Dana Concentrated Dividend Equity Strategy

Quarterly Review

As of June 30, 2026

U.S. equities advanced through the second quarter as investors looked past uneven macro data, tariff uncertainty, and intermittent geopolitical stress, focusing instead on resilient corporate earnings, firming capital spending, and continued interest in AI-related infrastructure.

The performance data clearly paints a picture of a market that has seemingly lost the taste for anything other than AI infrastructure-related stocks. For example, the Information Technology sector of the Russell 1000 Value Index was up +85% just in the second quarter of 2026, adding to its gains in the first quarter of the year. Even this understates the market's insatiable appetite for having a singular focus, as is shown this quarter in this data center trading; semi & semi equipment stocks were up over +130% in the quarter, while software & services were down almost -5%. Yet another indication of how imbalanced stock performance has been in 2026 is that while the Russell 1000 Value is enjoying a healthy bull market in the first half of 2026 in 10 of 11 sectors, more than half of the stocks are lagging the benchmark. Furthermore, in 8 of 11 sectors, less than 1/3 of stocks are ahead of the benchmark this year. In a market that has become lopsided and seemingly levered to only one theme, the Strategy continued to have a more diversified portfolio and take advantage of undervalued opportunities in many of the places the market is currently ignoring.

Strategy Performance

The top five contributors to performance were Elevance Heath, Inc. (ELV), Alphabet Inc.(GOOGL), Keurig Dr Pepper Inc. (KDP), Interactive Brokers Group Inc. (IBKR), and Philip Morris International Inc. (PM).

The Strategy's leading contributors were diversified across several sectors, which is particularly notable in a market where most of the performance has been concentrated in a few tech stocks levered to the same theme.

Elevance enjoyed a strong rebound due to a combination of good company-specific news regarding progress toward resolving potential sanctions for billing that occurred in previous years. Furthermore, it appears that the post-covid spike in medical costs has hit industry profitability (and allowed us to purchase stock at a discounted valuation) and seems to be inflecting to the positive. The positive trends were welcomed, and despite the nice move in the second quarter, the stock still appears undervalued based on reasonable estimates of normalized earnings power. Alphabet reported another quarter of accelerating growth in its Cloud business, continued double-digit growth in its key Search business, as well as continued growth in users of its Gemini chatbot that is now taking market share from ChatGPT. Keurig reported an impressive growth rate driven by double-digit growth in the company's core refreshment beverage (soda and energy drinks) segments, both in the U.S. and internationally, as the company's position in more on trend "flavored sodas" continued to result in share taking. The stock still seems undervalued versus the leading soft drink competitor and this gap will continue to close as the separation of the refreshment beverage and coffee business gets closer in early 2027. Interactive Brokers continued to trade up on the back of a strong U.S. stock market that has driven retail participation and trading activity to new highs. Philip Morris reported another quarter of strong volume growth in its flagship IQOS heat-not-burn product, which anchors the company's Smoke Free portfolio, along with Zyn, the company's popular oral nicotine pouch. After the end of the quarter, the company announced FDA approval that will allow the company to market certain Zyn nicotine pouch products as less harmful than cigarettes.

The top five detractors from performance were Regeneron Pharmaceuticals Inc. (REGN), Accenture plc (ACN), Fiserv Inc. (FISV), Adobe Inc. (ADBE), and Salesforce Inc. (CRM).

The quarter's largest detractors were concentrated in software stocks, as well as its neighbors in IT consulting and fintech because the group did not disprove the negative sentiment this quarter. It should also be noted that by far the biggest detractor from relative performance this quarter was the Strategy's very low exposure to AI infrastructure companies that experienced significant price appreciation throughout Q2.

Top 5 Performance Contributors [a] as of 06/30/2026 Quarter Return (%) (gross of fees)	
Elevance Health Inc (ELV)	32.7
Interactive Brokers Group Inc (IBKR)	29.9
Keurig Dr Pepper Inc (KDP)	25.2
Alphabet Inc (GOOGL)	24.4
Philip Morris International Inc (PM)	10.3

Bottom 5 Performance Detractors [a] as of 06/30/2026 Quarter Return (%) (gross of fees)	
Accenture Plc (ACN)	-36.7
Salesforce Inc (CRM) †	-25.1
Regeneron Pharmaceuticals Inc (REGN)	-19.2
Adobe Inc (ADBE)	-15.7
Fiserv Inc (FISV) ‡	-14.1

† 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.

