

Dividend Plus

Q1 | 2022 Commentary

The first quarter of the year was one for the record books, considering there have been very few instances when the market drops by more than 10% and then rallies 10% within the same quarter. The bond market also suffered declines, and with the ongoing Ukrainian war and fears of higher inflation, it is unsurprising that the markets moved more than 1% on over half the trading days in the quarter.

A flatter yield curve usually puts the financials on their tail; however, they were one of the better-performing sectors within the S&P 500. Just how wild was the quarter? Utilities, typically a “bond surrogate,” were positive in Q1 as yields rose. In this type of environment, we hope to weather the various storms by focusing on company fundamentals. Healthcare & consumer staples also performed well during the first quarter relative to broader benchmarks, and have been bright spots for the portfolio.

The Dividend Plus portfolio attempts to buy quality companies at bargain prices and sell them when we believe they have appreciated to fair value. As has been the case over the last few quarters, we sold one company that achieved our fair value estimate. General Dynamics (**GD**), one of the original stocks in the portfolio, was sold and replaced by Huntsman Corporation (**HUN**). Other companies in the portfolio continue to show, in aggregate, potentially strong overall forward returns to our estimate of fair value. We are also noticing a smaller universe of companies that meet our criterion but are still finding opportunities. We remain confident in our ability to continue to deliver performance in both the current environment and the future. Rising rates and “higher than expected” inflation may create some problems for companies as margins come under pressure. That being said, seven companies within the portfolio raised their dividend during the first quarter. When comparing the dividend income in the first quarter of 2022 versus the first quarter of 2021, income was up by over 45%. The current yield on the portfolio is now 2.69%, more than double that of the S&P 500’s yield of 1.31%. Using PE (price to earnings) as a measure of value, the portfolio is selling at a 40% discount to the S&P 500.

The Dividend Plus portfolio returned 0.57% for the first quarter net of model fees. Compared to its benchmark, the Russell 1000 Value Index, it has outperformed year to date by 1.31%. The portfolio has outperformed its benchmark by 2.48% on a rolling one-year basis as Dividend Plus has a rolling one-year return of 14.11% (net of model fees) versus a rolling benchmark return of 11.63%.

Kingsview Investment Management appreciates your continued support of the Dividend Plus portfolio. 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	0.57%
QTD NET OF MAX PORTFOLIO RETURN	0.19%
QTD BENCHMARK RETURN	-0.74%
YTD NET OF MODEL PORTFOLIO RETURN	0.57%
YTD NET OF MAX PORTFOLIO RETURN	0.19%
YTD BENCHMARK RETURN	-0.74%
1 YR NET OF MODEL PORTFOLIO RETURN	14.11%
1 YR NET OF MAX PORTFOLIO RETURN	12.43%
1 YR BENCHMARK RETURN	11.63%
1 YR NET OF MODEL STD DEVIATION	9.84%
1 YR BENCHMARK STD DEVIATION	10.99%

In Summary

- General Dynamics (**GD**), one of the original stocks in the portfolio, was sold and replaced by Huntsman Corporation (**HUN**).
- The current yield on the portfolio is now 2.69%, more than double that of the S&P 500’s yield of 1.31%.
- The Dividend Plus portfolio returned 0.57% for the first quarter net of model fees, compared to its benchmark, the Russell 1000 Value Index, that has returned -0.74%.

Lead Portfolio Managers



Paul Nolte, CFA®
 Senior Vice President and
 Co-Portfolio Manager



Mitch Ehmka, CIPM®
 Director of Trading and
 Co-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). ³ Benchmark Russell 1000 Value.

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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 Dividend Plus 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 Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values. 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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