



ROCKLINC

*Worth. Investing.*

# Anchor in the Midst of a Storm

Video Update  
March 22, 2020

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# Helpful Quotes

“These are the times that try men’s souls... Tyranny, like hell, is not easily conquered; yet we have this consolation with us, that the harder the conflict, the more glorious the triumph.” Thomas Paine 1776

“People and nations are forged in the fires of adversity.” —John Adams

# Outline of Update

1. BCP - Business Continuity Plan
2. Current Market Statistics
3. ROCKLINC - Performance YTD
4. Key Points of Strategy
5. Anchor in the Midst of a Storm

# BCP - Rocklinc

1. ROCKLINC Team is fully operative.
2. We can work from anywhere in the world, all we need is a computer and our iPhone! Each of us have home offices.
3. All client information custodied at National Bank and accessible on-line through National or Ndex (portfolio mgt. software)
4. Jonathan and Doretta have access to trading platform in or outside of the office through on-line access.
5. We can be contacted anytime by email and phone (we are connected directly to business phone line 24/7).
6. When we are not in the office our team connects through teleconference/Facetime 1-2 times per day.



# Current Market Stats

## March 20, 2020

Index	YTD Return
Dow Jones	(32.80)
Nasdaq	(23.30)
S&P 500	(28.66)
S&P/TSX	(30.54)
Russell 2000	(39.23)
Nikkei 225	(30.03)
Stoxx Europe 600	(31.95)
FTSE 100	(31.18)



# Current Market Stats

## March 20, 2020

			YTD Return (%)
<b>Gold:</b>			(2.07)
<b>Silver:</b>			(29.22)
<b>Crude Oil:</b>			(68.68)
<b>Copper - pound</b>			(22.61)
<b>Canadian/USD</b>			(9.58)

# ROCKLINC - YTD Performance

As at March 20, 2020

<b>ROCKLINC - Composite Portfolio Return YTD</b>	<b>-12%</b>
<b>Growth Portfolio</b>  15-25% Cash/Bonds	<b>- 15%</b>
<b>Conservative Portfolio</b>  35-50% Cash/Bonds	<b>- 6 - 8%</b>





