



STONEBRIDGE  
Capital Advisors

# Monthly Market Commentary

January 2024 Review

# INTRODUCTION

Stepping into the second month of 2024, our Director of Equity and Director of Fixed Income reflect on the new year's first month of trading, including market conditions and how this impacts Stonebridge's investment strategies.

## Key Market Moves

### Equity Market Moves

12/31/2023 - 01/31/2024

#### S&P 500:

4769.83 to 4845.65 (up 75.82)

#### Dow:

37689.54 to 38150.30 (up 460.76)

#### NASDAQ:

15011.35 to 15164.01 (up 152.66)

### Fixed Income Market Moves

12/31/2023 - 01/31/2024

#### 2-Year Treasury:

4.23% to 4.27% (up 4 bps)

#### 10-Year Treasury:

3.88% to 3.99% (up 11 bps)

#### 10-Year A-rated Corporate:

4.75% to 4.93% (up 18 bps)

#### 10-Year AAA-rated Municipal:

2.28% to 2.38% (up 10 bps)

## Equities

Stonebridge's equity investment style provides a method for growth and income generation. Within this style, we utilize three equity strategies to invest in industry-leading, domestic companies with solid fundamentals.

Principally, we focus on large-cap equities because they are more mature companies who offer attractive growth potential and generally experience lower volatility. Our equity strategies are designed to achieve varying client investment goals and risk tolerances.

We focus on top-down, bottom-up fundamental analysis to uncover optimal equity securities that align with an individual client's investment policy. Portfolios are primarily built through individual stocks with a focus on domestic, large-cap companies.

### LARGE CAP GROWTH

est. January 2001

### GROWTH & INCOME

est. March 2015

### DIVIDEND INCOME

est. March 2011

## Fixed Income

We maintain a conservative risk profile via a bottom-up security selection process. Fixed income portfolios are constructed through individual bonds with investment-grade ratings that are well-diversified across issuers and sectors.

Our fixed income investment style provides a method for principal protection, alongside liquidity and income needs through two strategies: Tax-Exempt and Taxable.

### TAXABLE

est. December 1998

### TAX-EXEMPT

est. June 1997



# MARKET COMMENTARY

## Equity Review

As we wrap up the first month of trading in 2024, thus far the new year has been a pleasant surprise. While the headlines have been dominated by macro news such as the Fed rate decisions and GDP/CPI, we've shifted our focus onto the earnings season.

We're about a quarter of the way through the reporting period and are seeing generally positive results and forward guidance. The financial sector led off the earnings season with banks showing modest improvement compared to the first half of last year. So far, most companies in the S&P500 have reported slight earnings surprises to the upside, reflective in their price performance. With majority of the Magnificent 7 (MSFT, GOOGL, AAPL, AMZN & META) reporting their earnings this week, this will likely set the tone for the market over the next several trading days.

As always, we will use this period to track whether our companies are operating as expected, as well as identify opportunities to acquire new investments at attractive prices.

## Fixed Income Review

On Wednesday, the FOMC voted to keep the Fed Funds rate unchanged, leaving the range at 5.25% to 5.50%. Following the meeting, Chairman Powell reiterated that the committee was prepared to maintain its current target for longer if needed to gain confidence inflation is under control.

The market continues to anticipate rate cuts coming sooner and perhaps more aggressively than the Fed has been signaling up to this point, though expectations for the start look to have shifted out a few months. In a sign that the extraordinary bond rally we saw into year-end may have been a bit overdone, rates fluctuated during the month, but ended January mostly higher.

Given the current environment with short-term rates still elevated but expected to soften throughout the year, we continue to focus on moving into bond maturities along the curve out to around 7-8 years to lock in these yields for portfolios longer-term while the opportunities still present themselves.



In the stock market one quickly learns how important it is to act swiftly.

- *Bernard Baruch*



**Disclosure:** Advisory services offered through Stonebridge, an investment adviser registered with the U.S. Securities & Exchange Commission. The views expressed here reflect those of Stonebridge Capital Advisors as of 02/01/2024. They may change as economic fundamentals and market conditions change. This commentary is provided as a general source of information only and is not intended to provide investment advice for individual investor circumstances. Past performance does not guarantee future results.





# ABOUT THE AUTHORS



**Michael Dashner, CFA**

*Director of Equity, Portfolio Manager*

As the firm's Director of Equity, Michael Dashner is responsible for trading, analysis, allocation, and management of the firm's equity strategies. As one of the portfolio managers on the investment management team, he works directly with clients and advisors to establish customized investment portfolios for high net worth clients.

Having earned his BA in Economics from the University of South Dakota in 2007 and his MBA from the University of South Dakota in 2009, Michael joined Stonebridge in 2009 as a portfolio manager. In 2014, Michael completed and received his CFA from the Chartered Financial Institute. He is also a member of the CFA Society of Minnesota, along with the Minnesota Society of Municipal Analysts.



**Jon Lynn**

*Director of Fixed Income, Portfolio Manager*

As the firm's Director of Fixed Income, one of the portfolio managers, and an owner of Stonebridge, Jon is responsible for leading the taxable and tax-exempt fixed-income team. As a member of the Stonebridge Investment Review Committee and Research Committee, he oversees credit analysis, trading, and portfolio management.

Having earned his BA from the University of North Dakota in 1999, Jon joined Stonebridge in 2006 as a senior analyst and portfolio manager. With almost 25 years of business and financial experience, Jon is also an active member of the National Federation of Municipal Analysts and previously served on the board of the Minnesota Society of Municipal Analysts.

