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Third Quarter 2024 Update and Commentary

Generating safe returns for our clients is the goal at Eliot Finkel Investment Counsel. Successful investing requires patience and a long investment horizon. Our focus on safety, combined with economic research, detailed company evaluations and 50 years of experience, continues to provide superior results. This, plus the personal service we provide, explains why our clients have been with us for 20 years on average.

Since the dot com bubble broke in 2000, we have generated 7% annual returns net of management fees for our clients, outperforming both the S&P 500 (6%) and Nasdaq (6%). An investment with us in March 2000 would now be worth 50% more than an equal investment in the S&P 500. Successful investing is best measured over the long-term. The best investors minimize the impact of bear market years like 2000 and 2022.

The American economy has shown extraordinary resilience since the Covid epidemic and subsequent surge in inflation. Economic growth for 2024 is expected to be 3%, while the 4.1% unemployment rate is about optimal for healthy growth with full employment and low inflation. The Federal Reserve Board has done a tremendous job steering the economy through these crises without precipitating a recession. Low rates on existing mortgages, rising wages, increased returns on savings accounts and healthy corporate earnings all have helped.

Inflation is expected drop to 3.1% in 2024 and 1.8% in 2025, after peaking at 9.6% in 2022. Mortgage rates have retreated from 7.8% to 6.1% in the past year. Wages have increased 24% since 2020, while corporate earnings rose 26%. Both have grown more than inflation which totaled 22%.

The positive results of the past few years nevertheless leave serious economic and financial issues to address. These include unsustainable budget deficits; climate change; resilient supply chains; office vacancies; and conflicts in the Middle East, Ukraine and the South China Sea.

Our patience and focus on safety combined with detailed attention to economics and company fundamentals, backed by 50 years of experience and in-house research, continue to provide superior results. The companies in our portfolios have excellent long-term prospects, strong fundamentals, and secure financials. The availability of Treasury Bills paying almost 5% continues to provide a safe, liquid place for uninvested assets. Thank you for your interest. For more information, or to discuss our investing process, please call 310-271-2521 or visit our website, www.efinvest.com.

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