

**A QUARTER REVIEW:**

The first quarter of 2026 was marked by a shifting macroeconomic landscape and a return of market volatility. Early in the quarter, bond investors saw continued relief from the prior year’s trend of declining inflation and the tailwind of past Federal Reserve rate cuts. However, late in the quarter a sharp escalation of geopolitical tensions in the Middle East – including a temporary disruption in oil exports through the Strait of Hormuz – drove a surge in oil prices of roughly 40% in March, rekindling inflation concerns. In response to the renewed inflationary uncertainty, the Federal Reserve opted to hold its policy rate steady at 3.50%-3.75% during its March meeting, pausing after last year’s easing measures and signaling that only one additional rate cut was likely later in 2026. Nearly all FOMC voters supported this more patient stance.

Interest rates, which had rallied earlier in the quarter on expectations of further Fed easing, reversed course as the Fed struck a more “wait-and-see” approach. By quarter-end, Treasury yields were higher across the curve, led by shorter maturities. The 2-year Treasury yield jumped 32 basis points during the quarter, while longer-term yields rose more modestly. This dynamic resulted in a partial re-flattening of the yield curve after the steepening seen last year. On the credit front, investment-grade corporate bond spreads, which had begun the year at historically tight levels, were pushed modestly wider by a combination of robust supply and geopolitical turmoil. High yield spreads widened over 50 basis points due to the same factors as well as some concern about AI-related disruption risks for certain issuers. Meanwhile, U.S. economic data remain mixed: core inflation readings remained on a gradual downtrend despite the oil shock, and the labor market continued to show cracks as payroll growth continued to slow. In all, the crosscurrents of elevated yields, mixed economic signals, and a more patient Fed left the broad bond market essentially flat for the quarter.

CONTRIBUTORS		DETRACTORS	
CREDIT SECURITY SELECTION		CORPORATE OVERWEIGHT	
		DURATION	

ATTRIBUTION			
	JOHNSON	BLOOMBERG US AGGREGATE	DIFFERENCE
DURATION	-1.09%	-0.93%	-0.16%
NON-PARALLEL	-0.07%	-0.02%	-0.05%
OTHER RATES	0.12%	0.11%	0.01%
SECTOR/QUALITY	-0.23%	-0.17%	-0.06%
SELECTION	0.10%	0.06%	0.04%
INCOME	1.11%	1.00%	0.11%

PERFORMANCE						
	QTD	1YR	3YR	5YR	7YR	10YR
JOHNSON (GROSS)	0.01%	5.42%	4.26%	0.88%	2.25%	N/A
JOHNSON (NET)	-0.11%	4.95%	3.79%	0.43%	1.79%	N/A
BLOOMBERG US AGGREGATE	-0.05%	4.35%	3.63%	0.31%	1.56%	N/A

**PERFORMANCE SUMMARY:**

The Johnson Core Fixed Plus Fixed Income Strategy returned -0.11% (net of fees) for the first quarter of 2026, slightly lagging the Bloomberg U.S. Aggregate Bond Index’s -0.05% return. This modest underperformance was driven by a few offsetting factors. The Strategy’s overweight position to corporate bonds was the primary detractor to relative performance as yield spreads widened in both the investment grade and high yield markets. The Strategy’s duration overweight as well as yield curve positioning were also drags as rates rose and the yield curve flattened modestly. These combined factors were almost entirely offset by positive security selection, particularly within the corporate sectors. High-quality outperformed low-quality, and our avoidance of AI related software names also helped relative performance.

**MARKET OUTLOOK AND PORTFOLIO POSITIONING:**

Looking forward, we continue to position portfolios conservatively. Although we increased our allocation to the corporate bond sector during March due to improving valuations,

they remain somewhat expensive compared to historical averages. As a result, the Strategy's allocation to corporate bonds remains at the lower end of our normal range. The recent conflict in Iran has also raised questions about the durability of the U.S. consumer in the face of dramatically higher energy prices. Taken in conjunction with further recent evidence of moderation in the domestic labor market, we believe a more cautious position within credit remains warranted.

While we acknowledge that the spike in oil prices may put temporary upward pressure on headline inflation, higher energy prices have traditionally acted to slow the consumer, thereby pressuring economic growth. As a result, we view the recent back up in rates as an attractive entry point for long-term allocators. The market has now essentially priced out any remaining rate cuts this year, which we view as overly hawkish. Despite recent flattening, we continue to focus the Strategy's key rate duration away from the long-end of the yield curve in favor of intermediate maturities.

As always, we remain committed to delivering a high-quality, consistent approach to building fixed income portfolios. Should you have any questions, please reach out to a member of the Johnson team.

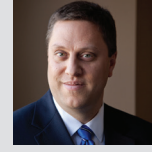
## PORTFOLIO SUMMARY

	JOHNSON	BLOOMBERG US AGGREGATE
COUPON	3.65%	3.71%
YIELD TO MATURITY	4.85%	4.57%
WEIGHTED AVG. MATURITY (IN YEARS)	7.06	8.27
WEIGHTED AVG. DURATION (IN YEARS)	6.15	5.88
CONVEXITY	0.42	0.45

## OUR FIXED INCOME STRATEGY TEAM:



**Jason Jackman, CFA**  
Chief Executive Officer, Principal



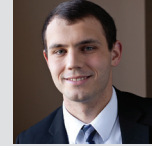
**Michael Leising, CFA**  
Chief Investment Officer - Fixed Income,  
Portfolio Manager, Principal



**Brandon Zureick, CFA**  
Senior Managing Director,  
Principal



**David Theobald, CFA**  
Senior Portfolio Manager,  
Principal



**Ryan Martin, CFA**  
Senior 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 our Sales & Client Service Team at 513.389.2770 or [info@johnsonasset.com](mailto:info@johnsonasset.com).



*Johnson Asset Management (JAM) is a division of Johnson Investment Counsel, Inc. ("JIC"), an independent and privately owned Midwestern based investment advisory firm registered with the Securities and Exchange Commission. Johnson Asset Management manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds. JIC's fees are available upon request and may be found in our Form ADV Part 2A. Performance data quoted herein represents past performance. Past performance does not guarantee or indicate future results. All data is current as of March 31, 2026 unless otherwise noted. Returns and net asset value will fluctuate. To determine if this strategy is appropriate for you, carefully consider the investment objectives, risk factors, and expenses before investing. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing JIC's strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by any Bank or any Bank affiliate, and MAY lose value, including possible loss of principal. Johnson Asset Management claims compliance with the Global Investment Performance Standards. The Institutional Core composite includes all fee paying, fully discretionary, actively managed institutional fixed income portfolios with a minimum value of \$500,000 and an investment objective of broad investment grade, taxable fixed income, benchmarked against the Bloomberg U.S. Aggregate Index. The US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar denominated, fixed-rate taxable bond market. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. JAM's policies for valuing portfolios, calculating performance and preparing compliant presentations, as well as a complete list of composite descriptions are available upon request. Please contact our office at 513.389.2770 or 3777 West Fork Road, Cincinnati, OH 45247. All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains. Valuations and returns are stated in U.S. dollars. Trade date accounting is used. Portfolio returns are calculated using time weighted return methodology on a monthly basis. Net returns shown reflect gross performance less the highest fee schedule for this strategy. Actual client returns would also be reduced by brokerage commissions, custodial fees, and other client paid expenses detailed in JIC's Form ADV Part 2A.*