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Fourth Quarter 2016 Update and Commentary

We are pleased to report that 2016 was an excellent year for our clients. The portfolios we manage earned 20% versus 10% for the S&P 500.

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	2%	4%

Sysco, a distributor of food, equipment and supplies to the foodservice industry is an example of our value-oriented strategy. Sysco ended 2016 at \$55.37. It has produced \$31.04 in gains and dividends per share over the \$31.62 average cost paid in 2010.

The stock and bond markets remain near their all-time highs in spite of nine years of sub-par growth. Low interest rates and quantitative easing have not produced the hoped for results. Prolonged low interest rates pressure individuals to spend less and save more to compensate for their reduced returns. Businesses invest less because of the resulting lack of consumer spending. Economists now question whether extended periods of easy money stimulate growth.

The way out of this trap is for governments to stimulate growth through investments in infrastructure, training and education that promote future productivity. The potential for infrastructure spending is driving the markets to new highs. Whether the Trump White House and Republican Congress can deliver remains to be seen. We live in interesting times.

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. 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.