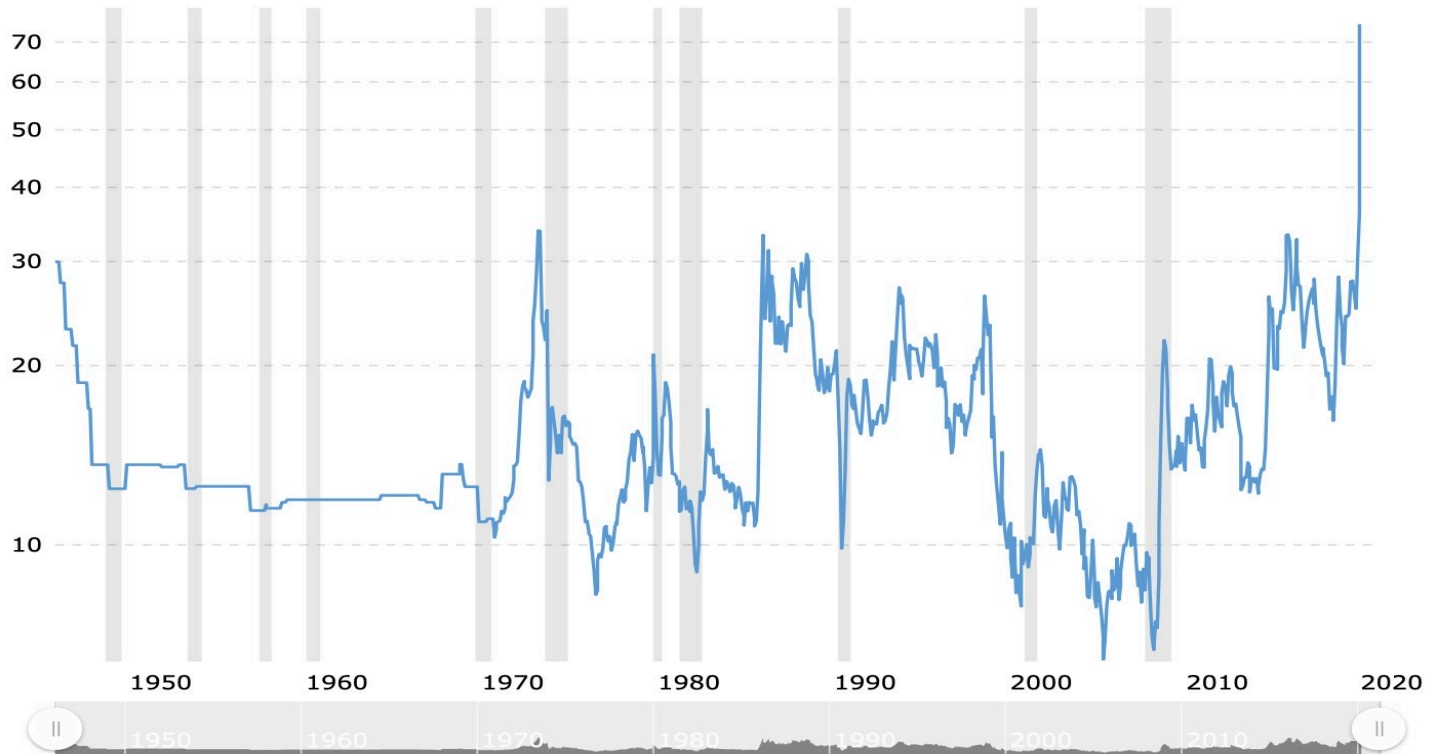
# Dow/Gold Ratio

From recent high of 22 X to 12.5X heading to low single digits? Huge opportunity!



# Gold/Oil Ratio Skyrockets To Record 75/1!

This is a bonanza for precious metals miners - 25% of input costs are energy related



# Key Points of Strategy

1. Patience - waiting for the “fat pitch”.
2. We are in uncharted waters. We have never shut down large swaths of our economy before. We do not know when this will end so we will not rush in to market without some clarity.
3. Central Bank response continues to be truly unprecedented! The level of money printing will be historic! **It will make the Roman Empire in their dying and decadent years look prudent!**
4. Governments around the world are going to run massive deficits. US deficit could exceed \$4 trillion! Canada’s federal government deficit could exceed \$150 billion!

# Key Points of Strategy

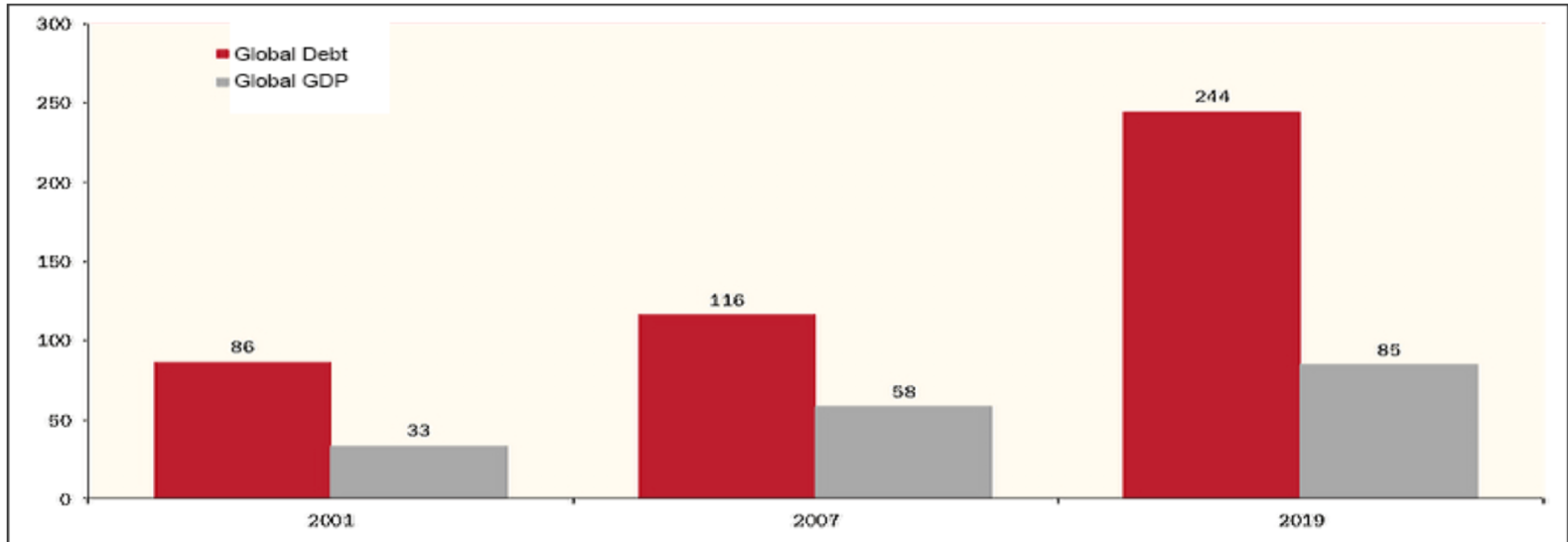
## Federal Reserve Response!

