



DANA LARGE CAP GROWTH EQUITY STRATEGY

QUARTERLY REVIEW

As of March 31, 2025

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 Uber Technologies Inc. (UBER), Visa Inc. (V), DoorDash Inc. (DASH), GE Aerospace (GE), and Spotify Technology SA (SPOT).

Uber snapped back from its Q4 sell off. The company's topline is growing at a double-digit rate and this could continue for the next few years as new products such as Uber for Business, Uber for Teens, and Shared Rides contribute. The company also addressed the autonomous vehicle ("robotaxi") debate in its earnings report and gave several reasons suggesting that robotaxi partnerships (e.g., fleet management and utilization) with rideshare companies like Uber were a likely outcome. Visa's qualities as a steady and predictable compounder with a highly diversified global consumer base proved attractive amidst market uncertainty. Similarly, DoorDash has its attractive qualities in the face of uncertainty given a mostly U.S. consumer base and exposure to a food category that is both diversified (i.e., high and low price) and less exposed to trade policy. The company also delivered strong earnings with an upside to bookings.

GE Aerospace continued a strong multi-quarter run of performance. The company continued to gain share and increase productivity in its commercial engine franchise. Its double-digit free cash flow growth trajectory is particularly attractive. Spotify delivered another solid quarter of subscriber gains and strong margin improvement. Investors may view the stock's digital subscription model and high daily usage as relatively "safe" amidst macroeconomic uncertainty.

The largest 5 performance detractors were Broadcom Inc. (AVGO), ServiceNow Inc. (NOW), NVIDIA Corporation (NVDA), Amazon.com (AMZN), and Microsoft Corporation (MSFT).

After producing outstanding collective returns in 2024 (and 2023 for that matter) nearly all "Magnificent 7" stocks struggled in Q1. NVIDIA produced record earnings and indicated strong demand for its next generation AI GPUs through 2025. The market's view of AI infrastructure investment ebbs and flows, with the former dominating in the first quarter. This remains a fast-moving space with rapid innovation, and we like NVIDIA's long-term position. Broadcom had a strong earnings report yet was overshadowed by caution related to the sustainability of AI infrastructure investment. Much like NVIDIA, Broadcom's highest growth business provides AI-related chips and networking solutions to large datacenter customers. The market elevated concerns about adequate return on increasing capital spend for these customers in the first quarter.

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

| | |
|------------------------------|------|
| Spotify Technology SA (SPOT) | 22.9 |
| Uber Technologies Inc (UBER) | 20.8 |
| GE Aerospace (GE) | 20.2 |
| Visa Inc (V) | 11.1 |
| DoorDash Inc (DASH) | 9.0 |

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

| | |
|------------------------------|-------|
| Broadcom Inc (AVGO) | -27.6 |
| ServiceNow Inc (NOW) | -24.9 |
| NVIDIA Corporation (NVDA) | -19.3 |
| Amazon.com Inc (AMZN) | -13.3 |
| Microsoft Corporation (MSFT) | -10.8 |

^a 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.

ServiceNow was the largest relative detractor after a strong performance in the fourth quarter. The company delivered a solid but not spectacular earnings report, which dampened elevated investor enthusiasm. In recent years, ServiceNow has counted the federal government as one of its larger customers. We suspect that investors developed some concerns around DOGE and the potential for government contract scrutiny. This isn't an unreasonable fear, although we like ServiceNow's modern software stack and value proposition as an automation tool relative to most other government technology vendors. Amazon reported a solid quarter underpinned by good growth in its leading cloud business. Amazon's company-wide efficiency drive continued to produce upside margins, and this might be the most important factor for the stock's longer-term success.

Software as an industry underperformed in the first quarter and Microsoft was no exception. Microsoft – the Strategy's largest position – continued to drive double-digit growth in its cloud businesses and benefits from its exclusive partnership with OpenAI (owner of ChatGPT). It's possible that the market underestimates Microsoft's positive correlation to the ongoing success of ChatGPT.

STRATEGY ACTIVITY

We added two stocks, Accenture plc (ACN) and Vertex Pharmaceuticals Inc. (VRTX), during the quarter.

Balancing risks (e.g., AI, China export restrictions, trade policy) remains a priority for us in the Information Technology sector and we think that Accenture is less exposed to such risks than many sector peers. The company's customers are highly diversified across industries and geographies. We also like Accenture's strong free cash flow conversion. Vertex's therapies for cystic fibrosis are leaders in efficacy and tolerability and the franchise continued to grow at a healthy rate. We're cautiously optimistic about the potential upside for the company's recently launched non-opioid pain pill (Journavx). There's skepticism about the efficacy and pricing of Journavx, but non-opioid pain drugs seem to be an area of unmet need.

We sold Zoetis Inc. (ZTS) and Parker-Hannifin Corporation (PH) in Q1.

Zoetis is a leader in pet care pharmaceuticals, but the business has been decelerating, and we are hesitant to predict a near-term reacceleration. Vertex appears to have greater visibility and upside at a similar valuation. We also sold a small position in motion and control company, Parker-Hannifin, reducing some cyclical exposure.

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.

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