

Volume Factor Dividend Tree (VFDT)

Q2 | 2025 Commentary

The second quarter of 2025 unfolded against a backdrop of shifting fiscal policy and rising geopolitical tensions, creating an increasingly complex environment for investors. Central Banks continued to grapple with the dual mandate of taming inflation while supporting economic growth, placing dividend-paying stocks in sharp focus for investors seeking both income and stability in a turbulent market.

Geopolitical developments such as tariffs and war dominated the headlines in the second quarter, injecting volatility across global sectors. Persistent trade disputes disrupted supply chains and raised questions about the durability of corporate earnings, particularly for multinational firms whose dividend policies may be vulnerable to global instability. As economic alliances realign, the long-term implications for global trade and growth remain uncertain. The erosion of trust in traditional frameworks like Chimerica and Eurussia reflects a broader struggle for control, as nations prioritize strategic interests and resource security over cooperation. In their place, new alliances are forming, reshaping the geopolitical and economic order.

Performance in the second quarter varied significantly across sectors and regions, driven by a complex interplay of macroeconomic factors and shifting market dynamics. Against this backdrop, the Volume Factor Dividend Tree strategy ("VFDT") continued to emphasize sustainable dividend growth through a disciplined, risk-aware framework. Central to this approach is the Volume Factor Risk Overlay, which monitors capital-weighted volume trends to detect institutional capital flows. By identifying early signs of distribution or accumulation, the strategy seeks to position the portfolio in alignment with institutional capital flows.

Both of VFDT's volume indicators began the second quarter below trend, signaling potential weakness. However, market breadth, as measured by the Advance-Decline line, remained in a positive trend, an unusual divergence. As a result, the VFDT strategy maintained full equity exposure throughout the second quarter.

The multi-indicator risk overlay remained vigilant throughout the period. Although it did not trigger any defensive reallocations during the quarter, its ongoing monitoring attempted to provide an additional layer of protection, ready to act should market conditions further deteriorate. This dual approach, combining bottom-up stock selection with top-down risk signals, reinforces the strategy's goal of preserving capital while pursuing high-quality dividend opportunities.



Lead Portfolio Manager

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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.

As of quarter-end, VFDT's top five holdings by weight were:

- Avista Corporation (AVA)
- Humana Inc (HUM)
- Mueller Water Products Inc (MWA)
- Patterson-UTI Energy Inc (PTEN)
- Globe Life Inc (GL)

As the market landscape continues to evolve, the Volume Factor Dividend Tree strategy remains committed to its core principles of quality, dividend growth, and risk-conscious investing. By maintaining a flexible approach guided by the Volume Factor methodology, the strategy aims to adapt to changing market conditions while staying true to its long-term objectives of providing stable income and capital appreciation for investors. Risk management is often the path less taken, but can be the steady course leading towards successful long-term financial outcomes.

We at Kingsview Investment Management appreciate your continued support of the Volume Factor Dividend Tree portfolio. Should you wish to speak with one of our portfolio managers, please email investments@kingsview.com.

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