

# Blue Chips

Q1 | 2025 Commentary

Last quarter's infrequent equity sell-offs layered into a heavier tone that has fully taken shape in 2025, with market fatigue and the anticipation of geopolitical changes now abruptly on the horizon. Certainly, the incoming administration's policies' effectiveness remains a bit in doubt, and the quick nature of amendments to said policies and the gauging of their economic impact put a reversal into the equity market uptrend by the time the first quarter concluded. With the Federal Reserve in play but perhaps approaching a scenario where their hands could be tied on policy action, the previous expansion in the labor market and inflation indicators that will be impacted are now at risk of being brushed aside to digest the prevailing, but abruptly changing, economic environment. So far, volatility and nervous selling has been the reaction in major markets as investors realign their tolerances for risk.

Despite broader market fluctuations driven by interest rate speculation and geopolitical tensions, the portfolio's core holdings — many of which are sector leaders in technology, healthcare, and consumer discretionary — remained fundamentally sound. Earnings over the quarter continued the trend of being decisively positive on the surface, with outlooks for future growth becoming mixed due to the latest political developments.

The Blue Chips Portfolio continues to seek to prioritize quality, resilience, and long term capital appreciation by investing in large cap U.S. companies with what we believe are durable competitive advantages and strong balance sheets. In the first quarter, these blue-chip names demonstrated their ability to weather volatility while delivering consistent earnings and maintaining shareholder value. Our deep valuation research of companies we own, coupled with analysis on revenue and profit changes as it relates to company margins, as well as the strength or weakness of the changes therein, suggests that appropriate names will be selected as part of our process and take the portfolio back to its usual upside metrics when markets do eventually rebound.

A change in fundamentals last quarter suggested a sell of a recently purchased name in Emerson Electric (**EMR**) in favor of Blackrock Inc (**BLK**) due to topline revenue trends reversing. Similarly, sells were initiated in names like Home Depot (**HD**) and NextEra Energy (**NEE**) as a result of net income delta deterioration aligning with softening gross revenue numbers. With the newly raised cash, new positions were taken in Accenture PLC (**ACN**) and Simon Property Group (**SPG**). Lastly, Booking Holdings (**BKNG**) recent reporting data indicated weakening consumer spending in leisure and hospitality that did not support the valuation growth the company has experienced. That name was replaced with IBM Corporation (**IBM**) as fundamentals that may lead to future growth have developed there. As we noted last quarter, this is indeed a time where active management on individual stock names is necessary, and those who follow buy/sell discipline as the Blue Chips mantra states may be rewarded with a favorable risk-adjusted return over both bull and bear markets.



## Lead Portfolio Manager

**Scott Martin, CIMA®**

*Chief Investment Officer*

Scott D. Martin is Chief Investment Officer at Kingsview Wealth Management, a Registered Investment Advisor in Chicago, and an Index Specialist with Monarch Funds. Previously, he served as Chief Market Strategist at United Advisors, LLC, where he co-chaired the investment committee and developed portfolio strategies.

His career began at Astor Asset Management, where he comanaged ETF-based programs and he was author of the weekly "Astor Long/Short Balanced Update" newsletter. A frequent speaker, Mr. Martin has been featured in The Wall Street Journal, Investor's Business Daily, and Yahoo! Finance. He holds the Certified Investment Management Analyst® designation. He is a former columnist with TheStreet.com and is a volunteer with The Anti-Cruelty Society of Chicago. Mr. Martin graduated from Denison University with a double major in Economics and French.

At Kingsview Investment Management, we appreciate your continued support of the Blue Chips portfolio. Global economic strains and other international developments have thrust markets into challenging efforts to align price and risk. The impacts long term shall be worked out over time as history has dutifully guided, but short term emotions remain heightened and overly sensitive to daily news and data flow.

Should you wish to speak with one of our portfolio managers, please email [investments@kingsview.com](mailto:investments@kingsview.com).

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