



*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 Interactive Brokers Group Inc. (IBKR), IQVIA Holdings Inc. (IQV), Alphabet Inc. (GOOGL), Norfolk Southern Corporation (NSC), and Genuine Parts Company (GPC).

Interactive Brokers reported another quarter of 30% plus new account growth and enjoyed a tailwind to trading volume from strong equity markets in the quarter. IQVIA rebounded from a multi-year slump as bargain hunting investors responded to positive headlines regarding potential pharmaceutical tariffs. 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. NSC rallied when Union Pacific made a bid to acquire the company in July and Donald Trump stated that the deal “sounds good to me.” Genuine Parts rallied on earnings that suggested an incremental improvement in the company’s struggling auto parts retailing segment. The stock rallied again later after the company announced an agreement with a well known activist investment firm to add new directors to its board. This may unlock value in the company’s industrial distribution division.

The largest 5 performance detractors were Philip Morris International Inc. (PM), Fiserv Inc. (FI), Keurig Dr Pepper Inc. (KDP), Elevance Health Inc. (ELV), and PayPal Holdings Inc. (PYPL).

Philip Morris managed to beat analyst estimates for earnings per share, it missed revenue forecasts due to weaker-than-expected sales of cigarettes and lower shipments of ZYN nicotine pouches. The company suffered from general malaise in the Consumer Staples sector, the only GICS sector in the benchmark with negative performance in the quarter. Keurig Dr Pepper shares plunged amid investor unease over transformative announcements, including an \$18 billion acquisition of JDE Peet’s (world’s largest coffee and tea firm by revenue) and a planned business split into separate entities. Despite near-term pressures, the company’s strong brand portfolio keeps us patient although we are evaluating alternatives. Fiserv and PayPal underperformed this quarter as the market significantly repriced what can be called “tech adjacent” businesses such as payment networks, processors, and IT consulting and data providers.

<b>Top 5 Performance Contributors <sup>a</sup> as of 09/30/2025</b>	
<b>Quarter Return (%) (gross of fees)</b>	
Interactive Brokers Group Inc (IBKR)	24.3
IQVIA Holdings Inc (IQV)	20.5
Alphabet Inc (GOOGL)	38.1
Norfolk Southern Corporation (NSC)	17.9
Genuine Parts Company (GPC)	15.1

<b>Bottom 5 Performance Detractors <sup>a</sup> as of 09/30/2025</b>	
<b>Quarter Return (%) (gross of fees)</b>	
Philip Morris International Inc (PM)	-10.9
Fiserv Inc (FI)	-25.2
Keurig Dr Pepper Inc (KDP)	-22.1
Elevance Health Inc (ELV)	-16.5
PayPal Holdings Inc (PYPL)	-9.8

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.

Also, 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 Health joined industry peers in July in reducing full year earnings expectations as the entire sector is currently working through higher than expected medical costs for government sponsored plans. We believe the earnings decline is temporary and expect Elevance to reprice its book of business over the next 24 months. The stock is trading at a deep discount based on conservative estimates of normalized earnings power.

## STRATEGY ACTIVITY

We added Adobe Inc. (ADBE) and Accenture plc (ACN) to the Strategy.

Adobe is the leading provider of creative, marketing, and document management solutions delivered on a subscription/cloud based model (SaaS). The company continued to report impressive top and bottom line growth numbers, but the market is understandably concerned that its key offerings are on the front lines of disruption from AI image generation and more upstart competitors like Figma and Canva. While the competitive intensity has clearly increased, Adobe continues to innovate by weaving AI into its legacy suite with a massive, embedded user base, and launch new AI products like Firefly. Furthermore, the market is not giving the company credit for the significant total addressable market expansions that will occur due to AI applications for image generation. The company is trading at the lowest relative multiple in over a decade, and while it does not pay a dividend, the company returns meaningful cash back to shareholders through buybacks.

Accenture is the largest global system integrator, one of the largest business process outsourcing providers, and a leading management consultant. Accenture has a superb reputation for delivering on projects and has access to the very top of the executive suite of Global Fortune 2000 enterprises. For the last two decades, the company has been enabling enterprise digitization efforts with a particular focus on cloud computing transition and the recent GenAI innovation represents yet another multiyear investment cycle. To meet this demand, Accenture is pivoting hard towards the future with a \$3 billion advanced AI investment program announced two years ago and a workforce "rebalancing" around GenAI skillsets currently in process. After the recent dividend increase of 10%, the stock has a healthy yield of 2.7% and a stock buyback program.

The Strategy did not sell any positions this quarter yet trimmed several to accommodate purchases.

## 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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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.