



The S&P 500 Index continued its upward trajectory in Q4 and in effect iced the return cake for the full year. GDP and corporate earnings growth both beat beginning-of-year consensus estimates. AI stock leadership, particularly NVIDIA, and multiple expansion further boosted equity returns. While small-cap stocks had their moment during the summer, interest rates moving higher placed pressure on the Russell 2000 Index by quarter end. Market leadership remained concentrated in a handful of large-cap tech-related stocks.

STRATEGY PERFORMANCE

The top 5 performance contributors were dominated by Financials sector holdings and include Wells Fargo & Company (WFC), Morgan Stanley (MS), Charles Schwab Corporation (SCHW), JPMorgan Chase & Company (JPM) and Fiserv Inc. (FI).

Wells Fargo offers consumer and commercial banking along with insurance, investments, and mortgages. The company reported solid quarterly results highlighted by high non-interest income and expense controls. Revenue sources are diverse, credit discipline has been strong, and WFC maintains a healthy capital position. With continued investment in their risk management and compliance infrastructure, investors anticipate an eventual lift of the asset cap imposed by regulators. This would allow WFC to grow their balance sheet more aggressively. Morgan Stanley is a leading global financial services company providing investment banking as well as wealth and investment management. MS delivered strong revenue and net income results during the quarter including continued organic growth momentum in wealth and investment management, with client assets reaching \$7.6 trillion. Investment banking results surged on a revival of corporate debt issuance, initial public offerings (IPOs), and merger and acquisition (M&A) activity. High capital ratios also allowed for shareholder friendly returns through dividends and buybacks. Financial powerhouse, JPMorgan, reported record quarterly revenue, strength in investment banking fees, and flows in Asset & Wealth Management. The firm maintains a balance sheet often described as a 'fortress' with exceptional capital ratios. Management described consumer spending as 'solid and consistent' indicating a strong labor market and no imminent recession.

Another beneficiary of active financial markets, Charles Schwab reported strong financial results during the quarter that included net new assets more than doubling from the prior year. Integration with Ameritrade is going well with attrition levels slowing. Management sees headwinds from cash sorting trends abating. Fiserv is a financial services technology company and offers services and solutions for banking, payments, merchant acquiring, billing, and point-of-sale. The company delivered organic revenue growth of +15% in the latest quarter driven partly by Clover revenues up +28%. Fiserv is signing up new clients and expanded its existing partnerships with DoorDash, Walmart, and Costco. The company raised their full year 2024 guidance for organic revenue growth and EPS.

The largest 5 performance detractors were Microchip Technology Incorporated (MCHP), Fortune Brands Innovations Inc. (FBIN), Caesars Entertainment Inc. (CZR), American Tower Corporation (AMT), and Mondelez International Inc. (MDLZ).

Microchip is known for its microcontrollers and analog semiconductors serving industries such as automotive, consumer electronics, and aerospace. MCHP is experiencing a revenue slump with weakness across regions and categories.

Top 5 Performance Contributors ^a as of 12/31/2024 Quarter Return (%) (gross of fees)

Wells Fargo & Company (WFC)	25.1
Morgan Stanley (MS)	21.6
Charles Schwab Corp (SCHW)	14.6
JPMorgan Chase & Co (JPM)	14.4
Fiserv Inc (FI)	14.3

Bottom 5 Performance Detractors ^a as of 12/31/2024 Quarter Return (%) (gross of fees)

Microchip Technology Inc (MCHP)	-28.1
Fortune Brands Innovations Inc (FBIN)	-23.4
Caesars Entertainment Inc (CZR)	-19.9
American Tower Corporation (AMT)	-19.8
Mondelez International Inc (MDLZ)	-18.3

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.

The causes include challenges from a decrease in industrial demand and an inventory correction where customers are reducing their stock levels. Management characterizes the business environment as uncertain with low visibility, and recently, they cut approximately 500 employees after closing a wafer manufacturing facility in Arizona. The prolonged and challenging downcycle may lead to a potentially strong reversal in 2025.

Fortune Brands is known for manufacturing and distributing a wide range of products including kitchen and bath cabinetry, doors, security products, and plumbing under brands like Moen and Master Lock. The company reported disappointing quarterly results in Q4. Sales in China fell 40% on a soft consumer and a weak real estate market. Also, the security segment is dealing with market softness, inventory destocking, and a reduction in consumer trade down. Full year guidance was revised lower to account for choppy end markets and short-term hurricane impacts. Rising interest rates are also weighing negatively on housing related equities. We are sympathetic to investors' concerns with FBIN. The stock's attractive valuation and the company's secular tailwinds including aging housing stock and a strong brand portfolio keep us patient for now. Casino-entertainment company, Caesars, reported disappointing revenue and earnings results during the quarter on increased competition, construction related disruptions, and unfavorable weather. The digital segment continued to grow but was tempered by a lower-than-expected hold in online sports betting. CZR's balance sheet is leveraged and investor concern regarding managing high debt levels continued. We expect operating trends to improve in 2025, potential asset sales, and lower cap expenditures that may lead to strong free cash generation and deleveraging.

American Tower, a real estate investment trust (REIT) that primarily leases towers to wireless service providers, reported foreign exchange headwinds that weighed negatively on financial results. The company also booked some bad debt expense following the bankruptcy filing by a Columbian customer. The entire REIT sector faced negative sentiment during Q4 as long-term interest rates moved higher. Lastly, Mondelez is a global snack company known for iconic brands like Oreo, Cadbury, and Ritz. MDLZ reported an earnings miss versus expectations during the quarter driven by volume and mix challenges. Pricing was a positive factor but the volume of products sold was weaker than expected signaling slow consumer demand or market acceptance issues. High cocoa prices were a significant headwind as well, directly impacting the cost of producing chocolate products. Cost inflation negatively impacted margins and profitability. Strong pricing power is a testament to brand strength and we expect some recovery in cocoa prices that could lead to margin improvement.

STRATEGY ACTIVITY

There were no additions or deletions to the Strategy this quarter.

OUTLOOK

In January a new Trump administration will take the helm. Investors are understandably focused on potential changes in tariffs, immigration, taxes, and more. We would not be surprised by greater volatility — all the more reason for us to remain committed to our disciplined, risk-controlled investment process.

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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.