

2018 Wealth Management Forum

January 30, 2018

Introduction



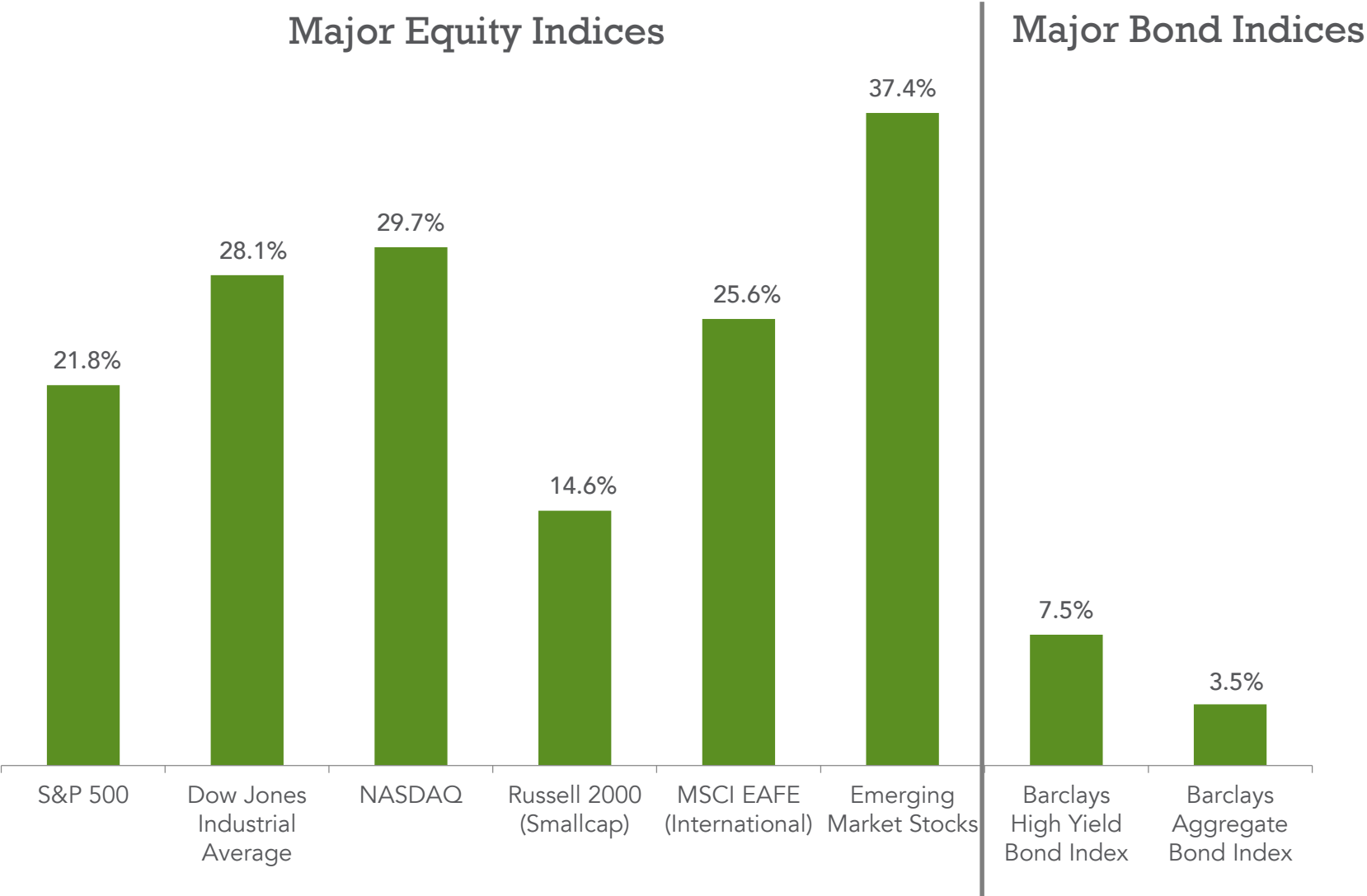
Jason O. Jackman, CFA
President & Chief Investment Officer



Speakers

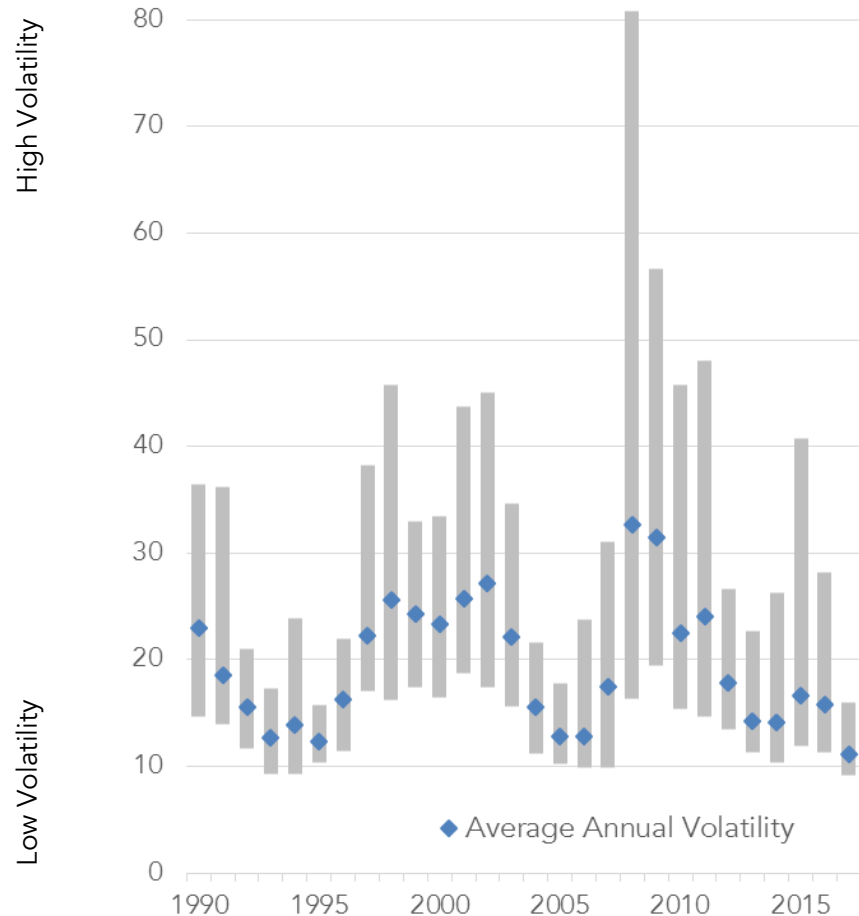
- > Dale H. Coates, CFA – Vice President & Portfolio Manager
- > Chad R. Maggard, CFA - Portfolio Manager
- > Charles E. Rinehart, CFA, CAIA – Portfolio Manager
- > Brandon A. Zureick, CFA – Portfolio Manager & Strategist

