



Dear Friends & Investors:

The snow has melted, the air is warmer and flowers are beginning to bloom. While we're all happy to be leaving a long winter behind, everyone hopes the tremendous market returns are here to stay.

Bonds continue to reward investors. Our Core and Intermediate strategies both handily beat their benchmarks. Core returned a gross 0.79% to compared 0.43% for the Barclays Aggregate Index. It continues to be ahead of the benchmark in all relevant time periods, including a five year annualized return that is 136 bps better than the Agg. Our Intermediate strategy posted a gross return of 0.83% compared to 0.34% for the Barclays Intermediate Government/Credit Index. It too, is a winner across all relevant time periods with a five year annualized figure that is 116 bps ahead of the Index. Going forward, returns may be lower for fixed income than in recent years, though we believe there is still opportunity for meaningful, positive performance as the economy grows at a measured pace and the Fed remains transparent with their actions.

Enhanced Index continues its impressive run. After beating the S&P 500 Index each of the last five years, it posted a gross return for the first quarter of 6.30% compared to 5.92% for the S&P 500. Tracking error to the index is low and we find the environment still favorable for this approach to add value. If you're a fan of indexing, why aren't you considering this enhanced strategy?

All three of our quantitative equity strategies had great quarters with each well ahead of their indices. As volatility returns to a more historical norm and the economy gains a stronger footing, we believe this approach is well positioned to outperform.

Thanks for your continued interest and support of Johnson Institutional Management. We are grateful for all the recent searches and inquiries and look forward to working with you in 2011. If you have any questions or desire additional information, please don't hesitate to contact me.

Kurt Terrien

Composite Performance as of March 31, 2011

	1st Qtr	YTD	1 Year	3 Year	5 Year
Core Fixed	0.79%	0.79%	5.67%	6.96%	7.39%
Net-of-Fees	0.73%	0.73%	5.42%	6.71%	7.14%
Barclays Aggregate	0.43%	0.43%	5.14%	5.31%	6.03%
Intermediate Fixed	0.83%	0.83%	5.08%	6.16%	6.84%
Net-of-Fees	0.77%	0.77%	4.83%	5.91%	6.59%
Barclays Inter G/C	0.34%	0.34%	4.63%	4.49%	5.68%
Enhanced Index	6.30%	6.30%	17.91%	4.41%	4.17%
Net-of-Fees	6.21%	6.21%	17.56%	4.06%	3.82%
S&P 500 Index	5.92%	5.92%	15.65%	2.36%	2.63%

Market Commentary

Fixed Income

Interest rate volatility increased during the first quarter. Yields initially rose as economic signals continued to indicate better growth ahead and investors anticipated higher inflation and the potential tightening of Fed policy. But, beginning in early February, Middle East turmoil, higher oil prices and eventually the devastation in Japan altered investor attitudes and bonds rallied sharply, driving down rates to their lowest level in several months. Finally, the quarter ended with investors shrugging off the negative news and rates again began to climb. The net of all this activity is that most interest rates rose modestly in the quarter and the yield curve remains very steep. Meanwhile, credit spreads continue to tighten and have now returned roughly to their level prior to the beginning of the recession in late 2007. We remain substantially overweight credit and this continues to add value to portfolios. Our underweight in governments is also beneficial and we took advantage of the rally between February and early March to further trim positions in longer maturity treasury and agency securities. Duration is now modestly short of the benchmark and our maturity structure remains positioned for an eventual flattening shift in the yield curve. We've been positive on select taxable municipals for several quarters and they've contributed to our good relative performance in 2011. We still find municipal bonds from stronger demographic regions and with relatively stable budgets to be attractive investments, with our focus on higher education and essential purpose bonds.

Equity

Despite turbulence in the Middle East and the tragedy associated with a tsunami and the threat of a nuclear meltdown in Japan, stocks continued their upward march during the first quarter. Small and midcap stocks remain leaders in the market, but the distinction between growth and value styles has narrowed. The primary drivers of the market's advance are improved economic expectations and a very accommodative monetary policy. On the economic front, manufacturing is strong, consumer spending has surpassed expectations, and unemployment is in the early stages of decline. Inflation is also trending higher, though still at subdued levels. We expect any price increases to be transitory over the near-term and driven primarily by higher energy and food costs, which will find difficulty spreading broadly into the economy. The recovery remains somewhat fragile and sustained increases in oil and food will act as a deterrent to growth. Until excess capacity is absorbed and the output gap narrows, and until wage increases become more robust, we do not expect inflation to become an economic threat. Nevertheless, the second driver of stocks, monetary policy, will ultimately tighten as QE II ends and the Fed begins to posture for future rate increases. Dramatic changes to monetary policy won't come until sometime next year, and may be delayed longer if oil price increases slow growth. As a result, we expect the yield curve to remain steep at the front end and for rates to rise erratically and slowly. The cost of futures remains low and quality credit spreads continue to add value to our synthetically enhanced index portfolio.

*Johnson Institutional Management is a division of Johnson Investment Counsel Inc., an independent and privately owned Cincinnati based investment advisory firm specializing in wealth management for families, endowments and foundations, corporations and retirement plans. Johnson Institutional Management, claims compliance with the Global Investment Performance Standards (GIPS). The CFA Institute has not been involved with or reviewed Johnson Institutional Management's claim of compliance. Each composite return is derived from all discretionary fee paying accounts managed in that style and includes the reinvestment of dividends, interest and other earnings. These composites do not include any non-fee paying accounts. No leverage was used in any of the composite portfolios and the U.S. dollar is used to express performance. Net of fee performance assumes the highest institutional fee schedule for each composite (0.35% for Enhanced and 0.25% for Fixed Income). A complete list and description of all firm composites and a complete performance presentation can be obtained by emailing Kurt Terrien at kterrien@johnsoninstl.com. **This performance presentation represents composites of individually managed portfolios and is intended for the recipient only. It is also intended only for those interested in individually managed portfolio services. The performance data presented here should not be taken as any guarantee or other assurance as to future results.***