



**ROCKLINC**

*Worth. Investing.*

**An Anchor in a Financial Storm**

**Christian Embassy - Ottawa**

**June 6, 2018**

“For two hundred years we had sawed and sawed and sawed at the branch we were sitting on. In the end, much more suddenly than anyone had foreseen, our efforts were rewarded, and down we came. Unfortunately there had been a little mistake. The thing at the bottom was not a bed of roses after all, it was a cesspool full of barbed wire... There is no wisdom except in the fear of God; but nobody fears God; therefore there is no wisdom. Man's history reduces itself to the rise and fall of material civilizations, one Tower of Babal after another. In that case we can be pretty certain what is ahead of us... so downwards into abysses...” (George Orwell, 1940)



# Presentation Outline

- A. **ROCKLINC** Overview & Investment Principles
- B. Investment Strategy
- C. Major Challenges
- D. What Happened to Truth?
- E. Towards a Solution - Semper Reformanda
- F. Anchor in the Storm, Anchor for our Soul

# A. ROCKLINC Investment Partners

- Private investment firm - founded in 2010
- Create customized portfolios of quality assets
- Investing based upon:
  - Independent thinking
  - Deep understanding of investments
  - Interdisciplinary approach - build a worldview





# Investment Principles

- ✓ We buy businesses not stocks
- ✓ We understand our investments
- ✓ We own a few businesses
- ✓ We hold for the long-term and focus on capital growth

# B. Investment Strategy

## 1. Infrastructure

- Global assets - long-term cash flows
- Renewable energy
- Wireless towers - growing data traffic
- Transport by water, air and land

## 2. Financial

- Private equity - unique investment opportunities
- Alternative lending
- Wealth Management & Asset Protection
- Retail banking

## 3. Technology

- Data and Cloud
- Online search
- Consumer devices and Applications
- Specialized Software Services

## 4. Manufacturing

- Automation - planes, trains and automobiles
- Connectivity, Sensors & The Internet of Things
- Smart Factories & Productivity



# Investment Strategy

## 5. Precious Metals

- Royalty/Streaming on Precious Metals
- High Return Cash Flow Businesses
- Hedging against monetary folly & Inflation

## 6. Healthcare

- Aging of global population increasing healthcare costs opening up opportunities for businesses to manage and contain costs
- Developing new drugs, clinical treatments & innovative technologies, length & quality of life increasing

## 7. Agriculture

- Global population growing, despite aging
- Declining arable land requires improved crop yields
- Expanding global middleclass demanding for meat and dairy products

## 8. Water

- World's most precious and mispriced resource
- Increasing shortage of potable water globally
- Water infrastructure woefully inadequate

## C. Major Challenges

1. Debt, Debt & More Debt
2. Unfunded Government Promises
3. Demographics - Future without Children?
4. Monetary Policy - Bailing out Debtors
5. Devaluation of Marriage - Who needs the most important societal institution?



# Major Challenges (continued)

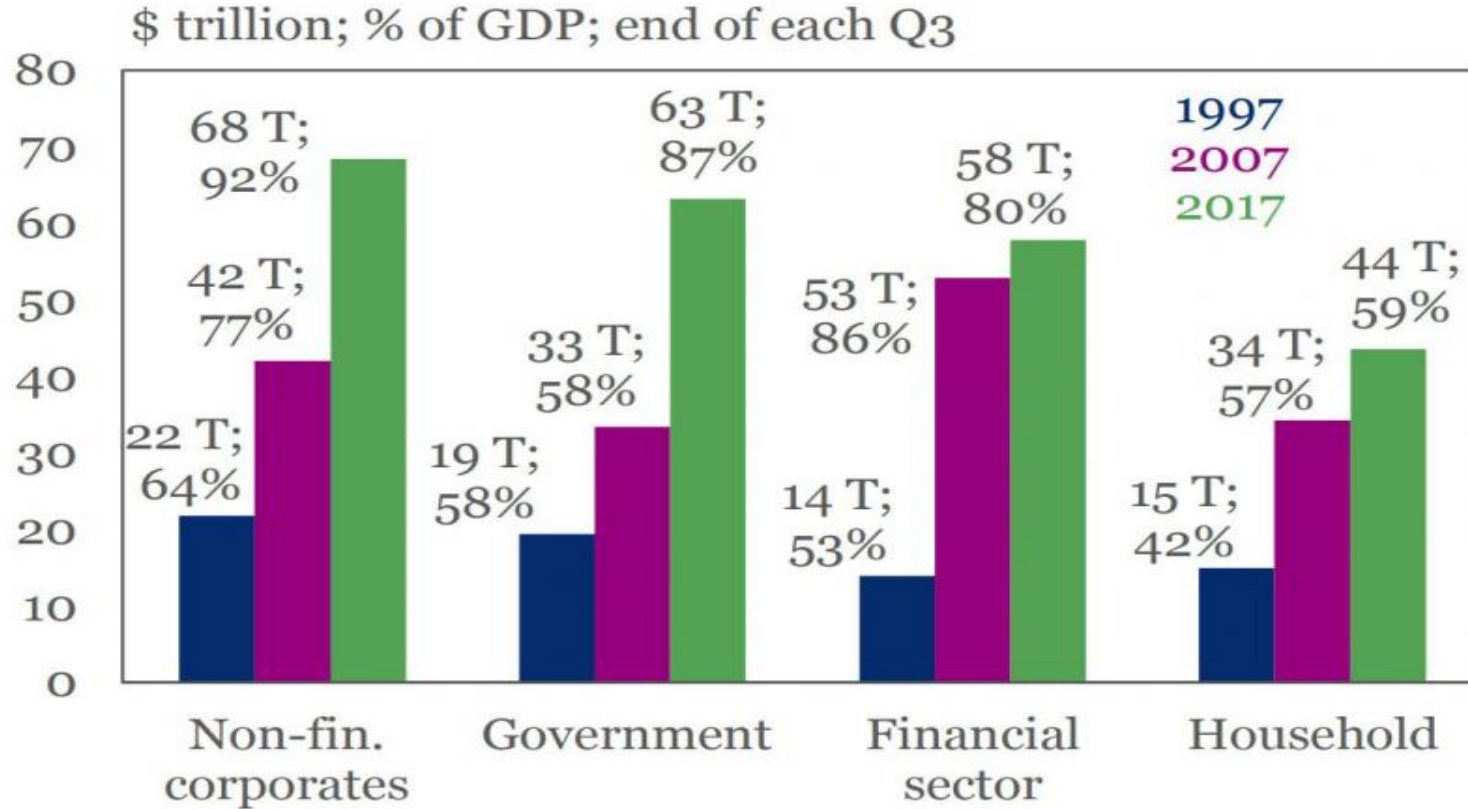
6. Declining Educational Standards
7. Expansion of the State - Making Everything Free Again!
8. Politicization of Science
9. Declining Religious Freedom - “Contra Christi”
10. Assault on Freedom of Speech

