

# ELIOT FINKEL INVESTMENT COUNSEL, LLC

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## First Quarter 2025 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 51 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.

Our clients earned over 1% last quarter! Hardly exciting, except that the S&P 500 and Nasdaq dropped 5% and 10%, respectively. The Magnificent Seven AI companies (Apple, Amazon, Google, Microsoft, Meta, Nvidia and Tesla), which produced half of 2024's market gains, were down 15%. This is why we avoid richly priced stocks like the Magnificent Seven. We would rather be safe than sorry with our clients' investments. Successful managers minimize the impact of down markets.

Since 2000, we have generated 7% annual returns for our clients, outperforming both the S&P 500 (5%) and Nasdaq (5%). An investment with us in March 2000 would be worth 47% more, after our fees, than an investment in the S&P 500.

President Trump's "Liberation Day" may go down in history as economic malpractice of the highest order. The tariffs will cause big economic distortions. America's economic growth will slow. Inflation will rise. American consumers will be hit hard.

Trump's move has confirmed America's abdication as guardian of the global trade system. His tariffs are based on flawed economics and inaccurate history. He has glorified the high-tariff era of the late 19th century, while ignoring the Smoot-Hawley tariffs of 1930 which deepened the Great Depression and led to the rise of Adolf Hitler.

In fact, it was the painstaking trade talks of the 80 years after the World War II that lowered tariffs and led to unprecedented global prosperity. Our country which created, and has gained mightily from, the global trade system is now trying to destroy it.

Despite the chaos, the economic consensus continues to forecast reduced growth, NOT recession. The American economy has shown extraordinary resilience over the past several years. Economic growth for 2025 is expected to be over 2%, which when combined with 4% unemployment and 2.8% inflation is good for healthy growth with full employment and low inflation.

Further, U.S. companies and the entrepreneurs that run them have a well-earned reputation for ingenuity, flexibility and resilience. Our businesses are agile, profitable and honed by heavy competition. This is why we avoided liquidating more positions last quarter. Besides, liquidation is expensive and risky for long-term investing.

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

The companies in our portfolios, which we monitor closely, have strong financials and excellent long-term prospects. Our patience and focus on safety combined with detailed attention to economics and company fundamentals, backed by 51 years of experience and in-house research, continue to provide superior results. The availability of Treasury Bills yielding over 4% continues to provide a safe, liquid place for uninvested assets. For more information, please call 310-271-2521 or visit our website, [www.efinvest.com](http://www.efinvest.com). Thank you for your interest.