KINGSVIEW
INVESTMENT MANAGEMENT

Select Subsector

Q1 | 2024 Commentary

The Select Subsector portfolio's performance can be attributed to its specific sector-focused weighting amongst ten sectors of the S&P 500 GICS sector lineup and their varying subsectors.

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.

The Select Subsector process of selecting broad and especially more specific areas of the S&P helped limit volatility and still allow what we believe is adequate upside participation of the major market averages. The challenging aspect of that notion, however, is that such experience can be best felt over a full market cycle. The data upon which we rely to make our portfolio decisions is large scale and macroeconomic in nature, reflecting a medium to longer-term tabulation of "trends of the trends" viewpoints which involve several quarters of calculation. Thus, as we have seen in the output of the returns, the current environment lends itself to especially avoiding dormant sectors and subsectors of the S&P which are largely exhibiting higher downside capture and having their effect on the overall index, while a select few favored sectors may become extended, yet deliver a large part of the overall return. We expect that as the markets exhibit more typical behavior in the middle stages of a cyclical uptrend, more and more sectors and subsectors may be applicable for upside capture investment as time passes.

Communications services, property and casualty, and leisure and hospitality sectors helped deliver a large part of the return for the overall markets in the first quarter. However, areas like the pharmaceutical sector and healthcare, while in our opinion fundamentally favorable, exhibited more than expected downside capture. Overall, we are pleased with the nature of the portfolio's commitment to being actively managed within our selections, which we believe will keep this strategy nimble as we approach seasonal factors that will challenge the previous months' generally upward biases.

At Kingsview Investment Management, we appreciate your continued support of the Select Subsector portfolio. As an investor in today's landscape, it is important to understand your own personal risk-on versus risk-off viewpoints, but also be ready to absorb short-term fluctuations as you attempt to achieve long-term outperformance. We are proud of this strategy's ability to assist with that goal.

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

Lead Portfolio Manager
Scott Martin, CIMA®
Chief Investment Officer

Scott D. Martin is Chief Investment Officer of Kingsview Wealth Management, a Registered Investment Advisor (RIA) based in Chicago, Illinois. He also serves as Contributor to the Fox News Channel and is a Contributor to The Futures Institute at the Chicago Mercantile Exchange (CME).

At the company, he and his team were named one of the "Best ETF managers" of 2008 by Forbes and he was author of the weekly "Astor Long/Short Balanced Update" newsletter, which received the NAAIM President's Award for excellence in financial newsletter writing.

A frequent speaker and lecturer, Mr. Martin has been featured in print and broadcast media such as The Wall Street Journal, Investor's Business Daily, and Yahoo! Finance.