



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

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Dear Clients,

The question posed to me most frequently in recent weeks is a simple one: What should I do with my money? The question, of course, comes amid swirling economic and political uncertainties.

As a former first mate on a yacht charter, allow me to craft my answer in terms of navigating dangers at sea. I remember as a young man coming into port at Narragansett Bay. Lots of boat traffic, I was driving. Suddenly so much fog I could not see the bow. We slowed to an idle. The captain was face down watching the radar. Suddenly the fog broke and I saw a massive rock wall directly ahead and I yelled. The captain pushed me aside, shifted into reverse, and gunned the engines. We were fine, but the radar failed. Then we sought to confirm our location by recognizing a buoy in the fog. That is when a Coast Guard cruiser, under power, just missed cutting us in half. It all ended ok and we got the radar repaired. The lesson to me was, in a difficult spot, to slow down and do not give up.

To extend the metaphor to money management, the mission is to guide the vessel safely through various dangers. A captain first needs to know all the information available about what is in front of us. In our office we seek to study as much information as possible about current conditions and then make prudent decisions. Exploring new industries and adapting to the times are essential to our process.

I favor the "60-40" equity-to-fixed-income ratio that we use for our balanced accounts. Tested by many previous storms, this method has served us well to sail among and between the hazards of various market cycles. The equity portion is critical for appreciation and to keep pace with the cost of living, especially when a storm of inflation whips up. A steady and predictable fixed-income (bond) portion helps to minimize potential damage due to difficult episodes as we sail into the future. Finally, keeping some cash on the side gives us opportunities to buy discounted assets during and after a storm.

So, we seek to invest according to what we see in front of us.

For most people, I feel it is best to be free of debt at retirement. The insidious damage that inflation will reap upon one's budget suggests to me that it may be wise to have one less monthly expense in your retirement years.

A note on tax planning: please do not wait until the last minute for 2022 IRA contributions. To be safe, please have all of your 2022 IRA contributions in the mail to your IRA plan by April 1, 2023.

As always, thank you very much for your business and kind consideration. Please call with any questions or concerns.

Happy Valentine's Day!!!

A handwritten signature in blue ink, appearing to be "KH", is written over the text "Happy Valentine's Day!!!".