Ambassador Income

Q1 | 2026 Commentary

The first quarter of 2026 was defined by a complex macroeconomic backdrop, with interest rate expectations, inflation dynamics, labor market strength, and geopolitical developments all influencing fixed income markets. Inflation remained uneven, as early signs of easing were countered by rising energy prices tied to the Iran conflict. As a result, interest rates remained elevated, and expectations for near-term monetary easing were pushed further out.

Despite these pressures, the U.S. labor market continued to demonstrate resilience. Non-farm payroll growth was volatile, but positive, and unemployment levels stayed relatively low, signaling ongoing economic durability. This strength in employment data played a central role in shaping the outlook for economic growth and informed the positioning of the strategy.

Ambassador Income remains grounded in a disciplined and objective economic model focused on U.S. non-farm payroll trends. During the quarter, the model shifted from a more contractionary stance to a slightly expansionary posture as labor market conditions stabilized and forward expectations improved.

This shift drove several portfolio adjustments. Longer duration exposure was reduced, with decreased allocations to 20+ year U.S. treasuries and taxable municipal bonds. Gold exposure was also reduced modestly, as improving economic conditions signaled a reduced need for defensive positioning.

The portfolio increased exposure to areas offering a more balanced risk-reward profile given the current environment. Allocations were raised in investment grade corporate bonds and mortgage-backed securities, reflecting improved economic expectations and the potential for stable income generation. Exposure was also increased in shorter duration instruments, including 1-3 year treasuries, providing a more diversified duration profile. Additionally, the strategy increased its allocation to convertible securities, enhancing participation in potential equity upside while maintaining an income-oriented framework.

Overall, the portfolio repositioning reflects a measured shift toward a more neutral and slightly pro-growth stance with the intent of maintaining a focus on income generation and risk management. The combination of resilient labor market conditions and persistent – though moderating – inflation continues to support a balanced approach to duration and credit exposure.

Looking ahead, the strategy will continue to monitor labor market trends closely, alongside developments in inflation, interest rate policy, and geopolitical risks. The disciplined, model-driven process remains central to navigating evolving market conditions while seeking to deliver consistent income and capital preservation.

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