



# DANA CATHOLIC EQUITY STRATEGY

QUARTERLY  
REVIEW

As of December 31, 2025

*The S&P 500 Index continued to climb in the final quarter of 2025, making this the third consecutive year of double-digit growth. Mixed economic data began to trickle out following the government shutdown in October. While GDP growth surprised on the upside, the job market weakened. The bond market took note of wavering employment and weaker home sales, which also supported the Fed cutting interest rates by 0.25% in December. The AI theme remained strong, yet investors became more selective this quarter as they reflected upon expanding valuations and the durability of lofty AI infrastructure spending.*

## STRATEGY PERFORMANCE

The top 5 contributors to performance were Alphabet Inc. (GOOGL), Lam Research Corporation (LRCX), IQVIA Holdings Inc. (IQV), Tapestry Inc. (TPR), and Apple Inc. (AAPL).

Alphabet's cloud, search, and YouTube ad demand tied to AI workloads and digital advertising resilience drove record revenue, beating estimates. Resilient operating margins reflected disciplined cost management amid ongoing AI investments. Lam Research is a leading semiconductor manufacturer and Lam's precision develops wafer fabrication equipment with advanced technologies for global chip production. The company reported record quarterly revenues, with gross margins exceeding 50% and operating margins reaching a historic 35%, reflecting strong pricing power and operational efficiency. Management highlighted accelerating AI-driven demand as a key growth engine, fueling investments in cutting-edge foundry, logic, and memory technologies. Upgrades in NAND and DRAM memory remained a significant driver, with bit demand trending higher than expected. Lam's innovation leadership in critical processes, advanced packaging, and new product wins positions the company favorably for continued technology transitions.

IQVIA experienced a more stable environment for outsourced pharma research, and this led to a rebound in the company's estimates and stock price. The company beat earnings estimates in October, supporting the positive shift in investor sentiment. Tapestry's results exceeded expectations due to strong double-digit sales from Coach in North America and China, and guidance was raised. Apple benefited from renewed optimism for AI-enabled iPhone upgrades and record growth in Services revenue. Apple continued its significant share repurchases in Q4.

The 5 largest detractors in the quarter were Fiserv Inc. (FISV), Magnite Inc. (MGNI), Kimberly-Clark Corporation (KMB), Uber Technologies Inc. (UBER), and Microsoft Corporation (MSFT).

Fiserv's new management identified necessary investments in product price competitiveness and core technology infrastructure. We expect negative 2026 earnings growth. Magnite and certain peer supply side advertising platforms (SSPs) are well-positioned to gain market share over time but presently suffer from increased competitive jockeying amongst themselves, particularly The Trade Desk. Kimberly-Clark's stock fell primarily upon its Kenvue acquisition announcement. Investors are concerned about the large size and dilution of the deal.

Uber shares pulled back on perception of progress from Waymo's autonomous driving initiatives and a lack of newly announced partnerships between the two companies.

### Top 5 Performance Contributors <sup>a</sup> as of 12/31/2025 Quarter Return (%) (gross of fees)

Alphabet Inc (GOOGL)	28.8
Lam Research Corporation (LRCX)	28.0
IQVIA Holdings Inc (IQV)	18.7
Tapestry Inc (TPR)	13.2
Apple Inc (AAPL)	6.9

### Bottom 5 Performance Detractors <sup>a</sup> as of 12/31/2025 Quarter Return (%) (gross of fees)

Fiserv Inc (FISV) <sup>‡</sup>	-51.4
Magnite Inc (MGNI)	-25.5
Kimberly-Clark Corporation (KMB)	-17.9
Uber Technologies Inc (UBER)	-16.6
Microsoft Corporation (MSFT)	-6.5

<sup>‡</sup> 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.

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Lastly, Microsoft shares were weak in Q4 2025 despite strong underlying fundamentals, as investors focused on near-term pressures from massive AI infrastructure investments and capacity constraints. Heavy spending on data centers and GPUs to meet surging demand impacted gross margins, while Azure faces supply limitations through at least fiscal year-end. We believe overall fundamentals remain solid. Microsoft Cloud surpassed \$49 billion in revenue, up sharply, with Azure growing nearly 40%. Deepened partnerships and efficiency initiatives position Microsoft to capture expansive AI monetization opportunities. We remain constructive on its cloud and AI leadership.

## STRATEGY ACTIVITY

The Strategy purchased Charles Schwab Corporation (SCHW) and Cigna Group (CI).

Charles Schwab continued to redeploy its increasing scale to extend its brokerage and broader financial services offerings, invest in marketing and technology, and drive down costs, all while increasing returns of capital through dividends and buybacks. The company's return on tangible common equity exceeds 30%. We view Schwab as an essential service provider with a balance of offensive and defensive attributes. While net interest revenue (50% of 3Q25 revenue) on idle client cash could decline from falling rates, client cash balances tend to rise in choppier times as an offset. With the stock trading below its 5-year average valuation multiple, both absolute and relative, we believe the stock is attractively valued. Cigna is a leading integrated managed care company. Cigna is the #3 commercial group health insurer, the #1 non-risk Administrative Service Only (ASO) health insurer, and the #2 pharmacy benefits manager (PBM). Notably, Cigna is not a significant participant in government health insurance programs. Cigna faces 2026 earnings headwinds, including its transition to a more transparent rebate-free PBM model, requiring elevated investment and proactive renewals at its largest customers. With management guiding to 2026 earnings growth estimates of just low-single-digits and Cigna's valuation multiple near a 10-year trough, we see a favorable reward vs. risk, particularly as 2027 earnings growth may improve towards Cigna's targeted 10%-14% range.

The Strategy sold Align Technology Inc. (ALGN) and Fiserv Inc. (FISV).

Despite survey work showing an improvement in clear aligner volumes, Align Technology reported a disappointing Q2 earnings report. A weaker consumer environment and increased competition may limit growth for the foreseeable future. We swapped into STERIS, a healthcare company with better visibility. Fiserv adjusted earnings growth is expected to be negative in 2026, snapping a long-running double-digit growth streak. Further, new management has surfaced underlying challenges and Fiserv needs to revisit pricing strategies at Clover, integrate disparate IT systems, and better communicate past organic growth in inflationary countries. While we appreciate the new management's candor and Fiserv possesses some core business strengths, we sold Fiserv in favor of Schwab (SCHW), which we view as higher quality and better positioned.

## OUTLOOK

A more accommodative Fed, continuing AI growth, and a broadening of the market later in the quarter are supportive of equity and bond market performances. We continue to seek strong relative valuations across sectors with a focus on productivity driven earnings growth. Tariffs and geopolitical concerns add the potential for market volatility in 2026.

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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.