



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

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Happy New Year!!!

We have entered 2015 with two new holdings in most client accounts:

- For clients who want possible growth and can accept some stocks that do not pay dividends, we have been adding shares of Sequenom Inc. (SQNM). This company provides non-invasive prenatal testing that utilizes chromosomal material to generate a personalized risk score for fetal Down Syndrome. SQNM is developing other genetic tests to identify current and future risks individuals may have for various diseases. I realize that the world may be nervous about genetic testing, but it appears that this technology is going to be a part of the future.
- A dividend paying issue that is a recent addition to most client accounts is the Chemical & Mining Co. of Chile Inc. (SQM). This company is based in Santiago, Chile and its stock trades on the New York Stock Exchange. I am recommending this company as a replacement for the recent sale of FMC. The world has a major interest in lithium batteries and SQM is a major producer of lithium. The Chemical & Mining Co. of Chile Inc. also does a world-wide business in agricultural products such as fertilizers and potassium nitrate. It appears to me that lithium batteries and food are still very popular so we are reaching out to South America for growth and dividend income.

At the end of this month, Alliant Techsystems (ATK) is scheduled to approve the merger with Orbital Sciences. Shareholders of both companies will receive shares of Orbital ATK. Shareholders of ATK will receive two shares of Vista Outdoor common stock for every one share of ATK. Orbital ATK will make money from space exploration and defense spending. Vista Outdoors will make money from sales at companies like Cabela's and Bass Pro Shops. Plus, Vista will be supplier to the US Dept. of Defense.

As you know we are not tax professionals so we do not give tax advice. Having said that, beginning on January 1, 2015 there are strict new rules on IRA transfers. According to Investment News, as of Jan. 1st, owners of individual retirement accounts can do only one indirect 60-day rollover a year, for all their IRAs. The rule no longer applies separately to each IRA. In this case, IRAs include traditional and Roth IRAs, as well as SEP and Simple IRAs. The one-year period is not a calendar year; it is 365 days or 12 months. If a second 60-day rollover takes place within the one-year period, the distribution will be taxable and subject to a 10% early-withdrawal penalty if the client is under 59 1/2. Direct transfer – also called trustee-to-trustee transfer – can be done as often as a client wishes, without having to worry about the one-a-year rollover rule. You may wish to confirm this with your tax professional.

The markets are high and interest rates are low. In this environment I am reviewing issues that could be sold. For example, certain utility stocks could be priced very high compared to their historical relationship with earnings – also known as a high price to earnings (PE) ratio. If you have any accounts that are not managed here, please let me know if you would like a complimentary review and some recommendations.

Very best regards,