JOHNSON FINANCIAL GROUP® FINANCIAL ADVISORS

Economic & Market Conditions

May 21, 2020

Agenda

- Pandemic and the Economy
- Stock and Bond Markets
- Financial Planning Insights
- Q&A

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Social Distancing

Source: Hedgeye

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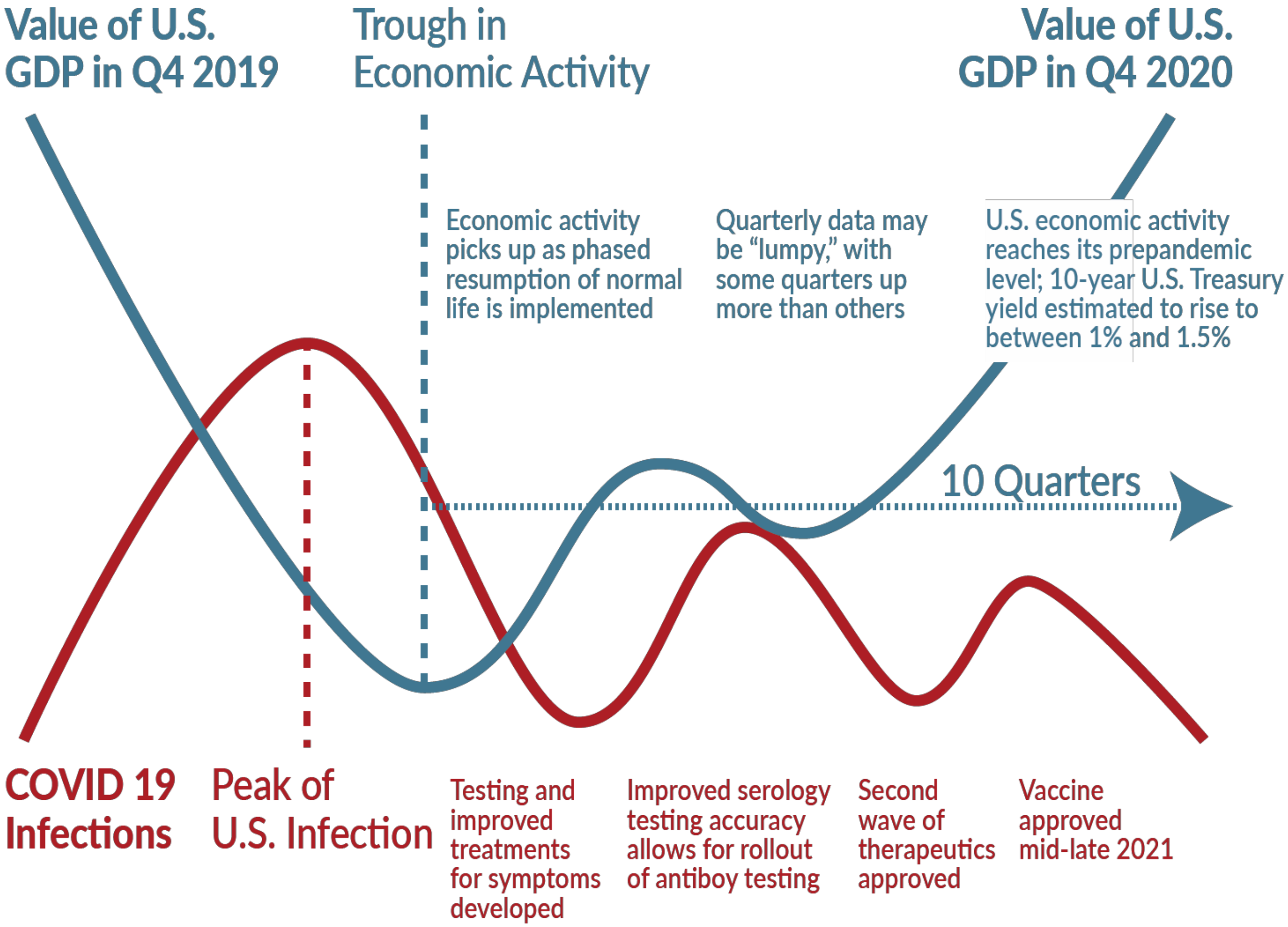
Pandemic and the Economy

Brian Andrew
President & Chief Investment Officer
Johnson Wealth, Inc.

