

ELIOT FINKEL INVESTMENT COUNSEL, LLC

9401 WILSHIRE BOULEVARD, SUITE 1250, BEVERLY HILLS, CALIFORNIA 90212

TELEPHONE (310) 271-2521

First Quarter 2021 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 results. This, plus the personal service we provide, explain why our clients have been with us, on average, over 17 years.

Since the dotcom bubble broke in 2000, we have generated 8% annual returns, exceeding 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 in 2000. Our patience and value-orientation avoid overheated markets. The investments in our clients' portfolios are financially strong, profitable and more reasonably priced.

The U.S. appears to be roaring out of the pandemic and resulting recession with growth estimates for 2021 exceeding 6%, a rate not seen in decades. This growth has been aided by three government stimulus programs totaling almost \$5 trillion, Covid-19 vaccinations exceeding three million per day and pent-up demand resulting from a year in lockdown.

The stock market remains at all time highs supported by low interest rates, the prospect of rapid growth, a lack of alternative investments and low inflation.

Inflation is the most frequent concern raised these days. Given that prices cratered at the beginning of the pandemic a year ago, some inflation is inevitable. Pent-up demand along with production bottlenecks, like the shortage of semiconductors affecting auto production, will also pressure prices upward.

Longer-term a number of factors mitigate against high inflation. These include low labor force participation which, at 61.5% of eligible employees, is lower than usual. Potential tax increases along with slower growth and vaccination rates elsewhere in the world could also mitigate against inflation.

Our country needs to improve its infrastructure, fight climate change and reduce our reliance on foreign countries for essential goods; all areas where government help might be appropriate. More healthcare research and better health insurance would also keep our country economically competitive.

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.