

A QUARTER REVIEW:

The S&P 500 maintained its momentum to start the year, increasing 10.56% in the first quarter. Economic data remained relatively benign, which has resulted in strong forward-looking earnings estimates and elevated valuation multiples from the market. While there were signs of broadening within the more cyclical sectors, the prevailing large-cap, growth-oriented themes that outperformed in 2023 maintained their leadership in the first quarter. This led to outperforming returns in sectors such as Communication Services (15.82%) and Technology (12.69%). Energy (13.69%) was also a beneficiary of WTI oil prices increasing ~17% during the quarter following commodities being one of the worst asset classes in 2023. Real Estate (-1.11%), Utilities (4.57%), and Consumer Discretionary (4.98%) were among the worst performing sectors during the quarter.

PERFORMANCE SUMMARY:

The Johnson Equity Income strategy posted a return of 6.35% during the quarter, net of fees, trailing the aforementioned 10.56% return of the S&P 500 index. Both sector allocation and security selection negatively impacted the strategy's relative performance during the quarter. The strategy was meaningfully underweight in Technology and Communication Services, which continued to be outperformers to start the year following sector leadership in 2023. The strategy's overweight position in Utilities was also a drag on performance as defensive sectors continued to underperform the index. However, the strategy's overweight positions in Financials and Energy did benefit from the aforementioned broadening across cyclical sectors. The strategy's underweight positions in Discretionary and Real Estate were also positive contributors to strategy performance.

Regarding stock selection, narrow leadership continued to be a headwind as NVIDIA and Meta were among the top negative contributors to relative returns within each of their respective sectors. American Tower and Alliant Energy were also among the top negative contributors given their standing within currently out-of-favor sectors. However, the strategy concurrently benefitted from standout performers. Artificial Intelligence players Taiwan Semiconductor and ASML collectively added material positive relative performance within Technology.

TOP 5 PERFORMERS¹

	WEIGHT	RETURN CONTRIBUTION
CENCORA INC	3.22%	0.57%
MICROSOFT CORP	3.87%	0.45%
WILLIAMS COS INC	2.90%	0.38%
WASTE MANAGEMENT INC DEL	2.04%	0.38%
AXIS CAP HOLDINGS LTD	2.12%	0.37%

TOP 5 DETRACTORS¹

	WEIGHT	RETURN CONTRIBUTION
ADOBE INC	1.83%	-0.30%
APPLE INC	1.79%	-0.21%
AMERICAN TOWER CORP	1.94%	-0.19%
UNITEDHEALTH GROUP INC	2.85%	-0.18%
ZOETIS INC	0.98%	-0.15%

TOP TEN HOLDINGS²

NAME	% OF PORTFOLIO
ALPHABET INC	4.12%
MICROSOFT CORP	3.93%
NASDAQ INC	3.42%
WILLIAMS COS INC	3.11%
CHEVRON CORP	3.08%
AMERICAN ELECTRIC POWER CO INC	3.04%
CENCORA INC	2.98%
DANAHER CORPORATION	2.92%
ALLIANT ENERGY CORP	2.76%
UNITEDHEALTH GROUP INC	2.71%

1) Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Strategy. Holdings listed might not have been held for the full period. To obtain a copy of Johnson Asset Management's calculation methodology and a list of all holdings with contribution analysis, please contact your service team. The data provided is supplemental. Please see important disclosures at the end of this document.

2) Holdings are subject to change. Past performance is not indicative of future results, and there is risk of loss of all or part of your investment. The data provided is supplemental. Please see disclosures at the end of this document.

Cencora added positive relative returns within Health Care as the stock continued its strong track record since being added to the portfolio in early 2023. Underweight positions in Apple and Tesla were the largest positive contributors to strategy performance as the stocks fell -10.82% and -29.25% respectively following anti-trust and fundamental concerns. The large impact of modest declines in Apple and Tesla highlights the index-level risks of the highly concentrated markets we are in today.

MARKET OUTLOOK AND PORTFOLIO POSITIONING:

The market appears to be positioning itself for renewed economic expansion based on sector performance year-to-date and improving economic data. Recession fears have subsided for now. Early stages of accelerating economic activity typically create a risk-on environment favoring higher beta, lower quality cyclical stocks, which may not align with our high-quality discipline. In our view, the jury is still out on employment and whether growth can persist without reaccelerating inflation. Inflation pressure would likely delay the prospect of rate cuts, which would keep restrictive policy in place. Our discipline should position us well in the event the market's current optimism proves overly exuberant. We will maintain our bottom-up quality discipline with the goal of providing positive shareholder value over the entire market cycle.

PERFORMANCE						
	QTD	1YR	3YR	5YR	7YR	10YR
JOHNSON (GROSS)	6.61%	19.40%	9.99%	13.63%	14.14%	12.01%
JOHNSON (NET)	6.35%	18.22%	8.90%	12.51%	13.01%	10.91%
S&P 500	10.56%	29.88%	11.49%	15.05%	14.09%	12.96%

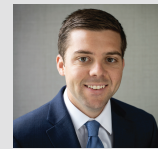
OUR EQUITY INCOME STRATEGY TEAM:



Charles Rinehart, CFA, CAIA
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Principal



William Jung, CFA
Senior Research Analyst,
Principal



Eric Bachus, CFA
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The Johnson Equity Income strategy seeks to outperform the S&P 500 over a full market cycle with a disciplined quality framework that provides investors with long-term capital growth, above average shareholder yield and reduced volatility through downside protection.

For more information on our products and services, please contact a member of our Sales & Client Service Team at 513.389.2770 or info@johnsonasset.com.



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