



The Russell 1000 Growth Index rebounded nicely in the second quarter after a slow start to the year. The progression of the AI trade continues to dominate individual stock performance, with perceived “AI Winners” producing stellar returns, while perceived “AI Losers” lag materially. Revenue and earnings growth remain strong, with technology-oriented industries generally leading the way. The AI capex cycle is in full swing, causing significant direct and downstream effects for the broader economy.

STRATEGY PERFORMANCE

The top 5 contributors to performance were Datadog Inc. (DDOG), Snowflake Inc. (SNOW), NVIDIA Corporation (NVDA), Alphabet Inc. (GOOGL), and Lam Research Corporation (LRCX).

Datadog, a first quarter addition, was the top performer. Revenue accelerated in each of the last five quarters with a notable positive inflection in the most recent quarter. The company’s observability software suite is in high demand as AI stresses infrastructure and accelerates the creation of application software. Snowflake was the second-best contributor. An accelerating quarterly growth profile is similar to that of Datadog due to AI’s increasing tailwinds. The company’s cloud database platform appears well-positioned to serve as an enabler of and canvas for AI tools.

NVIDIA and Alphabet, two of the largest positions in the Strategy, performed well. Each reported robust revenue and earnings growth in recent earnings releases driven by AI adoption. Demand for AI applications surged impressively in the first half of the year, which supported ongoing acceleration in NVIDIA’s AI chip franchise and Alphabet’s cloud platform, respectively. Lam Research, another first quarter addition, was a strong contributor. The addition of Lam to the portfolio provided exposure to the fast-growing memory category of the semiconductor industry.

The largest 5 detractors from performance included ServiceNow Inc. (NOW), Figma Inc. (FIG), Netflix Inc. (NFLX), Boston Scientific Corporation (BSX), and Spotify Technology SA (SPOT).

ServiceNow was the largest detractor. The Strategy retained ServiceNow as the company continued to post double-digit revenue growth against a very reasonable valuation. Furthermore, enterprise IT platforms like ServiceNow are well-positioned for AI-related use cases and are very difficult to replace. Figma (FIG) reported excellent revenue growth in its most recent quarter, but the market’s concerns about AI-related competition overshadowed these fundamentals. Netflix reported quarterly results that lagged relatively elevated expectations. The outlook for the company remains strong, with multiple engagement and monetization levers to pull into the foreseeable future, including more live events, higher advertising load, and choices around staggered programming.

Boston Scientific surprised the market with elevated struggles in its two key cardiac growth franchises. This significantly altered the original investment thesis, leading to shares being sold. Spotify seemed to be caught up in negative internet and software sentiment, but there are notably favorable long-term user growth and monetization trajectories.

Top 5 Performance Contributors ^a as of 06/30/2026 Quarter Return (%) (gross of fees)

Datadog Inc (DDOG)	120.6
Lam Research Corporation (LRCX)	103.0
Snowflake Inc (SNOW)	68.7
Alphabet Inc (GOOGL)	24.4
NVIDIA Corporation (NVDA)	14.9

Bottom 5 Performance Detractors ^a as of 06/30/2026 Quarter Return (%) (gross of fees)

Netflix Inc (NFLX)	-25.7
Figma Inc (FIG) †	-21.1
Boston Scientific Corporation (BSX) ‡	-16.0
Spotify Technology SA (SPOT)	-5.3
ServiceNow Inc (NOW)	-5.0

† 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.

STRATEGY ACTIVITY

The Strategy added Cintas Corporation (CTAS), Advanced Micro Devices Inc. (AMD), Coca-Cola Company (KO), Intuitive Surgical Inc. (ISRG), Johnson & Johnson (JNJ), and Figma Inc. (FIG).

Cintas is a steady revenue and cash flow compounder that the Strategy had owned in the past. The valuation appeared unattractive until a recent pullback provided an opportunity to re-engage with the stock. Advanced Micro Devices continued a trend of diversifying semiconductor holdings. AMD has attractive exposure to multiple AI vectors, including a leading CPU franchise and a growing share of the massive GPU market.

Coca-Cola and Johnson & Johnson served similar roles in the portfolio. Each company enjoyed market share gains in key segments, delivered steady returns and cash flow, and demonstrated a balance of offensive and defensive qualities.

Intuitive Surgical is a long-term market share leader in a secular growth industry (robotic surgery). Widespread negative sentiment across the medical equipment space and company-specific market saturation fears catalyzed a significant share price decline. The position was initiated at a historically low valuation. Figma, similarly, experienced a significant draw down driven by weak software sentiment. The position was added after a positive first quarter report.

The Strategy sold Home Depot Inc. (HD), D.R. Horton Inc. (DHI), Invitation Homes Inc. (INVH), Colgate-Palmolive Company (CL), Danaher Corporation (DHR), Boston Scientific Corporation (BSX), and EPAM Systems Inc. (EPAM).

The sells of Home Depot and D.R. Horton were driven as much by underlying benchmark changes as by company-specific concerns. A reduction in the Consumer Discretionary sector forced a selection of favorites and Home Depot and D.R. Horton were casualties. Each is a housing-driven stock sensitive to interest rates, which haven't moved in a favorable direction this year.

Invitation Homes was sold after a relatively disappointing long-term holding period. A better growth trajectory for rental housing in a higher-interest-rate environment was expected, but lower housing turnover and inflation were persistent headwinds. Colgate-Palmolive's growth trajectory was slower than expected over the last few quarters, and Coca-Cola represented a quality and growth upgrade.

Danaher is a major player in the healthcare tools market, which has recovered slower than expected from its post-Covid hangover. Exposure to this market was retained by owning a competitor. A recent large acquisition in the medical devices category seemed like a notable strategic departure for Danaher. Related to medical devices, Boston Scientific's challenges were discussed above.

Lastly, EPAM was removed from the Strategy after multiple IT services datapoints indicated a sluggish growth trend. It may take time for the IT services category to adapt to an AI-centric business model, especially in an environment where some large tech budgets are constrained by outsized investment in other areas.

OUTLOOK:

The remainder of 2026 could be characterized by substantial swings in individual stock and industry sentiment. These swings may or may not be accompanied by meaningful changes in business fundamentals. As such, we have prepared for disparate market environments and hope to remain appropriately nimble as information evolves.

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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.