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

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Happy New Year!

After a very productive 2021, we arrive into 2022 with a cautious market and a plentiful, yet less lethal strain of COVID. Compared to this time last year, we are defanging COVID with vaccinations and testing.

My guess is that the stock market will give up some money to the bond markets during 2022. The US Federal Reserve Bank is planning to roll back easy money policies. Specifically, the FED will raise its interest rates and reduce or stop purchases of bonds – both of which will create the likelihood of higher interest rates throughout the various bond markets. This will provide opportunities for us to buy some bonds in client accounts.

Our approach to stock picking is all about bottom line earnings and future growth thereof. We will continue finding companies that display promising attributes for future profits from proper management and excellent products. Examples include Micron's advanced semiconductors and Nokia's global expansion of products for high-speed internet and new communications equipment.

During the month of December we trimmed two issues out of client accounts: Corning and The Hain Celestial Group. Corning has been experiencing record revenues across their product lines. Yet, their bottom line earnings have been most unimpressive. Considering inflation, either their markets are very competitive and Corning cannot raise prices; or, management has not watched margins and pricing. I tend to blame the latter. But, either way, the stock has not demonstrated excellent growth characteristics.

Hain's management is facing food inflation that is increasing their costs and competition from many new entrants into the organic food sector. They will need a lot of money to market current products and add new brands. A member of their board runs an investment firm that owned about 12% of Hain's outstanding stock. Hain agreed to pay about \$45 per share for about 1.7 million shares. That expenditure of about \$76,000,000 represented all of their cash holdings that existed on 06/31/21. I question the wisdom of this stock buy-back and the dealing with a board member – did shareholder get the lowest price available?

Please let us know if you wish to receive our current regulatory disclosures. These include ADV Part II and our Client Relationship Summary (CRS).

We did take some gains this year. Please check your records to see if there are any loss carry-overs from past years.

As always, thank you very much for your business and your referrals. Feel free to contact us with any questions or concerns.

Wishing all of you excellent health,