KINGSVIEW
INVESTMENT MANAGEMENT

Multi-Strategy

Q1 | 2024 Commentary

The beat that supported the notable rally in the equity and fixed income markets towards the end of 2023 was begun by the Federal Reserve and fully carried on by investors in the first quarter of this year. The strong pivot in the Fed's message to be a legion of support to the markets into the current year has extended the comforting degree of calm we previously noted in the monetary efforts they supply. We still believe, and as the data appears to show, the best near-term outcome from all the interest rate activity of recent years is for there not to be immediate rate cuts, but moreso, a steady rate environment where lending modules and borrowing costs can be sufficiently predictable for all market participants.

Economic conditions have meandered a bit since the stabilizing pattern seen in the fourth quarter of 2023, with hiring pacing the environment at roughly +250k jobs per month and generating economic growth in the neighborhood of 2.5%-3.0% annually. Yes, while inflation data is no longer falling, the massive reduction in the inflation rate since the Fed began their record march upward on short-term interest modules is still noteworthy and a perceivable accomplishment of their goal of stable prices and maximum employment. Concerns do remain focused, at times, on the overbought nature of stock prices, but that is observed in concert with trillions of investible dollars sitting and rotating on and off the sidelines which may provide a backstop to any meaningful pullback that occurs. Our view has steadied to the upside approach to the investible marketplace and belief that investors who will be most rewarded are those that ascribe to this outlook.

Equities: The "risk on" trade in equity markets that began late last year has stymied some experts thus far in 2024, carrying on most of the momentum that, to many, came out of nowhere towards the end of 2023. Yet, as we identified in the fourth quarter's writing – meaningful rallies have the hallmark of coming out of potentially oversold, overstretched or overhyped conditions that may be propagated by media and influencers who shape the investor mindscape.

Real data and fundamentals, however, tend to be the harbinger to continue such rallies as well, acting more as a confirming aspect to turnaround stories that have otherwise been at least partially discounted and put out of mind. As higher equity prices were attained, additional demands from investors on the Federal Reserve became a touch unrealistic and erroneously focused on more liquidity and accommodation to be provided to what we believe was an already functioning market.

Fixed Income: Fixed income markets have relished, at points, in a more calming tone in the new year as the focus on interest rate stability takes a firmer hold and Federal Reserve actions may become more predictable going forward. We still believe the historical volatility in fixed income prices this past year has unintentionally removed investor confidence in the asset class in

Performance & Risk Measures

As of: 3/31/2024

STRATEGY		QTD	YTD	1-YR	3-YR	5-YR	SINCE INCEPTION 12/31/2016
CONSERVATIVE	NET OF MODEL FEE[1]	0.25%	0.25%	2.95%	-1.04%	1.10%	1.90%
	NET OF MAX FEE[2]	-0.12%	-0.12%	1.42%	-2.52%	-0.41%	0.38%
10% S&P 500/90% BLOOMBERG AGGREGATE BOND		0.33%	0.33%	4.28%	-1.06%	1.87%	2.51%
MODERATE CONSERVATIVE	NET OF MODEL FEE[1]	3.23%	3.23%	9.84%	2.05%	4.41%	4.41%
	NET OF MAX FEE[2]	2.85%	2.85%	8.21%	0.53%	2.86%	2.86%
30% S&P 500/70% BLOOMBERG AGGREGATE BOND		2.56%	2.56%	9.60%	1.74%	4.86%	5.24%
BALANCED	NET OF MODEL FEE[1]	4.96%	4.96%	14.13%	3.89%	6.45%	6.26%
	NET OF MAX FEE[2]	4.57%	4.57%	12.45%	2.35%	4.88%	4.68%
50% S&P 500/50% BLOOMBERG AGGREGATE BOND		4.81%	4.81%	15.12%	4.53%	7.83%	7.93%
MODERATE AGGRESSIVE	NET OF MODEL FEE[1]	6.78%	6.78%	18.62%	5.78%	8.42%	8.30%
	NET OF MAX FEE[2]	6.39%	6.39%	16.87%	4.21%	6.81%	6.70%
70% S&P 500/30% BLOOMBERG AGGREGATE BOND		7.09%	7.09%	20.85%	7.31%	10.75%	10.59%
AGGRESSIVE	NET OF MODEL FEE[1]	9.98%	9.98%	26.17%	8.58%	12.77%	11.75%
	NET OF MAX FEE[2]	9.58%	9.58%	24.33%	6.98%	11.11%	10.10%
90% S&P 500/10% BLOOMBERG AGGREGATE BOND		9.40%	9.40%	26.80%	10.09%	13.62%	13.20%

[1]"Net of Model Fee" represents performance that has factored in an assumed fee of zero for data after March 24, 2021, 0.40% from April 1, 2020 through March 23, 2021 and 0.60% prior to April 1, 2020. 2 "Net of Max Fee" represents performance that has factored in an assumed fee of 1.50% (zero Model Fee plus 1.50% Advisor Fee) for data after March 24, 2021, 1.90% (0.40% Model Fee plus 1.50% Advisor Fee) from April 1, 2020 through March 23, 2021 and 2.10% (0.60% Model Fee plus 1.50% Advisor Fee) prior to April 1, 2020."

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general and refocused the risk appetite of investors to look elsewhere for determinable yield. While some fixed income spots will still be finding feast or famine on any given trading day, we believe that risk exposure may be likely to come down in traditional yielding vehicles as economic data affirms.

Similar to last quarter, sentiment does pose an entirely different challenge to the overall picture. Through the last year or so, trading across multiple levels of fixed income was very directionally biased to the downside, so some reversal of that weight on the wheels is normal to experience. Thus, rates on the 10-year note, for example, at the end of the first quarter have traded with a slightly higher bias than the previous quarter, but still sit within what we believe is a manageable range of 4.25% - 4.50%. Fixed income investing may still be beneficial into 2024, provided the recent trend of a lowering of volatility continues and the Federal Reserve, as we predict, stays on the sidelines for the near term when it comes to Fed Funds interest rate changes.

Should you wish to speak with one of our portfolio managers, please email investments@kingsview.com.

Lead Portfolio Manager

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