STONEBRIDGE
Capital Advisors

The Stonebridge Market Commentary
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Equity Commentary provided by David A. Eckenrode
Director of Equity Management

Fixed Income Commentary provided by Jon F. Lynn
Senior Analyst & Portfolio Manager

Equity Commentary

The S&P 500 had a decent month, up 3.54%. The tech heavy NASDAQ was basically flat at +.93 for the month. They say, "may you live in interesting times." I'd say we may have seen that last month.

Let's start with Bitcoin, it began February around $35,000 and by 2/19 had topped at $57,000 before ending the month at $47,000, can you say wild ride? This is pure gambling. Now let's look at stock investing where things are usually calmer, unless your choice is GameStop (GME). Our friends in GME began February after the big squeeze at $350 per share. By mid-February that had been carved down to $40. Game over right? Wrong. By 2/25 it was back to $170 before ending the month at $93. This also is pure gambling. Can a person make money this way? Of course. Is this the way for the retail investor to go about the very serious endeavor of tending to our portfolios? I should hope not because the forces that move this kind of stuff are impossible to predict. You can lose a lot of money very quickly this way.

It can be very enticing to watch these things and wish to get in on the action. It is hard to make money quickly in the regular old markets as it should be. It is much easier to get rich slowly, over time, by avoiding big mistakes. Look at Warren Buffett's approach. He holds for the long term, has a low portfolio turnover and here is the clincher, he always understands the companies he invests in. A pull quote from this letter follows. "After all, ownership of stocks is very much a positive-sum game. Indeed, a patient and level-headed monkey, who constructs a portfolio by throwing 50 darts at a board listing all of the S&P 500, will – over time – enjoy dividends and capital gains, just as long as it never gets tempted to make changes in its original selections. 12 Productive assets such as farms, real estate and, yes, business ownership produce wealth – lots of it. Most owners of such properties will be rewarded. All that's required is the passage of time, an inner calm, ample diversification and a minimization of transactions and fees. Still, investors must never forget that their expenses are Wall Street's income. And, unlike my monkey, Wall Streeters do not work for peanuts". If you would like to read the Berkshire Hathaway Annual Letter click here. It has a lot of wisdom in it and is worth your time to read.

651-251-1000

info@stonebridgecap.com

Fixed Income Commentary

Rates started to make some large moves in the latter half of February as fixed income assets sold off with Treasuries leading the charge in the US. Global interest rates largely jumped as well. Corporate bond yields rose along side US Government debt, but credit spreads mostly held instead of widening out much on the moves. The repricing steadily affected municipal debt, but not fast enough to lift rates out of ultra-low relative value ratios compared to taxable bonds. A number of factors can be pointed to for the moves, mostly technical including increasing inflation expectations, increased supply, and weaker demand for new Treasury issuance. While returns for many fixed income benchmarks have turned negative now for the year, reinvestment prospects are looking slightly more attractive compared to where we were to start the month. Still, it's hard to call for backing up the truck when rates are now just largely back to pre-pandemic levels. We are certainly nowhere near where we were in March of 2020.

Sources: Data sourced through Bloomberg, Morningstar and StockCharts