



*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 were Regeneron Pharmaceuticals Inc. (REGN), Alphabet Inc. (GOOGL), Merck & Company Inc. (MRK), Caterpillar Inc. (CAT), and Dover Corporation (DOV).

Regeneron is a leading biotechnology company that invents, develops, and commercializes medicines including treatment of eye disease, allergic and inflammatory conditions, cancer, and other rare diseases. In Q4 2025, Regeneron's stock surged following Q3 results featuring double-digit sales growth. Investor confidence was bolstered by EYLEA HD (vision loss from diabetes or aging) performance and positive Phase 3 data across six innovative programs. 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 Overviews and Gemini features, boosting user engagement without disrupting traditional search revenue. Resilient operating margins reflected disciplined cost management amid ongoing AI investments. Merck's positive momentum was driven by the expanded approval of KEYTRUDA QLEX (cancer immunotherapy) in a more convenient subcutaneous form, alongside robust performance in oncology and Animal Health. Investor optimism grew following positive Phase 3 results for enlicitide (high cholesterol treatment), a key part of a massive R&D engine featuring 80 active Phase 3 trials. Merck is currently capitalizing on over 20 new launch opportunities. By committing over \$70 billion to U.S. manufacturing and pursuing strategic acquisitions, Merck has successfully diversified its pipeline into immunology and cardiopulmonary health, securing its long-term growth trajectory.

Caterpillar's stock hit new highs following record-breaking performance where sales climbed to an all-time quarterly high. Investor confidence was anchored by a historic \$39.8 billion backlog, fueled by surging demand for power solutions in the data center and generative AI sectors. The energy & transportation segment led the way with 25% growth, while improved full-year guidance and strong free cash flow expectations bolstered the stock. By expanding its direct services business and leveraging regional strength in North America, Caterpillar successfully navigated tariff headwinds. Dover is a global manufacturer that provides innovative equipment and components, specialized systems, and support services across various industrial products and manufacturing solutions. In Q4 2025, Dover's stock performance was driven by a 5% revenue increase stemming from shipment growth in short-cycle components and strength across secular growth markets like data centers and biopharma. The company achieved excellent margin performance across all five company segments. Adjusted EPS climbed 15%, reflecting operational efficiency. By scaling shared services and benefiting from improving order rates across diversified demand areas, the company successfully managed end-market volatility, positioning itself for continued growth through electrification trends and strategic operational enhancements.

The five largest detractors were Fiserv Inc. (FISV), AutoZone Inc. (AZO), T-Mobile US Inc. (TMUS), Marathon Petroleum Corporation (MPC), and Home Depot Inc. (HD).

Fiserv detracted from performance in Q4 2025 as shares reacted negatively to a meaningful reset of growth expectations. Management acknowledged structural slowdowns and the need to abandon reliance on short-term revenue tactics that had prioritized immediate results over sustainable client relationships. Competitive gaps and prior deferred investments prompted lowered 2025 guidance. Positively, Fiserv is pivoting toward long-term strength: accelerating

AI and platform modernization, building a refreshed leadership team and board, and refocusing on mission-critical software, embedded finance, and recurring value-added services. This client-centric transformation, supported by strong free cash flow and disciplined capital allocation, positions Fiserv for a return to consistent mid-single-digit growth. We view the current valuation as attractive and maintain conviction in its recovery potential.

