

# Volume Factor Global Unconstrained (VFGU)

Q1 | 2025 Commentary

The first quarter of 2025 presented a complex and dynamic global market environment, characterized by shifting economic indicators and geopolitical tensions. These geopolitical developments played a central role in shaping market sentiment throughout the quarter. Persistent global trade tensions fueled volatility across sectors, with potential ripple effects on global supply chains, corporate earnings, and the policies of multinational companies. Shifting trade relationships introduced new layers of complexity to global markets, while regulatory changes and proposed tax reforms offer both challenges and potential opportunities for investors. These policy shifts have triggered a realignment of economic alliances and contributed to growing uncertainty across international markets. As the global economy adjusts to this new reality, the long-term implications for trade and growth remain uncertain.

These interplays have contributed to the erosion of trust in the global economic system. As nations pursue their own interests and seek to gain advantage over their rivals, the once-stable foundations of international trade and cooperation are being shaken. The breakdown of long-standing partnerships, such as the Chimerica and Eurussia alliances, is a direct result of this struggle for control and the competing visions for the future of the global economy. In their place, new alliances are emerging, as nations seek to secure their access to critical resources and protect their strategic interests.

Against this backdrop, the Volume Factor Global Unconstrained (“VFGU”) strategy demonstrated its adaptability, leveraging its proprietary volume analysis to identify areas of capital inflows and outflows across various markets and asset classes. The strategy’s focus on volume as a leading indicator of price movements looked to anticipate and capitalize on market rotations and emerging trends. As we delve deeper into the strategy’s positioning, it becomes clear how these market dynamics influenced our investment decisions and outcomes during this eventful quarter.

The first quarter of 2025 demonstrated the adaptability of the Volume Factor Global Unconstrained strategy in a complex and volatile market environment. Key to the strategy is its dynamic approach to portfolio positioning, guided by proprietary volume analysis. Looking ahead, the VFGU strategy is ready to navigate the anticipated market challenges and opportunities. The ongoing divergence in global trade monetary policies, technological transformation across industries, and selective opportunities in emerging markets present a rich landscape for the strategy’s volume-based approach. Investors can expect continued vigilance in identifying the trend of capital flows.



## Lead Portfolio Manager Buff Dormeier, CMT®

*Chief Technical Analyst*

Buff Pelz Dormeier, CMT®, is a foremost expert in the field of volume analysis and founder of VolumeAnalysis.com. He has over 25 years’ experience dynamically managing private investment portfolios for affluent individuals, institutions, trusts, endowments and financial advisors.

An Award winning industry innovator, Dormeier is the developer of Volume Weighted Moving Averages (VWMAs), the VW-MACD, the Volume Price Confirmation Indicator (VPCI), VPCI Stochastics, the Anti-Volume Stop Loss (AVSL), the Trend Thrust Indicator (TTI), Capital Weighted Volume Indexes, as well as a host of capital weighted volume based breadth indicators.

Buff’s work with market indicators and trading system design has been published and/or referenced in Barron’s, Stock’s & Commodities, C-NBC, The Financial Times, and Active Trader magazines, as well as the IFTA & MTA Journals.

Three triggers constitute VFGU's defensive risk overlay: Capital Weighted Volume, Capital Weighted Dollar Volume (Capital Flows), and the NYSE Advance-Dcline ("A-D") Line. To activate VFGU's Risk Overlay, one out of the three indicators must fall below the trend. When both the volume and capital flow indicators fall beneath trend, VFGU's Risk Overlay fully reduces equity exposure and risk.

Beginning in March, VFGU's capital-weighted volume metrics broke through key support levels, falling below the 1% threshold. These conditions led to a partial reduction in the portfolio's equity exposure. On March 21st, capital-weighted dollar volume (capital flows) also breached support and the 1% threshold. This double violation below trend triggered a 100% reduction in equities on March 25th. In response, the Volume Factor Global Unconstrained portfolio was reallocated to short-term Treasury bills and held this position for the remainder of the quarter. Risk management is often the less traveled path, but these reallocations were executed with the goal of achieving successful long-term financial outcomes for investors.

As markets continue to evolve, the strategy's focus on volume trends and capital flows will allow it to seek to identify and capitalize on emerging opportunities, while its robust risk management framework attempts to provide a measure of stability in an increasingly complex investment landscape. For investors seeking a dynamic, globally-oriented strategy with an emphasis on risk management, the Volume Factor Global Unconstrained approach may offer a compelling solution in today's challenging market environment.

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