

### A QUARTER REVIEW:

The S&P 500 closed the year on a strong note, rising by 11.69% in the fourth quarter. This robust rebound was largely influenced by the market's anticipation of the Federal Reserve's completion of its rate hiking cycle and potential policy easing in 2024, fueled by slowing inflation reports from the Department of Labor and more dovish commentary from the Fed. The US 10-year treasury rate decreased from approximately 5% in October to approximately 3.88% by the end of the quarter. The swift decline in rates and increasing hopes of a soft landing were celebrated by the market, leading to significant gains in interest rate-sensitive sectors, such as Real Estate (18.83%), Technology (17.17%), and Financials (14.03%).

### PERFORMANCE SUMMARY:

The Johnson Equity Income Composite posted a return of 9.07% during the quarter, net of fees, trailing the aforementioned 11.69% return of the S&P 500 Index. Both sector positioning and security selection negatively impacted the portfolio's relative performance for the quarter. The overweight position in Energy and underweight position in Technology had adverse allocation effects, partially offset by a positive contribution from an overweight to Financials. The Real Estate, Industrials, and Energy sectors positively influenced security selection, but the lack of exposure to the rate-driven rally of bank stocks within Financials was a significant drag. High sector concentration in Discretionary and Communication Services also contributed to negative security selection.

For the full year, 2023 proved challenging for dividend-focused, diversified strategies. The Johnson Equity Income portfolio yielded a net total return of 13.34%, underperforming the S&P 500 Index's 26.29% return. Despite positive absolute returns, the outperformance of a few mega-cap stocks in the index created a substantial relative performance gap. Stocks with high forward growth expectations, valuations, betas, and artificial intelligence exposure outperformed, while high dividend yield and low beta stocks underperformed.

### TOP 5 PERFORMERS<sup>1</sup>

	WEIGHT	RETURN CONTRIBUTION
MICROSOFT CORP	3.66%	1.83%
ALPHABET INC	3.43%	1.63%
ADOBE INC	2.16%	1.41%
INTUIT	2.23%	1.14%
APPLE INC	2.34%	1.02%

### TOP 5 DETRACTORS<sup>1</sup>

	WEIGHT	RETURN CONTRIBUTION
DOLLAR GENERAL CORP	1.38%	-1.58%
M & T BANK CORP	0.63%	-0.49%
AMERICAN ELECTRIC POWER CO INC	2.37%	-0.48%
FIDELITY NATL INFORMATION SERVICES	1.27%	-0.46%
CHEVRON CORP	2.86%	-0.44%

### TOP TEN HOLDINGS<sup>2</sup>

NAME	% OF PORTFOLIO
ALPHABET INC	3.96%
MICROSOFT CORP	3.65%
NASDAQ INC	3.27%
CENCORA INC	3.11%
AMERICAN FINANCIAL GROUP INC OHIO	3.04%
CHEVRON CORP	3.02%
UNITEDHEALTH GROUP INC	2.99%
AMERICAN ELECTRIC POWER CO INC	2.98%
ALLIANT ENERGY CORP	2.91%
WILLIAMS COS INC	2.89%

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.

**MARKET OUTLOOK AND PORTFOLIO POSITIONING:**

The Federal Reserve's perceived more dovish commentary in December marked a notable potential shift from the previously more restrictive language, suggesting the possibility of an end to the interest rate hiking cycle and the possibility of quicker policy easing. Amid weakening economic indicators, this perceived potential policy shift raises questions about whether the economy is headed for a soft landing or a recession. 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. However, we maintain the belief that the portfolio is well-positioned for the potential continuation of slowing economic trends and a potential recession, which would result in increased stock market volatility. We will persist in maintaining our bottom-up quality discipline, aiming to provide positive shareholder value over the entire market cycle.

**PERFORMANCE**

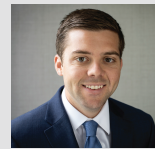
	QTD	1YR	3YR	5YR	7YR	10YR
JOHNSON (GROSS)	9.33%	14.47%	9.94%	15.26%	14.20%	11.49%
JOHNSON (NET)	9.07%	13.34%	8.85%	14.12%	13.07%	10.39%
S&P 500	11.69%	26.29%	10.00%	15.69%	13.42%	12.03%

**OUR EQUITY INCOME STRATEGY TEAM:**

**Charles Rinehart, CFA,  
CAIA**  
Chief Investment Officer,  
Principal



**William Jung, CFA**  
Senior Research Analyst,  
Principal



**Eric Bachus, CFA**  
Associate Portfolio  
Manager

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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