



The S&P 500 Index retrenched in the first quarter of 2026, reflecting a more cautious market tone amid rising uncertainty. Geopolitical risk escalated following U.S. and Israeli strikes on Iran and subsequent Iranian retaliation that included actions against several Gulf Cooperation Council (GCC) members. Iran's further disruptions to the shipping lanes off the Strait of Hormuz, along with the heightened risk of a much broader conflict across the region, placed significant upward pressure on oil prices that prompted the market to reassess both its inflation and global growth expectations. Against this backdrop, the Federal Reserve held the federal funds rate steady.

STRATEGY PERFORMANCE

The top five contributors to performance were Exxon Mobil Corporation (XOM), Vertiv Holdings Company (VRT), Marathon Petroleum Corporation (MPC), EOG Resources Inc. (EOG), and Caterpillar Inc. (CAT).

Performance during the quarter was led by energy, AI infrastructure, and industrial exposures that benefited from improving fundamentals, strong execution, and favorable end market dynamics. Vertiv made a significant contribution, reflecting its central role in the AI infrastructure ecosystem. Strong demand for liquid cooling, power management, and data center build outs drove exceptional operating results, with backlog growth translating into higher earnings and sales expectations for 2026. Increased visibility, combined with the company's inclusion in the S&P 500 Index, supported a meaningful rerating of the shares.

Exxon Mobil posted solid fourth quarter results and demonstrated strong full year execution, with key projects contributing to production growth. Rising oil prices following geopolitical tensions supported a step up in free cash flow, while additional tailwinds came from the company's strong position in global helium supply. Marathon Petroleum benefited from firm refining fundamentals as higher oil prices and supply shifts improved margins. The company's asset base is well positioned to process more cost advantaged crude, while efficiency initiatives and lower anticipated maintenance spending further supported cash flow generation and shareholder returns. EOG Resources similarly gained from rising oil prices, leveraging its low cost structure and strong balance sheet to drive materially higher free cash flow, much of which is expected to be returned to shareholders. Caterpillar rounded out the top contributors, as results exceeded expectations driven by strong volumes and accelerating demand for power generation equipment, particularly tied to data center investment. A record order backlog provided increased visibility despite some margin pressure from tariffs.

The five largest detractors from performance were Boston Scientific Corporation (BSX), Microsoft Corporation (MSFT), IQVIA Holdings Inc. (IQV), PayPal Holdings, Inc. (PYPL), and American Express Company (AXP).

Boston Scientific's shares reacted negatively despite generally solid results, as investors focused on a sharper than expected deceleration in two key growth medtech franchises. While sentiment was pressured during the quarter, the company continued to generate above peer organic growth and issued 2026 guidance that remains attractive relative to large cap medtech peers. Technology exposure was weighed down by Microsoft, where broader concerns around software disruption created volatility despite strong underlying fundamentals. AI driven demand continued to support Microsoft's robust growth in cloud computing, and we believe the company remains well positioned given its proprietary data advantages and deep client relationships.

IQVIA also detracted as investor concerns around the long term impact of AI on clinical research roles pressured the valuation. In our view, these fears are overstated, as the company's ownership of large, differentiated data sets enhances its ability to deploy AI more efficiently and strengthens its competitive position in managing and running clinical trials. PayPal experienced weakness following a disappointing quarter that highlighted decelerating branded checkout growth, competitive pressures, and execution challenges, compounded by leadership changes and lower forward guidance. American Express shares declined despite solid operating results, as investors turned their attention to macroeconomic risks, geopolitical uncertainty, and elevated engagement expenses, which weighed on near term sentiment.

Top 5 Performance Contributors ^a as of 03/31/2026 Quarter Return (%) (gross of fees)

Vertiv Holdings Company (VRT)	54.7
Marathon Petroleum Corporation (MPC)	50.9
Exxon Mobil Corporation (XOM)	42.0
EOG Resources Inc (EOG)	39.0
Caterpillar Inc (CAT)	24.0

Bottom 5 Performance Detractors ^a as of 03/31/2026 Quarter Return (%) (gross of fees)

Boston Scientific Corporation (BSX)	-34.2
PayPal Holdings Inc (PYPL) ‡	-30.8
IQVIA Holdings Inc (IQV)	-24.3
Microsoft Corporation (MSFT)	-23.3
American Express Company (AXP)	-18.1

‡ 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

During the quarter, the Strategy initiated positions in Broadcom Inc. (AVGO), PPG Industries Inc. (PPG), and U.S. Bancorp (USB).

Broadcom was added as it sits at the center of the AI infrastructure build out, providing the essential chips, networking hardware, and software infrastructure required for artificial intelligence and large scale data management. Record fiscal first quarter 2026 revenue was driven by AI semiconductor sales that more than doubled year over year. In addition, the continued integration of VMware is expanding high margin recurring software revenue, while active share repurchases and dividend growth enhance shareholder returns. Taken together, the position provides compelling exposure to sustained AI related capital spending.

PPG Industries was purchased as we see an attractive opportunity for market share gains and margin expansion. Industry consolidation among key competitors is expected to result in forced divestitures and potential service disruptions, creating a favorable competitive backdrop. At the same time, demand in aerospace remains strong, supported by an expanding backlog, while ongoing restructuring efforts are driving meaningful improvements in operating efficiency. U.S. Bancorp was added to the portfolio as a high quality super regional banking franchise that the Strategy has owned successfully in the past. Shares currently trade at an attractive forward earnings multiple while the company is delivering improving profitability, including returns on assets above 1% and a dividend yield more than 3%. Management has made solid progress working through integration challenges stemming from the 2022 Union Bank acquisition, leading to clearer earnings visibility, improved operating leverage, and the resumption of share repurchases heading into 2026.

The Strategy exited positions in Axalta Coating Systems Limited (AXTA), Fiserv Inc. (FISV), Intel Corporation (INTC), and PayPal Holdings Inc. (PYPL).

Axalta was sold following the announcement of an all stock merger with a primary competitor, which introduced increased uncertainty around valuation, regulatory approvals, shareholder votes, and an extended integration timeline. The transaction also generated notable pushback from Axalta shareholders who viewed the terms as undervaluing the business, and these factors collectively diminished the risk adjusted return profile. Intel was sold following a strong share price rally driven by tight server CPU capacity and heightened interest from hyperscalers in custom AI solutions. Despite this momentum, fundamental challenges remain, including significant operating losses in the foundry segment, continued process lag versus key competitors, and heavy capital spending requirements. With execution risk still elevated, we viewed the post rally valuation as an attractive exit point.

Fiserv was sold after the company reset growth expectations and acknowledged structural slowdowns within the business. Management framed 2026 as an investment year, highlighting years of underinvestment and near term revenue headwinds as competitive gaps became more pronounced. Given the longer dated turnaround, ongoing execution challenges, and lack of near term catalysts, we elected to redeploy capital elsewhere in the portfolio. Lastly, PayPal was fully exited as core branded checkout growth continued to decelerate amid soft U.S. consumer spending and intensifying competition. Management also cited internal execution shortcomings, and 2026 guidance was lowered accordingly. The subsequent leadership change added another layer of uncertainty, reinforcing concerns around the durability of the core business and prompting a complete exit from the position.

OUTLOOK

Despite the significant supply shock that resulted from Iran closing the Strait of Hormuz, the market's reaction to the recent conflict in the Middle East has thus far been rather muted. If a negotiated settlement is reached, and the Strait is reopened in the very near future, the greatest negative economic impacts may yet be avoided. Until then, we remain focused on analyzing underlying stock fundamentals and adhering to our risk managed portfolio construction discipline.

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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.