

Funds in focus: [Brompton U.S Cash Flow Kings ETF](#), [Brompton Canadian Cash Flow Kings ETF](#), [Brompton International Cash Flow Kings ETF](#)

Artificial intelligence has undeniably been the driving force of today's market. As we noted in our recent analysis, ["The Trillion Dollar Question,"](#) our view remains that we are still in the early stages of this shift, and the massive capital expenditures by hyperscalers represent a necessary retooling of the economy rather than a bubble.¹ However, this enthusiasm has created an historically imbalanced US market structure. By late 2025, the top 10 stocks in the S&P 500 grew to account for approximately 41% of the entire index—a level of crowding not seen in decades.² Consequently, many portfolios are now inadvertently exposed to a single sector, leaving investors vulnerable to volatility even if the long-term AI thesis holds true.

Weight of the top 10 companies in the S&P 500

% of market capitalization, % of last 12 months' earnings



Source: J.P. Morgan AM, Guide to the Markets – U.S., 1Q 2026, Dec. 31, 2025.

As we enter 2026, we believe the prudent strategy is not to abandon these winners, but to balance them using a "Barbell Strategy." While the first phase of this rally was led by the "builders" of technology, we expect the next phase to be defined by "diffusion," where the benefits of AI flow to the companies using the tools to improve profit margins in the real economy. Our belief is that US equity investors will continue to broaden their holdings in 2026. Given that Value equities were something of an overlooked segment of the market in 2025, we think it's a natural investment evolution for US Value equities to get more attention in 2026.

This rotation is already visible in the data. The chart below tracks 'Value' equities versus 'Growth' equities returns across major regions, where readings above the zero line in the chart indicate that Value is outperforming, and readings below zero signal Growth dominance. While Value outperformed Growth in Canadian and International markets (green and blue lines) for most of 2025, the U.S. market (red line) showed a strong bias for Growth after the "Liberation Day" market turmoil. Beginning last June, the trend reversed, and now in 2026 we see all three regions showing Value returns outpacing Growth.

Value vs. Growth: Daily Returns %³



Source: LSEG Datastream, January 22, 2026.

We consider Free Cash Flow (FCF) Yield to be a premier Value indicator and an excellent way to capture this shift in US investor focus. In our view, high FCF strategies act as a critical stabilizer; they allow investors to identify companies that are undervalued relative to the cash they generate today, identifying self-funding business models without having to guess which specific sector will outperform next. This approach anchors a portfolio with tangible value, providing an important counterweight to high-growth, high-valuation Tech holdings.

To execute this strategy, we created the Brompton "Cash Flow Kings" ETFs, designed to serve as the "Value" weight of the barbell.

Brompton U.S. Cash Flow Kings ETF (TSX: KNGU) targets the top 50 large U.S. companies with the highest FCF yields. Because many big tech stocks are currently expensive, this strategy naturally shifts exposure away from crowded trades. It moves toward high-cash-generating companies in sectors such as Healthcare, Industrials, or Consumer Staples as well as Technology stocks with reasonable valuations, depending on where the value lies.

Brompton Canadian Cash Flow Kings ETF (TSX: KNGC) serves as a powerful diversifier for Canadian investors. By explicitly excluding Financials, which dominate the Canadian index, the fund focuses purely on high cash flow generators in the rest of the Canadian market. This often results in a portfolio rich in Energy and Materials companies, which are currently generating significant cash flow, without being a forced bet on those sectors.

Brompton International Cash Flow Kings ETF (TSX: KNGX) targets global leaders (excluding North America) with the highest FCF yields. This ensures that investors capture the most attractive valuations across developed markets, regardless of the industry. This provides essential geographic diversification as the global economy stabilizes.

By pairing these funds with core tech holdings, we believe investors can build a resilient portfolio capable of capturing the AI upside while mitigating the risks of historic market concentration.

As of December 31, 2025 ⁴	1-Year	3-Years	5-Years	10-Years	ETF Since Inception	Inception Date
Brompton Canadian Cash Flow Kings ETF	39.8%	-	-	-	28.6%	May 30, 2024
Brompton Index One Canadian Cash Flow Kings Index	40.3%	22.4%	22.2%	14.9%	-	November 29, 2013
Brompton U.S. Cash Flow Kings ETF	5.7%	-	-	-	9.0%	May 30, 2024
Brompton Index One U.S. Cash Flow Kings Index	7.3%	18.6%	19.8%	15.4%	-	November 29, 2013
Brompton Intl Cash Flow Kings ETF	34.1%	-	-	-	18.5%	July 16, 2024
Brompton Index One International Cash Flow Kings Index	34.7%	-	-	-	-	February 29, 2024

¹ Brompton Funds. (2025, November 17). The Trillion Dollar Question – Are We In an Artificial Intelligence Bubble? Brompton Insights. <https://www.bromptongroup.com/fd/the-trillion-dollar-question-are-we-in-an-artificial-intelligence-bubble/>

² J.P. Morgan Asset Management. (2025). Guide to the Markets – U.S. Data are as of September 30, 2025. <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/>

³ Positive values indicate Value is outperforming Growth; negative values indicate Growth is outperforming Value. Data represents the 2-month moving average of (Value-Growth) daily index returns. US: (S&P 500 Value Index – S&P 500 Growth Index). Canada: (S&P Canada LM Value Index – S&P Canada LM Growth Index). International: (MSCI EAFE Value Index US\$ - MSCI EAFE Growth Index US\$).

⁴ Source: Index One & Morningstar Direct. Returns are for the periods ended December 31, 2025 and are unaudited. The table shows the compound return for each period indicated. The information shown is based on net asset value per unit and assumes that distributions made by the ETFs during the periods shown were reinvested at net asset value per unit in additional units of the ETF. Past performance does not necessarily indicate how the ETF will perform in the future.

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