# 1. Debt, Debt & More Debt

- Since 1971, (US left gold standard) global debt levels have escalated.
- Personal debt as a % of income has tripled in most of the developing world.
- Sovereign debt has tripled as a % of GDP.
- Corporate debt has increased lockstep



## Chart 1: Global Sectoral Indebtedness



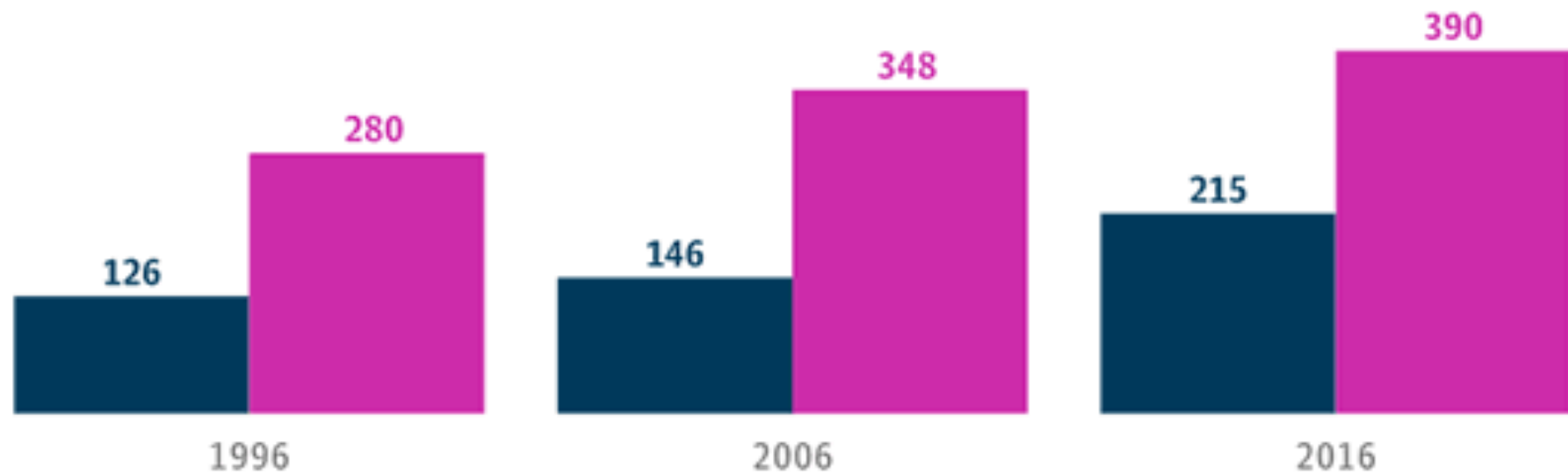
233T  
162T  
70T

Source: IIF, BIS, IMF, Haver



## Global debt has ballooned *% of GDP*

◆ Emerging markets    ◆ Mature markets



SOURCE: IIF, BIS, HAVER





# Impact of Interest Rate Increases in a highly leveraged economy

Developed Economies 390% Debt to GDP - What does this mean?

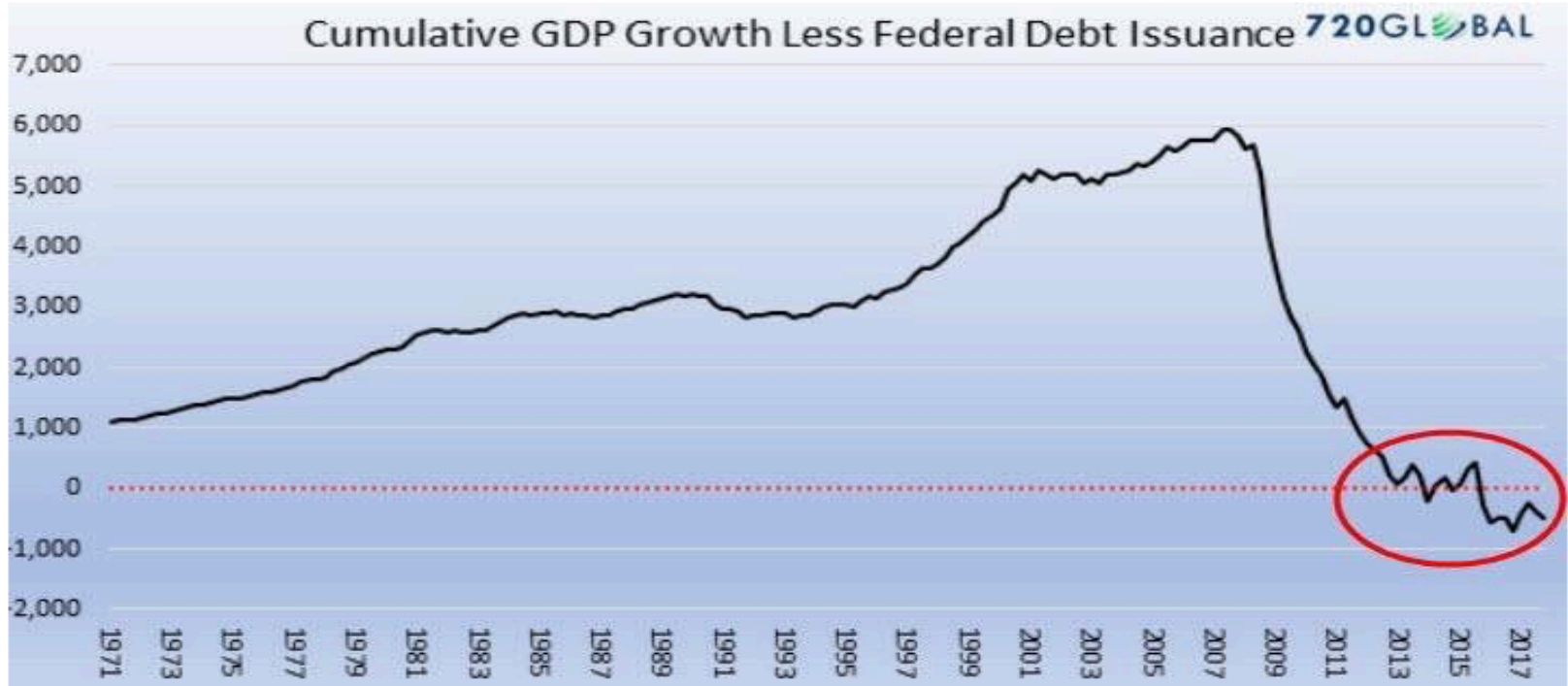
- Every 1% increase in interest rates equals 3.9% of GDP
- If rates increase by 2.5% that translates into 9.75% of GDP!
- Can interest rates “normalize” without causing a serious economic slowdown?

