



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

March 4, 2020

Dear Clients,

This is the time to take particularly good care of yourself. I am not suggesting that we ignore the severity of the recent market declines; however, we need to stay healthy and strong in case the United States sees a large coronavirus outbreak. Get rest, maintain excellent nutritional diets, get exercise, and limit yourselves to only one gallon of ice cream a day while watching the hysterical news reports.

The Federal Reserve cut short term interest rates Tuesday to help the economy. Today the 10-year US Treasury note had a yield of .97 percent. This is an all-time record low interest rate. The USA has maintained low interest rates since the 2008 Great Recession. If the economy falls into another recession, with rates near zero, what tools are left for our government to stimulate the economy? We may learn that answer soon enough.

Meanwhile, what are we doing to take good care of your investments? Recently we purchased shares of the insurance company Lincoln National Corporation. If interest rates are near a bottom, and higher interest rates are important to increase an insurance company's earnings, then we are supposed to buy at a low ebb of interest rates (see above paragraph). The Secure Act took effect on 01/01/2020. This act allows corporate retirement plans to offer annuity insurance policies. No doubt there will be a lot of insurance companies competing for this business. I remain optimistic that Lincoln National will get part of the market. Also, Lincoln sells at ½ of book value, the stock sells at an attractive 5 times expected earnings for next year, and they currently pay a 3.3% dividend.

Another stock that we added recently is Ruth's Hospitality (RUTH, \$19.07). Ruth's operates about 160 Ruth's Chris Steak House restaurants. On the other side of this page is an article from Zacks Equity Research. I realize that there are many terms and ratios used by research analysts. The proverbial bottom line is that I feel Ruth's is selling at a very attractive valuation. Perhaps Ruth's is being offered at an attractive price because the fear of the coronavirus will keep clients away. Please forgive my optimism that the virus will pass, not every business will close, and many people will continue going out for a special meal in a nice environment.

As always, my thanks to our clients as I continue to seek out leading companies for long term growth and income. Feel free to call with any questions.

Very best regards,

A handwritten signature in blue ink, appearing to be "Kevin Hart Kornfield", written over a vertical line.

Kevin Hart Kornfield, MBA
President