KINGSVIEW
INVESTMENT MANAGEMENT

Tactical Allocation Models (TAM)

Q2 | 2026 Commentary

The second quarter of 2026 could be defined as a further continuation of the market transition that began late in 2025. Q1 was characterized by a broadening process interrupted by geopolitical conflict but not reversed. Q2 extended that same framework. The quarter brought more visible pressure in capital-weighted volume and capital flows, but broader participation, dividend resilience, and global diversification continued to argue against treating internal weakness as a complete breakdown.

For investors in Kingsview's Tactical Allocation Models (TAM), Q2 reinforced the importance of maintaining a disciplined, data-driven, multi-layered process. Throughout the quarter, TAM's tactical Volume Factor holdings remained risk-on, fully invested, as the Volume Factor Risk Overlay did not signal a major defensive shift. While underlying conditions weakened and capital-weighted volume trends required closer monitoring, the evidence continued to suggest rotation under pressure rather than confirmed systemic distribution.

Q2 was a quarter of "broadening under fire." Headline equity indexes remained heavily influenced by AI-related and broader "new era" growth narratives, but the internal market message became more obscure. Volume and capital flows weakened late in the quarter, and institutional outflows became more aggressive. These developments were not dismissed by the process.

However, the weakness was not uniform. The market's dominant generals – mega cap growth, technology, and the cap-weighted indexes – absorbed much of Q2's late internal damage, shaking off earlier price gains. Beneath the surface, the broader ranks of old-economy stocks showed greater resilience. Equal-weighted equities, small and mid-cap exposure, dividend-oriented strategies, and global diversification continued to reflect a market that was rotating rather than retreating.

From a Volume Factor perspective, this distinction is essential. Volume, breadth, and capital flows help determine whether price movements represent a major trend shift or a transition in leadership. During Q2, the evidence weakened, but it did not confirm the type of broad institutional distribution requiring a defensive repositioning.

The strategy's energy exposure also served as a defensive hedge during the war-driven environment. With geopolitical risk centered around oil supply and the Strait of Hormuz, energy exposure carried real-asset and geopolitical hedging characteristics during the quarter. This was not a forecast, but a process-driven response to observed conditions.

The strategy reflected the same broadening theme invisible beneath the surface of the market. Rather than relying solely on U.S. mega-cap leadership, it remained aligned with areas showing improving participation across capitalization tiers, global markets, quality factors, and non-U.S. equities.

In Q2, TAM's multilayered structure continued to be an important part of the allocation. While volume indicators guided the decision to remain fully risk-on, buffers and floors sought to provide structural downside mitigation via complementary stabilizing exposures.

The quarter reinforced the purpose of the TAM framework: remain disciplined, stay process-driven, and support participation through periods of transition without relying on a single market forecast.

Volume remains our guide. Risk management remains our discipline. How investors experience the journey matters.

We at Kingsview Investment Management appreciate your continued trust in the TAM portfolio series.

Should you wish to speak with one of our portfolio managers, please email investments@kingsview.com.

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