Dana Large Cap Growth 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 five contributors to performance included Eli Lilly and Company (LLY), Alphabet Inc. (GOOGL), Apple Inc. (AAPL), Amazon.com Inc. (AMZN), and Broadcom Inc. (AVGO).

Eli Lilly's outperformance was fueled by strong demand for its GLP-1s treating diabetes and obesity and – perhaps more importantly – a mitigation of key policy overhangs. The company agreed to lower prices for certain therapies in exchange for longer-term price certainty and tariff relief. Strategically, the company accelerated pipeline innovation in diabetes and obesity treatments, expanded its global manufacturing footprint with new US facilities, and effectively leveraged consumer self-pay channels. Alphabet's cloud, search, and YouTube ad demand tied to AI workloads and digital advertising resilience drove record revenue, beating estimates. Management emphasized successful monetization of AI-related features, boosting user engagement without disrupting traditional search revenue. Resilient operating margins reflected disciplined cost management amid ongoing AI investments. Apple benefited from an unexpectedly strong iPhone upgrade cycle and ongoing double-digit growth in Services revenue. Apple continued its significant share repurchases in Q4. Amazon's cloud computing segment ("AWS") officially joined the cloud reacceleration party in its latest earnings report, with AWS growing +20% (from +18% in the prior quarter). AWS is a roughly $130B revenue segment. To put the scale of $100B+ revenue in context, only 35 companies in the S&P 500 are projected to reach $100B revenue in 2026 (and seven of them are the "Magnificent 7"). Lastly, Broadcom continued to benefit from AI infrastructure spend. The company's capabilities are unmatched in co-designing custom AI chips with performance parity to leading GPUs, and its customer list continued to expand.

The five largest detractors were Netflix Inc. (NFLX), ServiceNow Inc. (NOW), Uber Technologies Inc. (UBER), Meta Platforms Inc. (META), and Microsoft Corporation (MSFT).

Netflix pulled back after announcing its intention to acquire Warner Bros. for a premium valuation in a highly competitive bidding process. We wonder if Netflix's management suite has become overly enamored with Hollywood history and celebrity to pay such a hefty price for an iconic – yet seemingly unnecessary – asset in Warner Bros. ServiceNow rallied the day after a better-than-expected earnings report but faded badly into year end. We think that ServiceNow's current valuation at approximately 30x free cash flow could reasonably be described as compelling. Our research continued to suggest that good things are happening with the company's AI initiatives. Uber shares were pressured by investor concerns over the threat of competing robotaxi services. We are optimistic on Uber's long-term prospects as a transportation network but would also point to an underappreciated on-demand delivery opportunity. The market for delivery of restaurant food, groceries, and retail goods of all shapes and sizes appears massive. Any retailer seeking to compete on an equal footing with same-day delivery from Amazon and Walmart is a potential customer of Uber Eats. Meta's 2026 expense outlook surprised to the upside driven primarily by infrastructure investments for AI compute capacity, which are likely to squeeze projected profitability. However, key metrics like daily active user growth and advertising revenue (+26% year-over-year) showed meaningful acceleration in the most recent quarter. AI advancements boosted recommendation systems, driving engagement and monetization across Facebook, Instagram, WhatsApp and Threads. We like the diversity of opportunities across these growing surfaces. Microsoft shares were weak in the fourth quarter despite strong underlying fundamentals, as investors focused on near-term capacity constraints. Microsoft again accelerated its Azure cloud computing business, which is a roughly $100B revenue segment now growing +40% (from +31% at the beginning of 2025). A key reason that we like Microsoft so much is that the company was both early to AI (with its OpenAI partnership) and relatively prudent with its AI infrastructure spend (as evidenced by a stable margin profile).

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Top 5 Performance Contributors [a] as of 12/31/2025	Quarter Return (%) (gross of fees)
Eli Lilly and Company (LLY)	41.1
Alphabet Inc (GOOGL)	28.8
Apple Inc (AAPL)	6.9
Amazon.com Inc (AMZN)	5.1
Broadcom Inc (AVGO)	5.1

Bottom 5 Performance Detractors [a] as of 12/31/2025	Quarter Return (%) (gross of fees)
Netflix Inc (NFLX)	-21.8
ServiceNow Inc (NOW)	-16.8
Uber Technologies Inc (UBER)	-16.6
Meta Platforms Inc (META)	-10.0
Microsoft Corporation (MSFT)	-6.5

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 MongoDB Inc. (MDB) and Insmed Incorporated (INSM).

MongoDB is a "next-generation" database provider with particular applicability to large, unstructured datasets. The company has shown impressive revenue acceleration in recent quarters and may benefit from AI adoption, especially as more nimble customers look to better organize and access large datasets to generate insights using AI tools.

Insmed is a biopharmaceutical company focused on therapies for sinus and respiratory conditions. The company is enjoying early success with the recent launch of Brinsupri. We bought the stock in anticipation of further pipeline successes in broader indications.

The Strategy sold Electronic Arts Inc. (EA) and Insmed Incorporated (INSM).

Electronic Arts agreed to be acquired by a private equity consortium and we expect that the deal will be approved. The stock appreciated close to the deal price and we sold to reallocate to better perceived opportunities. As noted above, our positive thesis on Insmed relied upon pipeline progress for broader indications. The company reported a negative trial result sooner than expected and we sold the stock. This was a small position in a Health Care sector not lacking for biotech innovation.

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.

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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