2017 – A Year of Strong Market Returns

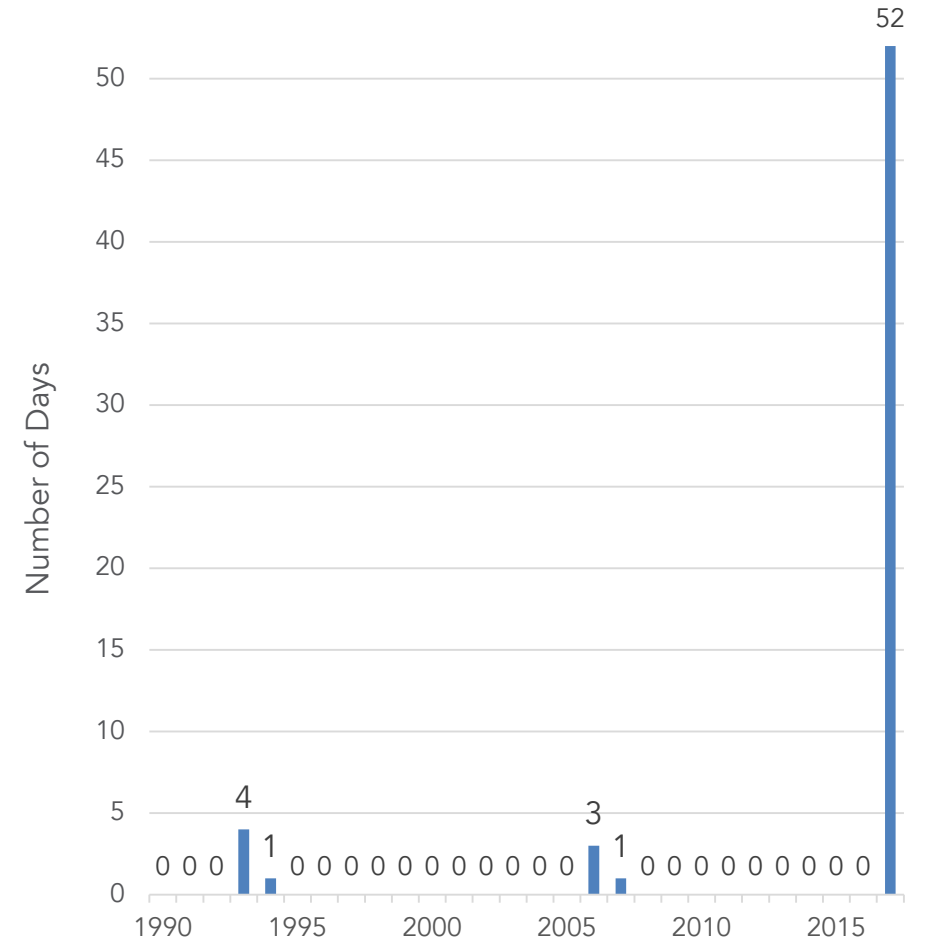


A Record Year for Low Volatility

Annual Stock Volatility

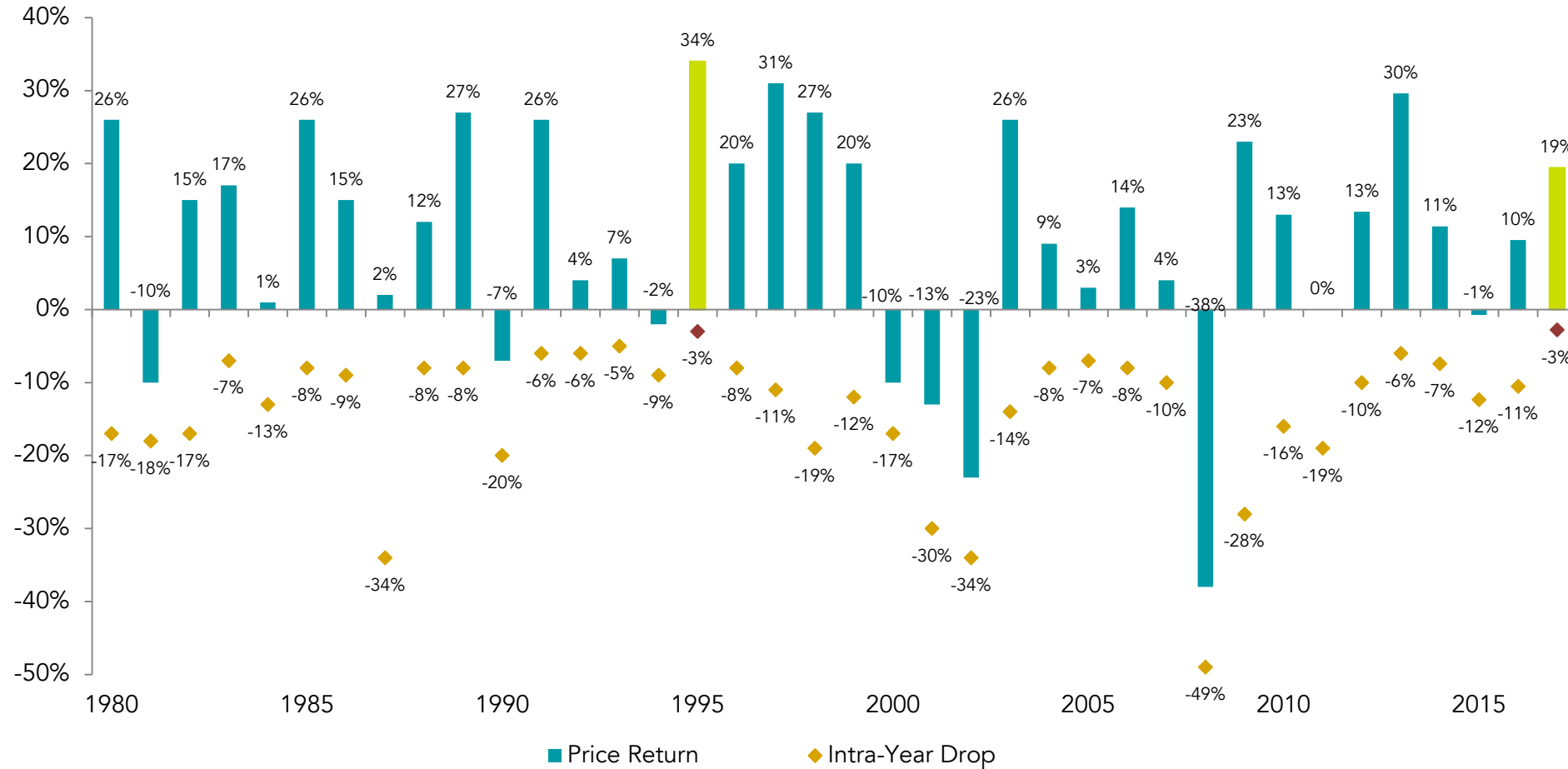


Number of Days During the Year Volatility was Very Low (Index below 10)



