



*The S&P 500 Index delivered another strong quarter in Q2 2024, and once again, a handful of large-cap tech stocks with exposure to explosive AI tailwinds continued to lead the way. Meanwhile, the median stock performance of the Index actually delivered a negative return for Q2. Small-cap stocks, notably the Russell 2000 Index, declined in Q2 as well. Interest rates surprised investors again, this time for their lack of change. Indeed, by the end of the second quarter, yields rose just a bit higher across the curve and finished almost exactly where they had started the quarter. This is in stark contrast to the surprisingly strong move up in interest rates during the first quarter.*

### STRATEGY PERFORMANCE

The top 5 performance contributors were TransMedics Group Inc. (TMDX), Insmmed Incorporated (INSM), Veeco Instruments Inc. (VECO), Boot Barn Holdings Inc. (BOOT), and Lantheus Holdings Inc. (LNTH).

The Strategy's overall Health Care sector holdings burned brightly this quarter, driving the Strategy's positive return versus the negative return of the small cap benchmark in Q2.

TransMedics announced a terrific quarter – surprising investors with better revenue growth and higher gross margins and solidifying investors' confidence in the company's very unique business model. The company has developed an innovative organ donor transplant company with FDA approved OCSTM (Organ Care System) technology and deployed its own fleet of planes for organ delivery. Digital communications keep doctors and nurses informed throughout organ transport.

Insmmed's stock popped with the release of results from a Phase III ASPEN clinical trial. The company focuses on rare pulmonary disorders and certain inflammatory diseases such as nontuberculous mycobacterial lung disease (NTM). An underlying condition of NTM can be bronchiectasis that requires antibiotics and often hospitalizations. The ASPEN study demonstrated lower occurrences of bronchiectasis coupled with a desirable safety profile. Another Health Care company, Lantheus, announced better than expected earnings, driving the stock higher. This precision diagnostics and radiopharmaceutical oncology company is helping to advance more precision medicine for prostate cancer and coronary artery disease.

In the Information Technology sector, Veeco Instruments posted strong annealing (heat treatment) equipment orders including a new logic customer. Consumer Discretionary company Boot Barn round out the top five contributors. BOOT reported accelerating sales which confirm an inflection in same store sale comps.

The largest 5 performance detractors were Atkore Inc. (ATKR), Repligen Corporation (RGEN), Bloomin' Brands Inc. (BLMN), Couchbase Inc. (BASE), and Lattice Semiconductor Corporation (LSCC).

The detractors underwhelmed on quarterly earnings reports. Some reacted more to macroeconomic concerns yet most experienced industry sector headwinds or adjustments. Value was out of favor and investors were keen to move on in any disappointment.

#### Top 5 Performance Contributors <sup>a</sup> as of 06/30/2024 Quarter Return (%) (gross of fees)

Insmmed Inc (INSM)	147.0
TransMedics Group Inc (TMDX)	103.7
Boot Barn Holdings Inc (BOOT)	35.5
Veeco Instruments Inc (VECO)	32.8
Lantheus Holdings Inc (LNTH)	29.0

#### Bottom 5 Performance Detractors <sup>a</sup> as of 06/30/2024 Quarter Return (%) (gross of fees)

Bloomin' Brands Inc (BLMN)	-32.3
Repligen Corporation (RGEN)	-31.5
Couchbase Inc (BASE)	-30.6
Atkore Inc (ATKR)	-29.0
Lattice Semiconductor Corporation (LSCC)	-25.9

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.

Electrical products manufacturer Atkore reported a sales growth decline in its second quarter earnings announcement. Commodity price corrections are weighing on the shares and volume growth declined as well. Expectations and valuation are low at this point and have upside, something we see as likely.

Bioprocessing technology company Repligen guided revenue expectations lower. The company benefited from Covid related revenue last year and this is not repeatable. Also, a bioprocessing competitor's weak earnings report in April proved to be contagious and investors pulled back from Repligen as well. Restaurant holding company Bloomin' Brands had weaker Q1 comps and lower than expected Q2 guidance, but had some improvement in cost pressures. The company is also exploring strategic alternatives for its Brazil operations.

