Dana Concentrated Dividend 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 include Dollar General Corporation (DG), IQVIA Holdings Inc. (IQV), Alphabet Inc. (GOOGL), Wells Fargo & Company (WFC), and Annaly Capital Management Inc. (NLY).

Dollar General reported another quarter of accelerating same store sales growth as well as recovering margins. While the lower end consumer still remains challenged, the market is looking forward to improvement in 2026 on the back of changes in tax code and benefits from continued trade down from the higher income consumer. IQVIA performance mean reverted up as large pharmaceutical companies signed agreements with the Trump administration and continued strong funding for emerging biotech companies. Market sentiment has changed drastically from viewing Alphabet as an “AI loser” to viewing it as an “AI winner”, most recently due to the latest Gemini large language model release. The core Search and YouTube businesses remain resilient, with management stating that AI Overviews are not dilutive to traditional Search monetization, while the Cloud business is experiencing surging demand on back of AI workloads. Wells Fargo and Annaly Capital were lifted by strong performance of the Financials sector in the fourth quarter as the market prices in lower short-term rates and a steeper interest rate curve.

The 5 largest detractors include Fiserv Inc. (FISV), Douglas Emmett Inc. (DEI), Caesars Entertainment Inc. (CZR), Genuine Parts Company (GPC), and PayPal Holdings Inc. (PYPL).

Fiserv shares reacted negatively to a meaningful reset of profit expectations as the recently installed management team revealed the problems caused by a reliance on short-term revenue tactics that had prioritized immediate results over sustainable client relationships. Positively, Fiserv is pivoting toward long-term strength: accelerating AI and platform modernization, building a refreshed leadership team and board, and refocusing on mission-critical software, embedded finance, and recurring value-added services. This client-centric transformation, supported by strong free cash flow and disciplined capital allocation, positions Fiserv for a return to consistent mid-single-digit growth. In addition to company specific issues, both Fiserv and PayPal are part of the “fintech” cohort of stocks that experienced one of the worst performance periods in recent history. Douglas Emmett underperformed due to continued demand weakness in the West Los Angeles office market. While not reflected in the stock price, the company continued to manage its business for the long term as it refinanced and extended its debt facility providing even more financial flexibility and announced a new office-to-residential conversion project to take advantage of significant demand for luxury rental apartments. Caesars Entertainment underperformed due to a decline in performance of the Las Vegas market that started in late summer. The company has highlighted its strong pipeline of convention business as well as consistent performance of its large regional gaming portfolio. Genuine Parts traded down in the quarter along with the other major auto parts retailers.

Top 5 Performance Contributors [a] as of 12/31/2025 Quarter Return (%) (gross of fees)	
Dollar General Corporation (DG)	29.3
IQVIA Holdings Inc (IQV)	18.7
Alphabet Inc (GOOGL)	28.8
Wells Fargo & Company (WFC)	11.8
Annaly Capital Management Inc (NLY)	14.1

Bottom 5 Performance Detractors [a] as of 12/31/2025 Quarter Return (%) (gross of fees)	
Fiserv Inc (FISV)	-47.9
Douglas Emmett Inc (DEI)	-28.2
Caesars Entertainment Inc (CZR)	-13.5
Genuine Parts Company (GPC)	-10.6
PayPal Holdings Inc (PYPL)	-12.7

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 Amazon.com Inc. (AMZN), CSX Corporation (CSX), NextEra Energy Inc. (NEE), and Regeneron Pharmaceuticals Inc. (REGN).

Amazon is the largest e-commerce retailer in the world by revenue and the largest hyperscaler under the AWS brand. The AWS business is leading the AI infrastructure buildout which drove high double-digit revenue growth and increasing operating margin. Recently the market consensus has grown cautious regarding Amazon's AWS business growth potential. We saw this as an opportunity to add the stock, believing that slower growth can be explained by severe capacity constraints (not demand constraints) that should ease over the next 18 months. CSX is an east coast based Class I railroad serving 25 US states as well as Ontario and Quebec in Canada. In addition to the potential windfall from the uncertainty surrounding the UNP/NSC merger process currently underway, we think there are still gains ahead for operating improvements at CSX.

NextEra is an attractive combination of a large, regulated utility and one of the largest renewable independent power producers. Florida Power & Light, NextEra's regulated business, is the largest utility in Florida and enjoys the tailwind from population growth and a friendly regulatory environment. The company's dominant renewables business has come under pressure recently because of the uncertainty around renewable tax credits under the Trump administration. We believe the leading regulated business combined with significant demand growth from the data center buildout should be enough to overcome any renewables uncertainty. Lastly, Regeneron is a premier large-cap biopharmaceutical company focused on the discovery, development, and commercialization of novel therapies, anchored by blockbuster products like Eylea and Dupixent. The market underappreciates the company's deep pipeline (heavily focused on oncology) and impending earnings acceleration. Near-term momentum is supported by the Eylea HD franchise, with critical regulatory approvals for upgrades in dosing flexibility.

The Strategy sold Bristol-Myers Squibb Company (BMY), Comcast Corporation (CMCSA), and Norfolk Southern Corporation (NSC).

Bristol-Myers continued to be impacted by generic competition on legacy drugs, and there are uncertainties surrounding its prospects for significant pipeline opportunities in the near to medium term. Comcast is the largest cable operator in the US and owns NBC Universal which encompasses legacy pay television channels, a streaming business, a movie studio, and theme parks. While the company generates meaningful free cash flow and trades at a low valuation, both the connectivity and media assets have been losing share, and it is not clear what the company can do in the short and long term to turn around the business. We see better opportunities elsewhere and chose to exit the position. Norfolk Southern has been a good performer in 2025 as our company specific operating improvement thesis played out and UNP announced a bid to acquire the company in July. Given the uncertainty surrounding the deal, and the regulatory and integration challenges, we swapped into CSX.

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.

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