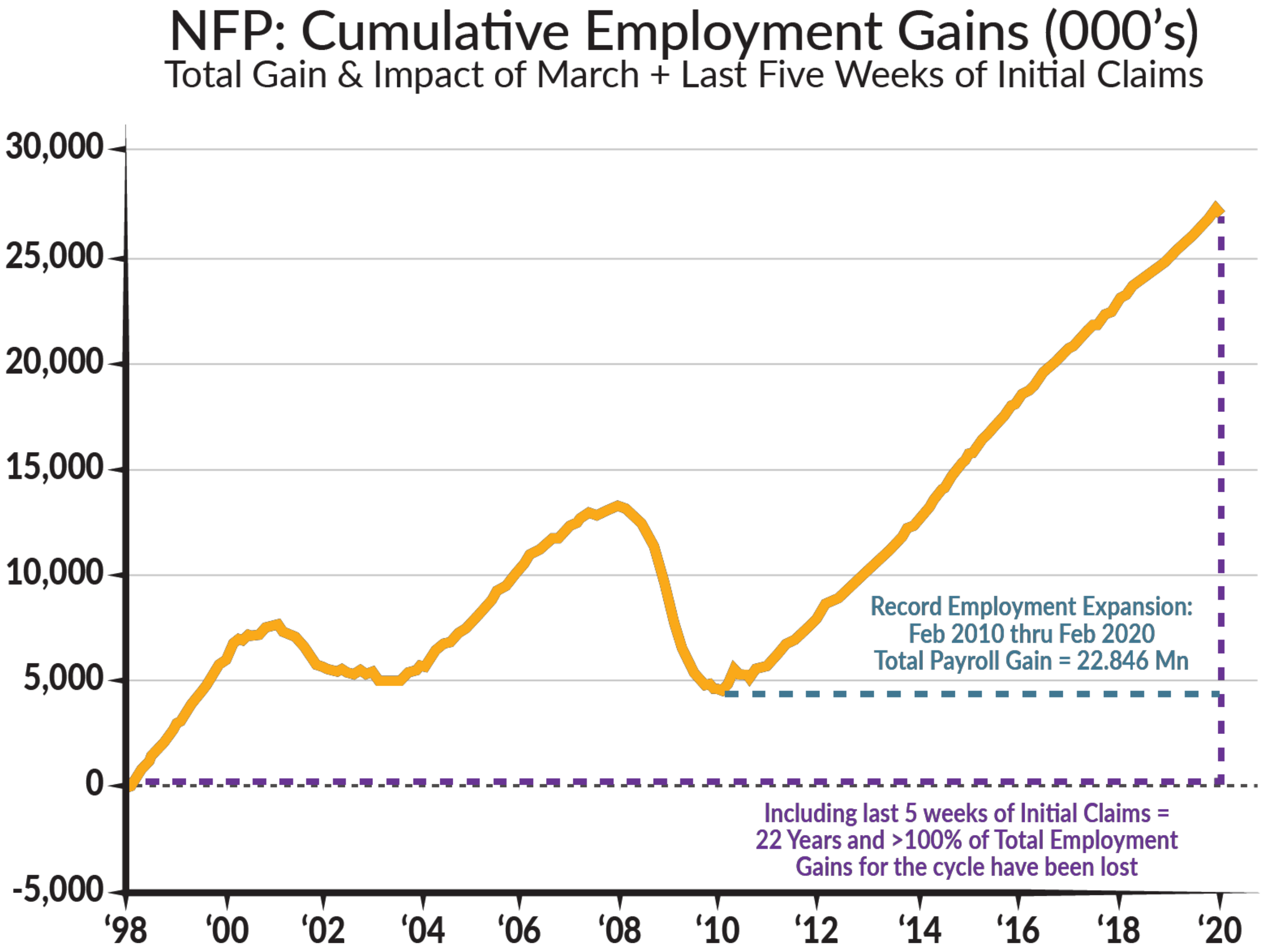
U.S. Recovery

- 10 quarters perspective
- U – shaped recovery
- Dependent upon vaccine in 2020



Source: Columbia Threadneedle 4.30.20

U.S. Recovery



