Dana Large Cap Value Equity Strategy

Quarterly Review

As of September 30, 2026

The Russell 1000 Value Index was up for the quarter, while intra-quarter performance was more variable and nicely highlights the themes driving the entire market. Through the first two months of the third quarter, the benchmark was up versus Growth stocks being down. This performance divergence was driven by the broadening of market participation beyond just AI infrastructure levered stocks, positive mean reversion in beaten down software and other "AI disrupted" stocks, as well as hope of improvement in the Iran conflict, which could alleviate energy price pressures. However, most of that performance was given up in the last month of the quarter as the AI infrastructure trade roared back, driving up Growth stocks while energy prices and interest rates spiked on renewed hostilities in Iran, and the market became exceedingly bearish on the environment for the "real economy" stocks that make up most of the Russell 1000 Value Index. While sentiment seemed to swing more widely than usual, we remained focused on company-specific fundamentals, prices paid to own businesses, and pretty attractive aggregate statistics. For example, corporate earnings growth remained strong, and estimates for future earnings growth actually increased during the quarter.

Strategy Performance

The top five contributors to performance were Marathon Petroleum Corporation (MPC), IQVIA Holdings Inc. (IQV), Salesforce Inc. (CRM), Microsoft Corporation (MSFT), and Apple Inc. (AAPL).

Marathon benefited due to major tightening in global refining capacity and product availability during the third quarter, driven particularly by Middle Eastern and Russian disruptions. This has produced a particularly large windfall to U.S.-based refiners, like Marathon, that have not experienced any production interruption while benefiting from the increased price of refined products they supply. IQVIA Holdings reported a healthy book-to-bill ratio and a record number of new bookings, which helped alleviate a key investor concern that the business could face disintermediate from broad adoption of AI tools by its key pharma customers. The stock also enjoyed a tailwind from Health Care sector outperformance in the quarter. Salesforce benefited from a broad rally in SaaS and Services stocks after almost two years of declines. Investor panic subsided when it became clearer that many of these businesses have durable competitive moats. Furthermore, Salesforce announced a key partnership with Anthropic to launch Claudeforce. The market views this as a major strategic shift that could accelerate revenue growth as customers adopt agentic tools from Salesforce. Microsoft's strong financial results are being driven by a massive AI infrastructure buildout along with strong enterprise demand. Accelerating revenue growth and a low relative valuation provided a strong setup for the quarter. Apple has seamlessly woven its hardware and services together across devices, in effect locking in consumers and creating a modern version of a Consumer Staples company: a company rewarded with a high multiple due to its stable and durable growth profile. This valuation expansion has been happening for the past decade and was on display again in Q3.

Top five detractors from performance were Vertiv Holdings Company (VRT), Caterpillar Inc. (CAT), Home Depot Inc. (HD), Dover Corporation (DOV) and Microchip Technology Inc. (MCHP).

Vertiv, Caterpillar, and Microchip have been strong positive contributors to the portfolio's absolute and relative performance on a year-to-date basis but were caught up in the sell-off in AI infrastructure buildout and semiconductor stocks that began right before the start of the third quarter. Vertiv Holdings, in particular, pulled back significantly from prior highs after second-quarter sales came in below expectations, which put a dent in the company's premium multiple. Home Depot underperformed as housing-related activity has experienced a significant downturn due to housing affordability issues and the end of the quarter spike in interest rates that further soured sentiment on any near-term recovery. We continue to like the Home Depot's position as a leading omni channel retailer to the consumer-driven DIY market and growing focus on the underpenetrated "pro" market. The stock is trading near its trough absolute multiple over the last decade and trough relative multiples over the last fifteen years and offers a 3.3% dividend yield. Dover traded down after reporting earnings as the company acknowledged mis-execution in its refrigeration segment in meeting customer demand. After the derating, Dover now trades at almost a 30% discount to the market versus a historical discount of ~10%.

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Top 5 Performance Contributors [a] as of 09/30/2026 Quarter Return (%) (gross of fees)	
Marathon Petroleum Corporation (MPC)	55.1
Salesforce Inc (CRM)	46.8
IQVIA Holdings Inc (IQV)	39.1
Microsoft Corporation (MSFT)	37.8
Apple Inc (AAPL)	15.2

Bottom 5 Performance Detractors [a] as of 09/30/2026 Quarter Return (%) (gross of fees)	
Vertiv Holdings Company (VRT)	-27.9
Caterpillar Inc (CAT)	-23.7
Home Depot Inc (HD)	-18.7
Dover Corporation (DOV)	-16.4
Microchip Technology Inc (MCHP)	-14.2

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 CRH public limited company (CRH).

CRH is a large building materials company with ~2/3 of its revenues coming from infrastructure and commercial customers and 1/3 from residential housing. The company's position as the largest owner of aggregates (construction stone) reserves in North America is its most valuable asset because the industry has a very long-term track record of strong pricing power, even during demand downturns. The company also owns cement plants, ready mix concrete, asphalt, and road paving crews that primarily serve road construction and large commercial projects. The Strategy acquired the stock after it pulled back significantly from its January peak. The sell-off was driven by slowing residential housing demand, rising energy prices that will take time to pass through to customers, and an overextended valuation multiple. At the Strategy's entry point, the stock traded at a meaningful discount to its two pure-play aggregates competitors.

There were no deletions to the Strategy for the quarter.

Outlook

Equity markets remained resilient in the face of rising interest rates due largely to strong earnings growth that is supported by a broadly healthy U.S. economy. Underpinning this growth is the AI investment cycle, potentially the largest capital investment cycle in U.S. history — larger than railroads, electrification, and highways combined, as a percentage of GDP. Much of the current payoff from AI has been from the infrastructure investment itself. The productivity payoff, needed to justify the investment, is just beginning to take shape in the form of cost reductions, efficiency gains, higher returns for advertisers, and new use cases. Over the medium-term, this productivity trajectory will be a determining factor in equity market performance.

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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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