# Debt Growth - Unsustainable

## Debt/GDP - USA (1971-2017)

- 1971 - GDP \$1.1 trillion & Debt - \$398 billion  
= 36% Debt/GDP
- 2017 - GDP \$19 trillion & Debt - \$21 trillion  
= 110% Debt/GDP

# US Economy (1971-2017)





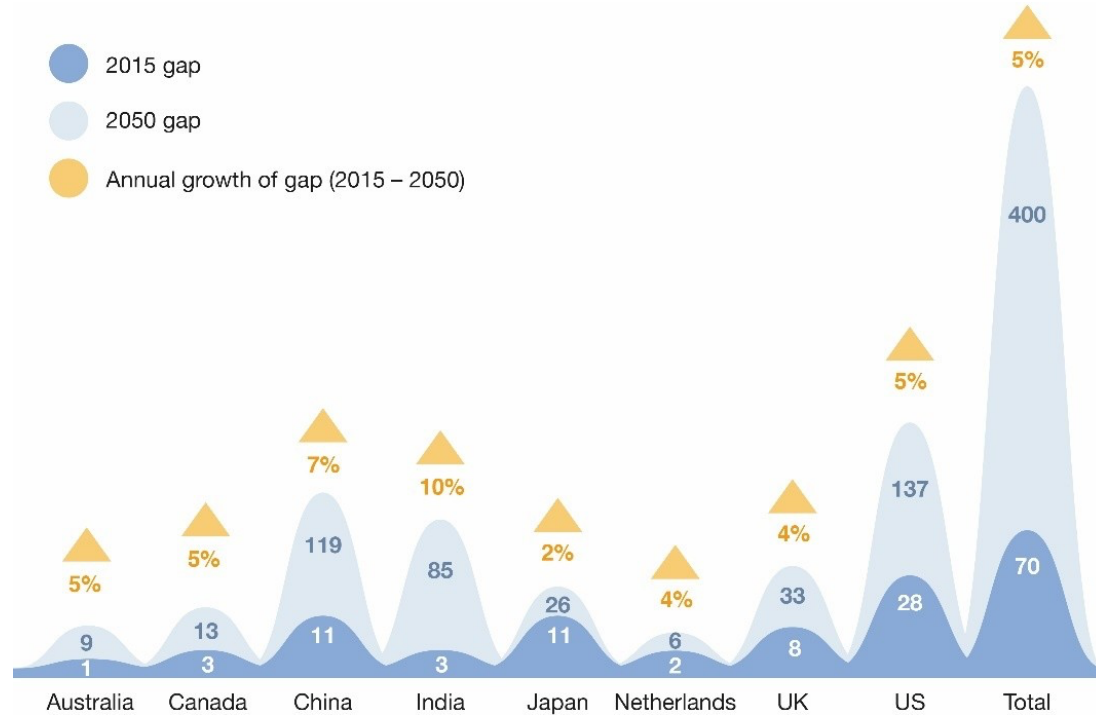
## 2. Unfunded Gov't Promises

Governments have made enormous promises without setting aside required capital.

- Promises facilitated by the use of fiat currency
- Promises are typically “off balance sheet”
- Examples include:
  - Pensions & Various Social Welfare Programs
  - Universal Healthcare

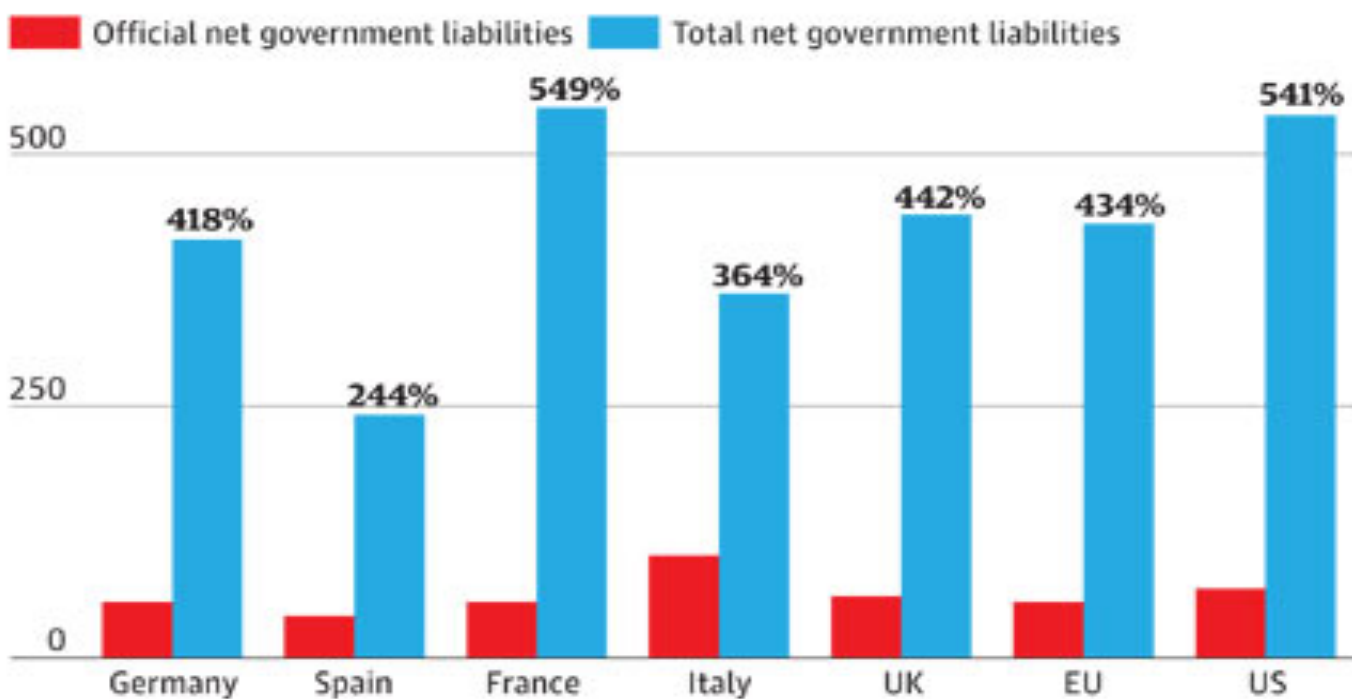
# Global Pension Timebomb - Funding Gap

Source: World Economic Forum



## Total net government liability

Total net government liabilities off and on balance sheet, both as % actual GDP



SOURCE: OECD



# “Decadent Democracies”

“A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largesse from the public treasury...” (Alexander Tyler - 1780)

