

IN THIS ISSUE

P2 Q2 2021
Performance Data

“Happy Days”
Still Are Here

P3 Electric Vehicles (EVs)
Have Re-Charged
Their Engines

P4 Are Cryptocurrencies
Too Hot To Handle?

Investment Chronicle

Although some may argue that the coronavirus disease of 2019...commonly referred to as Covid-19...now is in our past, the fact is that less than one-half of the world's inhabitants have received even their first vaccination. As stated by one of the leading developers of virus antidotes, keeping this disease (and its variants) under control will continue to be a health need for many years to come.

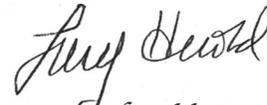
Management at Herold & Lantern Investments, Inc. did its part to maintain staff safety. Our caution included development of a work-at-home ethic that enabled our staff to maintain communication with one another and, most importantly, with clients.

We are now more than halfway through the first year of our operation as a combined firm. In addition to the ongoing effort to develop new or improved client services, we have stressed the benefits that can be achieved by working in teams with clients. Also, with greater regulatory scrutiny of financial activities in prospect, the integration with our Compliance Department is imperative. Our hope is that clients and friends will use our website to keep abreast of developments. Look for us at www.heroldslantern.com

Sincerely,



Keith Lanton
President



Larry Herold
Chief Operating Officer

Heard On Wall Street

- Covid-19 deaths in the U. S. now exceed 600,000 while approximately 4 million have succumbed worldwide. Although we lead the world in terms of vaccinations and a return to what might be termed “a new normalcy,” public authorities are preparing us to live with a disease that likely will impact some aspects of our society.
- Inflation is a subject of some concern, not only to the Federal Reserve Bank but to every household in America. Led by energy prices... up more than 50% year-to-date...commodity prices have risen an average of 20% this year. Viewed against the Fed target for an inflation rate of 2% per annum, the transitory nature of the current rise in prices is an open question.
- Although international support for a global minimum corporate tax rate does not equate with a set of unified tax laws, the U. S. and Organization For Economic Cooperation And Development (OECD) view this new agreement as an important step in increasing tax receipts from large international companies.
- Some Exchange Traded Funds (ETFs) as well as a number of global indexes already have “a can of memes” on their hands! Runaway stocks, such as Gamestop (GME) and AMC Entertainment (AMC) now loom large in these performance funds and/or indexes. Do the named issues bear any relationship to operating fundamentals? Only the buyers of “meme stocks” can respond to questions such as this.
- As the incidence of Covid-19 recedes, consumer preferences are in the process of change. The sharp gains in overall retail sales changed to a loss of 1.3% in May. In its stead, people are spending more on services. While services account for the bulk of economic output, they are largely excluded from retail sales reports.
- A bill making June 19th (Juneteenth) the first new federal-created holiday in nearly 4 decades, was signed into law. Also known as Emancipation Day, the original order came two months after the end of the Civil War and almost 2 ½ years after Pres. Lincoln had issued the Emancipation Proclamation.



“The Oculus”
NY World Trade Center
9/11 Memorial

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Q2 2021 PERFORMANCE DATA

Dow Jones Industrials	34,502.51	+5.1%
Standard & Poor's 500	4297.50	+8.6
NASDAQ Comp.	14,503.95	+9.5

Market Sectors		DJIA Stocks		Overseas Markets		Commodities	
BEST:							
Real Estate	+12.3%	American Express	+16.8%	Brazil	+8.7%	Natural Gas	+40.0%
Info Tech	+11.3	Nike	+16.3	Switzerland	+8.1	Coffee	+29.0
Energy	+10.1	Goldman Sachs	+16.1	Taiwan	+8.1	Corn	+27.6
WORST:							
Utilities	(1.1)%	Intel	(12.3)%	Chile	(13.0)%	Cocoa	+0.5%
Consumer Staples	+3.2	Caterpillar	(6.1)	Japan	(1.3)	Soybeans	+0.9
Materials	+4.5	Boeing	(6.0)	U.K.	(1.1)	Gold	+3.3

“Happy Days” Still Are Here

The 1929 hit song “Happy Days Are Here Again” helped frame Franklin D. Roosevelt’s 1932 successful presidential campaign. While the words were not quite true in that Great Depression year, the Repeal of Prohibition one year later did in fact justify the mood conveyed therein.

Carrying forward on this thought, “Happy Days” have been the mantra for the S & P 500 since the March 2009 low of 676 (yes, that number is correct) was recorded. The S & P 500 has gone on to new highs during each of the following eleven years and other major averages have followed or exceeded that performance. While that was “then” and this is “now,” all of the major averages currently are hovering at all-time highs.

What has been the propellant that has enabled stocks to set all-time records on a consistent basis? In our opinion, the actions of the Federal Reserve Board in lowering interest rates...and keeping them low year-after-year...has proven to be a major promotional factor for equities in general and growth stocks in particular. Moreover, low interest rates have encouraged the usage of margin debt by a new breed of traders-investors. This development has in turn led to different sets of securities now heading



the surge to new heights. That factor, coupled with federal deficits that are closing in on levels vs. GDP that rival those only reached during WW II, should not be ignored.

