

# REFLECTIONS FROM 2022



STONEBRIDGE  
Capital Advisors



# A NOTE FROM OUR PRESIDENT

*A*s we celebrate 25 years of service to our clients and communities, we cannot thank you enough for making these years so successful.

We continue to grow and serve clients across the country through our offices, located in Twin Cities, Denver, Traverse City, and Nashville. We are actively adding to our professional team and technology, expanding our capabilities and strengthening our processes.

2022 was a challenging year, both in and out of markets. This didn't shift our core tenants at Stonebridge. In fact, we heavily prioritized active portfolio management, building long-term, goal-oriented strategies, and providing consistent communication. We couldn't be prouder of our team and all the relationships we've built and strengthened, in line with our motto "Client led, partnership driven."

**We are client first, in everything that we do.**

Moreover, 2022 marked our 25th anniversary. In the years leading up to Stonebridge's formation, our founders – Dennis Hippen, Heidi Hukriede and myself– identified a need for personalized management and tailored solutions within the financial service industry. Together, we developed the firm's founding vision: to deliver high-quality, customized investment services by forming strong, personalized client relationships.

Recently, we sat down and took our clients, partners, and team through the years of our firm's history. It's incredible how, over 25 years later, our vision still governs how our firm caters to our clients. From our founding in 1997 to where we are today, we at Stonebridge have influenced a long-lasting change in the industry.

On behalf of the Stonebridge Capital Advisors team and Board of Directors, we thank you for placing your trust in us by serving as your investment manager. Excited for what the future will bring, we will continue putting our clients first in everything we do, acting with integrity as a fiduciary, and partnering with you to meet your goals.

We look forward to another 25 years!



# SERVING OUR CLIENTS

Committed to our founding vision, our Client Relations and Administrative Services teams have continued to improve and add to our services, placing greater focus on our clients.

Director of Client Relations, Allyse Rogers, and her team of Client Relations Specialists, Rachel Nault and Mitchell Cornelsen, have done an outstanding job of developing services that cater to our clients' needs and advisory relationships.

Throughout this year, we have emphasized direct, personal communication with our partners and clients.

We encourage you to familiarize yourself with Black Diamond - our client-facing portal - in which you will find quarterly statements and relevant Stonebridge communications.

This year, there were significant updates made to your client view on this platform, including the addition of contact information of your specific portfolio management and client services team.

If you need assistance to sign into Black Diamond, please contact the Client Relations Team at 651-251-1000 or [clientrelationsteam@stonebridgecap.com](mailto:clientrelationsteam@stonebridgecap.com)

"I have always loved our motto - Client Led, Partnership Driven. One of my favorite things about Stonebridge is we truly value our client relationships - not only do we know them, but they know us."

**Michelle Terkoski**, Client Relations Administrator





# EXPANSION AT STONEBRIDGE

*A*t Stonebridge, growth, value, preservation, and long-term investing are terms we often associate with success in financial markets. Committed to service integrity and preserving the foundational values and core culture of our firm, we continue expanding human capital strategies, developing leadership, and adding to our team of professionals.

Recently, Stonebridge has promoted a handful of its exceptional employees. In addition to receiving her Investment Advisor Certified Compliance Professional credentials on December 16, 2021, Catherine Schmidt was promoted to Chief Compliance Officer. She has solidified internal processes and developed a comprehensive system to monitor and audit performance and compliance oversight.

On our portfolio management team, Gauri Jadhav, CFA, was promoted to Director of Analytics to lead our new Data Analytics team. Additionally, Jon Lynn was promoted to Director of Fixed Income and Michael Dashner, CFA, was promoted to Director of Equity. On our Regional Relationship Managers team, Derrick Watson was promoted to National Sales Director, creating the strategies for new business opportunities, and leading the team.

This year has also brought a lot of new faces to the Stonebridge team. A new addition to the portfolio management team was Brent Mellum, CFA, carrying extensive investment and portfolio management experience. Having served individual

and institutional clients, Brent helps them meet their long-term investment objectives by building optimal strategies and portfolio solutions. Creating our Administrative Services team, we hired Bonnie Romano as our Administrative Coordinator and John Unmacht as our Client Relations and Sales Administrator. Alongside our Client Relations Administrator, Michelle Terkoski, they support all internal teams and enable us to uphold our commitment to provide outstanding client service to you. They have been a wonderful addition to the Stonebridge family.

Our continued growth helped us expand our Marketing team, hiring Katherina Yavela as our Marketing Manager. She manages the marketing strategy and develops our marketing and educational materials and communications, enhancing our firm's brand, visibility, and community presence. Most recently, Vani Ramakrishnan has been hired as our Systems and Analytics Manager. Vani will maintain our firm's proprietary portfolio management and trading systems. Working closely with the portfolio management team, she will help develop the tools and processes to better enable the team to successfully operate.

Stonebridge truly values the development and diversification of our growing team. With expertise and collaboration spanning four generations long, such uniqueness adds to the success of our firm.