“Only a virtuous people are capable of freedom. As nations become more corrupt and vicious, they have more need of masters.” (Benjamin Franklin)

# 3. Demographics

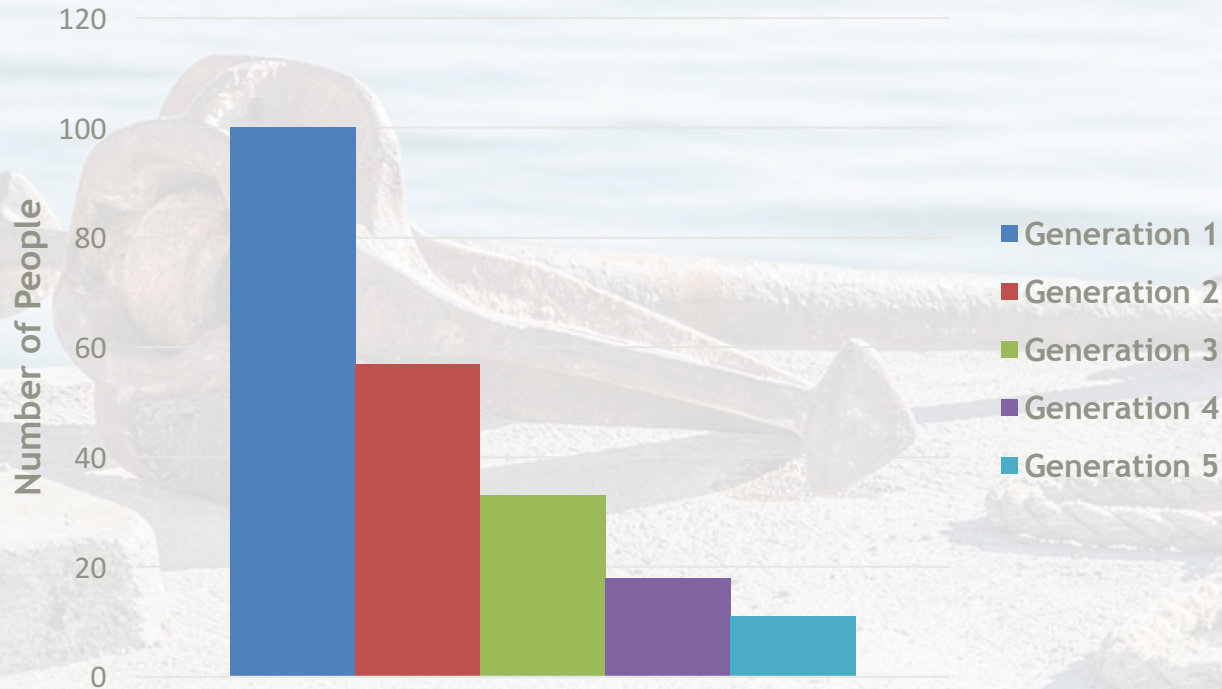
## Future without Children?

Low fertility rates, abortion (including gender selection abortions), devaluation of marriage, high levels of consumer debt (cost of education and increasing real estate costs) are contributing to a “brewing storm” and even societal collapse in many countries.

1.2 children per woman. This is devastating for “indebted economies built on perpetual growth models” (100 to 57 to 33 to 18 to 11 in 4 generations)



# Demographics\*



\*Based on 1.2 children per woman

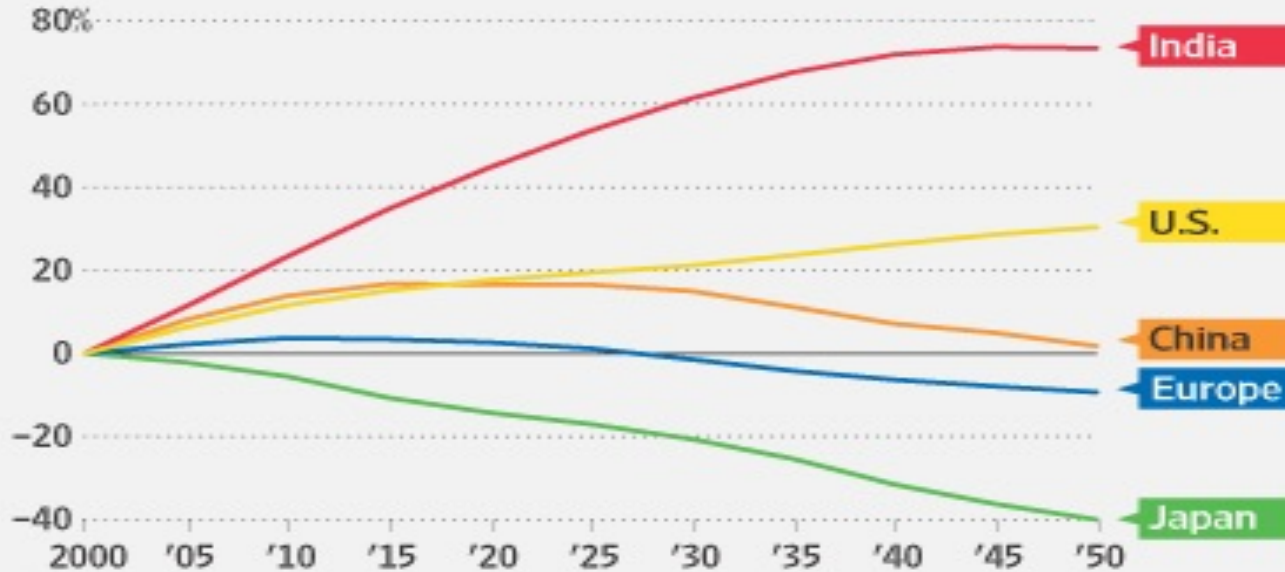




# Demographics

## Rise and Fall

Cumulative change in the size of the working-age population, defined as those 15–64 years old



