



Registered Investment Adviser
Division of Kevin Hart Kornfield & Co. Inc.
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Dear Clients,

Please allow me to quote today's edition of the New York Times DealBook with Andrew Ross Sorkin:

The stock market is having its worst year in more than 50 years. In the first half of 2022, the S&P 500 dropped nearly 21 percent, but expectations for the second-quarter profits, which will be reported in a few weeks, generally remain high.

Considering all of the funds that we manage, the mix is about 65% stocks and 35% bonds. Therefore, we compare our overall performance against the Morningstar 65/35 index. For the first six months of 2022, the Morningstar 65/35 index is down 18.82%. While each account has its own performance, our typical account is down about 10% for the first six months of 2022.

There are two main reasons why our accounts have minimized losses compared to other indexes:

1. As we entered 2022, we have maintained large cash balances. A lot of those cash balances might otherwise have been invested in bonds. During the last couple of months, we have been buying short term corporate and US Treasury notes with maturities of approximately 18 to 23 months. Generally, these notes yield between 2.50% to 3.25%. We have avoided long bonds and bond funds, many of which have suffered double digit losses during the past six months.
2. We have generally avoided previously hot tech stocks, many of which have seen drops of 50% to 70% during the first six months of 2022.

All of us are aware of negative issues that are covered in current news reports. Let us hope that NATO's push-back to Russia helps avoid a wider confrontation. Higher interest rates appear to be cooling the inflated real estate market. Our forefathers and mothers have figured out how to maintain our democracy and the rule of law, which we need for vibrant investment markets. I am confident that we will do our part for our descendants.

We are following investment opportunities in the infrastructure, especially the power grid. Ideas include nuclear, natural gas, batteries, etc. Also, we have been looking at mining companies, specifically silver. Silver is close to multi-year lows, it is an inflation hedge, and there are a lot of industrial uses for silver.

As always, thanks very much for your business.

Wishing you a wonderful 4th of July!