



*Registered Investment Adviser
Division of Kevin Hart Kornfield & Co. Inc.
Originally Established 1986*

Tuesday, August 2, 2022

Dear Clients,

Since energy is a major theme of our clients' portfolios, we are studying the whipsawing changes affecting worldwide energy supply and demand. Due to Russian aggression, Europe appears headed for fuel rationing in the face of tightening supplies. Ensuing energy shortages and high prices will impact products made from steel, glass, paper, etc. Economic growth throughout the world could diminish. Lower demand for commodities has driven down prices for resources such as copper, iron ore, and silver. Yet looming shortages of these natural resources may drive prices up again. Future decisions by Russia and Chinese domestic demand add to the uncertainty.

During this flux, opportunities arise. We hold stocks that represent at least four distinct segments of the world's energy complex: Hess, Albemarle, National Fuel Gas and now our newest addition to client accounts, Glencore Plc.

Recognized as one of world's largest commodity traders, Glencore deals in about 60 commodities globally. The commodities that they mine and trade contribute to the production of certain types of energy. Glencore is active in the production of commodities that are important to electric vehicles (i.e., copper and cobalt). Glencore is emerging from legal problems, and in May of this year they reached settlements with the USA, UK, and Brazil to resolve investigations.

Mining companies, including Glencore, have been depressed recently due to uncertainty about the global economy. I have followed this company for several years, and now their stock appears to be at an attractive price to establish a position. Considering the company's recent actions to be a good actor and current depressed commodity prices, I felt this was a good time to buy. If I am correct about long term firming of commodity prices as the global economy recovers, we could see a nice return from Glencore from growth and dividend income. Plus, investing in commodities could be a good hedge against inflation.

If electric utilities begin to buy back excess power from residential solar installations, then we will look more carefully at solar stocks. There is new evidence, such as in Hawaii, that some utilities are buying excess solar energy. Meanwhile, we are seeking stocks that provide a stopgap as we transition to clean energy. As the availability of wind and sun vacillate on a daily basis, and power generation is needed, fossil fuels will help keep us warm or cool as the seasons dictate.

As always, thanks for your business. Please consider my firm if you have additional funds that you wish to be managed.

Very best regards,

A handwritten signature in blue ink, appearing to be the initials "KH" or similar, written over a vertical line.