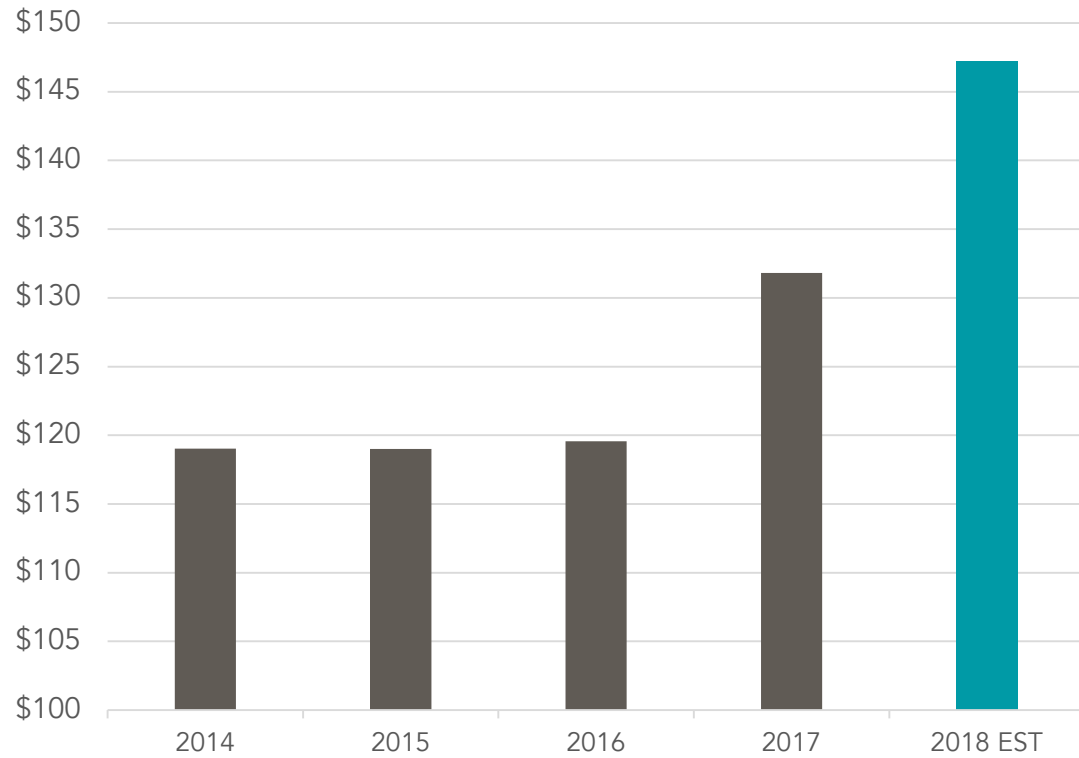
Stock Market Corrections are Normal

S&P 500 Intra-Year Price Declines vs. Calendar Year Change

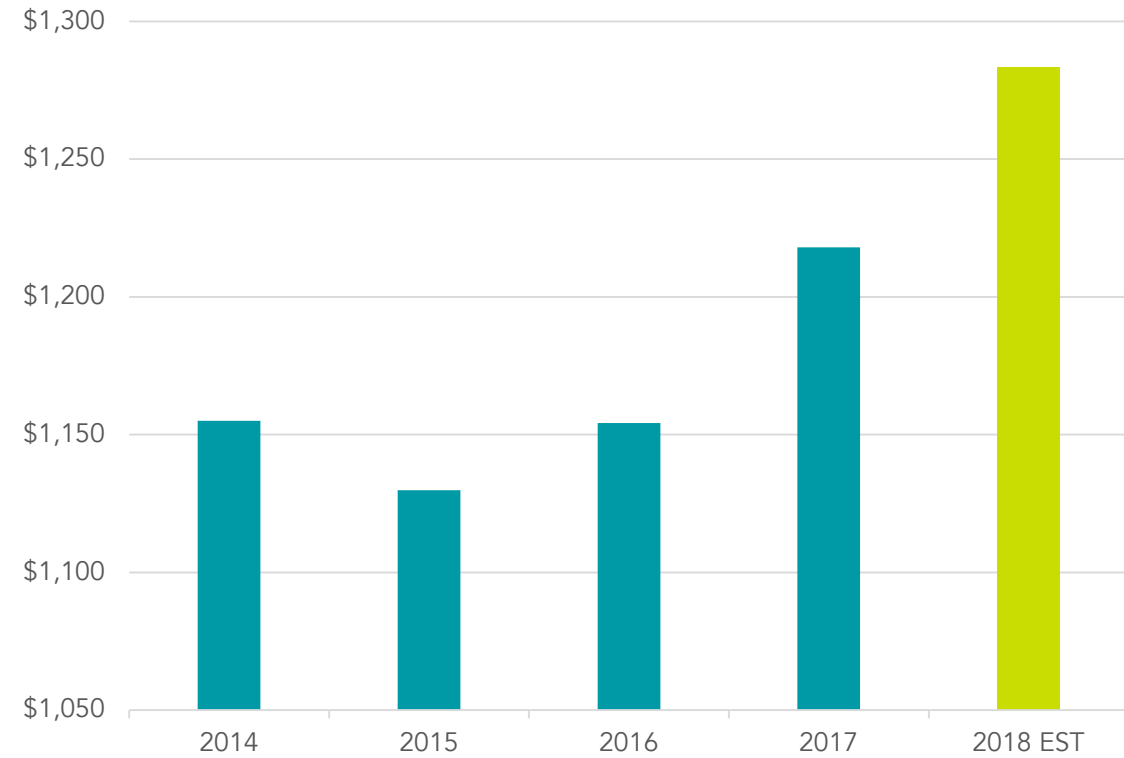


Growth Accelerated in 2017

S&P 500 Earnings Per Share

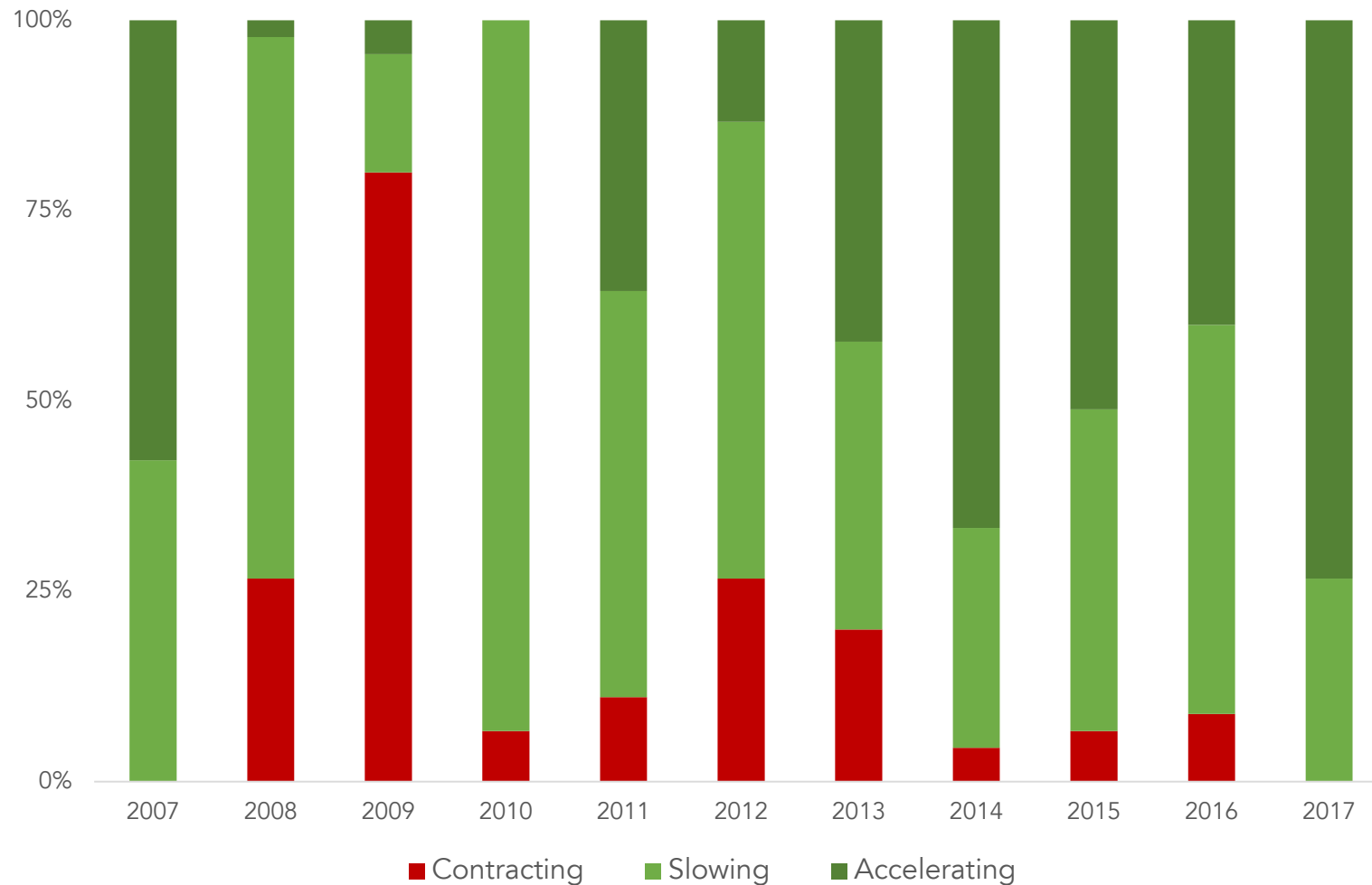


S&P 500 Revenue Per Share



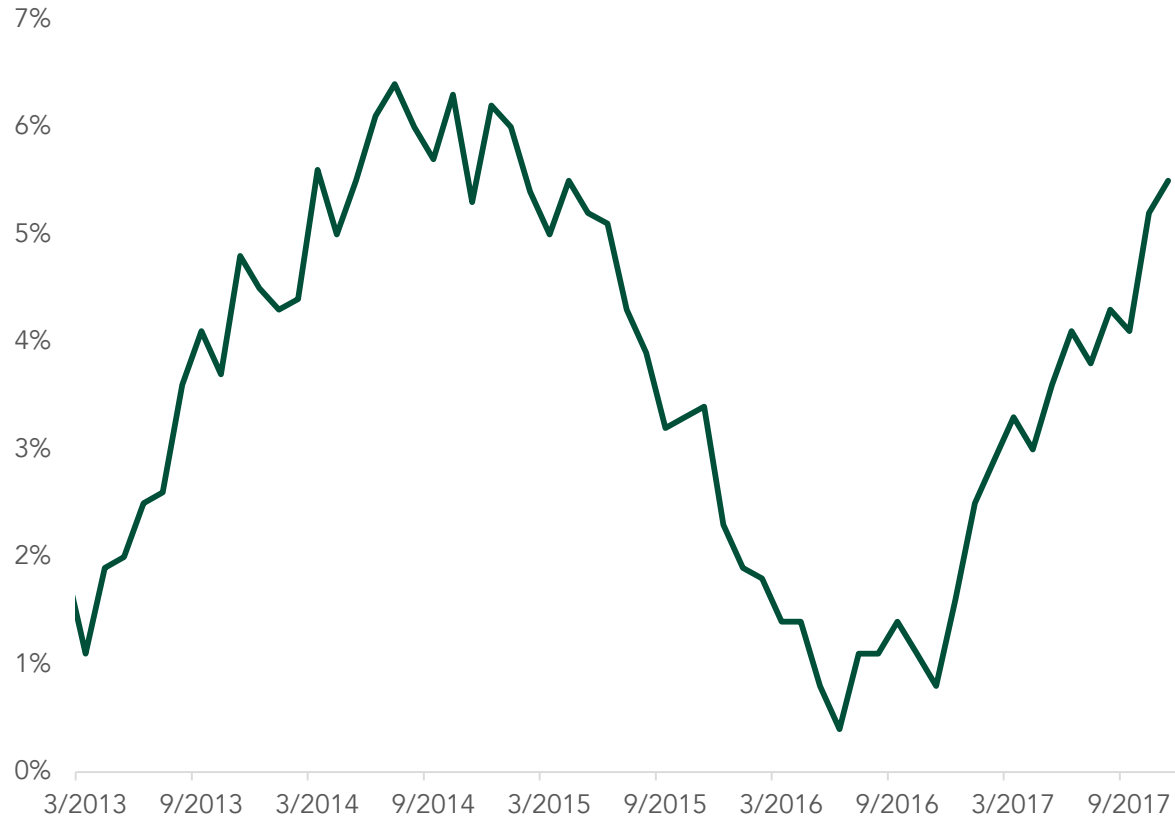
Synchronized Global Growth

Percentage of OECD Global Economies

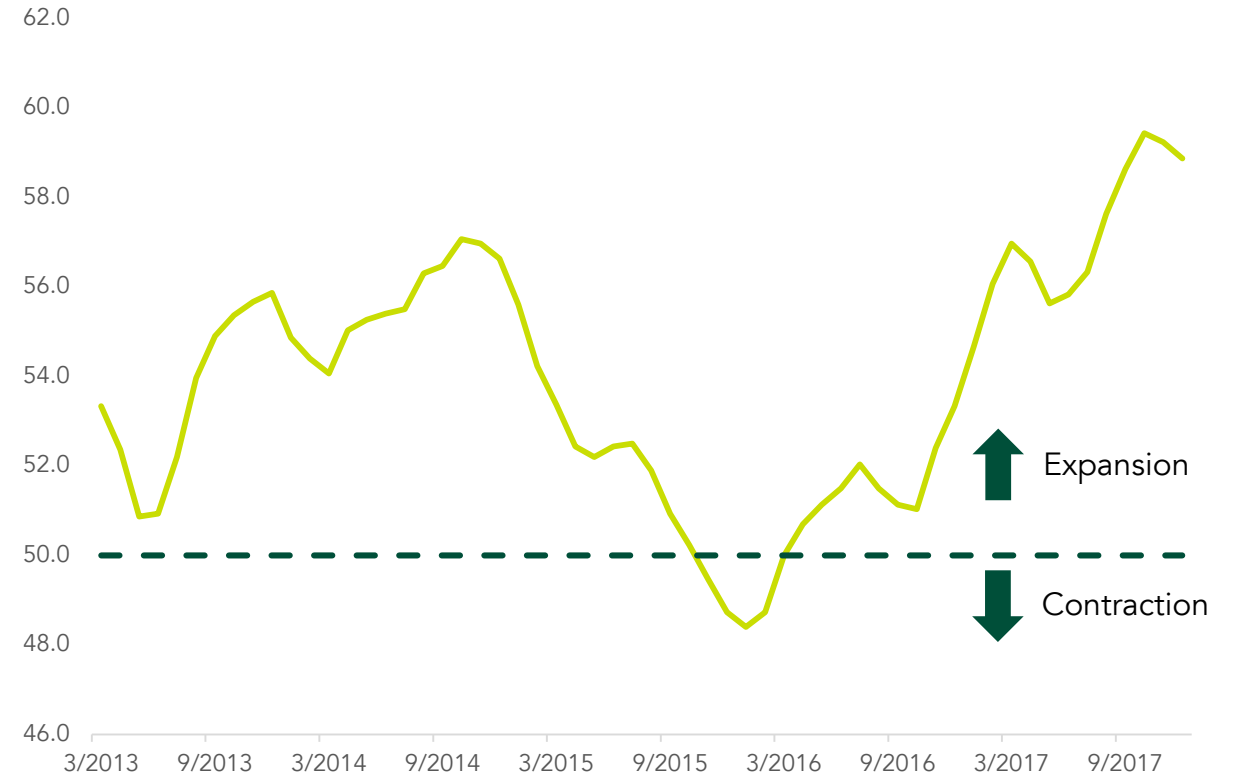


Domestic Tailwinds

U.S. Leading Economic Indicators Index



