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Fourth Quarter 2015 Update and Commentary

Thank you for your interest in Eliot Finkel Investment Counsel. As the table below shows, we have delivered superior, long-term performance by minimizing the impact of difficult times (the Dotcom Crash and Great Recession).*

| | Mar 2000 to date | Sep 2007 to date |
|-----------|------------------|------------------|
| EF Invest | 160% | 49% |
| S&P 500 | 36% | 34% |

Last year was not good for long-term, fundamental investors. Warren Buffett's Berkshire Hathaway shares dropped 12.5%. Companies exposed to energy and other commodities suffered while firms with international exposure were doubly hit with an appreciating dollar and weak foreign economies.

Facebook, Amazon, Netflix and Google did much better, rising 72% on average. However, their Price-Earnings Ratios average 64 and they pay no dividends. They are priced to perfection and are not prudent, long-term investments. We favor value-oriented stocks paying safe, substantial dividends. It is a long-term strategy that avoids over-priced, fashionable stocks.

Investors often use capital gains as their primary measure of investment results. Income (dividends), a fundamental component of value investing, is also important. A company that increases its dividend regularly without distributing too much of its earnings should be a safe, profitable, long-term investment. The companies in our portfolios yield about 4% in dividends, which average just over half their earnings. Their dividends grew 5% last year and 10% per year over the past decade. These are important facts to remember with today's turbulent markets.

Boeing, which closed 2015 at \$145 per share, is an example of our value-oriented strategy. We purchased the stock at the end of 2009 in the mid-\$50s. Since then Boeing has increased its dividend from \$1.68 to \$3.64 (117%). At 44% of earnings, the dividend is safe.

Our focus on long-term value has produced excellent results for four decades. We select companies like Boeing to build client portfolios using our experience and internal research. Our focus on safety helps explain why our clients have been with us over twelve years on average.

For more information please call us or visit our website, www.efinvest.com.

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