**Catherine Schmidt**, Chief Compliance Officer



**Gauri Jadhav**, CFA Director of Analytics



**Jon Lynn**, Director of Fixed Income



**Michael Dashner**, Director of Equity



**Derrick Watson**, National Sales Director



**Brent Mellum**, CFA, Portfolio Manager



**Bonnie Romano**, Administrative Coordinator



**John Unmacht**,  
Client Relations & Sales Administrator



**Katherina Yavela**, Marketing Manager



**Vani Ramakrishnan**,  
Systems & Analytics Manager



# INVESTMENT MANAGEMENT

What a difference a year can make. After a global pandemic and an extended period of liquidity flooding the U.S. economy, inflation finally appeared. Although the economy faced two negative quarters of GDP growth, strong employment has kept it out of a declared recession.

While the Federal Reserve was a bit late in raising interest rates to slow down inflation, it is now fully committed to increasing interest rates. The equity market keeps looking for signs of a pivot, but the Fed maintains its clear intentions. Worldwide, markets have responded accordingly with negative total returns in both stocks and bonds.

Thus far, Stonebridge has navigated this uncertain environment well. Our positioning in fixed income has allowed us to outperform most bond market indices, and our analytical approach to equities has allowed our clients to avoid some of the downturn in equity markets.

No longer being in a zero-interest rate environment has impacted all asset classes, not just fixed income. Investors now favor companies that can generate actual profits and have sustainable margins. Given numerous macro headwinds, we believe the trend of outperformance for high-quality companies will continue.

That said, regardless of macro environment and investment trends, it is good practice to focus on high-quality companies while evaluating potential equity investments. We believe balance sheet health and skilled management teams will be the major deciding factors for the winners and losers in the upcoming year.

As we head into the new year, we expect equity markets to remain volatile as companies work through increased costs and lower demand. With the expectation that markets will remain challenged for much of the coming year, we will continue searching for opportunities that will improve the quality of our equity holdings.

"Filtering out the noise and remaining disciplined to our process will be essential in the year ahead."

**Michael Dashner, CFA**, Director of Equity

For the first time in years, rising interest rates have made bonds a much more attractive investment class. Fortunately, we are seeing optimal opportunities within both the taxable and municipal bond markets.

“Bonds, as we have alluded to, are back.”

**Jon Lynn**, Director of Fixed Income

As a result, we have begun purchasing longer maturity bonds to lock in more attractive interest rates when appropriate for individual portfolios. Although market expectations have already priced in multiple additional rate increases into 2023, a specific liability remains: until inflation is well under control, the potential for further rate volatility remains as a risk to fixed income portfolios.

So far this year, our defensive strategy of using short to moderate overall duration has helped soften pricing swings. Moving into 2023, it also positions portfolios to better withstand any further shocks, continues to generate current income, and provides opportunities to reinvest cashflows at much higher rates.

As always, it is important for all clients to continue to review and be comfortable with the positioning and risks in their portfolios, making sure they align with their goals and objectives.





# HERE'S TO 25 MORE YEARS!

## 1997

Over 25 years ago, Stonebridge Capital Advisors was born. Thanks to the brilliant idea of one of our founders' wife, Allison Hippen, we named ourselves after the Stone Arch Bridge. It made sense to us to be Stonebridge Capital Advisors because of the historic perspective and uniqueness of the bridge's technology when it was built in 1883 by James J. Hill.

Throughout all these years of growth, we have met, touched, and even become family with, so many fantastic people - both clients and employees. It is these people that have made it possible for us to do what we're doing.

“The customer-centric culture we have built at Stonebridge is continually reinforced by our Management Team and each of our employees. Corporate culture matters. I am proud to have played a significant role in our growth, and am confident our clients' investment objectives will always come first.”

**Ronald C. Hume**, Executive Vice President & Portfolio Manager





# 2022

*T*o this day, we are client first in everything we do. This approach is built in at Stonebridge, not only who we are, but who we're going to be. Acting with respect, building integrity, and developing trust, our dedicated, caring team continues our growth. That is why we are and will be so successful.

Taking a trip down memory lane, our founders - Robert Kincade, Heidi Hukriede, and Dennis Hippen - sat down and shared the memories, experiences, and all that has made Stonebridge into the firm it is today. We hope you enjoy watching the full video, attached and linked with the photo below.

We are also thrilled to announce the recent official release of our new website! As you browse through the pages, you will find one of the exciting new features: the addition of our Client Tool Kit.

Within it, you will find direct access to your secure client portals, our exclusive collection of news and educational resources, an informative market feed, and a selection of our trusted sources.

Visit [stonebridgecap.com](https://stonebridgecap.com) today!



WATCH VIDEO

# THANK YOU

*W*e couldn't be more appreciative of our team's unwavering dedication to providing expert investment and client service. We thank you for entrusting Stonebridge Capital Advisors and its dedicated team of professionals, as all our growth is driven by you, our clients and partners.

"I am really enthusiastic about the future of Stonebridge. I wish I was 50 again, so I could enjoy another 15, 20 years of this.

We've come such a long way, and there's still so much opportunity ahead of us. Here's to 25 more!"

**Robert Kincade**, President & CEO

With gratitude,

**Robert Kincade**  
President & CEO



**Heidi Hukriede, CFA**  
COO & Portfolio Manager



**Lory Wessel**  
CAO & Director of Advisory Relationships



**John Schonberg, CFA**  
CIO & Portfolio Manager



**Ron Hume**  
Executive Vice President & Portfolio Manager