ISM Manufacturing Index (3-Month Average)



Economic Impact of Tax Reform

Estimated Savings Under Tax Cuts & Jobs Act (Billions)

Individual Provisions

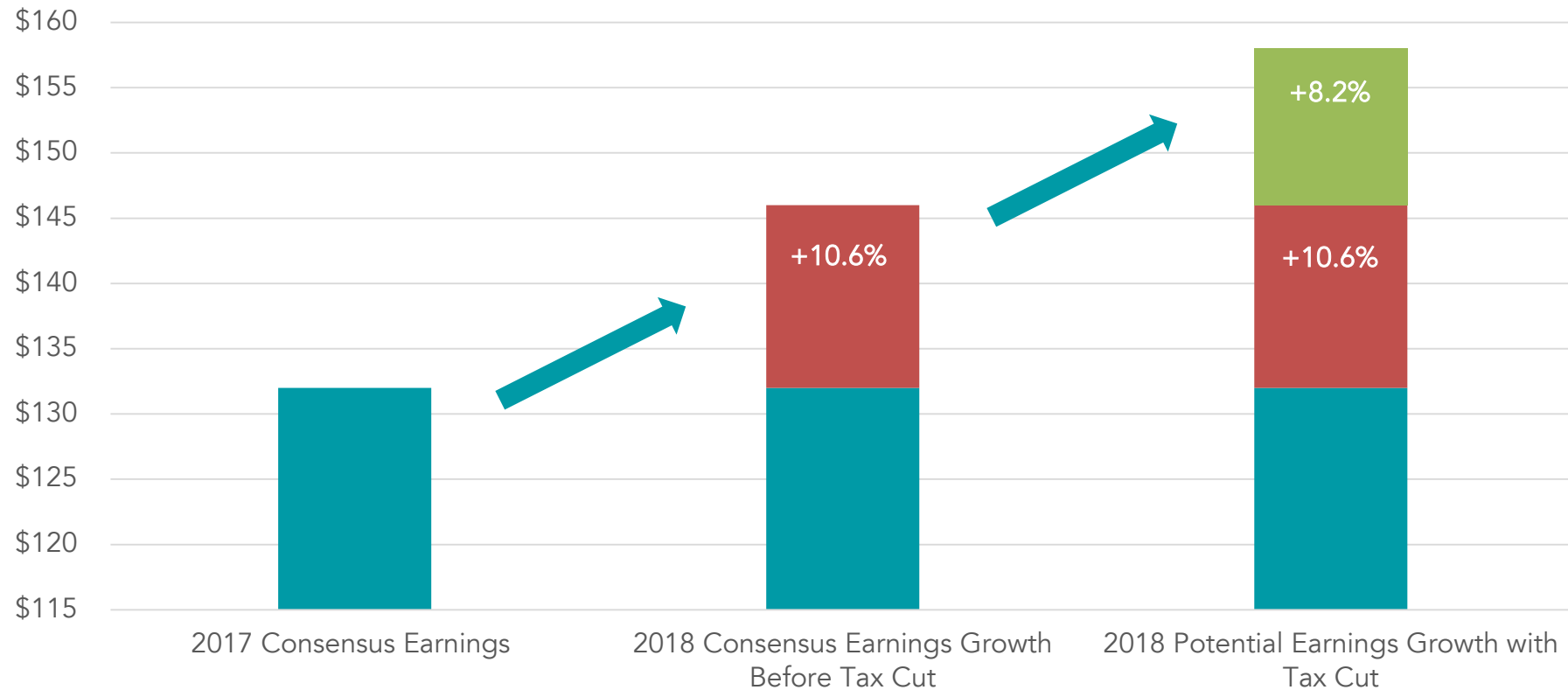
	Year
Income Tax Rate Cuts	\$ 135
AMT Relief	\$ 83
Other	\$ 16
Itemized Deduction	\$ (70)
Net Individual Impact	\$ 164

Corporate Provisions

	Year
Corporate Rate Cut	\$ 125
Expensing	\$ 44
Pass-through Reform	\$ 31
International Changes	\$ 7
Business Deduction Reform	\$ (35)
Net Corporate Impact	\$ 172
Total	\$ 336
Nominal GDP	\$ 19,500
%	1.7%

