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First Quarter 2017 Update and Commentary

We are pleased to report that our clients are off to a good start this year. The portfolios we manage earned a solid 3% in the first quarter.

Keeping clients safe is a major focus of our investment management. As the following table of annual returns shows, our clients have achieved great results because our long-term, value-oriented style avoids overheated markets like those of 2000 and 2007.*

	Mar 2000 to date	Sep 2007 to date
EF Invest	7%	6%
S&P 500	3%	5%

Hasbro, a maker of toys (Nerf, Tonka and Transformers), games (Monopoly) and Hollywood-related promotional merchandise (Star Wars, Marvel super heroes and Disney animated films) is an example of our value-oriented strategy. We bought Hasbro in January 2013 at \$35.73 a share; it closed March 31 at \$99.82. In addition, Hasbro increased its dividend by 43% since our purchase.

The stock market remains near its all time high in spite of years of sub-par growth. It is supported by improving economic conditions around the world, low interest rates and hopes for infrastructure spending and tax cuts here in the United States. Whether the Trump White House and Republican Congress can deliver remains to be seen.

The Federal Reserve raised interest rates in March to the 0.75%-1.00% range and indicated five more increases are likely in 2017 and 2018. The Fed would not do this unless they believe continued economic growth is likely. The International Monetary Fund estimates 2.3% growth in 2017 and 2.5% growth in 2018 for the United States. They predict worldwide growth of 3.4% and 3.6% during these years. Periods of economic growth with low interest rates seldom precede major market corrections.

Our focus on safety helps explain why clients have been with us over thirteen years on average. For more information please call or visit our website, www.efinvest.com. Thank you for your interest in Eliot Finkel Investment Counsel.

* Past performance is no guarantee of future results and does not preclude the possibility of loss.