AutoZone, a leading retailer and distributor of automotive replacement parts and accessories, serves DIY customers and professional repair shops across the Americas. AutoZone shares reacted negatively to softer profitability despite solid top-line growth. Total sales advanced meaningfully, led by strong 14.5% growth in the domestic commercial segment through better inventory availability, faster delivery, and market share gains. Investments in accelerated store expansion, new distribution centers, supply chain upgrades, and technology enhancements position AutoZone to capitalize on resilient industry demand from an aging vehicle fleet and favorable macro tailwinds. T-Mobile faced pressure as aggressive pricing shifts from a competitor triggered market-wide concerns. Under new leadership, a competitor pivoted toward a highly competitive pricing structure, offering three-year price guarantees and holiday promotions that reportedly undercut T-Mobile for the first time in years. This heightened rivalry led to multiple contraction for T-Mobile's stock despite its operational strength. T-Mobile's fundamental performance remained impressive. By accelerating the integration of US Cellular, T-Mobile continued to widen its competitive differentiation, positioning itself for sustainable growth despite the intensifying price war. Marathon faced headwinds as refining margins softened, particularly on the West Coast where margins dropped 40%. Additionally, operational downtime at the Galveston Bay refinery and projected turnaround expenses of \$420 million weighed on near-term sentiment. Despite these challenges, Marathon's core business remains healthy, generating \$2.4 billion in Q3 cash and maintaining a high 95% refinery utilization. Lastly, Home Depot missed expectations as unusually calm weather reduced the typical demand for high-volume emergency supplies and repair materials, which generally drive significant revenue during more active storm seasons. The ongoing pressure in the housing market was identified as a key risk to demand recovery. Despite these headwinds, the company is growing market share and online comparable sales.

### Top 5 Performance Contributors <sup>a</sup> as of 12/31/2025 Quarter Return (%) (gross of fees)

|                                      |      |
|--------------------------------------|------|
| Regeneron Pharmaceuticals Inc (REGN) | 37.4 |
| Alphabet Inc (GOOGL)                 | 28.8 |
| Merck & Company Inc (MRK)            | 26.5 |
| Caterpillar Inc (CAT)                | 20.4 |
| Dover Corporation (DOV)              | 17.4 |

### Bottom 5 Performance Detractors <sup>a</sup> as of 12/31/2025 Quarter Return (%) (gross of fees)

|                                      |       |
|--------------------------------------|-------|
| Fiserv Inc (FISV)                    | -47.9 |
| AutoZone Inc (AZO)                   | -20.9 |
| Marathon Petroleum Corporation (MPC) | -15.2 |
| T-Mobile US Inc (TMUS)               | -14.8 |
| Home Depot Inc (HD)                  | -14.5 |

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 Amazon.com Inc. (AMZN) and CSX Corporation (CSX).

The explosion of AI and cloud workloads, coupled with e-commerce penetration in underserved markets like rural areas and perishables, is fueling Amazon's long-term growth. Amazon's incumbency in core cloud services and expanding AI infrastructure (doubling capacity by 2027) captures massive demand. Advertising growth through sponsored products and Prime Video (315M monthly viewers), combined with fulfillment efficiencies, is driving improved margins. Shares trade at an attractive relative valuation to peers and offer compelling upside. CSX benefits from rising e-commerce and nearshoring trends boost intermodal demand, while industrial development pipelines and potential rail consolidations enhance scale and efficiency. The company's focus on safety, sustainability, and technology-driven productivity supports margin expansion toward best-in-class levels, with projected mid-teens EPS CAGR through 2028.

The Strategy sold Extra Space Storage Inc. (EXR) and Norfolk Southern Corporation (NSC).

Extra Space is a leading self-storage REIT. Same-store net operating income (NOI) growth has been disappointing, and management trimmed their full year outlook driven by softer revenue. The company has been experiencing price sensitivity and supply headwinds in markets like Phoenix, Florida, and Las Vegas. With occupancy potentially dipping, visibility remains limited leading us to sell. Norfolk Southern operates an extensive freight network across 22 eastern U.S. states and the District of Columbia, hauling commodities like intermodal containers, coal, chemicals, and merchandise. Recent challenges amid "deal purgatory" from the pending UNP merger have created uncertainty, prompting our decision to exit the position. Volumes have recently suffered from shifts to competitors like CSX, with worsening expected into 2026. Merger-related distractions and competitive pressures limit visibility. We see better risk/reward in CSX.

## 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.

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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.