Adobe reported another quarter of double-digit growth in revenue and bookings, but the market reacted quite negatively to the company's strategic decision to sacrifice some near-term bookings growth to capture more long-term customers by expanding its freemium funnel for key products like Firefly, Express, Acrobat, and AI agents. Salesforce, which was added to the portfolio this quarter, meaningfully exceeded earnings estimates and continued to show ramping adoption of its AI offerings (like Agentforce). Accenture, the leading IT consultant, was tangled up in the software stock sell off and missed bookings growth estimates, which was attributed to projects being pushed out to future quarters on account of the Middle East conflict. Fiserv, which was sold in the quarter, underperformed along with other card processing holdings, and the unexpected departure of their recently hired CEO added more uncertainty to the story. In addition to company-specific aspects, all four stocks were caught up in the software and fintech stock sell off due to fears of AI disruption and commoditization, near-term budget reprioritization, and what appears to be portfolio positioning trades to fund additional buying of AI infrastructure suppliers. While we recognize that AI increases competitive intensity for large incumbents, it also represents an opportunity to accelerate growth through agentic offerings that will be sold through their large installed base of customers and increased programmer labor efficiency. All three of the Strategy's software holdings have stepped up share repurchases to take advantage of the decline in their share price, which will reduce shares outstanding and increase future upside. Lastly, in the Health Care sector, Regeneron disclosed a failed Phase 3 trial, manufacturing disruptions, weaker EYLEA HD sales, and rising operating expenses — a combination that pressured both earnings and sentiment.

Strategy Activity

The Strategy purchased RTX Corporation (RTX), Salesforce Inc. (CRM), Amphenol Corporation (APH), Analog Devices Inc. (ADI), and Cisco Systems Inc. (CSCO).

The new additions reflect a balance between adding deeply out of favor stocks like Salesforce, taking advantage of pullbacks to fill exposure gaps with RTX and Amphenol, and adding some exposure to AI infrastructure stocks that are still at reasonable valuations and pay dividends such as Cisco Systems and Analog Devices. Salesforce has a significant opportunity to use its entrenched position and industry-leading distribution force to capitalize on the rapid enterprise adoption of agentic AI, most notably its Agentforce offering. Furthermore, the company's acquisition of Slack seems to be a strategic winner as reports indicate that it is becoming a go-to platform for human and agent integration and could represent the model for future work. The company recently initiated a dividend and has significantly stepped up share repurchases, buying $27b in stock just last quarter on a market cap of $132 billion today.

RTX is an aero & defense business split roughly 50/50 among defense and commercial aerospace. On the defense side, the company's products are in the right places, such as missile systems, radars, communication, and propulsion. On the Pratt & Whitney and Collins side, the company provides propulsion (engines) and a varied set of aerospace products for both defense and commercial end markets, and comes with a long tail (measured in decades) of aftermarket and service business. Combined with an above-average, sector dividend yield and confidence that dividends should continue to grow at HSD, this is a bread-and-butter stock for a dividend-biased strategy. Amphenol's high-speed and power interconnect solutions are winning shares as datacom demand accelerated, backed by record orders, a widening addressable market, and steady bolt-on acquisitions.

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Analog Devices was added to the Strategy, where data center build out is driving demand for the company's chips that are used in semi testing equipment, power generation, and optical. End markets are diversified with approximately half of the business in general industrial applications where inventories appear to be lean by historical standards and many analysts believe the non-AI business could see a strong pricing cycle.

The Strategy added Cisco Systems, where the company's merchant silicon business is winning hyperscaler customers and there appears to be a refresh cycle underway by the company's core enterprise customer base. The stock has a long history of consistent share repurchases.

The Strategy liquidated Ingredion Inc. (INGR), Caesars Entertainment Inc. (CZR), Fiserv Inc. (FISV), and Truist Financial Corporation (TFC).

Ingredion was sold as it represented a minimal position entering the quarter amid an already meaningful overweight in Consumer Staples. Caesars Entertainment was also divested following the agreement with Fertitta Entertainment, as the all-cash deal to acquire the company limited the remaining upside. The long tenured position in Truist Financial was sold due to disappointing results from the 2019 merger that created the bank, coupled with the existing exposure to several attractive regional banks within the portfolio. Fiserv was liquidated as the recent management departure added another layer of uncertainty to an already complicated turnaround story.

OUTLOOK

While individual quarters will bring their share of surprises and market sentiment swings, Dana's approach does not change with the headlines. Rather, the Strategy adheres to a disciplined, repeatable process built on fundamental research, buying businesses with durable competitive advantages, low valuations, and commitment to shareholder capital return through dividends and share repurchases.

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.

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