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# Investment Insights

Due to the ravages of a virulent coronavirus, 2020 will be remembered as experiencing the worst pandemic in 100 years. Despite the imminent receipt of at least two vaccines that promise to arrest the spread of Covid-19, its effect upon our social lives as well as on the economies of the world likely will be long-lasting.

Economic/social adversities notwithstanding, the year 2020 turned out to be a surprisingly good one for investors in U.S. stocks, bonds and alternatives, including cryptocurrencies. The past year also was a momentous one for Bernard Herold & Co. and Lantern Investments, Inc. After discussions throughout that year, our two firms were merged into one company...Herold & Lantern Investments, Inc.

At Herold & Lantern Investments, Inc., we and our combined staffs are dedicated to providing clients with a diversified list of investment products and services. We encourage you to visit our website at [www.heroldlantern.com](http://www.heroldlantern.com) to become more familiar with our firm.

Sincerely,



Keith Lanton  
President



Larry Herold  
Chief Operating Officer

## Heard On Wall Street

- A recent publication from the Census Bureau indicated that the population of the U.S., at 332.6 million, had grown 8% over the past decade.
- The worldwide number of Covid-19 cases now tops 85 million. Also, fatalities now exceed 1.8 million. However, with two vaccines having received emergency approval from the FDA, help is on the way.
- Social Security benefits are scheduled to rise 1.3% in 2021 which translates into a \$20 per month boost in retiree benefits. Medicare Part B costs are projected to take 43% of that amount.
- Despite respectable 2020 performance of so-called Emerging Markets (EMs), notably those in the Asia-Pacific area, the pandemic has thrown 100 million or more people below the poverty line. The World Bank predicted that it will be 2-3 years to recover to previous levels of economic activity.
- Led by Bitcoin, digital currencies are back in vogue. A number of leading fiduciaries...including CME Group, Fidelity Investments, and Intercontinental Exchange...now are offering buy-sell services for cryptocurrencies.
- Tesla (TSLA) just became the newest member of the S & P 500 Index. Production of Electric Vehicles (EVs) currently account for only 3% of global sales but Tesla's valuation is roughly equal to that of the 8 largest world auto producers.
- As men and women advance in age, their tendency is to diminish in height. Not so, it seems, with mountains. A new survey indicated that Mt. Everest is 0.86 meters higher than was previously calculated. Some scientists have speculated that a 7.8 earthquake in 2015 may have affected Mt. Everest's height. Climbers thus should expect to exert an even greater effort to reach its crest.



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## 2020 PERFORMANCE DATA

Dow Jones Industrials	30,606.48	+7.2%
Standard & Poor's 500	3,756.07	+16.3
NASDAQ Comp.	12,888.28	+43.6

Market Sectors		DJIA Stocks		Overseas Markets (\$ Denom.)		Commodities	
<b>BEST:</b>							
Info. Tech	+42.2%	Apple	+80.7%	Argentina	+123.2%	Silver	+47.7%
Consumer Disc.	+32.1	Microsoft	+41.0	South Korea	+ 44.1	Soybeans	+39.5
Commun. Serv.	+22.2	Nike	+39.6	Denmark	+ 40.9	Orange Juice	+26.8
<b>WORST:</b>							
Energy	(37.3)%	Boeing	(34.3)%	Egypt	(22.4)%	Cattle	(4.4)%
Real Estate	(5.2)	Walgreens	(32.4)	Brazil	(19.0)	Hogs	(1.6)
Utilities	(2.8)	Chevron	(29.9)	Greece	(13.5)	Coffee	(1.1)

# 2020: A “Bear Market” For Humans Traders-Investors Prospered

Late in January the CDC (Centers for Disease Control & Prevention) identified its first case of a new flu-like virus that soon would be labeled Covid-19. From that point onward, the number of people diagnosed with this disease would reach pandemic proportions. In domino fashion, one business after another was shuttered and the level of unemployment rivaled that witnessed during the Great Depression of the 1930s. Adverse events such as these brought an end to a market uptrend that had spanned 11 years. By mid-March our equity markets were down over 30% and thus were deemed to be in “bear market” territory. Except for long-term Treasuries which remained on the plus side, bond prices likewise were in decline.