On the other hand, economic activity has quickly recovered from the Covid-19 induced lows of 2020. This development has resulted in an unprecedented rebound in current and projected corporate profits. However, accompanying these recoveries has been a sharp rise in many product prices as well as wage rates. The sustainability of the market advance thus is being called into question. As a result of the record number of years of market advances as well as Price: Earnings Ratios being at or near all-time highs, experienced analysts are being called upon to go beyond their ken to justify higher prices. Notwithstanding the above concerns, those seeking VALUE still should be able to sort it out from within the market chaff.

Electric Vehicles (EVs) Have Re-Charged Their Engines

Few if any proponents of electric vehicles (EVs) will remember that Pres. Woodrow Wilson was accustomed to driving around the White House grounds in his Milburn Electric automobile. But no one needs a reminder that Elon Musk, the founder and prime mover of Tesla, Inc. (TSLA), is at the center of the revolution that is taking place within the automobile industry. Every car producer in the world has committed a significant percentage of its research/manufacturing capabilities to the burgeoning EV market. Those efforts are focused not only on the car itself but on its largest single component: Batteries. According to most experts, batteries are the key to the future of electric vehicles.

Surprisingly, although the price of lithium-ion cells has fallen almost 90% over the past decade, the technology itself has remained almost unchanged for more than 30 years. Not only do battery cells account for one-third of the total vehicle weight, but re-charge times still can be as long as 50 minutes.

And distances between charges remain mired in the 300-400 mile range. Additionally, there still are very few locations where charge stations are in close proximity. Of even greater concern is that lithium-ion batteries are prone to fire and/or explosion. Those limitations notwithstanding, EV sales totaled more than 3 million units with China having recorded 1.3 million of those sales. While Tesla reportedly now accounts for 4 out of every 5 EV sales made worldwide, it is worth noting that more than a dozen new EV models are set to arrive in U. S. showrooms during 2021.

Perhaps of even greater importance are the innovations in battery technology that currently are underway. While not yet commercially feasible, solid-state lithium metal cells would eliminate a number of problems now related to ion batteries. These include flammability issues as well as permitting greater energy density, thus enabling longer distance ranges. Another potential solution is the usage of hydrogen in fuel

cells, but that opportunity seems to lie further down the road.

Not to be overlooked are the following: (1) The growing need for electric charging devices; (2) geographic expansion of charging stations. Although the large presence of gasoline stations likely puts the oil companies in the forefront of the electric re-charging business, there are a growing number of equipment manufacturers, notably of foreign vintage, that are making bids for market leadership of that segment. Another part of the EV equation is consumption of electric power. The likelihood is that growth in (blockchain-related) cryptocurrencies plus rising sales of EV automobiles will lead to even greater demand for electric power. Despite the dramatic increases being projected for kilowatt hour output, the Utility Sector remains at the bottom of most price performance tables. Thus it would seem that New Era investors favor more dramatic possibilities than those currently offered by Utilities.



PRODUCTS AND SERVICES

ADVISORY ACCOUNTS*

BONDS & BOND TRADING

EQUITIES/OPTIONS

EXCHANGE TRADED FUNDS (ETFs)

529 PLANS

FIXED AND VARIABLE ANNUITIES

INVESTMENT BANKING SERVICES

LIFE INSURANCE**

MORTGAGE-BACKED SECURITIES

MUTUAL FUNDS

PENSION/RETIREMENT ACCOUNTS

Are Cryptocurrencies Too Hot To Handle?

Throughout the passage of time, “money” has been used as the preferred medium of exchange. Although the definition of money has been revised numerous times and it has been given various names and shapes over the years, the U. S. dollar now seems to reign supreme as the currency of choice. According to the Bank for International Settlements (BIS)...the global body for the central bankers of the world...the dollar accounts for 88% of all foreign exchange trades. In contrast, the Chinese yuan was used in just 4% of such transactions.

The 2008 publication of a paper entitled “Bitcoin: A Peer-To-Peer Electronic Cash System,” added a new, albeit controversial, dimension to the concept of money as the medium of exchange. Led by Bitcoin, digital currencies have grown quickly within the past few years but, at its current market size (an estimated \$1.5 trillion), they rank near the low end of overall ownership of assets. And their impact on current economic activity is nominal. Nevertheless, there is a growing body of buyers-owners who believe that the financial future belongs to one or more of the 5,000+ digital-based currencies now in existence.

On the other hand, many governmental entities of the world are actively studying the subject with the ultimate aim of maintaining control over the issuance and management of any or all types of currency. Some countries...notably China, but also El Salvador...already have instituted a digital form of their respective currencies. Just where this tug-of-war will lead us is a question that has yet to be conclusively answered. In the meantime, new iterations of digital currencies, digital banks, and payments systems are appearing with alarming frequency. During this period of rapid gestation, we believe that commitments to this relatively unproven asset class should be subject to rigid control by each and every potential buyer of cryptocurrencies.

* Advisory services are offered by our SEC registered investment advisors, Herold Advisors, Inc. and/or Lantern Wealth Advisors, LLC.

** Insurance solutions offered through Lantern Insurance Brokerage and/or Herold Insurance Agency, Inc.

Investment Chronicle

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