Source: Bloomberg, Hedgeye

Economic Stimulus Summary

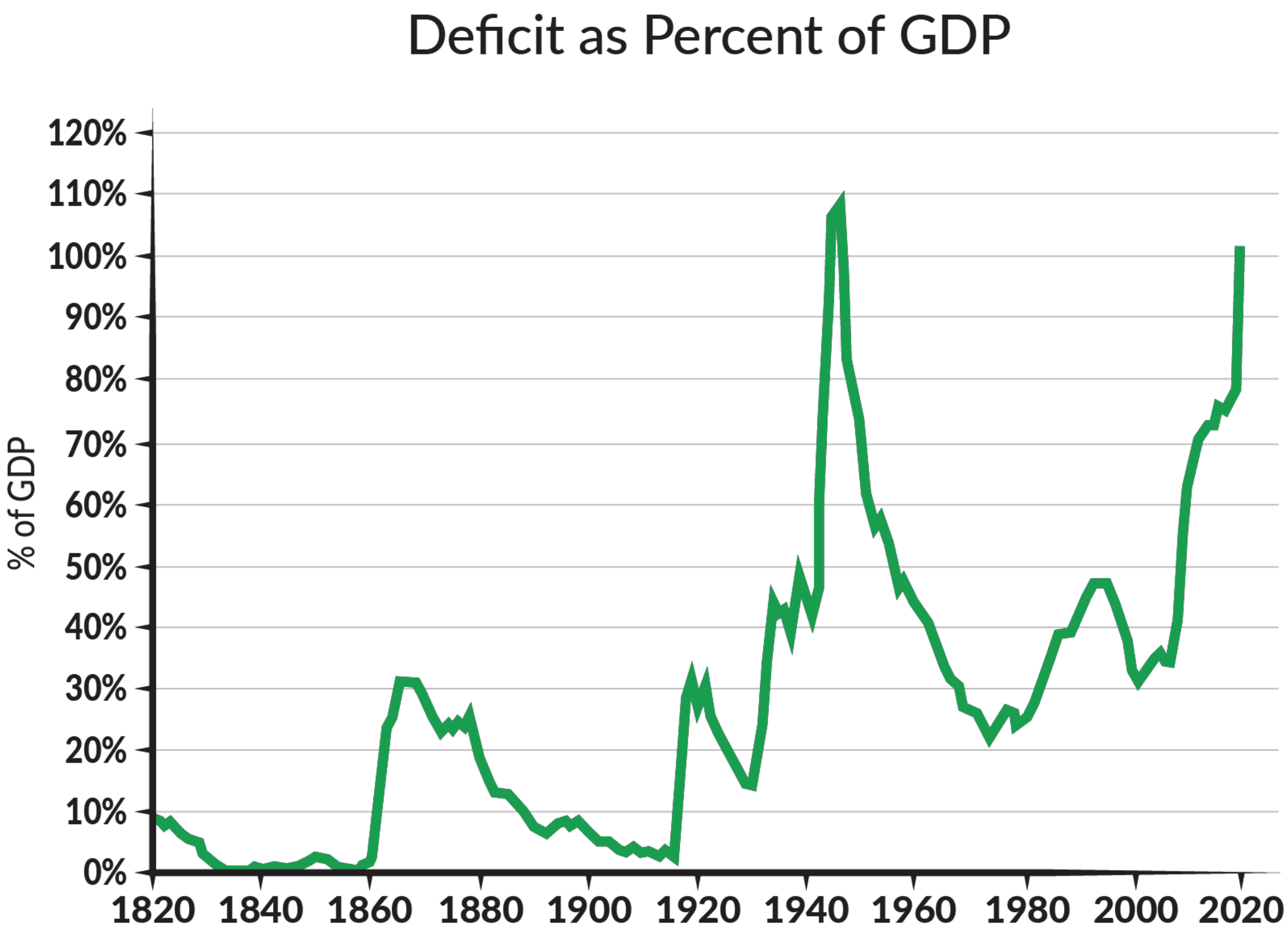
Global Monetary And Fiscal Stimulus To Fight COVID-19 Impact
2020 Feb to Apr (CSM)