Market Impact of Tax Reform

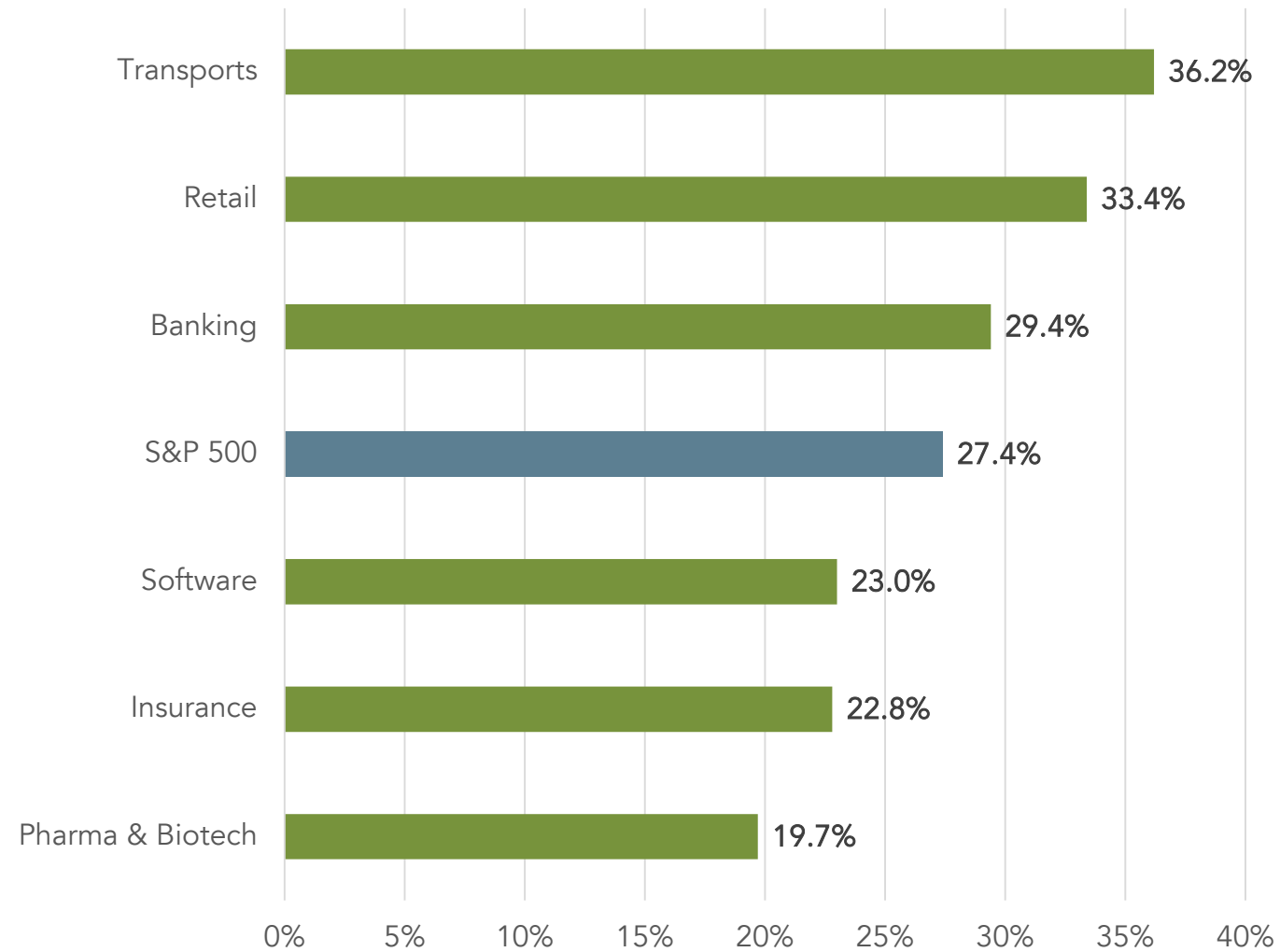
Estimated Earnings Growth*



* Assumes all savings from corporate tax reform flow through to net earnings

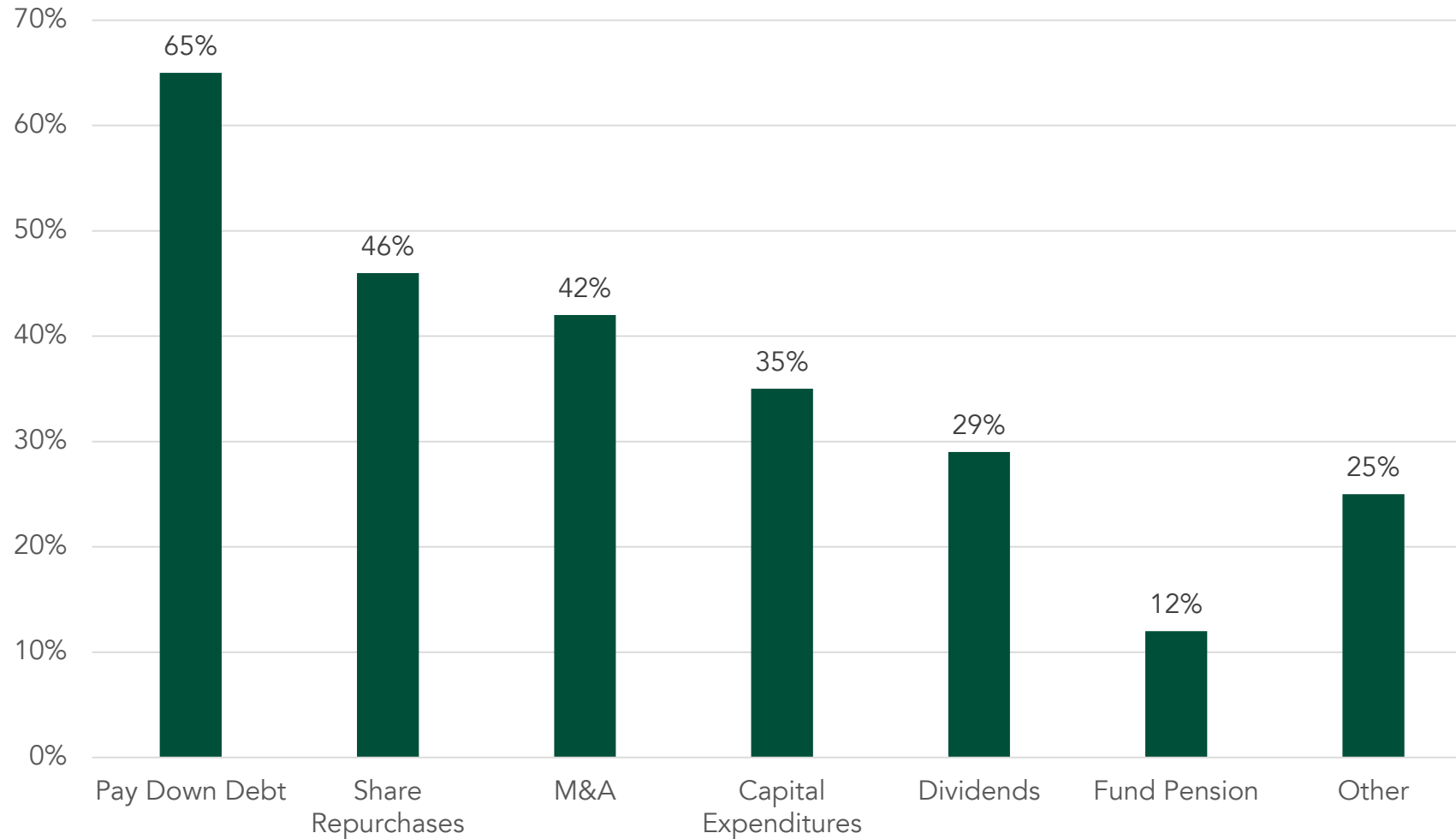
Market Impact of Tax Reform

Effective Tax Rate by Industry



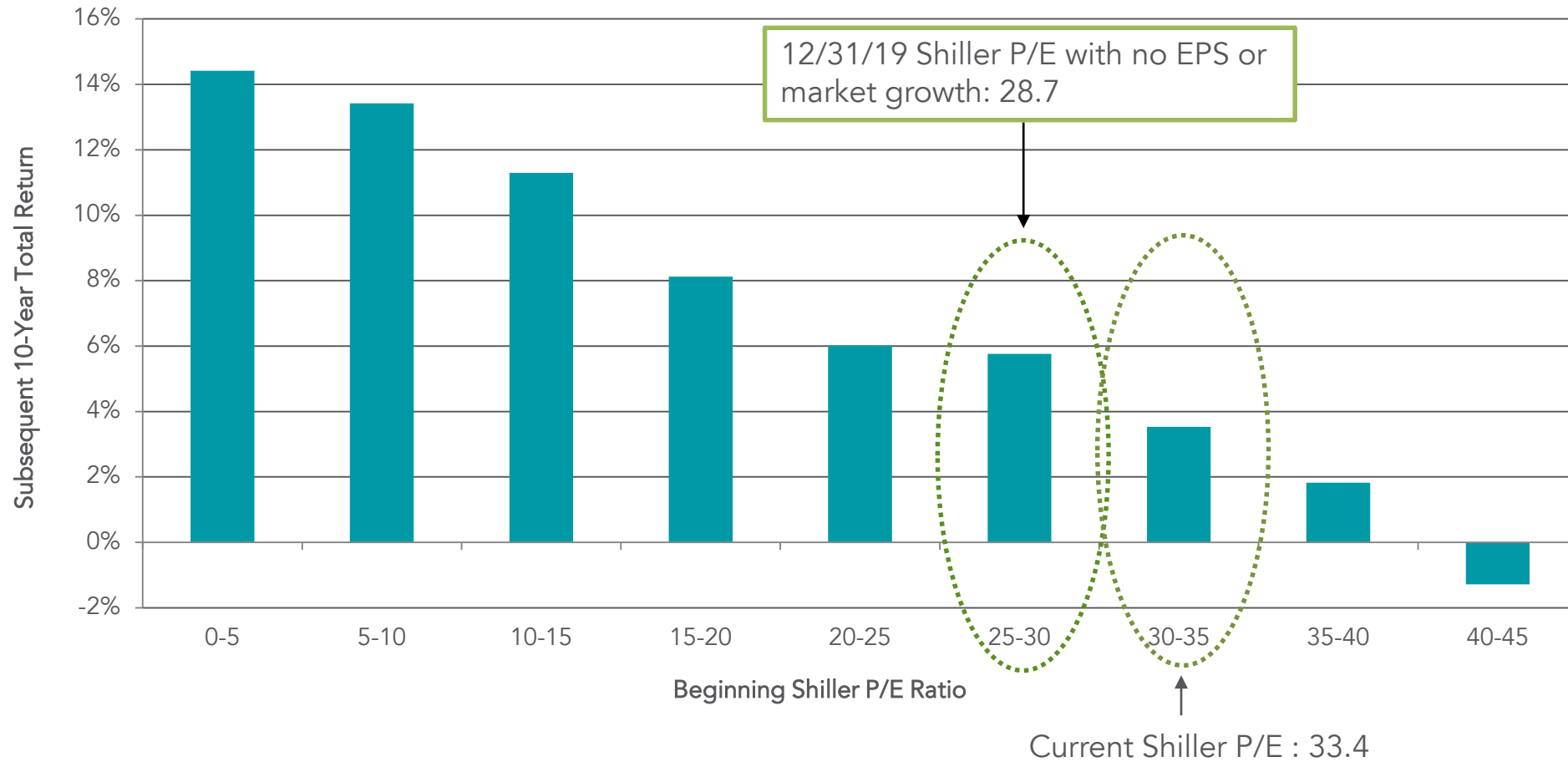
Market Impact of Tax Reform

Plans for Repatriated Cash – Survey of 300 American CEOs

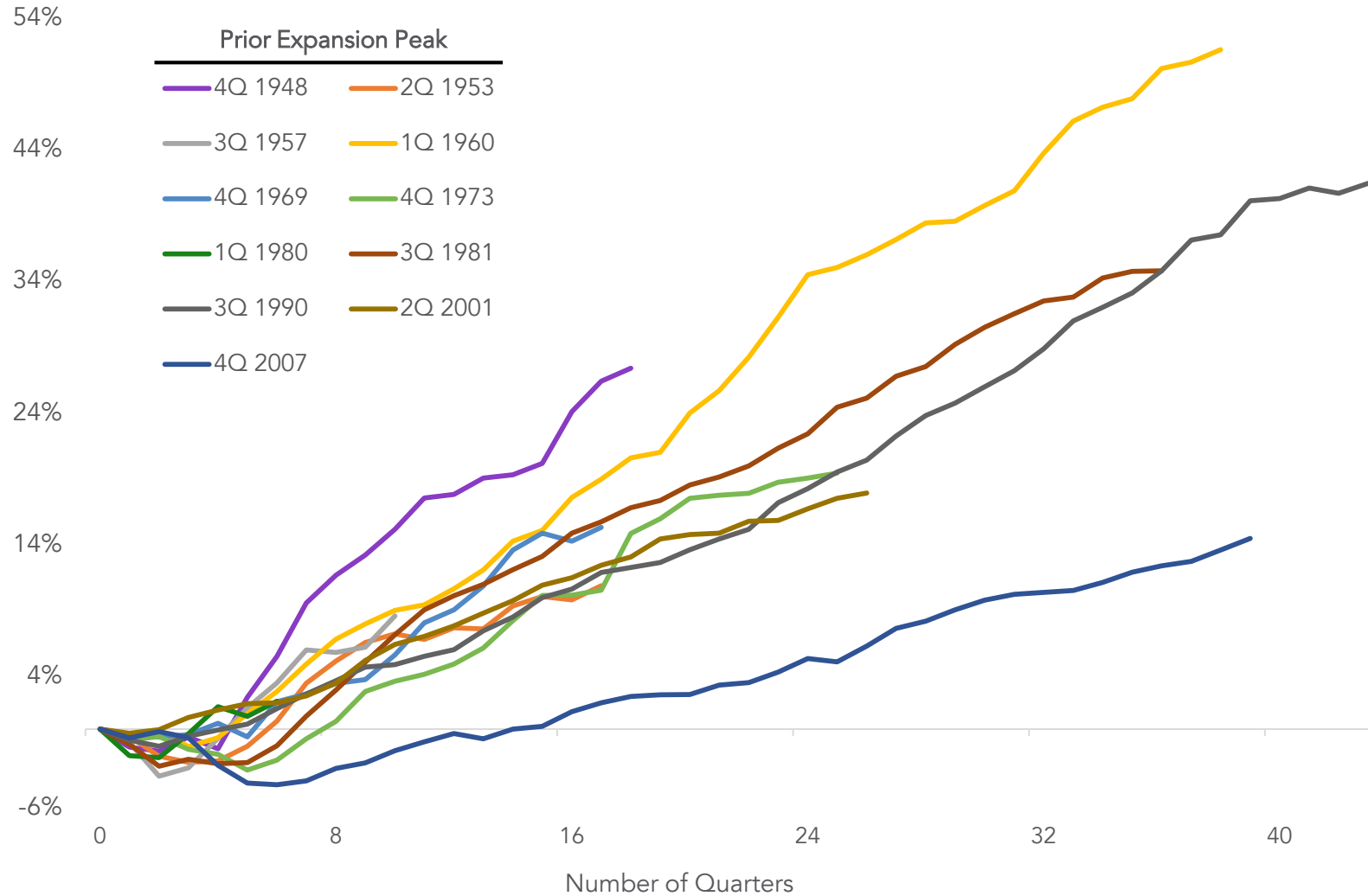