Note: Data for Europe exclude Russia

Source: United Nations Population Division

# 4. Monetary Policy

## Bailing out Debtors

The two most important measures and weights in an economy are:

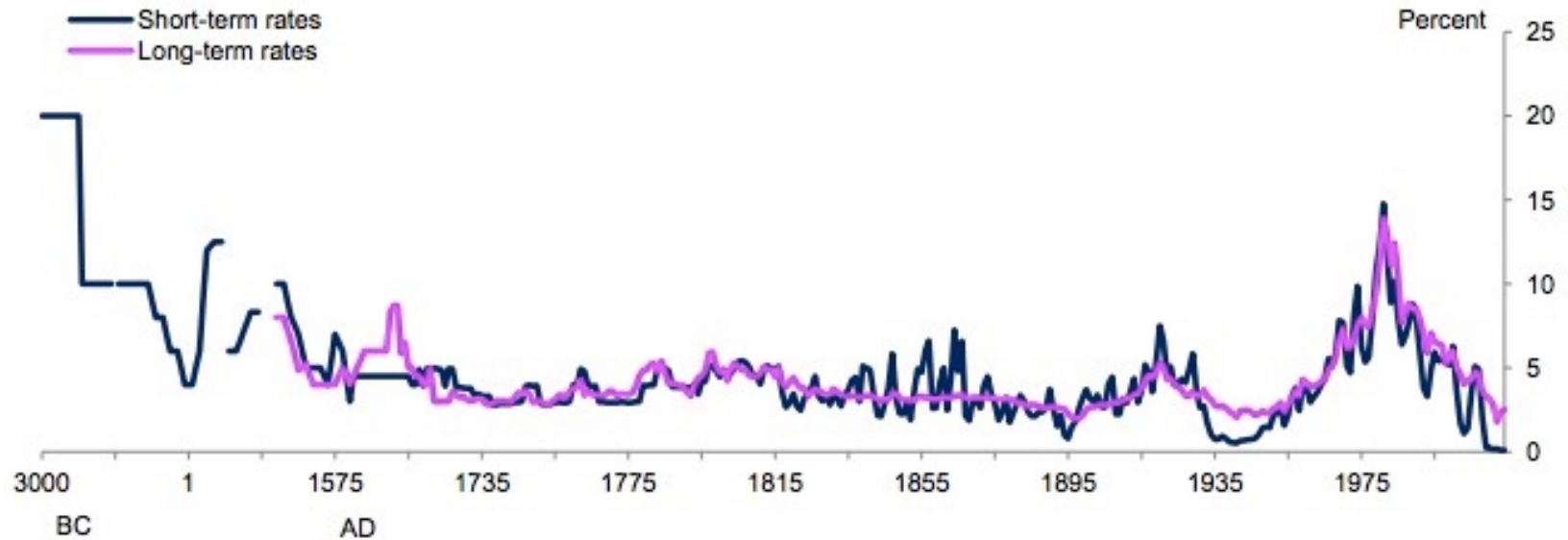
1. Price of money (interest rates)
2. Value of money (purchasing power)

Both have been weakened by a debt based system that is unsustainable.

# Interest Rates - Coming off Historic Lows

Interest rate suppression to keep indebted economies afloat

Chart 5: Short and long-term interest rates



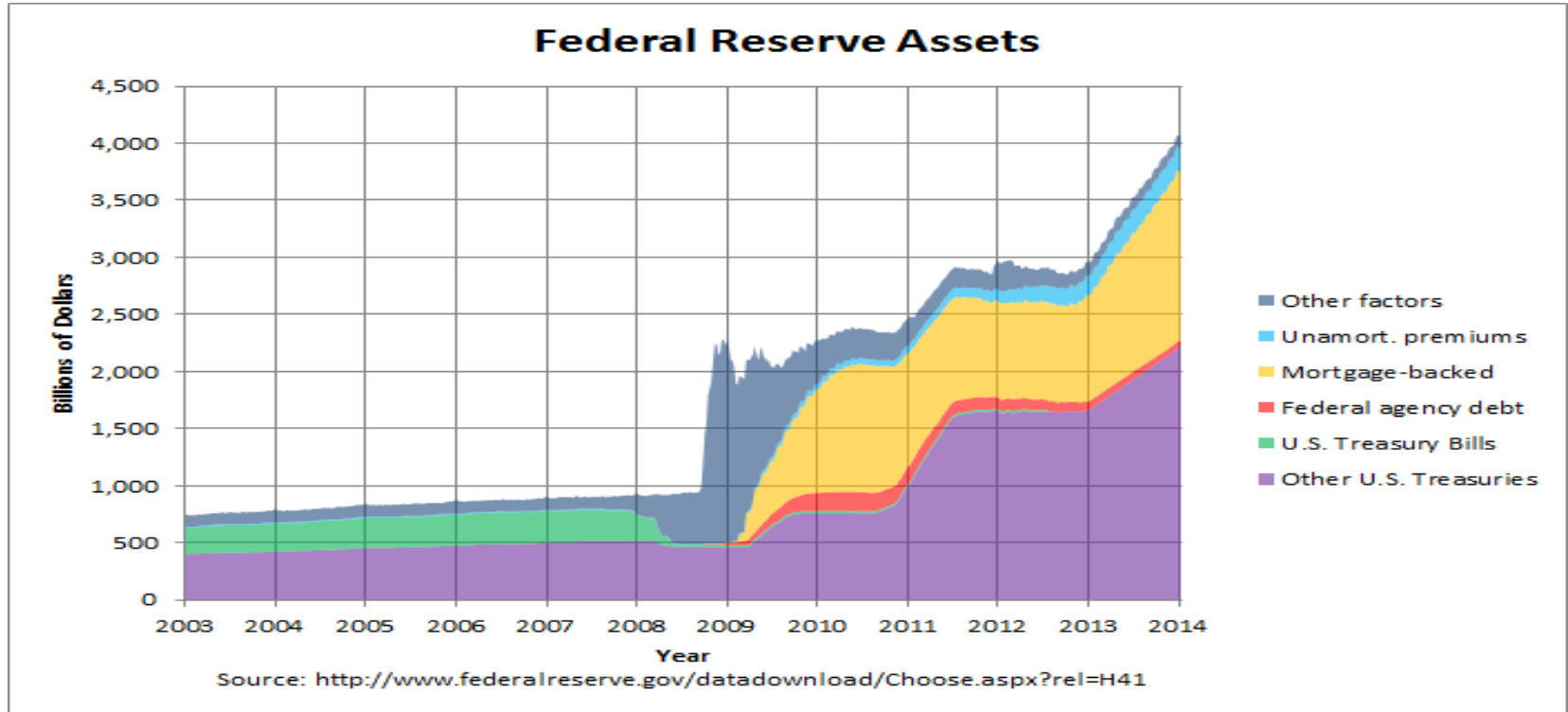


# Low Interest Rate Policy & QE are Hurting Economy!

1. Low interest rates punish savers and reward debtors. The longer this manipulation goes on the greater the misallocation of capital. Reverses time value of money undermined concept of wealth creation and value of work.
2. The combination of low interest rates and increasing money supply (QE) leads to asset price inflation, and excessive leverage. (Real Estate a massive beneficiary)
3. Incentives for fiscal discipline on the part of governments decreases as central banks monetize deficits and debts. Feeds bloated Governments decreases personal liberties.

