Dividend Plus

Q2 | 2026 Commentary

The 2nd quarter of 2026 brought a strong rebound rally across the equity markets, largely due to cooling of tensions globally, and improved stability with U.S. foreign affairs. The potential conflict resolution in the Middle East has slightly calmed previously nervous markets concerned about overheating inflation on supply chain disruptions. As a result, many major stock market indices soared to new highs during the quarter, as confidence came roaring back to both U.S. and global equities.

The quarter can be summarized by easing geopolitical tensions, a continued pause on any rate action from the Fed, an improving corporate guidance picture, and dividend equity performance on AI disruption concerns. Market participants are increasingly finding themselves reactionary given the pace of recent changes to factors affecting their investments.

Early in the quarter, concern with corporate earnings declining due to inflation and supply shocks faded away and we witnessed markets become much more resilient and optimistic on these risks. Relative differences in equity performance emerged throughout the period and this could easily be seen by comparing the performance of the cap-weighted S&P 500 with its equal weight counterpart, wherein the cap-weighted version notably outperformed in Q2. This outperformance was mainly due to increased momentum within the equity space, and much of this benefit flowing to larger, more established companies with higher influence in the cap-weighted S&P 500 index. As a result, large cap growth equities performed strongly and closed out the quarter on or near new highs, with value and smaller capitalization securities also sharing in some of this benefit.

Closing out Q2, the markets appear set to continue with their positive momentum and may use any positive inflation, economic, or geopolitical news as continued fuel for the equity rally. Volatility has now ratcheted down to the lowest levels seen in several years and credit spreads closed out the quarter near multi-decade lows.

The Dividend Plus portfolio has been constructed to attempt to buy quality domestic companies at bargain prices and sell them when we believe they appreciate to fair value estimates. As shorter-term equity markets have experienced increased volatility, little has still fundamentally changed with companies held within the portfolio and it is business as usual for the strategy. We continue to keep a watchful eye on all holdings.

We review company fundamentals on an ongoing basis, and should there be a change to our estimate of fair value or fundamental status for any security, we will incorporate those changes into our model as needed. Further, we will find suitable replacements with a focus on quality and financial statement health first. There is still much work to be done and we remain ever watchful and vigilant in implementing our process in the current diverse environment. Today's market requires constant vigilance and, in our opinion, an edge in valuation such as our approach seeks to provide.

Some companies that may be showing up on the horizon as future possible investment candidates are located within the financial services, and healthcare sectors. All current holdings in the portfolio remain good relative value on an inexpensive cashflow basis with long-term appreciation potential beyond normal market upside, as the current portfolio remains inexpensive historically speaking.

Within the portfolio, 4 companies hiked their dividends during the second quarter. Over the past year within Dividend Plus, 90% of all current portfolio holdings have increased their dividend YoY. The current yield for the portfolio is 2.91%, more than double the S&P 500's yield of 1.02% and above the Russell 1000's yield of 1.26%. Using PE (price to earnings) as a measure of valuation, the portfolio is trading at around 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.