

# Sector Alpha

Q4 | 2023 Commentary

The Sector Alpha portfolio's performance can be attributed to its specific sector-focused weighting amongst five sectors of the S&P 500 GICS sector lineup.

The ending note of 2023 showed the Federal Reserve was committed to be less and less stringent in their message to eliminate inflation and keep rates higher than was previously perceived. This has led to more of a "risk-on" tone for equities and fixed income, where investors have seemingly opted for an upward bias to their outlook. The sense of calm that echoed throughout the 11 GICS sectors of the S&P 500 was notably seen through quarterly performance of all individual sectors aside from energy finishing on the positive side for the first time during the entire year.

The Sector Alpha process of selecting specific areas of the S&P in an attempt to both achieve reasonable upside and avoid unnecessary drawdowns through an entire market cycle provided some benefit during the fourth quarter after having a challenging task in doing that for most of 2023. Given that the overall equity tone, and thus sectors as well, were largely bifurcated between positive and negative biases, there were few sectors during the year that were legitimately able to keep up with the overall market tenor, leaving much of the fundamental reasoning of the equal-weighted Sector Alpha strategy frustratingly behind the cap-weighted broad market average of the S&P.

The program will continue its dedication to review GDP and employment data on a monthly basis and will react to macroeconomic changes that occur over the next several months. One of the strategy's core strengths in a portfolio is its ability to adapt quickly to changes in economic strength or weakness, which affects the Fed movements, interest rates and company valuations. Notably, during the fourth quarter's market rally, our expressions in the real estate and consumer discretionary sectors helped to keep volatility low and endeavor to track some of the upward movements of the stated benchmark. We believe the focus on being actively managed within our selections sets up the portfolio well for future growth in this current environment.

At Kingsview Investment Management, we appreciate your continued support of the Sector Alpha portfolio. A salient view on the sentiment levels of the markets will play a significant role on an investor's risk-on vs. risk-off inflection point and such conditions are imperative in attempting to take advantage of short-term fluctuations as it relates to long-term outperformance. We are confident in 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](mailto: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.

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