



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

We are on high alert during the Russian invasion of Ukraine. Cyber-attacks are always a concern, but right now we (my firm and our correspondent firms that hold client assets) are particularly mindful about Russia's aggression and nuclear threats. There is an old saying that you can never have too much red wine on hand. My version of that is that you can never have too many backups.

For some accounts we added shares of AeroVironment (AVAV). Recently AVAV had a disappointing earnings report that drove the stock down. Our conversations with the company indicate that most of the sales are deferred, and not lost, due to temporary supply chain issues and delayed passage of government funding. They are regularly winning contracts. AeroVironment designs and produces Unmanned Aircraft Systems (i.e. Drones). The company supplies these systems to businesses and organizations within the U.S. Department of Defense and to international allied governments.

During January we reluctantly sold 3M out of client accounts. 3M makes excellent products, but they cannot seem to generate organic growth. Furthermore, they have significant law suits over faulty hearing protection devices and hazardous chemical pollution. The company has much debt from acquisitions which are not growing as hoped. 3M continues to struggle with tight profit margins.

Recently Albemarle (ALB) reported disappointing earnings. Upon close examination, the picture that emerges is a company that is still growing and is fully participating in the lucrative lithium market. Rather than just cashing in on today's hot lithium market, ALB has decided to vigorously invest available cash to build itself into a major player in the global lithium markets. Earnings estimated for the year ending 12/31/2023 could be \$10 per share or higher. Therefore, I feel we need to be patient and allow for another year or longer to allow ALB to grow.

Yesterday we had good news from Arlo. Following is a quote from Arlo's Chief Executive Matthew McRae as reported by Investor's Business Daily: "Our new business model for subscriptions continued its momentum, adding a record 190,000 paid accounts in Q4, an increase of 141% year over year.....Our impressive paid account growth drove our strong recurring revenue (monthly subscribers) growth as we exited 2021 with annual recurring revenue of \$90.1 million, growing at 94% year over year." Subscriptions as a service (SaaS) is a key for growth. Arlo Technologies is a maker of Internet-connected home security cameras. Today, Arlo's stock closed at \$11.19, up \$2.51, gaining 28.92% over Tuesday's closing price.

As always, thank you very much for your business and referrals. Please feel free to call me or our office with any questions or concerns.

Very best regards,

A handwritten signature in blue ink, appearing to be "K", is written over the "Very best regards," text.