	Central Bank Liquidity Injection		Govt Fiscal Stimulus		Central Bank Liquidity Injection and Govt Fiscal Stimulus	
	$ Tln	% GDP	$ Tln	% GDP	$ Tln	% GDP
U.S.	$4.80	22.4%	$3.30	15.4%	$8.10	37.8%
Eurozone	$1.10	8.3%	$2.83	21.2%	$3.93	29.5%
Japan	$0.75	14.6%	$0.99	19.2%	$1.74	33.7%
U.K.	$0.25	9.0%	$0.14	5.1%	$0.39	14.1%
China	$1.44	10.0%	$0.54	3.8%	$1.98	13.8%
Others*	$0.68		$2.09		$2.76	
Total	**$9.01**	**10.4%**	**$9.88**	**11.4%**	**$18.90**	**21.8%**

*includes RoW and AMB, IMF, WB

Source: Cornerstone Macro 4.30.20, Federal Reserve

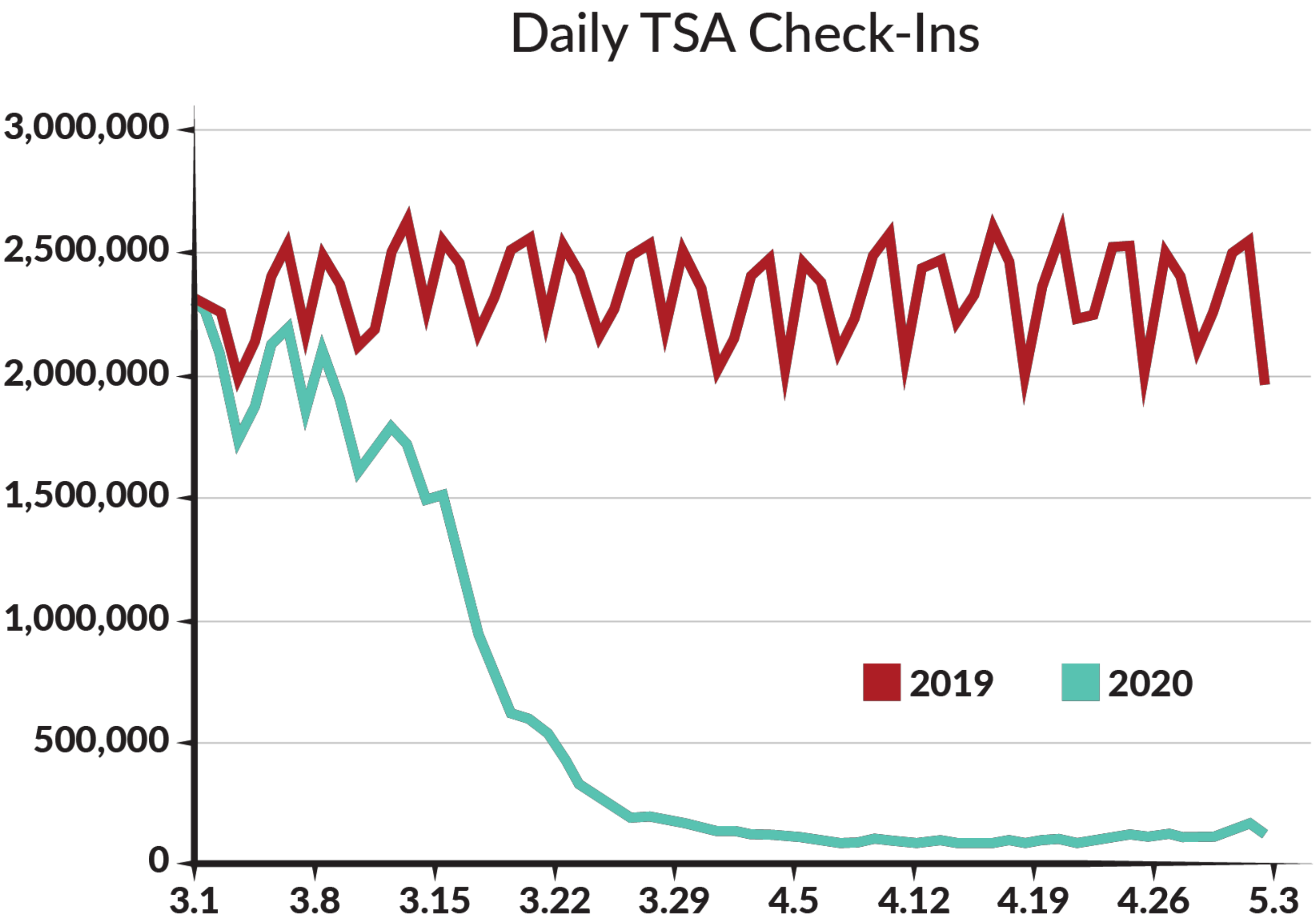
Federal Deficit *(Projection)*



Source: Capital Economics

What to Watch

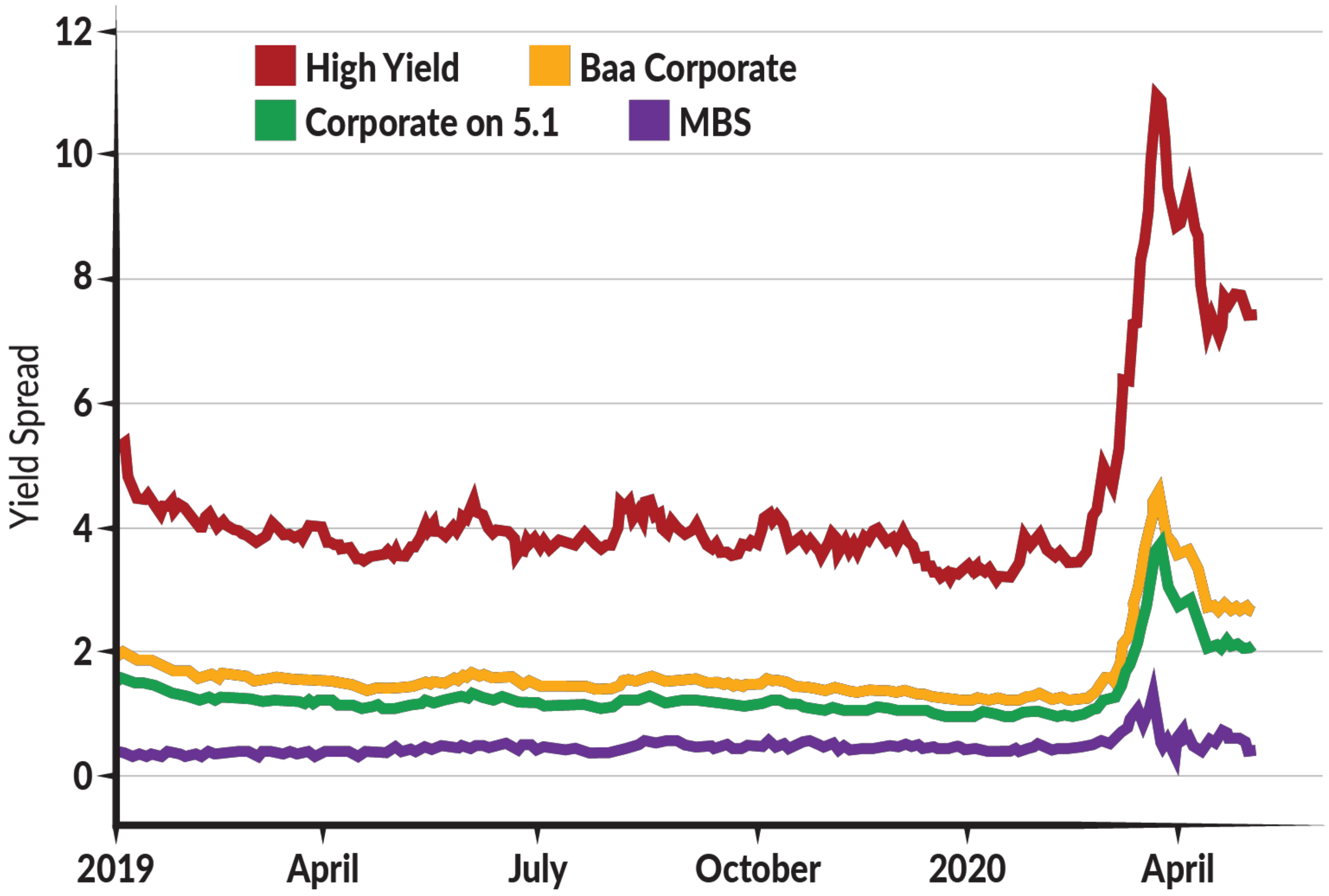
- Real-time data for hospitality/ leisure
- Return of business traveler
- Monthly personal income and savings



