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Fourth Quarter 2018 Update and Commentary

Generating safe, robust client returns is our goal at Eliot Finkel Investment Counsel. The following table of annual returns shows the superior results we achieved using patient, value-oriented investing to avoid 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%

Economic times remain good. The U.S. economy grew 3% in 2018. The U.S. unemployment rate stood at 3.9% in December up from a 49-year low of 3.7% in November. American employers had 6.9 million unfilled jobs at the end of November—outnumbering jobless Americans looking for work by 600,000. Consumer spending and personal income are at all-time highs. It is difficult to see a recession starting in the near term given relatively low interest rates, record-low unemployment, little inflation and strong consumer spending.

That said, volatility and a market retreat never promote calm nerves—though they tend to promote investment opportunities. With no new tax cuts or budget-deficit increases this year we expect growth to slow in the U.S. The rest of the world is also exhibiting signs of slowing growth. The president is not helping. Markets will continue to be volatile.

Investors need a long-term horizon. Jack Bogle, the investment guru and founder of Vanguard, believed “Time is your friend; impulse is your enemy.” As long as the economy continues to grow and the fundamentals underlying the companies in our portfolios remain solid, which they are, we will stay the course. History indicates this is the best course to follow.

Forty-five years of experience and internal research help us select companies with exemplary histories, substantial dividends and excellent prospects. Focusing on economics and company fundamentals has generated superior long-term results for our clients. This, plus the personal service we provide, explain why our average client has been with us over 13 years. For more information please call 310-271-2521 or visit our website at efinvest.com. *Please note that our Beverly Hills office has moved to 9401 Wilshire Boulevard, Suite 1250, Beverly Hills, California 90212.* Thank you for your interest.

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