Valuation: A Key Determinant in Our Forecast

Shiller P/E Ratio vs. S&P 500 Future 10-year Total Return: 1881-Present



Current Expansion Compared to Past Economic Cycles

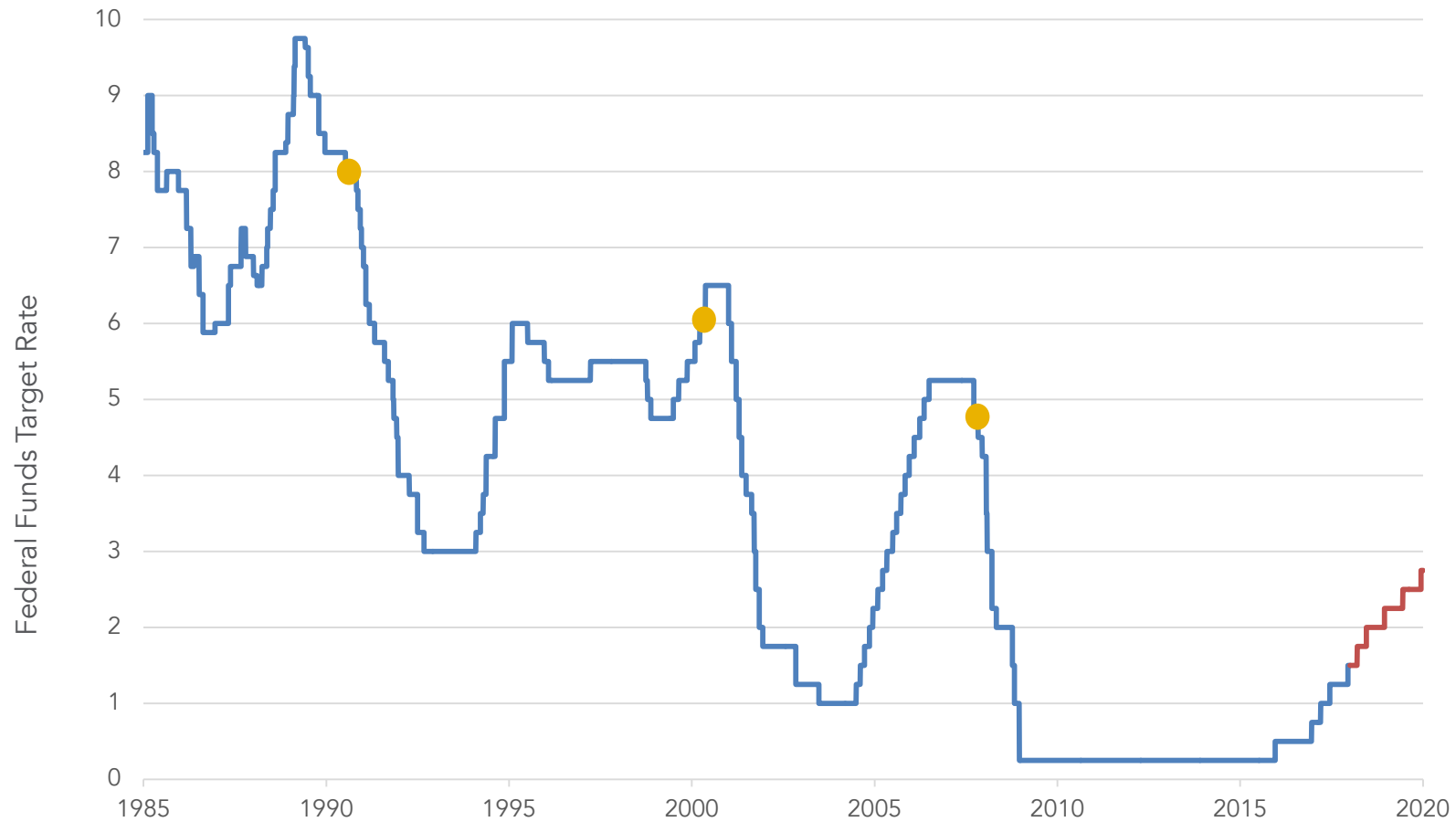


Tight Labor Can Lead to Higher Wage Growth and Inflation



Monetary Policy and the Stock Market

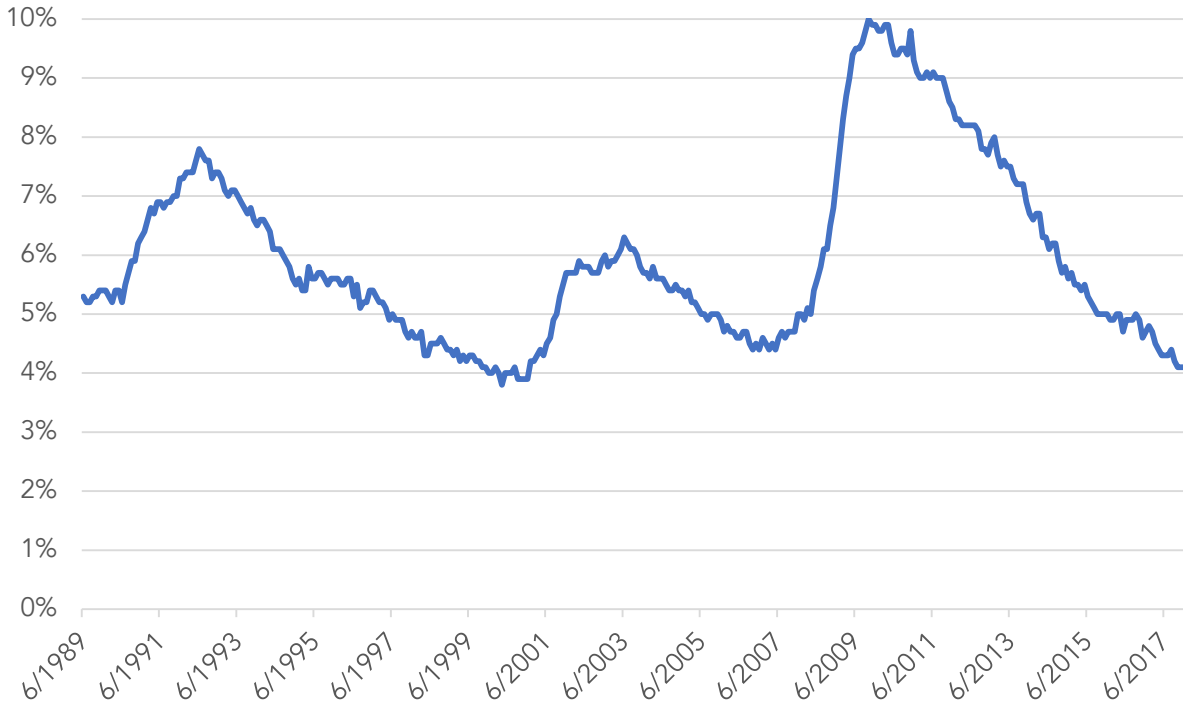
The market often rallies into Fed tightening, peaking after tightening policies come to an end



