

Volume Factor Dividend Tree (VFDT)

Q4 | 2025 Commentary

At the macro level, Q4 was shaped by easing inflation pressures, uneven global monetary accommodation, and a U.S. interest-rate environment that remained restrictive in real terms, though incrementally improving into year-end. While capital continued to favor AI, data infrastructure, and innovation-led growth themes, the intensity of that concentration appeared to moderate compared to trends that dominated much of 2024 and mid-2025.

Importantly, volume analysis throughout the quarter suggested that market leadership was becoming less exclusive. While capital weighted leadership remained concentrated, breadth indicators began to improve, pointing toward the possibility that markets are transitioning from narrow sponsorship toward broader participation. Periods where market leadership slows its advantage often coincides with rotation rather than outright market stress, particularly when excessive enthusiasm and concentration begin to moderate.

From a Volume Factor perspective, Q4 was notable not for aggressive institutional selling, but for gradual re-engagement across a wider set of industries. Capital-weighted volume trends indicated that participation was no longer confined solely to the most crowded growth themes. While AI and technology narratives continued to command investor attention, incremental improvement in breadth suggested that investors were beginning to reassess opportunity costs and diversify exposure.

Within this backdrop, many dividend-oriented strategies remained out of favor on a relative basis. However, history suggests that periods of sustained underperformance for high-quality dividend stocks may coincide with phases of extreme narrative dominance and narrow market leadership. As leadership matures and participation broadens, strategies emphasizing durable cash flows, balance-sheet strength, and sustainable income may regain relevance.

The continued underperformance of dividend and value themes should be viewed within the context of style cycles rather than structural impairment. By design, dividend growers emphasize durability, cash generation, and capital discipline. These are characteristics that tend to reassert themselves when growth expectations normalize. Notably, while many dividend approaches lagged, some high free cash flow strategies demonstrated strength throughout much of the quarter. Against this backdrop, the Volume Factor Dividend Tree strategy remained disciplined and aligned with its offensive process, emphasizing cash-rich dividend growers with improving capital inflows.



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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.

Meanwhile, behind the scenes, the Volume Factor Risk Overlay monitors shifts in participation, sponsorship, and systemic risk of the broad market. Importantly, Q4 bear market protection indicators did not trigger broad defensive signals, allowing the portfolio to remain invested while maintaining vigilance toward potential regime shifts.

While AI-centric themes captured the majority of investor enthusiasm during Q4, history suggests that narrow leadership and thematic concentration are rarely permanent conditions. Extended periods of crowding and popularity have often given way to phases where previously overlooked areas benefit simply from improved relative fundamentals and better competitive alternatives. Dividend strategies often regain traction not at moments of peak optimism, but as investors begin to reassess valuation, risk, and the sustainability of prevailing growth assumptions.

The Volume Factor Dividend Tree strategy is built for such transitions. By focusing on free cash flow, dividend growth, and capital-weighted volume confirmation, Volume Factor Dividend Tree seeks to remain aligned with evolving capital flows while maintaining exposure to companies capable of compounding income and free cash flow across a full market cycle.

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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