Couchbase is a provider of next-gen cloud-based database applications. The stock corrected when the company recently announced that ARR (annual recurring revenue) was weaker than anticipated. We see longer term opportunities and expect the company to re-platform legacy database products with more dynamic structures. Also in the technology space, Lattice Semiconductor delivered a fine fiscal first quarter earnings report, yet guided expectations lower due to inventory destocking in communications infrastructure and some industrial verticals in Europe.

### STRATEGY ACTIVITY

We purchased five stocks during the quarter. They include Magnite Inc. (MGNI), Olema Pharmaceuticals Inc. (OLMA), PubMatic Inc. (PUBM), SPX Technologies Inc. (SPXC), and Powell Industries Inc. (POWL).

Magnite provides a technology solution to automate the purchase and sale of digital advertising inventory for buyers and sellers. It features applications and services for digital advertising sellers including websites, mobile applications, and other digital media properties. This digital ad company's stock took a severe dip in mid- 2023. We like the relative valuation today and believe that ad revenues are recovering. We expect better comps YoY going forward. We view the partnership with Netflix as proof of Magnite's industry leading platform.

Olema is a clinical-stage biopharmaceutical company targeting women's cancers. Its leading drug candidate, palazestrant, is in a Phase II trial for ER+/HER-2 breast cancer. Olema's technology blocks estrogen receptor pathways. The drug has Fast Track designation by the FDA.

PubMatic is an independent technology company in digital advertising's supply chain, with a focus on ad optimization. PUBM surprised again on the upside, providing a double-digit percentage gain in revenue and an EBITDA margin that doubled YoY in the March quarter.

SPX's main HVAC business is growing and exposed to the datacenter buildout driven by AI. Detection & Measurement engineered solutions are performing well, too, and its Communication Technologies platform was particularly strong. SPX benefits from a diversified group of end markets. Management has made strategic acquisitions over time as well. Powell Industries is a leading supplier of custom-engineered products for electrical energy. Recent earnings demonstrated continued high growth in electric utility and industrial end markets for its solutions, including energy transition activity. New orders remain robust and management confirmed that its buildout of the Gulf Coast fabrication yard is on target to meet the increased demand.

We sold five stocks during the quarter including Deciphera Pharmaceuticals Inc. (DCPH), Masonite International Corporation (DOOR), Ooma Inc. (OOMA), Perion Network Limited (PERI), and EnerSys (ENS).

Deciphera is being acquired by ONO Pharmaceutical. The stock popped on the announcement and we chose to sell into this strength. Masonite is another holding that jumped on a takeout announcement. It is being acquired by Owens Corning and again, we sold at what we see as a fair price and redeployed to other opportunities.

Communications stock Ooma's outlook is a bit cloudier at this stage compared to others in the sector. We chose to move on. Likewise Perion Network's recent earnings significantly disappointed investors. Search advertising activity fell short of expectations driven by alterations to Microsoft's Bing search engine and challenging ad pricing. Guidance was lowered, indicating this is not a one-time event. Lastly, EnerSys is a leader in global stored energy solutions. Weaker than expected EV sales dampen its outlook.

## OUTLOOK

Growth and particularly AI storied stocks should continue to capture investors' imagination and investment dollars. The anticipated Fed rate cuts are still on pause, with the market beginning to accept the possibility of fewer and more delayed cuts ahead. Our expectations for rate cuts have been pushed out along with others. Investors may need to see rate cuts to spur market breadth and confidence in earnings growth across sectors. We remain committed to our disciplined stock selection process.

Dana Investment Advisors, Inc. ('Dana') is a SEC registered investment advisor. You should not assume that any discussion or information contained in this communication serves as the receipt of, or as a substitute for, you obtaining personalized investment advice from your own financial professional. While data contained herein was gathered from sources deemed reliable, the accuracy of the data presented herein cannot be guaranteed. Different types of investments involve varying degrees of risk, and there is no assurance that the future performance of any specific investment or investment strategy made reference to directly or indirectly in this communication, will be profitable, equal any corresponding historical performance level(s), or will continue to be suitable for your specific investment needs. In addition, due to various factors, including changing market conditions, the data contained herein may no longer be reflective of Dana's current opinions, positions, investments or client account allocations. Investing involves risks, to include the risk of loss. Investors should therefore consider consulting with an investment professional prior to making an actual investment. Please remember that past performance may not be indicative of future results. You may request additional information that is provided in the firm's ADV Part 2 Informational Brochure by either contacting Dana directly at (800) 765-0157, or by visiting the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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.