



The S&P 500 Index delivered a more volatile ride this quarter. Much of this volatility had to do with new policy directives from the White House, particularly those involving tariffs. It is still unclear how the use of tariffs will evolve in Q2 let alone their impact on economic growth and inflationary pressure. Sensing increased risks, investors pulled back from cyclical stocks as well as high valuation AI-related stocks, notably the Mag 7. A flight to safety and softening growth expectations drove bond prices higher. This was a quarter when diversification mattered.

STRATEGY PERFORMANCE

The top 5 performance contributors were Axsome Therapeutics Inc. (AXSM), CSG Systems International Inc. (CSGS), TG Therapeutics Inc. (TGTx), Clearway Energy Inc. (CWEN), and Axis Capital Holdings Limited (AXS).

Axsome Therapeutics' acute migraine therapy received FDA approval in Q1. Analysts raised price targets leading to an upswing in the stock. TG Therapeutics experienced strong Q4 2024 revenues, largely bolstered by BRIUMVI®, its treatment for relapsing multiple sclerosis. CSG Systems is a SaaS platform company specializing in billing and payments solutions. The company offers a mix of earnings growth and income stability in the Industrials sector. Consistent free cash flow allowed for a 7% dividend increase. Lastly, there is some speculation that a Japanese tech company might be interested in acquiring CSG Systems. Clearway Energy is a leading U.S. clean energy company that owns and operates renewable and conventional energy assets. Clearway continues to invest in growth opportunities such as battery energy storage. Axis Capital is a Bermuda-based insurance and reinsurance company. The company delivered an earnings turnaround in Q1. Axis is shifting its focus away from catastrophe exposure and toward specialty insurance lines.

The largest 5 performance detractors were e.l.f. Beauty Inc. (ELF), Semtech Corporation (SMTC), Ultra Clean Holdings Inc. (UCTT), Verint Systems Inc. (VRNT), and Boot Barn Holdings Inc. (BOOT).

Cosmetic and skincare company, e.l.f. Beauty, disappointed investors with lower-than-expected sales in January coupled with lowered guidance. Shifting Gen Z consumption and uncertain tariffs weighed on investors' confidence. Semtech is a semiconductor supplier that suffered from concerns about the broader semiconductor industry including supply chain uncertainty. Ultra Clean provides various subsystems for the semiconductor industry including ultra-pure fluid and gas delivery systems. While revenues were up nicely, its China segment declined. Verint Systems is a customer engagement solutions company specializing in analytics, security, and fraud detection services. A delay with an unbundled Software as a Service (SaaS) deal contributed to an earnings shortfall for the quarter. Despite this setback, Verint Systems maintained its revenue and earnings per share (EPS) target for the full fiscal year, noting that the pipeline for their Bot products remained strong. Boot Barn's management lowered guidance as a result of weakness in workwear and higher marketing and corporate costs.

Top 5 Performance Contributors ^a as of 03/31/2025 Quarter Return (%) (gross of fees)

Axsome Therapeutics Inc (AXSM)	37.8
TG Therapeutics Inc (TGTx)	31.0
CSG Systems International Inc (CSGS)	18.9
Clearway Energy Inc (CWEN)	18.3
Axis Capital Holdings Limited (AXS)	13.6

Bottom 5 Performance Detractors ^a as of 03/31/2025 Quarter Return (%) (gross of fees)

e.l.f. Beauty Inc (ELF)	-50.0
Semtech Corporation (SMTC) ‡	-49.2
Ultra Clean Holdings Inc (UCTT)	-40.4
Verint Systems Inc (VRNT)	-35.0
Boot Barn Holdings Inc (BOOT)	-29.2

‡ 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.

STRATEGY ACTIVITY

Five stocks were added to the Strategy this quarter including Integral Ad Science Holding Corporation (IAS), Kontoor Brands Inc. (KTB), SPX Technologies Inc. (SPXC), Agilysys Inc. (AGYS), and PJT Partners Inc. (PJT).

Integral Ad Science is positioned for growth in the digital ad verification space as advertisers seek greater transparency and efficiency in their campaigns. Recent earnings and gross margin exceeded expectations and guidance for 2025 was optimistic. Kontoor Brands is the spin off from VF Corporation. It markets denim clothing under iconic Lee and Wrangler brand names and more. Earnings topped estimates and Kontoor's denim brands are doing better than many other apparel segments. SPX Technologies provides specialized industrial products and technologies including HVAC, Test and Measurement and Diagnostics systems. The company has a history of stable cash flows and diversified end markets. SPX Technologies continues to expand its automation and digital solutions. Agilysys is a hospitality software solutions company. While recent earnings topped estimates, revenues lagged expectations. Forward indicators suggest the pipeline is healthy. We added this stock after the earnings report at a valuation we think is too harsh. PJT Partners is a global advisory investment bank. The company offers strategic advice on M&A, capital raises, restructurings, and specialized situations. Paul Taubman (formerly Morgan Stanley) founded the company a decade ago. We appreciate the company's experienced team, long-term client relationships, and ability to customize complex solutions.

We sold American Eagle Outfitters Inc. (AEO), GMS Inc. (GMS), PubMatic Inc. (PUBM), and Harmonic Inc. (HLIT).

American Eagle was sold because we expected weaker forward guidance to weigh on the shares. We swapped into Kontoor Brands. GMS has been impacted by weakening demand in residential and commercial construction markets. In addition, tariff gyrations are creating greater uncertainty for investors. PubMatic projected a year-over-year revenue decline and attributed this to ongoing issues with a major demand-side platform partner. Management noted macroeconomic headwinds as well. The projections eroded investor confidence. Integral Ad Science provided a more attractive opportunity. Lastly, Harmonic, a global tech company that serves the media and telecommunications industries, was sold when management gave disappointing guidance for the upcoming year.

OUTLOOK

We continue to see reasonable economic growth, yet we are mindful of slightly widening credit spreads and an uncertain tariff outlook. Investor attention is once again focused on diversification and valuation. A more value-conscious market plays well with Dana's stock selection strengths.

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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.