



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 5 contributors to performance were Eli Lilly and Company (LLY), Alphabet Inc. (GOOGL), Lam Research Corporation (LRCX), IQVIA Holdings Inc. (IQV), and Apple Inc. (AAPL).

Eli Lilly’s outperformance was fueled by massive demand for key products Zepbound and Mounjaro, more than doubling revenue. This success led to Lilly capturing market share in the US GLP-1 market for the fifth consecutive quarter. Strategically, the company accelerated innovation in diabetes and obesity treatments, expanded its global manufacturing footprint with new US facilities, and effectively leveraged consumer self-pay channels. Pipeline success included FDA approval for imlunestrant (treatment of breast cancer) and positive Phase 3 data across its diversified R&D portfolio in neuroscience, oncology, and immunology. Lilly’s strong market leadership and strategic execution support its positive outlook. Alphabet’s cloud, search, and YouTube ad demand tied to AI workloads and digital advertising resilience drove record revenue, beating estimates. Resilient operating margins reflected disciplined cost management amid ongoing AI investments. Lam Research is a leading semiconductor manufacturer and Lam’s precision develops wafer fabrication equipment with advanced technologies for global chip production. The company reported record quarterly revenues, with gross margins exceeding 50% and operating margins reaching a historic 35%, reflecting strong pricing power and operational efficiency. Management highlighted accelerating AI-driven demand as a key growth engine, fueling investments in cutting-edge foundry, logic, and memory technologies. Upgrades in NAND and DRAM memory remained a significant driver, with bit demand trending higher than expected. Lam’s innovation leadership in critical processes, advanced packaging, and new product wins positions the company favorably for continued technology transitions.

IQVIA experienced a more stable environment for outsourced pharma research, and this led to a rebound in the company’s estimates and stock price. The company beat earnings estimates in October, supporting the positive shift in investor sentiment. Apple benefited from renewed optimism for AI-enabled iPhone upgrades and record growth in Services revenue. Apple continued its significant share repurchases in Q4.

The 5 largest detractors in the quarter were Fiserv Inc. (FISV), Magnite Inc. (MGNI), Kimberly-Clark Corporation (KMB), Meta Platforms Inc. (META), and Microsoft Corporation (MSFT).

Fiserv’s new management identified necessary investments in product price competitiveness and core technology infrastructure. We expect negative 2026 earnings growth. Magnite and certain peer supply side advertising platforms (SSPs) are well-positioned to gain market share over time but presently suffer from increased competitive jockeying amongst themselves, particularly The Trade Desk. Kimberly-Clark’s stock fell primarily upon its Kenvue acquisition announcement. Investors are concerned about the large size and dilution of the deal.

Top 5 Performance Contributors ^a as of 12/31/2025 Quarter Return (%) (gross of fees)

Eli Lilly and Company (LLY)	41.1
Alphabet Inc (GOOGL)	28.8
Lam Research Corporation (LRCX)	28.0
IQVIA Holdings Inc (IQV)	18.7
Apple Inc (AAPL)	6.9

Bottom 5 Performance Detractors ^a as of 12/31/2025 Quarter Return (%) (gross of fees)

Fiserv Inc (FISV) ‡	-51.4
Magnite Inc (MGNI)	-25.5
Kimberly-Clark Corporation (KMB)	-17.9
Meta Platforms Inc (META)	-10.0
Microsoft Corporation (MSFT)	-6.5

‡ 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.

Meta's expenses rose sharply from legal charges, higher compensation, and massive infrastructure investments for AI compute capacity, squeezing near-term earnings and free cash flow. Regulatory headwinds intensified in the EU and US and uncertainty surrounds the rollout and impact of new AI models. However, user growth remained strong with over 3.5 billion daily active users across apps. AI advancements boosted recommendation systems, driving engagement and monetization, with AI-powered ad tools exceeding a \$60 billion annual run rate. New products like Vibes showed early promise. Meta's aggressive AI push, including automated ad solutions, positions it to lead in content personalization and business expansion. Lastly, Microsoft shares were weak in Q4 2025 despite strong underlying fundamentals, as investors focused on near-term pressures from massive AI infrastructure investments and capacity constraints. Heavy spending on data centers and GPUs to meet surging demand impacted gross margins, while Azure faces supply limitations through at least fiscal year-end. We believe overall fundamentals remain solid. Microsoft Cloud surpassed \$49 billion in revenue, up sharply, with Azure growing nearly 40%. Deepened partnerships and efficiency initiatives position Microsoft to capture expansive AI monetization opportunities. We remain constructive on its cloud and AI leadership.

STRATEGY ACTIVITY

The Strategy purchased Charles Schwab Corporation (SCHW) and STERIS plc (STE).

Charles Schwab continued to redeploy its increasing scale to extend its brokerage and broader financial services offerings, invest in marketing and technology, and drive down costs, all while increasing returns of capital through dividends and buybacks. The company's return on tangible common equity exceeds 30%. We view Schwab as an essential service provider with a balance of offensive and defensive attributes. While net interest revenue (50% of 3Q25 revenue) on idle client cash could decline from falling rates, client cash balances tend to rise in choppy times as an offset. With the stock trading below its 5-year average valuation multiple, both absolute and relative, we believe the stock is attractively valued. STERIS, already the market leader in hospital disinfection and sterilization, continued to gain market share in a growing market. The company is one of the few Health Care companies that has real pricing power. We expect the company to beat estimates for revenues and earnings and drive its current undemanding valuation higher.

The Strategy sold Align Technology Inc. (ALGN) and Fiserv Inc. (FISV).

Despite survey work showing an improvement in clear aligner volumes, Align Technology reported a disappointing Q2 earnings report. A weaker consumer environment and increased competition may limit growth for the foreseeable future. We swapped into STERIS, a healthcare company with better visibility. Fiserv adjusted earnings growth is expected to be negative in 2026, snapping a long-running double-digit growth streak. Further, new management has surfaced underlying challenges and Fiserv needs to revisit pricing strategies at Clover, integrate disparate IT systems, and better communicate past organic growth in inflationary countries. While we appreciate the new management's candor and Fiserv possesses some core business strengths, we sold Fiserv in favor of Schwab (SCHW), which we view as higher quality and better positioned.

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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Source: Dana Investment Advisors; (a) FactSet Research Systems; (b) Morningstar Direct.