

Dividend Plus

Q3 | 2025 Commentary

The third quarter of 2025 brought many gifts for equity investors, via higher asset prices on the back of the first rate cuts since last year and stronger than expected corporate earnings and forward guidance. These together brought much warmer waters for equity investing as compared to the previous quarter, where the markets were rocked seemingly daily by geopolitical shifts and ongoing tariff disputes. For nearly all of the third quarter, the market shrugged these concerns off and hit the gas pedal placing any recession concerns in the rear-view mirror.

Overall, the equity recovery from the April lows has been very divided with some outperformers and many laggards, as evidenced by the cap-weighted S&P outperforming its equal weight counterpart over the quarter and since the start of the year. This has been largely for reasons of continued momentum and further investment in artificial intelligence and the largest mega-cap technology names.

Closing out the third quarter, the markets once again seem to be on the rise, setting the stage for what we believe may be a strong fourth quarter that seemed unlikely near the start of the year. Volatility is back near its average lows and credit spreads closed out the quarter near record lows. Several major indices did indeed chart new highs to close out the quarter, similar to the second quarter.

Overall, the third quarter saw a bit of the “changing of the guard” so to speak with respect to smaller cap value names performing well, with hints of a possible broad thematic rotation that brought some of the discarded parts of the market back into the limelight. According to Fed Futures rate consensus information, two more rate cuts may come during the remainder of the year, largely dependent on economic data.

In 2025, so far growth equities have once again started to outperform value, however, valuations for growth remain increasingly stretched as this rally continues on and it is possible this historically expensive environment for growth may create a more favorable environment for value securities in the future.

The Dividend Plus portfolio has been constructed to attempt to buy quality domestic companies at reduced prices and sell them when we believe they appreciate to fair value estimates. As shorter-term equity markets have experienced increased volatility, little has changed with companies held within the portfolio and it is business as usual for us in Dividend Plus.

In the third quarter of 2025, we had six names leave the portfolio and purchased six new names as replacements. We continue to keep a watchful eye on the environment ahead and constantly seek to ensure that all names in the portfolio are best positioned to succeed.

Some companies that are showing up on the horizon as future possible investment candidates are located within the healthcare and financial sectors. We believe all current holdings in the portfolio remain good relative value on an inexpensive



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.

cashflow basis with long-term appreciation potential beyond normal market upside, as the current portfolio remains inexpensive historically speaking.

Within the portfolio, two companies hiked their dividends during the quarter. The current yield for the portfolio is 2.68%, just over double the S&P 500's yield of 1.12%. Over the past year within Dividend Plus, 85% of current portfolio holdings have increased their dividend YoY. Using PE (price to earnings) as a measure of value, the portfolio is trading at about a 60% 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.

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