

A QUARTER REVIEW:

The S&P 500 increased 5.89% during the third quarter, marking an all-time high for the index. In a meaningful reversal, leadership by Technology and Communication Services was supplanted by Utilities and Real Estate during the quarter. This reversal was also seen at a style and size level, with value outperforming growth and small and mid-cap outperforming large-cap.

As mentioned above, the top performing sectors were Utilities (19.37%), Real Estate (17.03%), and Industrials (11.55%).

Sector participation was far broader this quarter, with 8 out of the 11 sectors outperforming the index versus 3 in the prior quarter. The worst performing sectors were Energy (-2.32%), Communication Services (1.68%), and Technology (1.61%).

PERFORMANCE SUMMARY:

The Johnson Equity Income Composite posted a return of 6.64%, net of fees, beating the aforementioned 5.89% return of the S&P 500 index. Sector allocation was the largest contributor to relative performance as the composite was meaningfully underweight Technology and Communication Services, which were among the worst performing sectors. Overweight positions in Utilities and Financials were also beneficial to relative performance. This was partially offset by a Real Estate underweight and Energy overweight, with the latter being the only sector to decline during the quarter.

Security selection impacts were mixed, as the performance of the formerly lock-step Mag 7 has started to differentiate meaningfully. The portfolio benefited from good underlying portfolio company execution in several sectors, with mixed impacts from AI exposed companies – both those we own and several large benchmark positions we do not.

TOP 5 PERFORMERS¹

	WEIGHT	RETURN CONTRIBUTION
WILLIAMS COS INC	3.11%	1.02%
AMERICAN ELECTRIC POWER CO INC	3.16%	0.90%
AXIS CAP HOLDINGS LTD	2.22%	0.89%
NASDAQ INC	3.26%	0.84%
TAIWAN SEMICONDUCTOR MFG LTD SP ADS	1.39%	0.75%

TOP 5 DETRACTORS¹

	WEIGHT	RETURN CONTRIBUTION
LAUDER ESTEE COS INC	1.67%	-0.51%
ZIMMER BIOMET HOLDINGS INC	1.88%	-0.24%
AMERICAN TOWER CORP	1.26%	-0.21%
ADOBE INC	1.95%	-0.19%
COMCAST CORP	1.00%	-0.10%

TOP TEN HOLDINGS²

NAME	% OF PORTFOLIO
AMERICAN ELECTRIC POWER CO INC	3.45%
MICROSOFT CORP	3.40%
ACCENTURE PLC IRELAND	3.29%
ALLIANT ENERGY CORP	3.16%
DANAHER CORPORATION	3.10%
NASDAQ INC	3.07%
AMAZON.COM INC	3.05%
WILLIAMS COS INC	2.98%
CHEVRON CORP	2.90%
UNITEDHEALTH GROUP INC	2.90%

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.

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MARKET OUTLOOK AND PORTFOLIO POSITIONING:

The shift in market leadership accompanied a transition in the focus of the Federal reserve from inflation to employment, leading to the Fed's 50bps rate cut decision during the quarter. While rates remain elevated, the move by the Fed indicates a commitment to supporting growth and should benefit names outside the mega-cap group. The large impact to the benchmark from relatively modest intra-quarter declines in several mega-cap stocks highlight the risks of the highly concentrated benchmark construction we witness today. Diversification is critical in these periods. We will maintain our bottom-up, diversified, quality discipline with the goal of providing positive shareholder value over the entire market cycle.

PERFORMANCE

	QTD	1YR	3YR	5YR	7YR	10YR
JOHNSON (GROSS)	6.90%	24.55%	9.59%	12.89%	13.80%	12.37%
JOHNSON (NET)	6.64%	23.33%	8.51%	11.78%	12.68%	11.26%
S&P 500	5.89%	36.35%	11.91%	15.98%	14.50%	13.38%

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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