

A QUARTER REVIEW:

While last year ended on a positive note for the bond market, expectations for meaningful rate cuts which fueled the late year bond market rally may have been somewhat premature. Steady economic data and slightly hotter than expected inflation numbers called into question the necessity of meaningful policy easing in the near future. As a result, bond yields rose across the curve, retracing nearly half of their Q4 2023 decline. For the first time in several months, the bond market is now predicting slightly fewer rate cuts than the Fed's dot plot, which may provide a nice valuation opportunity for investors looking to boost fixed income allocations or lengthen duration.

The combination of steady economic growth and a Fed that remains committed to less restrictive policy has been supportive for credit spreads. During the first quarter, short duration investment grade credit spreads continued to tighten and closed the quarter at just 57 basis points.

Overall, short duration bond returns proved resilient against the 1Q backdrop, with today's higher levels of income more than overcoming the negative impact of rising rates on bonds prices and leading to a solidly positive total return for the quarter.

CONTRIBUTORS	DETRACTORS
CORPORATE OVERWEIGHT	DURATION
CORPORATE SECTOR SELECTION	

ATTRIBUTION

	JOHNSON	ICE BofA Merrill Lynch US Corp & Govt, 1-3 Year Index	DIFFERENCE
DURATION	-0.64%	-0.58%	-0.06%
NON-PARALLEL	-0.08%	-0.07%	-0.01%
OTHER RATES	-0.11%	-0.16%	0.05%
SECTOR/QUALITY	0.17%	0.08%	0.09%
SELECTION	0.00%	0.04%	-0.04%
INCOME	1.22%	1.16%	0.06%

PERFORMANCE

	QTD	1YR	3YR	5YR	7YR	10YR
JOHNSON (GROSS)	0.59%	4.32%	0.32%	1.49%	1.68%	1.62%
JOHNSON (NET)	0.53%	4.06%	0.07%	1.24%	1.43%	1.36%
ICE BofA Merrill Lynch US Corp & Govt, 1-3 Years	0.47%	3.56%	0.24%	1.37%	1.45%	1.30%

PERFORMANCE SUMMARY:

The Johnson Short Duration Fixed Income Strategy returned 0.53% net of fees during the first quarter, outperforming the ICE BofA 1-3 Year Corporate & Government Index, which returned 0.47%. The primary driver of the strategy's relative outperformance was its higher level of income, as well as its overweight to corporate bonds, which benefitted from spread tightening. Within corporates, the strategy's higher allocation to Finance credits was also beneficial as that sector outperformed other short duration corporate sectors. Finally, somewhat offsetting the benefit of the strategy's corporate allocations was its longer duration, which detracted from performance as rates rose during the quarter.

MARKET OUTLOOK AND PORTFOLIO POSITIONING:

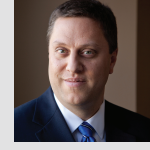
The outlook for the economy and markets remains quite mixed. Far leading indicators such as the yield curve and the Conference Board's LEI's continue to point to a high likelihood of economic recession sometime in the next year, while lagging indicators like non-farm payrolls have remained remarkably steady. While headline labor market measures have been quite impressive, trends underneath the surface are questionable. Metrics like total hours worked, JOLTS job openings, and even continuing jobless claims paint a less rosy picture of the labor market. While it's always quite difficult to predict where the economy and markets may head, historically tight valuation within the credit market further reinforces a more defensive posture, regardless of the soft-landing / hard-landing debate. We continue to emphasize pockets of relative value such as high-quality regional banks and select short duration BBBs. Additionally, we will continue to maintain our out-of-index Agency MBS positioning, considering it an attractive high-quality corporate alternative. We continue to maintain a yield advantage against the benchmark, with an overweight to high-quality corporates and moderately longer duration than the index driven by our allocation to government securities, which should benefit the portfolio should the market enter a "risk-off" environment later in the year.

PORTFOLIO SUMMARY

	JOHNSON	ICE BofA Merrill Lynch US Corp & Govt, 1-3 Year Index
COUPON	3.17%	2.76%
YIELD TO MATURITY	5.08%	4.88%
WEIGHTED AVG. MATURITY (IN YEARS)	2.28	1.95
WEIGHTED AVG. DURATION (IN YEARS)	2.07	1.83

OUR FIXED INCOME STRATEGY TEAM:

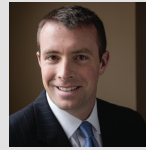
Jason Jackman, CFA
Chief Executive Officer, Principal



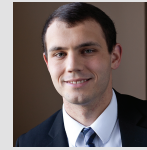
Michael Leising, CFA
Chief Investment Officer - Fixed Income,
Portfolio Manager, Principal



Brandon Zureick, CFA
Managing Director & Portfolio
Manager, Principal



David Theobald, CFA
Senior Portfolio Manager,
Principal



Ryan Martin, CFA
Portfolio Manager, Principal

Our primary objective across all duration mandates is to outperform the market with comparable volatility by utilizing our proprietary and unique Quality Yield approach and the deep experience and continuity of our investment team.

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



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