# Monetary Policy - Printing Money

Federal Reserve added \$3.7T - World Central Banks added \$20T+

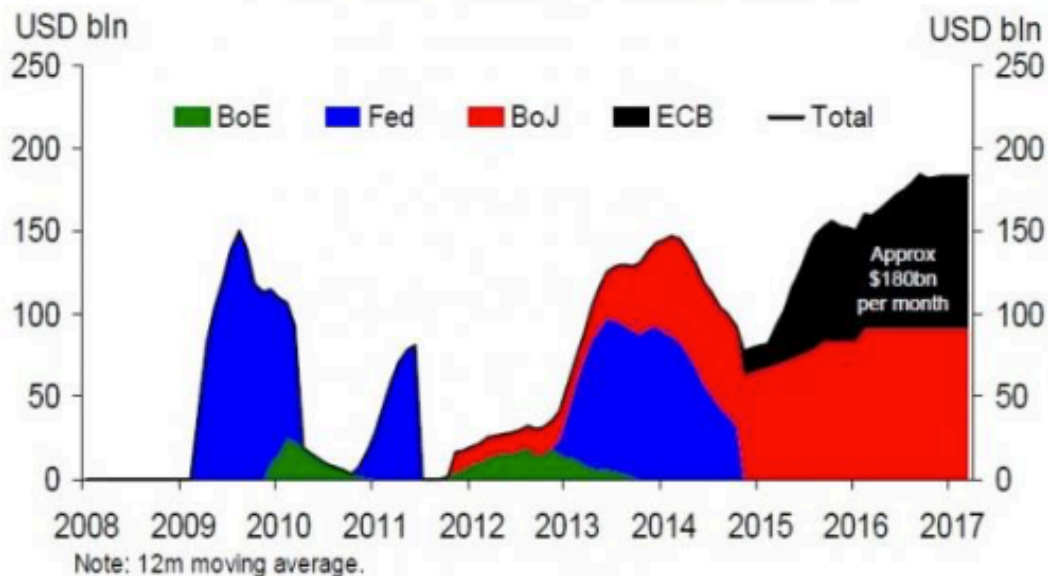


# Global Money Printing

Still plenty of liquidity being added to markets:  
ECB and BoJ buying a combined approx. \$180bn every month



Monthly Fed, ECB, and BoJ asset purchases





# 5. Devaluation of Marriage

Who needs the most important societal institution ?

Definition of a marriage? Whatever you want it to be!

- Marriage rates has been falling for decades
- Single parent homes increasing (50% of children raised outside of marriage)
- Divorce rates remain at high levels
- Cohabitation - rejecting marriage is increasing
- Family size is shrinking
- Couples holding off on marriage until later in life

# Devaluation of Marriage (continued)

## Importance of Marriage

- Increased wealth levels much lower levels of poverty.
- Lower healthcare costs - emotional and physical stability enhanced.
- Protection for women - legal and physical.
- Channels sexual energy into life long committed relationships and procreation. (Our culture preoccupied with sex - it's destroying us)
- Fortification against a totalitarian State.
- University of Life - best place to prepare next generation.
- Procreation - children are a precious gift/heritage to be seen as arrows in the hands of parents (Psalm 127)



## Devaluation of Marriage (continued)

“This triangle of truisms, of father, mother and child, cannot be destroyed; it can only destroy those civilizations which disregard it.”

G.K. Chesterton

“To destroy a people you must first sever their roots” Aleksandr Solzhenitsyn



# 6. Declining Educational Standards

All the disciplines taught in our public schools have been undermined by “rabid secularism”.

- All core skills essential for a virtuous and free people are being attacked by a Statist agenda (math, writing, reading, ethics, logic, language/grammar, history & now an attack on genders and sexuality).
- Universities have no unified theory of knowledge and are too often places of intellectual confusion, hypocrisy and intolerance.
- What good is education if cannot answer the three most basic questions; Who am I? What is truth? How do I live? The **WEST** used to be able to answer these questions! **Can you?**

# 7. Expansion of the State

## Making Everything Free Again!

- All levels of Governments typically administer up to 50% of the economy! Tax freedom day in most developed economies is in late June!
- Socialization of large portions of the healthcare sector, allowing the government to make life and death decisions and place their own arbitrary value of human life.
- Expansion and growing influence over all aspects of education, leading to widescale State propaganda throughout our schools.
- Significant control of essential infrastructure.
- Massive expansion in regulations affecting every sector, including increasing restrictions on freedom of speech and religion.



