

Ambassador Income

Q1 | 2022 Commentary

The Ambassador Income portfolio's performance can be attributed to the portfolio's "unconstrained" view of the fixed income and alternative investment markets, where the allocation is driven by an economic-themed focus.

2022 is thus far seeing significant movement away from a multi-decade bull market that many investors enjoyed due to what had been a heavily involved Federal Reserve and a largely sanguine inflationary environment. Supply shocks, labor market strain, and geopolitical concerns have put at least a temporary end to the manageable pricing conditions that supported that market environment. Goods and services pressure at the producer and consumer levels has sparked near panic-type selling in most fixed-income areas. In the past, duration and open market conditions have, at times, we believe overreacted to surface-level conditions that may not have fundamental support.

Many investors have gotten a reprieve from the equity market volatility over the last couple of years, providing themselves with moderate total return via a varying fixed income allocation that benefited from a benign interest rate environment. Another value that diverse fixed income allocation subsets may have offered over recent years was their reliability in delivering non-correlation to other portfolio holdings that were affected by the breaking news of the day.

Given the nature of the Ambassador Income's objective, the portfolio continues to seek the limited options that exist in the current environment in an attempt to provide favorable risk-adjusted return versus standard benchmarks. Those solutions have thus far been concentrated in senior loan offerings, the convertible bond space and short-term securities.

Ambassador Income's view of the economic phase identification, which powers the portfolio's overall allocation, continues to be the main attribute in how we position the underlying holdings. Aside from the specific focus on shorter duration asset classes, as of the end of the first quarter, the portfolio also held positions in gold via **DGL**, convertibles via **CWB**, and mortgage-back securities via **MBB**. Ambassador Income will continue to select from traditional and non-traditional areas in fixed income markets while employing alternative asset exposure with the aim to best navigate the choppy waters present thus far in 2022. Due to the unique mix of non-correlating assets, Ambassador Income experienced some downside protection during the first quarter in the current fixed-income environment.

The Ambassador Income portfolio returned -4.16% for the first quarter net of model fees, compared to its benchmark, the US AGG TR Index, which returned -5.94% in Q1. Ambassador Income has outperformed its stated benchmark on a 1-year rolling period by 1.84% net of model fees, returning -2.30% over the past twelve months.

Kingsview Investment Management appreciates your continued support of the Ambassador Income portfolio. As the challenges of varying economic data and geopolitical conflict rise and fall over the coming months, the markets will likely continue to experience elevated volatility. We will search to find the true signals amidst the cacophony in an attempt to deliver the best risk-adjusted return in this challenging environment. We maintain it is best to remain diligent with your investment solutions by utilizing a time-tested, defensible methodology like what is seen in Ambassador Income. Should you wish to speak with one of our portfolio managers, please email investments@kingsview.com.

Performance & Risk Measures^{1,2,3}

As of: 3/31/2022

QTD NET OF MODEL PORTFOLIO RETURN	-4.16%
QTD NET OF MAX PORTFOLIO RETURN	-4.52%
QTD BENCHMARK RETURN	-5.94%
YTD NET OF MODEL PORTFOLIO RETURN	-4.16%
YTD NET OF MAX PORTFOLIO RETURN	-4.52%
YTD BENCHMARK RETURN	-5.94%
1 YR NET OF MODEL PORTFOLIO RETURN	-2.30%
1 YR NET OF MAX PORTFOLIO RETURN	-3.76%
1 YR BENCHMARK RETURN	-4.16%
1 YR NET OF MODEL STD DEVIATION	3.91%
1 YR BENCHMARK STD DEVIATION	3.95%

In Summary

- The portfolio continues to seek the limited options that exist in the current environment in an attempt to provide favorable risk-adjusted return versus standard benchmarks.
- Ambassador Income will continue to select from traditional and non-traditional areas in fixed income markets while employing alternative asset exposure.
- The Ambassador Income portfolio returned -4.16% for the first quarter net of model fees, compared to its benchmark, the US AGG TR Index, which returned -5.94% in Q1.

Lead Portfolio Manager



Scott Martin, CIMA®
 Chief Investment Officer and
 Lead Portfolio Manager

¹Performance Net of Model Fees represents performance that has factored in an assumed fee of 0.60%. ²Performance Net of Max Fees that represents performance that has factored in an assumed fee of 2.10% (0.60% Model Fee plus 1.50% Advisor Fee). ³Benchmark Bloomberg US Aggregate Bond Total Return Index.

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Any performance shown since inception is based upon composite results of the stated portfolio. Portfolio performance is the result of the application of the KIM Ambassador Income investment process. It does not reflect any investor's actual experience with owning, trading or managing an actual investment account.

“Net of Model Fee” portfolio performance is shown net of the 0.60% KIM model fee and the trading costs of the firm's Custodians (Raymond James, Charles Schwab, TD Ameritrade and Interactive Brokers). “Net Model Fee” portfolio performance DOES NOT include the advisory fee charged by a KWM investment advisor representative.

“Net of Max Fees” portfolio performance is shown net of the advisory fees of 2.10%, the highest fee charged by KWM, which is inclusive of the 0.60% KIM model fee and the trading costs of the firm's Custodians (Raymond James, Charles Schwab, TD Ameritrade and Interactive Brokers). Performance does not reflect the deduction of other fees or expenses, including but not limited to custodial fees and fees and expenses charged by mutual funds and other investment companies. Performance results shown include the reinvestment of dividends and interest on cash balances where applicable. The data used to calculate the portfolio performance was obtained from sources deemed reliable and then organized and presented by KWM.

Actual performance of client portfolios may differ materially due to the timing related to additional client deposits or withdrawals and the actual deployment and investment of a client portfolio, the reinvestment of dividends, the length of time various positions are held, the client's objectives and restrictions, and fees and expenses incurred by any specific individual portfolio.

Benchmarks: The Bloomberg US Aggregate Bond Total Return Index is an index designed to provide a measure of the performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass through-securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the index must have at least 1 year remaining to maturity. In addition, the securities must be denominated in US dollars and must be fixed rate, nonconvertible, and taxable.

The index results do not reflect fees and expenses and you typically cannot invest in an index. The index / indices used by KWM have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely recognized indices. Indices are typically not available for direct investment, are unmanaged and do not incur fees or expenses.

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