

Dividend Plus

Q4 | 2025 Commentary

Over the course of 2025, equity portfolios had a good year overall, with most broad-based equity indices soaring to new highs to close out the year. Equities saw continued positive momentum throughout the fourth quarter on stronger than expected corporate earnings and guidance, while we also saw some continued rotation into value and other inexpensive parts of the broader equity market.

The first half of 2025 was not without excitement and constant market headlines combined with whipsaws, but those that were patient and stayed the course throughout the year ultimately witnessed the broader markets close out the year on a record high note. Overall, the equity recovery off the lows of 2025 has remained very divided, with some significant outperformers and some laggards. In our view, the markets appear to be on a clear path forward and higher from here, setting the stage for a potentially strong 2026 and beyond amidst a strong macro-economic backdrop.

There are some indications that we may be moving into a more stock selective environment with respect to performance, partly because of the recent equal weight Index outperformance and possible rotation into value the past few quarters. The divisiveness in equity performance throughout 2025, in our opinion, also points to a likely more individual stock centric market moving forward.

In 2025, growth equities outperformed value from a total return standpoint, however valuations for growth remain increasingly stretched, and it is possible this historically expensive environment for growth will further increase relative attractiveness for value securities moving forward. In general, the value space can perform well from starting positions where the broader markets are already expensive due to lower equity duration and relatively higher immediate cashflows back to investors in an otherwise longer-term focused investment environment.

The Dividend Plus portfolio has been constructed to attempt to buy quality domestic companies at bargain prices and sell them when we believe they appreciated to fair value estimates. As shorter-term equity markets have experienced increased volatility, little has 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 and ensure that all names in the portfolio are the best positioned to succeed in the challenging environment ahead.

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 in implementing our process in the current challenging and diverse environment. Today's market requires constant vigilance and, in our opinion, an edge in valuation such as our approach provides.



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.

Some companies that may be showing up on the horizon as future possible investment candidates are located within the energy, financial, and insurance 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. Regardless of the challenging environment, we remain confident in our ability to continue to deliver risk-adjusted performance in both the current environment and the immediate future.

Within the portfolio, 2 companies hiked their dividends during the quarter. Over the past year within Dividend Plus, 97% of all current portfolio holdings have increased their dividend YoY. The current yield for the portfolio is 2.59%, just over double the S&P 500's yield of 1.15% and above the Russell 1000's yield of 1.69%. Using PE (price to earnings) as a measure of valuation, the portfolio is trading at about a 55% 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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