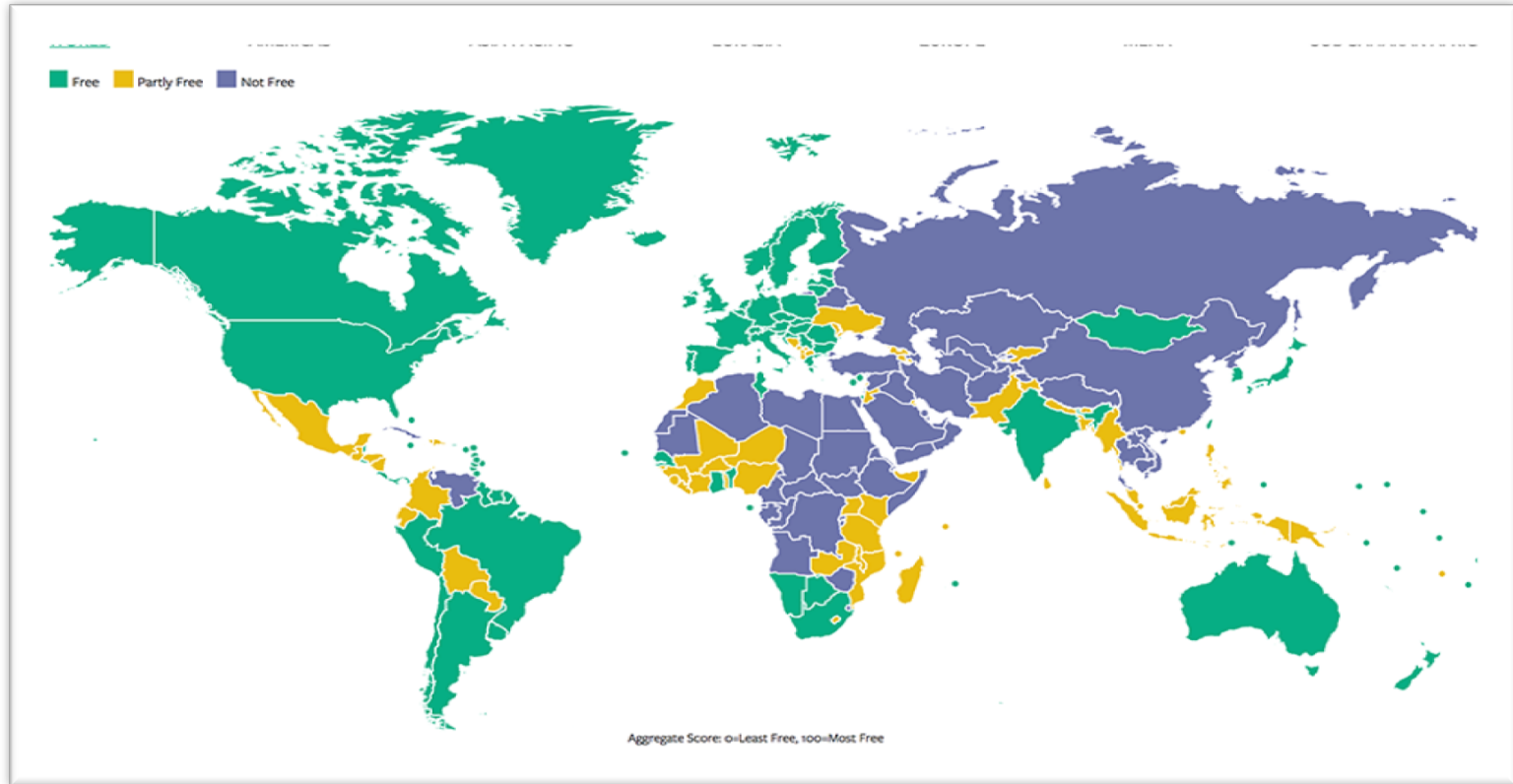
# 8. Politicization of Science

## “Altering of scientific theories and investigation for political power”

- Climate change agenda has become a tenet in the new State religion - for increased taxes and wealth redistribution.
- Gender fluidity - attack on binary gender despite biological science - implications are massive for society.
- Artificial Intelligence - transhumanism, post-humanism, trans-species - science too often used to devalue the uniqueness and dignity of humanity made in the image of the Creator.



# 9. Declining Religious Freedom Increasing Tyranny - “Contra Christi”



# Religious Freedom\*

## “Contra Christi”

### Persecution of Christians Escalating

- 35-40 million killed in 20<sup>th</sup> Century under communism.
- Today 80% of religious persecution - against Christians.
- In 21<sup>st</sup> century averaging over 100,000 martyrs per year, between 2000 and 2009 over 1.1 million.
- 214 churches/Christian properties destroyed each month.
- Today over 60 countries direct persecution - Middle East, Portions of Africa, Asia (N. Korea & China), India (there is an attack on a Christian church every 40 hours).

\* The Esther Project



# Religious Freedom

## “Contra Christi”

Today, seeing declining religious freedom in countries anchored by the Protestant Reformation - Should we care?

- Freedom of religion is the cornerstone of all other freedoms, essential in order to avoid tyranny & it is a driver of economic growth, because economics is rooted in values and ethics.
- Freedom of religion and conscience answers to a higher authority and ultimately demands and justifies limited government.
- Religious freedom is necessary for the proper functioning of democracies and free markets.
- Church and State must have their own spheres.