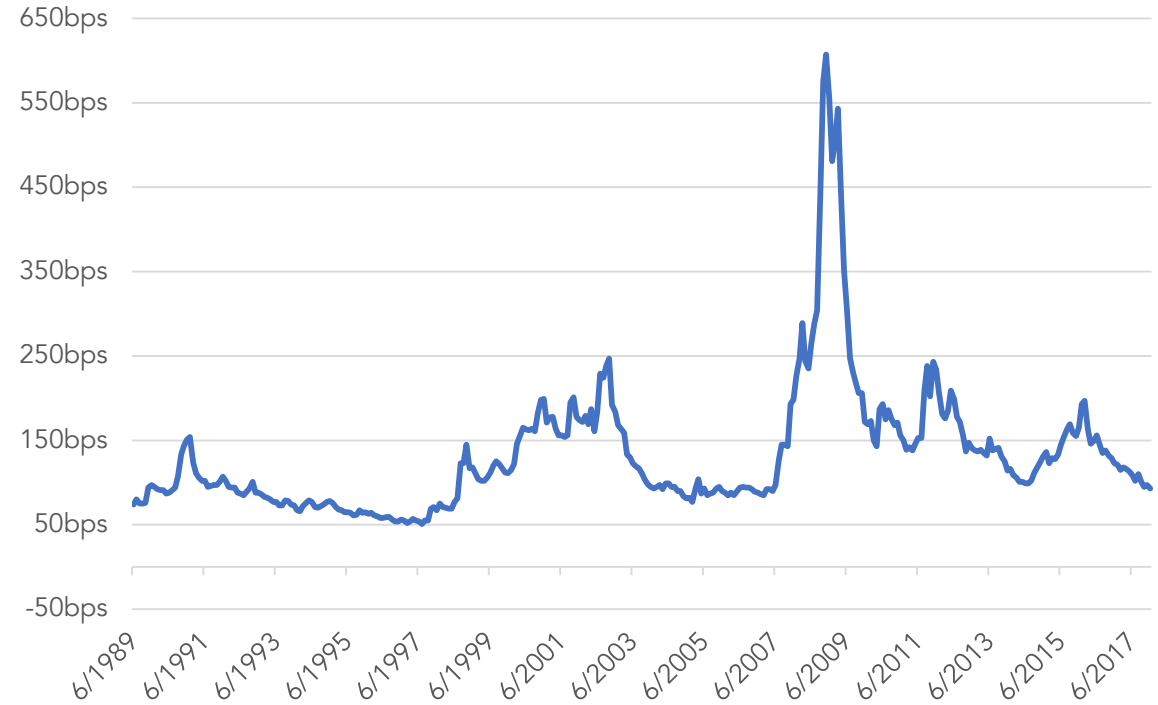
● Market cycle peak in the S&P 500 Index — Historical Fed Funds Target Rate — Projected Fed Funds Target Rate