But not for long! At that point the Federal Reserve Bank stepped in and lowered their benchmark interest rate to virtually zero while unveiling a vast new plan to purchase bonds in the open market. The outlook seemed so ominous that even the Congress stopped their bickering long enough to approve a \$2 trillion fiscal stimulus bill. By midyear 2020 equity markets were well on their way to recovery with the NASDAQ Composite... boosted by many of the big technology companies... edging above 10,000 for the first time ever.

The coronavirus nevertheless continued to exact its toll on the populations of all countries with face masks becoming “de rigueur.” Although segments of our economy were attempting to reopen, small businesses continued to suffer the indignities of forced closures and foreclosures. The disconnection between economic reality and market momentum thus continued to widen in 2020. As a reflection of the “growth at any price” movement, a record number of new brokerage accounts were opened and traders-investors borrowed record amounts against their stock holdings. Further, Initial Public Offerings (IPOs) were rushed to market and many of them quickly advanced at a pace that made our major stock averages look like they were stalled at their respective starting gates.

As the New Year begins, the favorable development of vaccines to combat Covid-19 offers great promise for improving societal economics. On the other hand, administrative changes in Washington will, over time, raise questions about the outlook for tax rates as well as other business-friendly regulations. Just how these disparate events will affect the disconnection has yet to be determined. It's our guess that movement on both ends of the spectrum will prove to be somewhat problematic.

# Covid -19 Changed Our Lives And There's More To Come

It's virtually impossible to recall the social-business-investment worlds that existed prior to the late-2019 outbreak of a new and deadly virus in China. This novel coronavirus quickly reached pandemic proportions early last year. By the end of 2020 it had infected more than 85 million people worldwide, almost 2 million of whom lost their lives.

Early in February 2020, the World Health Organization (WHO) announced that the acronym "Covid-19"...formed from the words "coronavirus disease 2019"...henceforth would reference this flu-like disease. Not surprisingly, Covid-19 has taken its place in our everyday conversation. And, in fact, the acronym has been enshrined in the online edition of the Oxford English Dictionary.

The recent introduction of new vaccines offers the promise that Covid-19 soon will be controlled if not eliminated. With that welcome prospect in sight, speculation will be rampant about the lasting effects of the numerous revisions in our styles of living, personal-business interactions, travel, education

and so on. At risk are the fabulous performances achieved by many New Era companies plus most of the 290 Initial Public Offerings (IPOs)...a yearly record. Also, it is worth remembering that borrowings against stock holdings reached all-time highs in 2020. Further, it can be argued that valuations currently are extended relative to historical averages.

Admittedly, virtually all of the major changes in our personal and business lifestyles seem to be in their early stages of development. Moreover, unlike the Dot.com Bubble of the late-1990s when many companies were poorly capitalized and/or had questionable business plans, the New Era companies of today boast a high degree of both.

During the New Year that has just commenced, an important part of the analytical exercise will be devoted to determining what trends of change are lasting versus those that will prove to be fleeting in nature. Our investment professionals stand ready to work with clients on that, and other, investment projects.



## 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

# Shining A Light On Herold & Lantern Investments, Inc.

On November 2nd of 2020 the separate firms of Bernard Herold & Co., Inc. and Lantern Investments, Inc. were combined into one company: Herold & Lantern Investments, Inc. With more than \$3 billion of client and tri-party assets, the new firm and its staff of more than 60 investment professionals can now offer a much broader array of financial products and services through its expanded network of offices. Our financial planning and wealth management capabilities are offered through two SEC-registered advisory firms: Lantern Wealth Advisors, LLC and Herold Advisors, Inc. Additionally, Herold & Lantern have two inter-related insurance brokerage entities\* that offer life insurance as well as fixed and variable annuities. Further, the firm is actively pursuing investment banking opportunities for its clients.

Since both Herold and Lantern Investments had retained Pershing LLC (a subsidiary of Bank of New York Mellon) as their clearing and account administration arm, the coordination of these important functions was virtually seamless.

All of us are aware that communications can pose a challenge as well as an opportunity. We strongly encourage clients to visit our website at [www.heroldlantern.com](http://www.heroldlantern.com) and register to view their accounts online. They can view statements, trade confirmations, current holdings, account history, gain/loss information and much more. Clients can also sign up to “go paperless” and thus receive statements, trade confirmations and other communications electronically. Yes, there’s a “new world” out there and Herold & Lantern Investments, Inc. is part of it.

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

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

## Investment Insights

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INVESTMENTS, INC.

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