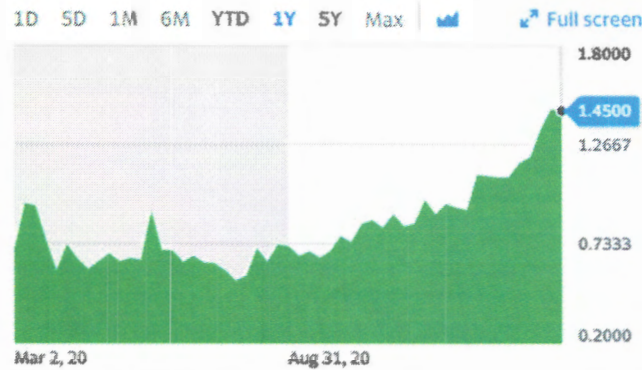




Registered Investment Adviser
Division of Kevin Hart Kornfield & Co. Inc.
Originally Established 1986

Treasury Yield 10 Years



Source as of 3/1/2021: <https://finance.yahoo.com/>

Monday, March 1, 2021

Dear Clients,

Spring is springing with chirping birds, the stock markets are strong, and COVID seems to be loosening its grip. The USA and other governments around the world are providing financial aid to ease lockdown difficulties.

We had an unusual contributor to our account appreciation in February which helped some balanced and income portfolios. Our accounts have different bonds because cash becomes available at different times. Some accounts had Twitter 1% notes. Our typical strategy is to buy short to medium term bonds, create a ladder of various maturities, and allow them to mature. Late last month we noticed that our Twitter bonds, which were due to mature in September, suddenly had appreciated about 10 percent over their face value, an unusual situation for bonds with near-term maturities. The reason for the price appreciation was that these bonds were convertible to a set number of shares of Twitter's common stock, which had risen rapidly. Therefore, we were able to take a strong gain for our Twitter bonds last week.

Other than that, we were not very active in our accounts last month, and we have a higher than usual amount of cash available to buy strong candidates when we see the right prices.

With all of the stimulus money there is a faint hint of inflation. Evidence of this may be the almost doubling of the yield on our US 10-year note. See above chart. We have not seen similar yield increases at the very short part of maturity range. Rather than buying bonds with unattractive rates in the 10-year area, we await higher rates by holding fast to cash. I think it is important to note that mortgage rates are directly impacted by fluctuations of the US 10-year interest rate.

As always, thanks very much for your patient confidence. Please know that your business is greatly appreciated.

Very best regards,