



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

Tuesday, May 3, 2022

Dear Clients,

During the week of November 15th, 2021, many stock prices reversed their upward advances and began what we see today as a major sell-off. Not just FANG stocks (Facebook, Amazon, Apple, Netflix, and Google), but numbers of stocks in different industries. In searching news stories from last November, we began seeing reports of Russian military activity around Ukraine.

Late last year there were other worries about the stock and bond markets. Inflation, higher interest rates, possible slowing economy. All of these concerns became more acute when Russia invaded Ukraine on February 24th. Fortunately, our clients had holdings of energy (Hess, National Fuel Gas) and mining (Albemarle). We also had rather large cash balances and no long-term bonds. For balanced and income accounts we are taking advantage of higher interest rates to buy approximately one-year maturities of corporate and US Treasury notes.

I decided that it was time to sell Unity after sharp declines. They are taking on debt to grow. Since the company has not reached profitability, and the virtual reality entertainment business is not growing as fast as expected, I felt it was time to sell and continue to follow Unity for future investment.

Perhaps NATO upset Mr. Putin by talking to Ukraine. But, in my opinion, the brutal onslaught upon Ukraine is a war on democracy and freedom. Like any war, all of us may ask what is our part to help.

One of those parts will be for us to pay taxes. We, the people of the USA, have been running up debt and printing money VERY actively since 2007. Most likely, all of these new dollars in circulation have served to devalue our currency. For further details, please look up data on the Federal Reserve and US Treasury web sites.

For non-retirement accounts, current tax rates are generally lower on dividend income from common stocks. Most of the stocks we recommend are paying quarterly dividends. Due to higher interest rates, we are being particularly careful about buying stocks and bonds of companies that are carrying excessive debt.

If you are in our area, please remember to ask for Barnstormers baseball tickets. You are supporting Lancaster's downtown when attending a game and buying drinks and food.

As always, thanks very much for your business and referrals. Please feel free to call with any questions or concerns.

Very best regards,

A handwritten signature in blue ink, appearing to be "K. Kornfield", written over the typed name.

Kevin Hart Kornfield, MBA
President