

Volume Factor Dividend Tree (VFDT)

Q3 | 2025 Commentary

The third quarter of 2025 was marked by a widening divide between narratives and fundamentals. A quarter largely driven by momentum and AI enthusiasm, dividend-focused and value equities struggled to keep pace. Despite steady earnings, strong balance sheets, and reliable cash flows, quality equity income-oriented investments remained overshadowed by capital chasing innovation and growth stories.

At the macro level, the quarter diverging monetary policies and persistent tariff-related uncertainties dominated headlines. While central banks around the globe began easing policy to counter slowing trade and inflation fatigue, the Federal Reserve was reluctant to cut rates, maintaining higher real yields in the U.S until the September meeting. Despite a recent rate cut, elevated cost of capital continued to pressure dividend payers, particularly those in sectors like financials, health care, and consumer staples, that traditionally rely on stable income streams for valuation support. In contrast, capital flow data reveals that money poured disproportionately into AI-related equities, with semiconductors, data infrastructure, and cloud software leading the market.

Within this backdrop, dividend-paying stocks, although currently overlooked in favor of growth-oriented strategies, may demonstrate an enduring seasonless appeal. Companies with strong balance sheets and a track record of consistent dividend growth may attract investor interest, particularly in sectors less vulnerable to economic cycles.

By analyzing capital-weighted volume trends across markets, the strategy seeks to identify early signs of institutional distribution while maintaining alignment with assets attracting capital inflows. During Q3 2025, both volume indicators remained elevated above trend for the quarter while market breadth improved modestly into September. As a result, the Dividend Tree portfolio remained fully invested throughout the quarter.

Given a quarter where AI/mega-cap narratives led returns and dividend quality themed lagged, we stayed disciplined, favoring cash-rich dividend growers with resilient balance sheets and improving capital strength, while letting our risk overlay police systemic risk.

Top 5 Holdings by Weight

1. CVS – CVS Health Corp
2. WINA – Winmark Corp
3. AGM - Federal Agriculture Mortgage Corp
4. HUM - Humana Inc
5. CI – The Cigna Group



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.

We at Kingsview Investment Management appreciate your continued trust in the Volume Factor Dividend Tree portfolio. To learn more, please contact us at investments@kingsview.com or visit kingsviewim.com.

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