



TRANSCRIPTION: Update from Johnson Investment Counsel President and Chief Investment Officer Jason Jackman from Wednesday, April 1, 2020

Hello, everyone. This is Jason Jackman, President and Chief Investment Officer of Johnson Investment Counsel, recording to you on Wednesday, April 1st. This podcast is the latest in our regular communication. Updating you all on the impacts of the Coronavirus pandemic on our firm, the economy, and the markets. We're trying to release a regular series of emails, blogs, social media posts and newsletters to keep you updated on this evolving situation. First of all, know that Johnson Investment Counsel is open for business as an essential financial institution under Ohio Governor DeWine's stay at home order.

We are operating with a small number of employees in our various locations, conducting basic operations and supporting our personnel, working remotely. But most of our employees are working from home to ensure their safety, that of their families, and our clients. And to ensure the continuity of our critical functions and capabilities. But rest assured, know that we were fully operational with complete research, trading, and portfolio management capabilities. Your full Johnson Investment Counsel team stands ready to serve you during this critical time.

As far as market and economic updates, the most notable developments in the past 7 to 10 days have been on the policy front, with both the Federal Reserve and Congress instituting new policies to help stabilize the markets. On March 23rd, the Federal Reserve announced that it will purchase a virtually unlimited amount of treasuries and mortgage backed securities, as well as resurrecting some financial crisis era programs to help stabilize the bond market. This was an extremely important move and we've already seen the impacts of some of these programs on the bond market.

This is very important as a functioning bond market is so very critical to our economy. Also last week, Congress passed and the President signed into law the CARES Act. The intent of this bill is to provide support to consumers and businesses during this period of time when the economy shut down and until the Corona epidemic abates. This bill also contains unique features that we'll be talking to you more about - incoming communications regarding such things as required minimum distributions from IRAs and charitable planning. These will be important considerations as we work with you on these opportunities throughout the year. Even though these policies have been helpful to the markets in the past 7 to 10 days, we do expect further pressure on the markets as investors continue to grapple with the depth and duration of the current economic downturn. We've had our first indication of this last week when 3.2 million

Americans filed for unemployment insurance. The full labor market report will come out this Friday and we're expecting a meaningful jump in the unemployment rate.

And these will be just the first of many data points indicating the depth and severity of the economic shutdown on U.S. businesses and consumers throughout the country. As the evolving data comes in on the virus spread and the economic downturn, we expect volatility in the markets to continue. But know your portfolio management team has been working diligently to capitalize on these swings in the market. This type of volatility creates opportunities and dislocations in both stocks and asset classes. While some hold up relatively well, others become oversold and attractively valued.

Our teams are trying to capitalize on these opportunities and build portfolios that hold up well today and even amid further market downside, as well as position us for the other side of all this when both the economy and the markets recover. This is a challenging environment, to be sure, with many unknowns, but your portfolios are diversified, comprised of quality securities and built to withstand challenging environments such as this. We will be in regular communication throughout these challenging times. Next week, we will release our quarterly newsletter with more details on the markets and the economy, as well as aspects of the CARE Act that will be a critically important to our clients in the year ahead.

Thank you. Have a good rest of your day. A good week. And please take care and stay safe.

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