

Blue Chips

Q1 | 2026 Commentary

The first quarter of 2026 was marked by increased volatility, as markets shifted from a primarily fundamentals-driven environment to one influenced more heavily by macroeconomic and geopolitical developments. The S&P 500 Total Return Index declined -4.34% during the quarter despite continued resilience in underlying corporate fundamentals.

Market weakness was largely driven by external factors. Escalation of the conflict in Iran contributed to higher energy prices and renewed inflation concerns, while evolving tariff policies introduced additional uncertainty around global trade. The Federal Reserve maintained a cautious posture in lieu of the uncertainty. Strong labor market conditions reduced the urgency for rate cuts, while persistent inflation risks, particularly those tied to energy and supply chains, kept monetary policy restrictive and weighed on equity valuations.

Against this backdrop, we remained disciplined in executing our investment process, which emphasizes objective analysis of revenue growth, profit margins, net income, and the trajectory of these key metrics.

During the quarter, we exited positions in Booking Holdings (**BKNG**), Costco (**COST**), Emerson Electric (**EMR**), and Philip Morris (**PM**). While these companies remain high quality, we identified more compelling opportunities elsewhere based on our forward-looking fundamental criteria.

On March 3, 2026, we initiated new positions in Advanced Micro Devices (**AMD**), Broadcom (**AVGO**), Intuitive Surgical (**ISRG**), and Palantir Technologies (**PLTR**). These investments reflect a reallocation toward businesses potentially benefiting from durable secular growth trends in semiconductors, artificial intelligence, and medical technology. In our view, each of these companies demonstrates attractive revenue growth profiles, expanding or resilient margins, and favorable net income trajectories supported by long-term demand drivers.

While near-term market performance was challenged, we view the quarter as a reminder that short-term price movements are often disconnected from long-term value creation. Importantly, the underlying fundamentals across many sectors, especially those tied to innovation and digital transformation, remain intact.

Looking ahead, we continue to monitor several key risks, including geopolitical developments in the Middle East, the path of inflation and interest rates, and the evolution of global trade policy. These factors may contribute to ongoing volatility in the near-term. However, they do not alter our long-term investment approach.

Our strategy remains consistent: we seek to invest in companies with strong and improving fundamentals, specifically those demonstrating sustained revenue growth, expanding profitability, and durable earnings power. Periods of market dislocation often create opportunities to enhance portfolio quality, and we believe our recent activity reflects this discipline.

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

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