

# Dividend Plus

Q2 | 2025 Commentary

The second quarter of 2025 was not without excitement and constant market headlines, but ultimately brought higher asset prices and some very welcome relief from prior market stresses. Early on in the quarter the markets were quite spooked with daily geopolitical shifts, however markets appeared to find some solid footing shortly thereafter, ultimately closing out the quarter on high notes. The full equity recovery was quite mixed off the April lows, with some significant outperformers and some laggards.

The stock market is working overtime to fully digest recent economic messaging in direct response to tariff talk and geopolitical uncertainty, all in the backdrop of a still historically strong economy. Closing out the second quarter the markets once again seem to be on a clear path forward and higher. Volatility is back near its average lows after spiking early on in the quarter.

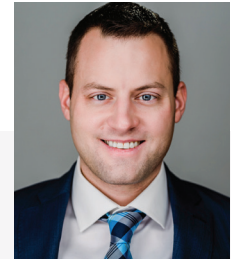
The market has delivered for patient investors over the past few years, showing that equity markets can be resilient in the face of uncertain factors and changing risks. Perhaps this fact can be comforting at times like this.

Overall, we believe the current economic environment tells a story of resilience and continued guarded optimism for the future. General sentiment persists that lower or unchanged short-term rates from here will support the markets in the face of uncertainty, so hopefully the remainder of 2025 brings some clarity as the initial tariff shocks wear off.

We believe the Fed's actions will depend on fresh incoming data, paired with changing economic expectations throughout the remainder of the year. According to the Fed Funds rate futures consensus information, officially 2-3 rate cuts are predicted during the remainder of the year, largely dependent on economic data.

In the first two quarters of 2025, growth equities once again outperformed value, however valuations for growth remain increasingly stretched and it is possible this historically expensive environment for growth may create a more favorable environment for value securities in the future. It is our opinion that if rates and valuations remain at today's levels, value stocks may outperform growth stocks on a relative basis over the next few years. In general, the value space can perform well from this point forward due of lower equity duration and less reliance on firm borrowing or share buybacks for total return combined with relatively higher near-term cashflows.

The Dividend Plus portfolio has been constructed to attempt to buy quality domestic companies at bargain prices and sell them when we believe they have appreciated to fair value estimates. As short-term equity markets have experienced increased volatility, little has fundamentally changed with companies held within the portfolio and it is business as usual in Dividend Plus. In the second quarter of 2025, we had



## Lead Portfolio Manager Mitch Ehmka, CFA®, CIPM®

*Managing Director of Research and Performance*

Mitch Ehmka is the Managing Director of Research and Performance for Kingsview Partners. Mitch has worked with Kingsview since 2010 and has assumed increasing responsibility during his tenure, serving as Head Trader for 3 ½ years, and then as Director of Trading for five years before being named Chief Trading Officer in 2022. Mitch oversees all trading operations within the firm from Chicago, runs the day-to-day trading operations of Kingsview Investment Management and is a founding member of the Investment Committee.

Mitch helps Advisors, fellow Portfolio Managers and the Investment Committee implement investment strategy, and assists in guiding portfolio implementation within Kingsview's systems. Mitch also spearheads the GIPS efforts of Kingsview Investment Management and oversees its claim of compliance with the GIPS standards in investment performance reporting.

four names leave the portfolio and purchased four names as replacements. We continue to keep a watchful eye on all names in the portfolio to ensure they are the best positioned to succeed in the challenging environment ahead.

We review company fundamentals on an ongoing basis, and, should there be a change to our estimate of fair value for any security, we will incorporate those changes into our model. Suitable replacements will be identified with a focus on quality and financial statement health first. Today's market requires constant vigilance and, in our opinion, an edge in valuation such as our approach attempts to provide.

Some companies that are showing up on the horizon as possible investment candidates are located within the healthcare and financial sectors. Regardless of the challenging environment, we remain confident in our ability to continue to deliver risk-adjusted performance in both the current environment and the immediate future.

Within the portfolio, 3 companies hiked their dividends in Q2 of 2025. Over the past year within Dividend Plus, 90% of all current portfolio holdings have increased their dividend in the past year. Using PE (price to earnings) as a measure of value, the portfolio is trading at about a 50% discount to the S&P 500.

Here at Kingsview Investment Management, we appreciate your continued support of the Dividend Plus portfolio. Should you wish to speak with one of our portfolio managers, please email [investments@kingsview.com](mailto:investments@kingsview.com).

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