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Fourth Quarter 2020 Update and Commentary

Generating safe returns for our clients is the primary goal at Eliot Finkel Investment Counsel. Successful investing requires patience and a long-investment horizon. Our focus on company fundamentals and economics backed by 47 years of experience and in-house research continue to produce superior long-term results. This, plus the personal service we provide, explain why our average client has been with us over 17 years.

Since the dot com bubble broke in 2000, we have generated 7% annual returns, outperforming both the Standard & Poor's 500 Index (5%) and tech heavy NASDAQ (6%)*. Many of today's high-flying tech stocks are trading at stratospheric valuations last seen during the 1999-2000 bubble. Our patience and value-orientation avoid overheated markets. The companies in our portfolios are financially strong, profitable and more reasonably priced.

It is no surprise that the pandemic triggered a record-setting recession. More surprising is the stock market which, after a sharp retreat last spring, is now at all time highs. Equity prices are being supported by low interest rates, low inflation, the promise of increased consumer spending as the pandemic recedes, and a lack of investment alternatives.

Meanwhile, the Covid pandemic continues to rage, though downplayed by many on the right and younger adults. After miraculously developing multiple vaccines in record time, the world is racing to vaccinate humanity and stem the death toll.

We definitely live in "interesting times." The November election showed that our country had had enough of President Trump, who disputed the result without credible evidence until he incited a mob invasion of the nation's capitol. Meanwhile, in down ballot elections throughout the country, despite what many polls predicted, moderate candidates from both parties were favored over more radical opponents.

Let's hope President Biden, with the help of a more conciliatory congress, can address the issues facing America. Our country needs more healthcare research and better health insurance to remain competitive. For the sake of our grandchildren, we also need to fight climate change, improve our infrastructure, reduce income inequality and confront racism. Working with our allies around the world, promoting democracy and honoring our commitments would also help. Economists and the Federal Reserve urge more fiscal stimulus to promote growth and minimize the economic damage of the pandemic. They believe and we agree that this can be done without causing significant inflation.

For more information please call 310-271-2521 or visit our website at efinvest.com. Thank you for your interest.

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