

Blue Chips

Q3 | 2024 Commentary

The Blue Chips portfolio's performance can be attributed to the portfolio's sector weighting and the quality of companies owned.

Equity markets have carried the performance return responsibility since late last year and have convinced some of the biggest naysayers of the last several months that a higher "repricing" of major stock indices was affirmed and warranted given the current economic backdrop. As this rally has materialized, we have noted in our previous quarterly commentaries that the light market sell-offs that are met by heavier buying interest are signs that overstretched conditions, especially to the downside, may be supported with enthusiasm for higher prices in the future. At the same time, equity market all-time highs seemingly arrive weekly and can provide some tangible confirmation to those who are looking to just outright "chase" high prices in hopes that more easy money from the Federal Reserve will be forthcoming. While we believe there is likely to be more positive than negative flows for equities going into the fourth quarter, looming political events and market shocks from ulterior sources should not be discounted when coming out of a period that has been significantly positively sloped month after month.

Our particular focus on the evaluation of the prevailing strengths or weaknesses in company fundamentals in the S&P 500 has had a beneficial impact on the portfolio allocations, as it has allowed us to enjoy strong upside capture to the major index. While we do not ever wish to sound overly complacent or, conversely, hyper-sensitive to current conditions, we have full confidence in our model techniques that help rid us of emotional pitfalls that can befall others. Valuations matter extensively when selecting individual company exposure and juxtaposing indicators such as net income, profit margin and total revenues help determine our path when targeting the portfolio's stated goals.

The Blue Chips portfolio allocations during the last quarter remained widely spread in overall tone, with a couple of company name exchanges within the representative sectors being owned. For example, two holdings in the portfolio, Pfizer (**PFE**) and Emerson Electric (**EMR**), were removed due to significant deteriorations in net income and gross profit margin, which have affected their quarterly bottom lines. As replacements, we have welcomed two holdings from the past, Booking.com (**BKNG**) and Texas Instruments (**TXN**), as company fundamentals have particularly improved on the top and bottom-line revenue measurements.

Two other names, Wal-Mart (**WMT**) and Allstate (**ALL**), were experiencing fundamental declines and were sold in order to pick up Berkshire Hathaway (**BRK/B**) and Amgen (**AMGN**) because of their attractive valuation points, increasing gross profit margins



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 co-managed ETF-based programs and earned recognition as one of the "Best ETF Managers" of 2008 by Forbes. 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 and has been named one of Chicago's Notable Financial Advisers by Crain's Chicago Business. Mr. Martin graduated from Denison University with a double major in Economics and French.

and notable net income levels. The resulting allocations in the portfolio pushed the overall view to favor slightly more technology and reduce our industrials exposure.

At Kingsview Investment Management, we appreciate your continued support of the Blue Chips portfolio. The presidential and congressional elections are just weeks away and markets are likely to get jumpier with each passing day leading into those events. Other political developments around the world could also lead to near-term, but not structural, outbursts of emotional concerns and triggers which are due to pass through periodically as well.

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

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