Coincident Indicators

Unemployment Rate

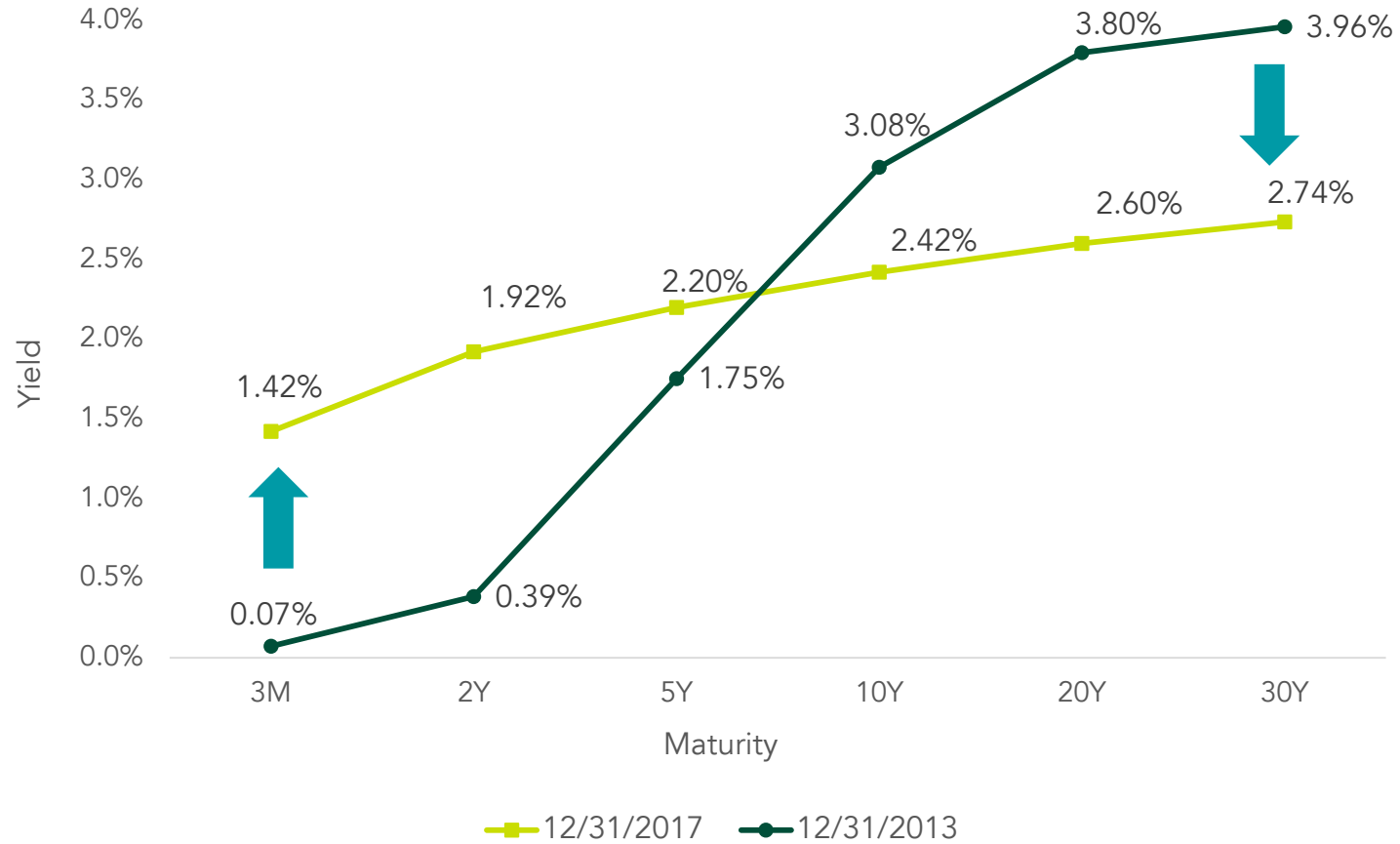


Corporate Bond Spreads



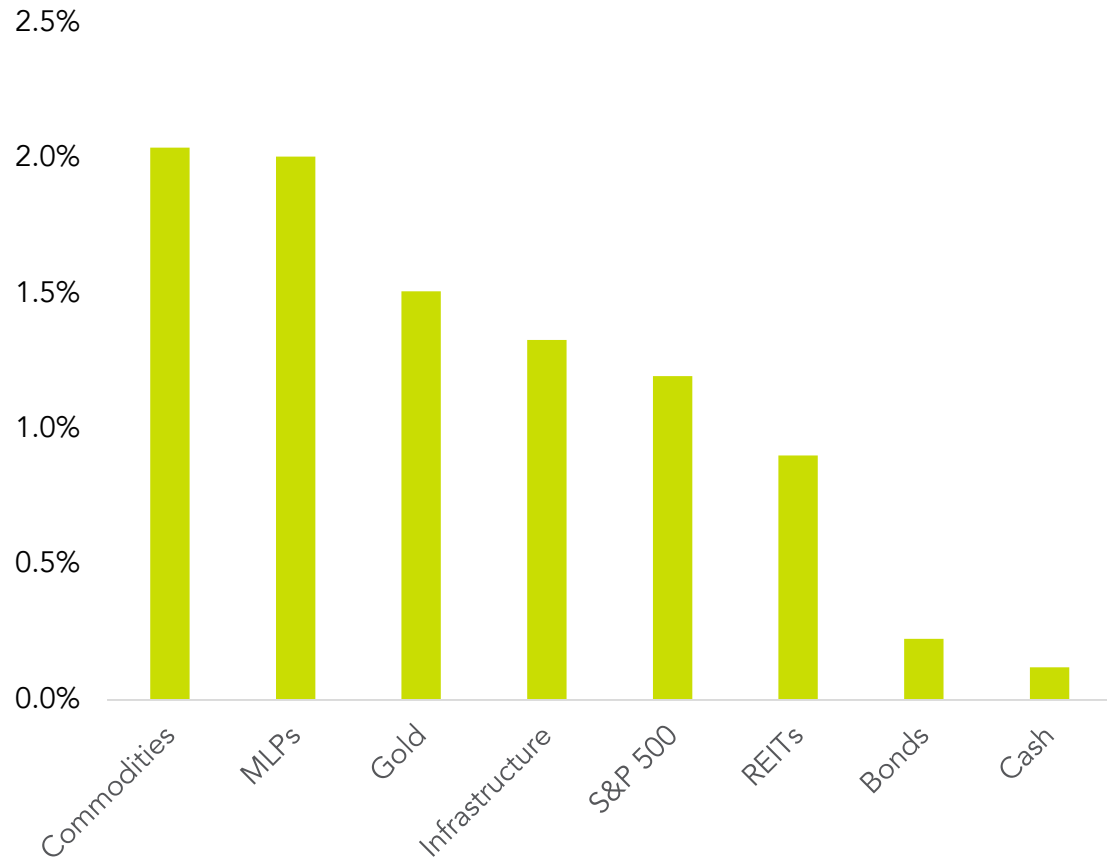
Leading Indicator

U.S. Treasury Yield Curve

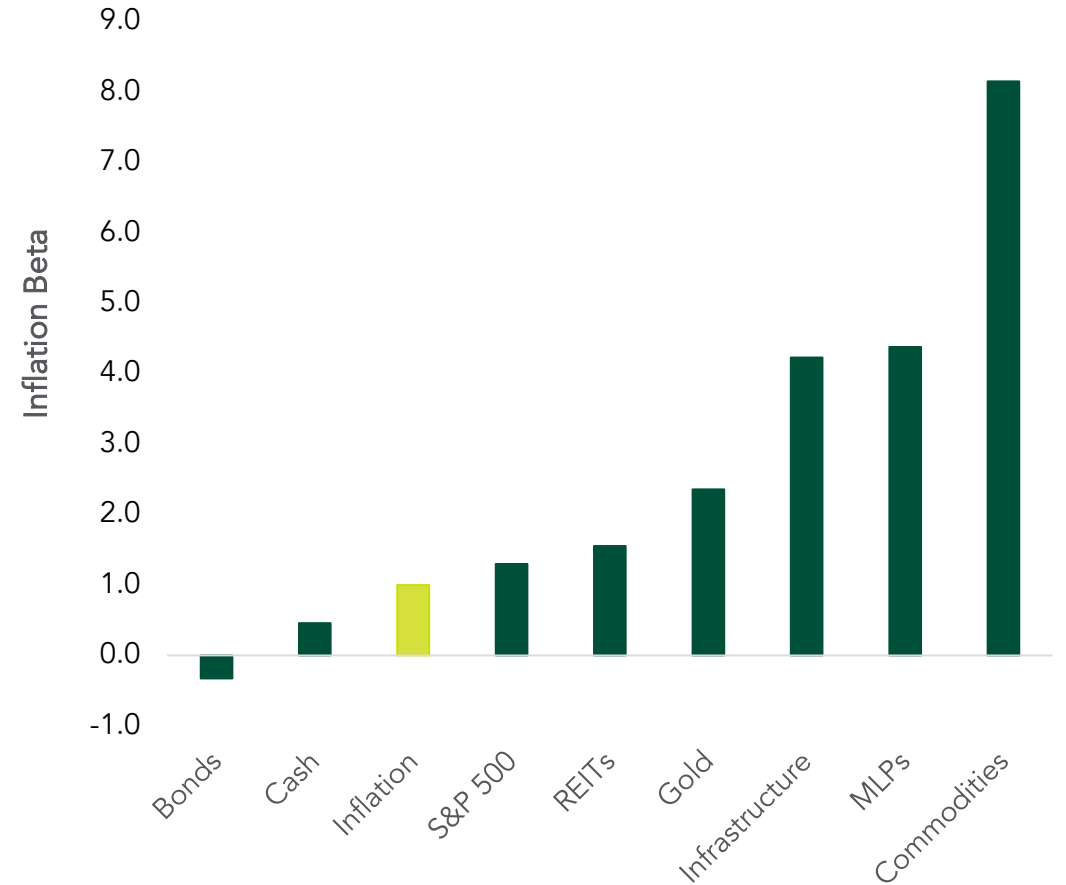


Real Assets Provide Inflation Protection

Average Total Return in Months with Above-Average Inflation

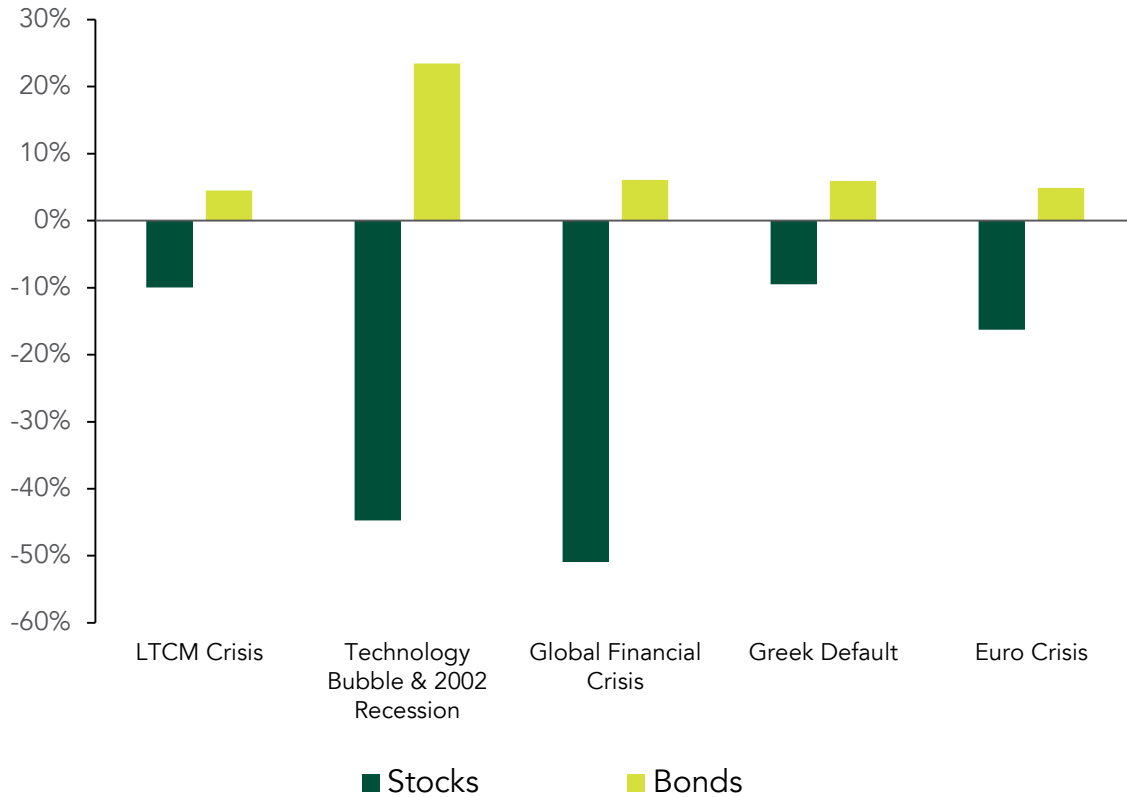


Sensitivity to Inflation



High Quality Stocks and Bonds are the Best Defense

Bonds outperform during bear markets...



...and high quality stocks provide relative protection.



Source: Factset, Zephyr; "Stocks" is represented by the S&P 500 Index and "Bonds" is represented by the Barclays Aggregate Index. Quality measured by return on invested capital.

Johnson Trust Company Update

Mary P. Burns, Esq. – Trust Counsel



Johnson Charitable Gift Fund Update

Michael D. Barnes, Esq. – President



Creative Planning with Gifts to Johnson Charitable Gift Fund

- > Front-loaded Donor Advised Accounts ("DAA")
- > Large DAA as alternative to Private Foundation
- > DAA as recipient of Charitable Lead Trust distributions
- > Endowment Fund funded at death by IRA or estate

JCGF Charitable Trust – A New Option

> What?

- Trust-form of public charity structured as a supporting organization of The Johnson Charitable Gift Fund.

> Purpose?

- To receive gifts of non-publicly traded assets and S corporation stock.

> Opportunity

- Can reduce Unrelated Business Income Tax upon redemption of S corporation stock.

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▶ Thank You!

For more information, please contact us at 800.541.0170 or visit our website at www.johnsoninv.com.