Source: TSA

Stock and Bond Markets

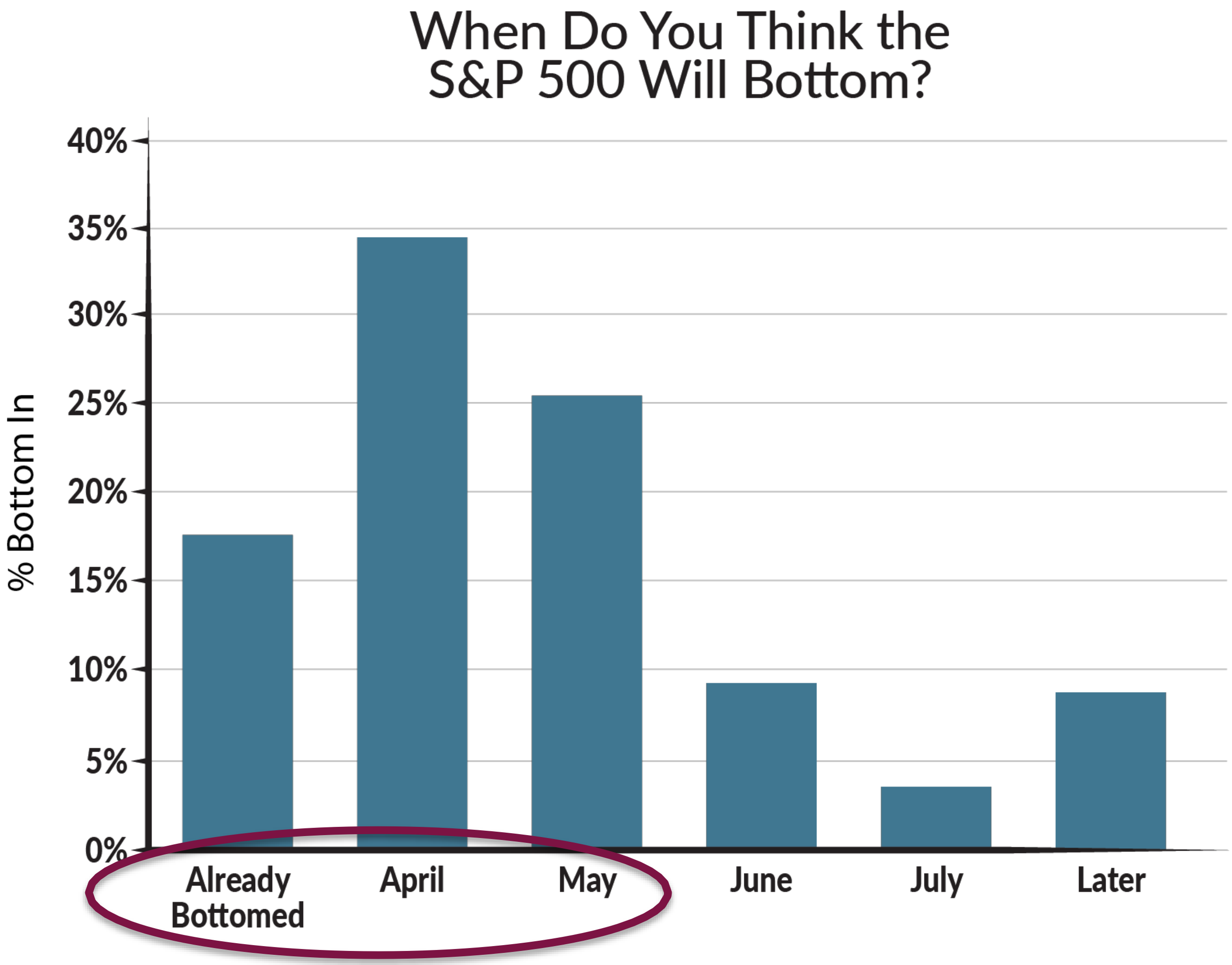
Bond Market is Telling



Source: Bloomberg

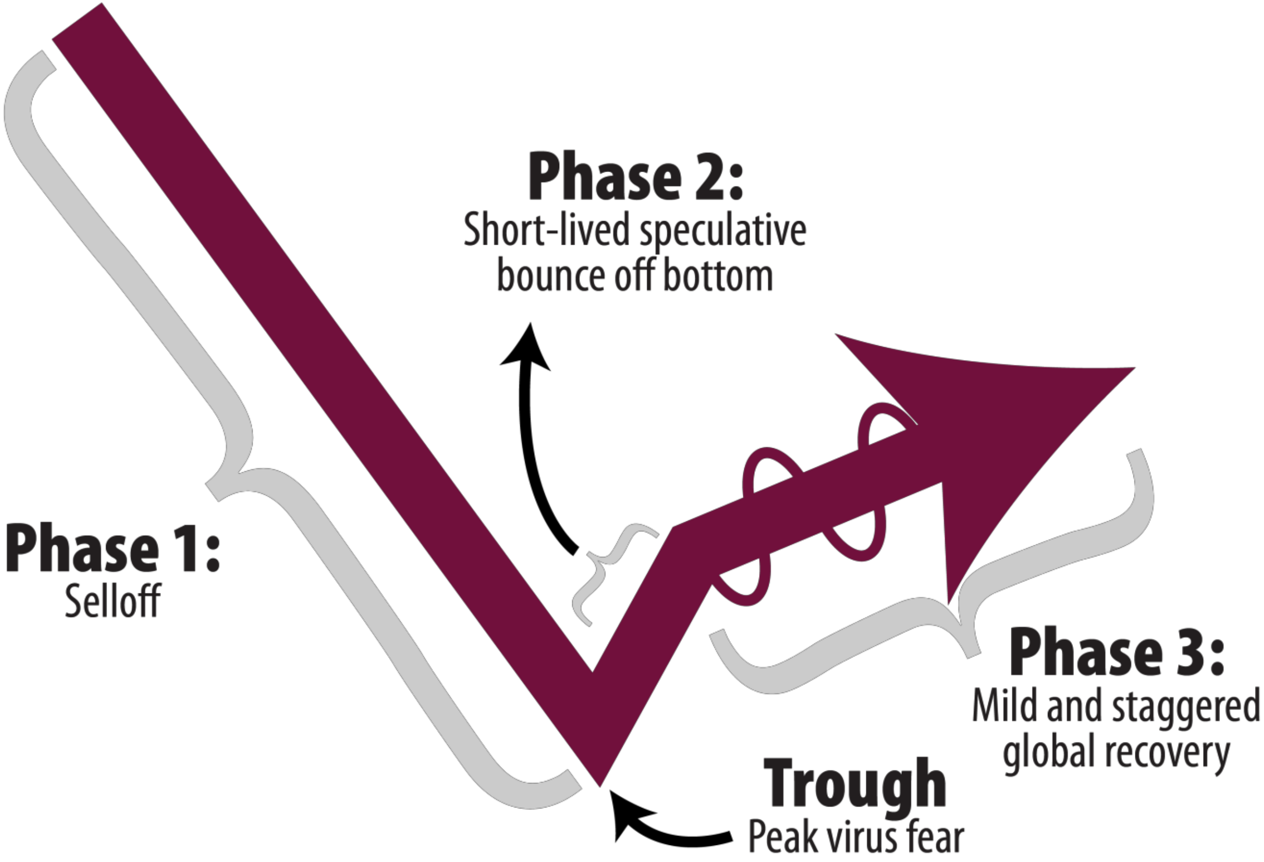
Complacency or Optimism

The majority of those surveyed expect the market will **bottom by the end of May**



Source: CSM Client Survey 3.27.20 thru 3.30.20

Stock Market Recovery



Source: Cornerstone Macro

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Planning in Times of Turmoil

Joe Maier
SVP Director of Wealth Strategy
Johnson Financial Group

Understanding the Behavior

- Neurological
  - *Loss Aversion*
  - *Regret Aversion*
  - *Herd Mentality*
  - *Action Bias*

Add all this up…

- *Loss is painful*
- *Loss due to our unique actions is more painful*
- *Pain is lessened by following the crowd*

What Do We Do

- Do not avoid emotions, lean into them
- Do not focus on the wrong emotions, focus on the right ones
- Revisit your story
- Stockdale paradox
- Control what you can control
- Seek guidance

Legacy Preparation

- Strategy to take care of the people you care about
- Right people, right property, right time
- Right people empowered to make the right decisions with the right information
- New world - health care decisions
- Financial decisions (especially in times of turmoil and chaos)

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