

# Tactical Allocation Models (TAM)

Q2 | 2025 Commentary

Investors in Kingsview Investment Management's Tactical Allocation Models ("TAM") understand that capital preservation can be one of the cornerstones of building long-term wealth. While short-term market fluctuations are inevitable and often necessary for long-term growth, bear markets can be a real threat to a sound financial plan. While some may advocate for a passive "ride it out" approach during prolonged downturns, TAM seeks to take a proactive view.

TAM employs a multi-layered defense system in an attempt to proactively mitigate risk. This strategy accepts that occasional opportunity costs may be a worthwhile trade-off for preserving capital during market stress. Protecting assets during downturns may better position portfolios for a stronger and faster recovery, possibly increasing the likelihood of achieving long-term financial goals.

## TAM's Multi-Layered Defense System

### 1. Volume Factor Risk Overlay

A rules-based system built on capital-weighted volume, capital flows, breadth, and asymmetry to assess and attempt to react to market risk conditions in real-time.

### 2. Defined Outcome Buffers

Structured investments designed to mitigate downside in sharp drawdowns while allowing for defined upside participation. These buffered strategies played a stabilizing role through the second quarter's early turbulence.

### 3. Floor Strategies

Built to protect against catastrophic loss, floor strategies offer a safety net should systemic declines persist. They can be particularly relevant during uncertainty like that seen in April.

The second quarter of 2025 presented a highly dynamic and challenging market environment. April began with sharp volatility spikes amid geopolitical instability and global trade friction, prompting a flight to safety across many asset classes. May brought a swift rebound, driven by renewed strength in growth-oriented sectors such as consumer discretionary, communication services, and financials. During June, market momentum continued, though sector-level dispersion persisted and mega-cap and AI-driven themes regained leadership.



### 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.

TAM's allocation to the Monarch Volume Factor Global Unconstrained Index ETF (MVFG) demonstrated its tactical positioning throughout the quarter, with the following changes made within the MVFG ETF:

- March 25: MVFG was fully de-risked to 100% short-term U.S. Treasury bills.
- April 15: A capitulation-based VPCI V-Bottom re-entry signal triggered and MVFG was fully reallocated to equities.

These dynamic adjustments were grounded in a pre-defined, unemotional risk framework designed to preserve capital and avoid deeper drawdowns. By sidestepping some of the volatility and re-entering tactically, MVFG exemplified its commitment to disciplined asset protection and opportunity capture.

In a quarter characterized by swift transitions between fear and optimism, TAM remained focused on process over emotion. Rather than relying on backward-looking indicators or economic speculation, TAM relied on objective market signals, chiefly capital-weighted volume and capital flow, to attempt to gauge the health of the equity market and direct a portion of its underlying positioning.

This disciplined, responsive approach continues to serve as the backbone of the strategy, with each layer of defense aiming to contribute to stability, adaptability, and long-term wealth preservation.

The TAM portfolios will attempt to remain dynamic in seeking favorable risk/reward conditions. When volume trends and capital flows support engagement, the models are positioned to participate assertively. Conversely, should new threats emerge, TAM remains prepared to act defensively.

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

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