# Religious Freedom\*

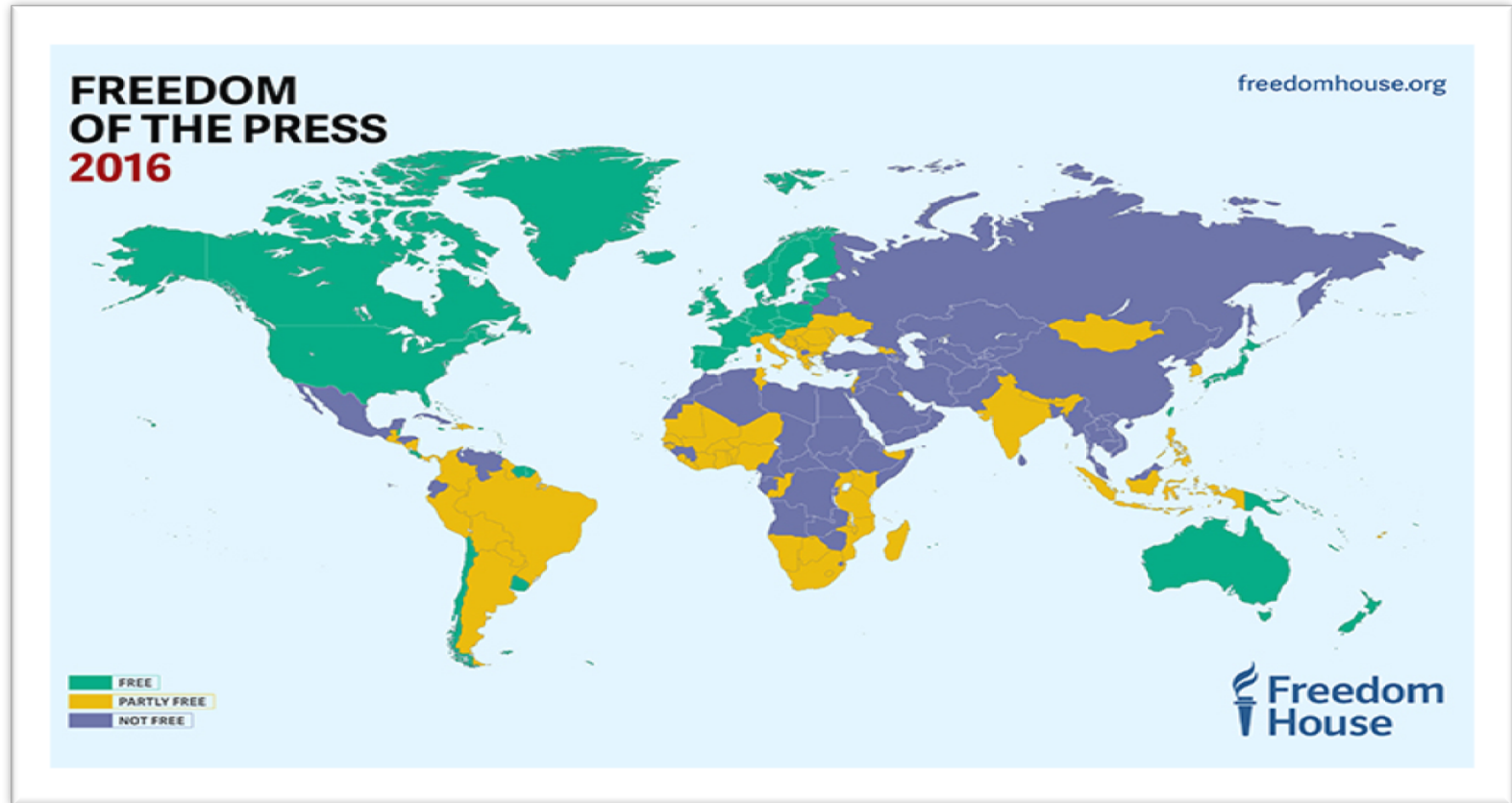
## Ideas have Consequences

| Religious Background<br>of Culture | Per Capita<br>GDP |
|------------------------------------|-------------------|
| Protestant                         | \$29,784          |
| Jewish                             | \$19,320          |
| Roman Catholic                     | \$9,358           |
| Orthodox                           | \$7,045           |
| Confucian                          | \$6,691           |
| Buddhist                           | \$4,813           |
| Islamic                            | \$3,142           |
| Hindu                              | \$2,390           |

\* Lawrence Harrison, *The Central Truth* (2006)



# 10. Assault on Freedom of Speech



# Freedom of Speech

- Criminalizing free speech in most Western countries (ie. blasphemy laws).
- Book banning in the schools and even our libraries.
- Universities limit free speech and have become centers of intolerance.
- Limiting news reporting that goes against the State's narrative!
- Facebook, Twitter & Google - limit conservative speech.
- Banning the Bible from public spaces.
- “safe spaces” “trigger warnings” “bias reporting” “political correctness” “micro aggressions”



## D. What Happened to Truth?\*

1. The primacy of the Christian faith, and its critical presuppositions have been severely attacked by the assault of “progressive” secularism.
2. The acceptance of progressive secularism had led to another struggle between two post Christian forces, **nihilism** (rejection of values, meaning, pessimism) and **hubris** (self-confidence - evolutionary humanism - transhumanism, post-humanism, technology is god).

\* Os Guinness – “Impossible People”

# What Happened to Truth?\*

3. This has led to two alternatives to Christianity, aggressive secularism and radical Islam. Both are authoritarian and equally opposed to Christianity and the gospel of Jesus Christ.
4. Will Christians and the Christian Church (particularly in the West where religious persecution is still weakest) rise to the challenge, by God's grace and power to lovingly and firmly stand against the moral, cultural and spiritual decline all around us?

\* Os Guinness – “Impossible People”





# What Happened to Truth?

**No Bible = No Truth**

**“But if not, be it known to you, O king, that we will not serve your gods or worship the golden image that you have set up.” Daniel 3:18 (Three Young Men stand against the whole Babylonian culture)**

**“Seek the truth, hear the truth, learn the truth, love the truth, speak the truth, hold the truth and defend the truth until death”  
John Hus (1369-1415)**



# What Happened to Truth?

No Bible = No Truth

“Lord, open the king of England’s eyes.”

**William Tyndale (1494-1536)** Final words before he was strangled and burned to death for translating the Bible into English. Dying prayer answered within two years and Bibles were placed in every parish!

“Faithless is he that says farewell when the road darkens” **J.R.R Tolkien**

# E. Towards a Solution

## Semper Reformanda

1. Increased institutional competition - schools, businesses, government, charities and nations
2. Protect private property
3. Reduce the size of the State
4. Collateralize currency
5. Invest in science and technology to drive innovation and productivity



# Towards a Solution

## Semper Reformanda

6. Restore the importance of the home and marriage
7. Reject the tyranny of moral relativism, return to moral absolutes as revealed in the Bible.
8. Be leaders with a Daniel like focus on truth, obedience to God's Word, trusting in God's providence and persevering to the end.



# F. An Anchor in the Storm

## 4 Necessary “Flukes”

1. **Love** - must be lavish, unconditional and bestowed by one that knows all our faults.
2. **Faith** - someone to trust, one who cares for us and has the power to give us security in an insecure world.
3. **Hope** - we need to have a future with purpose and a plan that takes us forward into eternity.
4. **Peace** - we need to be right with God, we need our moral guilt taken away, we need a Redeemer.

# Only Sure & Steadfast Anchor

## Reason for Optimism and Joy

Hebrews 6:18-20 (ESV)

“... we who have fled for refuge might have strong encouragement to hold fast to the hope set before us. We have this as a sure and steadfast anchor of the soul, a hope that enters into the inner place behind the curtain, where Jesus has gone as a forerunner on our behalf, having become a high priest forever...”



# Jesus - Anchor of the Soul

## Justification by Faith

“For our sake he made him to be sin who knew no sin, so that in him we might become the righteousness of God.” 2 Corinthians 5:21 (ESV)

- This uniquely Christian doctrine frees individuals and cultures from subjectivism, stagnation and a works salvation that can never take away our moral guilt! Exactly what our guilt ridden, identity politics world needs!



# Jesus - Anchor of the Soul

## Justification by Faith

- Points us to Jesus Christ who died, “the Just One for the unjust” that we might be reconciled to God and made new creatures, from inside (heart) out!
- This is a free gift, by faith alone! We cannot earn it! We can have everlasting assurance of sins forgiven.
- No religion or State can hold Christians hostage to other humans or to capricious man made idols.
- **“So if the Son sets you free, you will be free indeed.”** John 8:36



**ROCKLINC**

*Worth. Investing.*

**WWW.ROCKLINC.COM**