

A QUARTER REVIEW:

The S&P 500 increased 2.41% during the fourth quarter, reaching new all-time highs in December. There was a significant dispersion in sector returns in the quarter. Consumer discretion, communication services, and financials led the way, up 14.3%, up 8.9% and 7.1% respectively, while several sectors, notably materials and health care, declined meaningfully, down 12.4% and 10.3%. Beneath the surface, the market showed a strong preference for mega-cap stocks. The average stock in the index fell 1.9% in the quarter.

PERFORMANCE SUMMARY:

For the fourth quarter, the Johnson Equity Income Composite posted a return of -1.35%, net of fees, lagging the aforementioned 2.41% return of the S&P 500 index. The primary driver of the underperformance was the combination of the composite's underweight allocation and more diversified security selection in technology and consumer discretion. Those sectors are among the most impacted by the current concentrated nature of the index. Fourth quarter returns in these sectors were driven by a handful of large, richly valued companies with low or no dividend yields. In total, the composite's relative positioning in technology and consumer discretion accounted for 3.10% of the total gap in performance vs. the benchmark in the quarter.

Outside of technology and consumer discretion, portfolio positioning had mixed effects. The composite outperformed through combined allocation and selection effects in energy, materials, financials, and real estate; while underperforming in industrials, consumer staples, health care, communication services, and utilities.

TOP 5 PERFORMERS¹

	WEIGHT	RETURN CONTRIBUTION
WILLIAMS COS INC	3.21%	1.64%
AXIS CAP HOLDINGS LTD	2.22%	1.14%
ALPHABET INC	3.34%	1.14%
NASDAQ INC	3.25%	1.03%
TAIWAN SEMICONDUCTOR MFG LTD SP ADS	1.33%	0.90%

TOP 5 DETRACTORS¹

	WEIGHT	RETURN CONTRIBUTION
LAUDER ESTEE COS INC	1.38%	-1.04%
ADOBE INC	1.89%	-0.46%
NORDSON CORP	1.79%	-0.39%
ZIMMER BIOMET HOLDINGS INC	1.41%	-0.24%
ASML HOLDING NV NY REGISTRY	1.29%	-0.23%

TOP TEN HOLDINGS²

NAME	% OF PORTFOLIO
MICROSOFT CORP	4.22%
AMAZON.COM INC	3.67%
WILLIAMS COS INC	3.62%
ALPHABET INC	3.38%
ACCENTURE PLC IRELAND	3.36%
NASDAQ INC	3.33%
AMERICAN ELECTRIC POWER CO INC	3.18%
ALLIANT ENERGY CORP	3.16%
CHEVRON CORP	2.93%
FIRST HORIZON CORPORATION	2.64%

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:

Quarter-to-quarter relative performance continues to be dominated by the waxing and waning of mega-cap outperformance. As a matter of discipline, the composite maintains a more diversified portfolio construction than the current iteration of the S&P 500. There are indications of heightened risk in the index, indicated by valuations that are stretched by historical standards. Diversification is critical to protecting shareholder capital 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)	-1.10%	12.66%	5.55%	11.14%	12.40%	11.88%
JOHNSON (NET)	-1.35%	11.55%	4.50%	10.04%	11.29%	10.78%
S&P 500	2.41%	25.02%	8.94%	14.53%	13.83%	13.10%

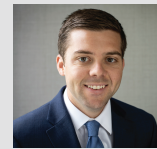
OUR EQUITY INCOME STRATEGY TEAM:



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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