



STONEBRIDGE  
Capital Advisors

# Monthly Market Commentary

June 2024 Review

# MARKET COMMENTARY

## Equity Review

Tally an additional victory on the scoreboard for growth stocks, as the month of June was another large outperformance period over almost all equity strategies, bond strategies, and essentially, the entire investable universe. While the average stock in the S&P500 had a negative return of 0.45%, the market weighted index was up 3.59%, and the Russell Growth index was up an astonishing 6.74%.

The year-to-date outperformance is even more staggering with the Growth index up 20.7% compared to Russell Value at 6.62%. Dividend strategies continue to underperform the overall market but show signs of life here and there in market reversals. We still see dividend strategies as a growing opportunity set as market breadth continues to shrink.

Artificial Intelligence (AI) has certainly been the dominating factor in the last 18 months with Nvidia being the largest player in this space. It is worth noting there are many other companies also benefiting from the attention in the AI arena, many of which we follow and hold across our investment strategies at Stonebridge. Companies such as Microsoft, Alphabet, Meta, Apple, Amazon, Qualcomm, AMD, and IBM, among others, are already seeing substantial outperformance due to their involvement and integration of Artificial Intelligence. As always, it is important to take a diversified approach and look under the hood of your companies to get a handle of exposures both from an opportunity aspect but as well as a risk assessment. We will be writing additional pieces in the coming weeks on the AI space

With the first half of the year behind us, we look forward to an exciting second half of 2024. We wish all our clients and partners a happy Fourth of July, and we look forward to seeing our hometown athletes represent our country in the Paris Summer Olympics!

## Fixed Income Review

Bonds notched positive returns for the month as the yield curve shifted lower on future rate policy expectations. Economic releases have been coming in showing a slowing in inflation measures. Whether it solidifies in a longer-term downward trend or proves more stubborn, the market is for now anticipating it will be enough to allow the Fed to begin rate cuts this year.

Short to intermediate investment grade corporate bonds (the area we most favor right now) returned 68 basis points in the final month of the 2nd Quarter. Municipal bonds were up over 1.5%, one of the strongest classes in performance terms. High money market yields continue to offer that sparkle that attracts investors with competitive rates compared with longer duration securities. However, with the growing reality of rate cuts edging closer, that relative opportunity could soon fade.

Our overall strategy continues to focus on moving fixed income ear-marked cash into attractive parts of the curve to capture longer-term interest rates at still higher levels. The coming holiday shortened week looks to be a relatively quiet one, but we would expect activity to pick up again once trading desks are back to fully staffed after the long weekend.



The key is in not spending time, but  
in investing it.

- Stephen R. Covey



**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 07/01/2024. 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.



# OVERVIEW

## Key Market Moves

### Equity Market Moves

05/31/2024 - 06/28/2024

#### S&P 500:

5277.51 to 5460.48 (up 182.97)

#### Dow:

38686.32 to 39118.86 (up 432.54)

#### NASDAQ:

16735.02 to 17732.6 (up 997.58)

### Fixed Income Market Moves

05/31/2024 - 06/28/2024

#### 2-Year Treasury:

4.89% to 4.71% (down 15 bps)

#### 10-Year Treasury:

4.51% to 4.36% (down 15 bps)

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

5.33% to 5.28% (down 5 bps)

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

3.11% to 2.84% (down 27 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.

### LARGE CAP GROWTH

est. January 2001

### GROWTH & INCOME

est. March 2015

### DIVIDEND INCOME

est. March 2011

## Fixed Income

Stonebridge's approach to fixed income seeks to provide principal protection, asset liquidity and income generation. We manage two fixed income strategies - taxable bond and tax-exempt municipal bond - that both utilize individual securities, and are broadly diversified across sectors and issuers. We maintain a conservative risk profile, focusing on investment-grade credit. Individual security selection is made through a bottom-up approach that identifies relative value among issuers within each sector.

Our fixed income strategies are custom tailored to meet each individual client's unique investment goals and income requirements.

### TAXABLE

est. December 1998

### TAX-EXEMPT

est. June 1997

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# 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 Analyst 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.

