterprises Inc. (FERG), SLB Limited (SLB), AT&T Inc. (T), Analog Devices Inc. (ADI), STERIS plc (STE), and Allstate Corporation (ALL).

Align Technology was purchased early in the quarter with the expectation that demand would remain resilient as future product launches bolster growth. The quarter disappointed as supply chain and competitive pressures hurt revenue growth. We believe that lower expectations are already priced in and that some concerns may be short lived. We will continue to monitor the situation. CRH is a building materials supplier with a focus on producing and distributing cement, asphalt, concrete, and other building materials. We value CRH's strong free cash flow generation, strategic M&A, and robust balance sheet. We added Industrials company, Ferguson, which demonstrated strong financial and operational performance in Q3 2025, along with encouraging growth and margin expansion, strategic acquisitions, and positive company guidance. The company operates in resilient sectors including HVAC, Waterworks, and Infrastructure. We also added premier energy services company, SLB, as it continues to focus on innovation, scalable digital solutions and sustainability. We swapped into AT&T and sold T-Mobile this quarter, as we see a better valuation and stabilizing growth trend in AT&T compared to TMUS. Analog Devices is seeing an inflection in demand as they benefit from a stronger industrial economy. This increase in topline should also benefit margins, resulting in faster earnings growth. STERIS is a leader in patient care products and services, especially those related to infection prevention. We purchased the stock in late July prior to its earnings report. Revenue exceeded expectations and the news was well received by investors. We appreciate the company's stable demand from medical devices and boost from capital equipment sales. Allstate is a leading property and casualty insurance company. We expect new account growth to accelerate as prices stabilize, and higher ad spend drives more engagement.

The Strategy sold Boston Scientific Corporation (BSX), Elevance Health Inc. (ELV), Graphic Packaging Holding Company (GPK), Linde plc (LIN), Clean Harbors Inc. (CLH), Weatherford International plc (WFRD), T-Mobile US Inc. (TMUS), Reinsurance Group of America Inc. (RGA), and Synopsys Inc. (SNPS).

Boston Scientific rallied coming into the third quarter, so we sold the stock on this strength. We appreciate the long-term positioning of BSX; however, the valuation was no longer as attractive. This proved to be a timely move, as earnings expectations moderated after the sale, which caused the stock to fall. Elevance Health's uncertain outlook and pricing pressures led to its sale. Industrial paper packaging company, Graphic Packaging, performed well coming into the quarter providing an opportunity to swap into a more attractive position. Industrial gas company, Linde, continued to experience weakness in volumes, particularly in Europe and China. While cost control offset some of the volume weaknesses, other opportunities compelled the sale. We sold Clean Harbor due to its price recovery and valuation in preference for Ferguson. We sold oil services company, Weatherford, and purchased SLB instead. We believe SLB has the potential for better growth and scalability. TMUS was sold and replaced by AT&T, primarily reflecting T's better relative valuation. Reinsurance Group was sold as we found a better alternative, Allstate. Lastly, Synopsys sells software that helps with designing semiconductor chips that should benefit as large tech companies get into the chip-building business and AI workloads proliferate. However, recent product bets in the key intellectual property segment proved disappointing and there is a general sense of mis-execution and share loss in this fast-growing business. We prefer other stocks in a dynamic Information Technology sector.

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