JOHNSON
ASSET MANAGEMENT

STRATEGY COMMENTARY
Johnson Equity Income
AS OF 09.30.2026

A QUARTER REVIEW:

The S&P 500 increased +2.3% during the third quarter, a meaningful deceleration from the +15.2% figure the index posted last quarter. The Federal Reserve raised its policy rate by +25 basis points in September, while the 10-year Treasury yield rose above 5% during the quarter. Higher oil prices and inflation concerns are the main culprits, which pressured market valuations despite very strong earnings growth.

Sector leadership also changed meaningfully in the third quarter. The top performing sectors were Energy (+17.2%), Technology (+7.2%), and Health Care (+6.5%). The weakest-performing sectors were Utilities (-12.4%), Industrials (-9.7%), and Real Estate (-5.6%).

PERFORMANCE SUMMARY:

The Johnson Equity Income Composite posted a return of +1.2%, net of fees, underperforming the +2.3% return of the S&P 500 in the third quarter. Sector allocation was the primary headwind to relative performance, while security selection was positive. The largest allocation detractors were the Composite's underweight to Technology and overweight to Industrials. Energy was also a meaningful relative drag despite the sector's strong absolute return, as security selection more than offset a positive allocation effect.

At the security level, the largest positive relative contributors included holdings in software and services, one of the strongest performing areas of the S&P 500 during the quarter. Performance also benefited from a health care holding that participated in investors' preference for life sciences and pharmaceuticals vs. medical equipment, as well as underweight positions in several high-beta companies with material index weights that declined during the quarter. The largest relative detractor was a holding affected by company-specific regulatory and political pressures, which is no longer in the portfolio. Other notable detractors included structural underweight positions in the index's two largest companies, both of which benefited as investors preferred larger businesses in the quarter. Our utility holding and a medical equipment holding also weighed on relative performance.

TOP 5 PERFORMERS[1]

	WEIGHT	RETURN CONTRIBUTION
MICROSOFT CORP	4.27%	1.33%
SERVICENOW INC	2.31%	0.65%
ACCENTURE PLC IRELAND	1.34%	0.62%
DANAHER CORPORATION	2.82%	0.44%
META PLATFORMS INC	1.46%	0.39%

TOP 5 DETRACTORS[1]

	WEIGHT	RETURN CONTRIBUTION
FAIR ISAAC CORP	1.02%	-0.85%
AMERICAN ELECTRIC POWER CO	2.79%	-0.38%
STRYKER CORPORATION	2.81%	-0.33%
HUBBELL INC	2.09%	-0.30%
HONEYWELL AEROSPACE INC	0.81%	-0.29%

TOP TEN HOLDINGS[2]

NAME	% OF PORTFOLIO
MICROSOFT CORP	4.91%
DANAHER CORPORATION	3.23%
AMAZON.COM INC	2.95%
ANALOG DEVICES INC	2.90%
AMERICAN ELECTRIC POWER CO INC	2.76%
WILLIAMS COS INC	2.76%
APPLE INC	2.73%
SERVICENOW INC	2.68%
LABCORP HOLDINGS INC	2.60%
UMB FINANCIAL CORP	2.49%

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:

As we look ahead, interest rates remain central to the market outlook. Higher rates raise the hurdle for equities, placing pressure on valuations. The market has remained positive due to strong earnings growth, but the impact has been uneven across the index. Larger businesses with more durable earnings, stronger balance sheets, and easier access to capital have been rewarded by investors while those that depend on more expensive external financing have underperformed significantly. Against this backdrop, we believe the best course is to avoid relying on a single forecast for the direction of interest rates. We will continue to monitor market developments closely and adjust accordingly to align with our long-term objectives. Those objectives are a focus on capital protection as well as enhancing the spending power of capital over time. We view the combination of a consistent valuation discipline and quality focus as the best means to reach those aims, regardless of the prevailing market environment.

PERFORMANCE

	QTD	1YR	3YR	5YR	7YR	10YR
JOHNSON (GROSS)	1.42%	6.56%	12.97%	8.79%	11.36%	13.03%
JOHNSON (NET)	1.17%	5.51%	11.86%	7.71%	10.26%	11.91%
S&P 500	2.30%	15.74%	22.89%	13.79%	16.17%	15.33%

OUR EQUITY INCOME STRATEGY TEAM:



Charles Rinehart, CFA, CAIA
Chief Investment Officer, Principal



William Jung, CFA
Senior Research Analyst, Principal



Eric Bachus, CFA
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 Business Development Team at **513.389.2770** or **info@johnsonasset.com**.

JOHNSON ASSET MANAGEMENT

The S&P 500 Index is unmanaged, does not reflect the deduction of fees, transaction costs, or other expenses, and cannot be invested in directly. Index returns assume reinvestment of dividends. The index is shown for comparison only. The Strategy's holdings, sector weights, and risk characteristics differ from the index, so its performance and volatility may differ materially. The commentary contains the opinions of Johnson Asset Management's investment team as of September 30, 2026. These opinions may change without notice and should not be read as investment advice or a recommendation to buy, sell, or hold any security or sector. Statements about interest rates, valuations, earnings, market conditions, or portfolio positioning are forward-looking. They are based on current expectations and assumptions that may prove wrong, and actual results may differ materially. References to specific securities are for illustration only. It should not be assumed that investments in the securities identified were or will be profitable. Top performers and detractors reflect each holding's contribution to the return of a representative account in the Equity Income Composite for the quarter. They are selected by contribution using objective criteria applied consistently each period, not by performance results. Equity investments are subject to market, sector, and issuer-specific risk, and you may lose money.

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