1. Cut interest rates to .15%
2. Launched a \$1.5 trillion repo program
3. Launched a \$700 billion QE program (this will grow and deficits will be monetized)
4. Supporting the Commercial Paper Market
5. Opened Discount Window for the Big Banks
6. Opened dollar swaps with international central banks (there is a shortage of USD globally)
7. Supporting/backstopping the money market funds market
8. Bottomline: Plug the drop in GDP with debt/printed money!
9. G7 Nations seem to all agree - 10% + of GDP - just print the money and drop it from the “helicopters” to avoid deflationary debt collapse!

# Key Points of Strategy

Gov'ts are trying to fill the obvious drop in GDP (economic activity) with debt! But debt levels already too high!

**Figure 3. Global Debt vs. Global GDP (\$ Trillions)**



Source: Rosenberg Economics. Data as of 12/31/2019.



# Key Points of Strategy

1. Cash reserve
2. Significant USD exposure
3. Minimal commodity exposure
4. Minimal exposure to leveraged financials (Banks and Life Insurance Companies)
5. “Go where the puck is going” Wayne Gretzky
6. Protect Purchasing power from monetary insanity

# Key Points of Strategy

7. Significant exposure to precious metals (monetary substitutes). Undervalued and under owned!
8. Overweight in hard assets (ie. infrastructure)
9. Overweight in businesses that are essential and price setters not price takers (ie. water & tech businesses)
10. Minimal exposure to consumer discretionary businesses, but maintaining exposure to consumer staples.

# Key Points of Strategy

11. We have freed up some cash for retired clients to create an extra buffer to weather the volatility.
12. We are **nibbling** on some companies that have been hammered in the liquidation and are too cheap to pass up.
13. We maintain our “hit list” of companies we are ready to add to our client portfolios.
14. Patience! Numbers from the Wuhan Virus will look much worse (2-3 weeks) before getting better due to significant under reporting. **DON'T LET PRESS AND GOVERNMENT TERRORIZE YOU! BE CAREFUL AND STAND TALL!**



# Anchor in the Midst of a Storm

1. Stay Focused on Playing Field
2. “Panic” is creating amazing opportunities
3. Disciplined value approach

## What Matters

- Valuation Risk - Price you pay
- Quality Risk - Accurate analysis of the fundamentals
- Portfolio Risk - How companies correlate with each other in the portfolio and maintaining a cash buffer.

# Anchor in the Midst of a Storm

1. There is no such thing as a maverick/chance virus.
2. Humans are more than mere matter in motion, randomly thrust into a meaningless and chance universe.
3. The whole universe is under the sovereign control of the infinite and personal God.
4. God is described beautifully by Jesus as our Heavenly Father who cares for us.

# Anchor in the Midst of a Storm

5. We do not determine the length of our days we ultimately entrust ourselves to God and His care.
6. We focus on what we can do by taking personal responsibility and then leave the outcome to God.
7. All of us must face the reality of our own mortality!
8. We must be people of indomitable faith if we are going to be strong and endure the challenges of life.
9. Our confidence must be in God not government or we will sacrifice our freedom and dignity as a people.

## Matthew 6:25-33

<sup>25</sup> “... do not be anxious about your life, what you will eat or what you will drink, nor about your body, what you will put on. Is not life more than food, and the body more than clothing? <sup>26</sup> Look at the birds of the air: they neither sow nor reap nor gather into barns, and yet your heavenly Father feeds them. Are you not of more value than they? <sup>27</sup> And which of you by being anxious can add a single hour to his span of life? <sup>28</sup> And why are you anxious about clothing? Consider the lilies of the field, how they grow: they neither toil nor spin, <sup>29</sup> yet I tell you, even Solomon in all his glory was not arrayed like one of these. <sup>30</sup> But if God so clothes the grass of the field, which today is alive and tomorrow is thrown into the oven, will he not much more clothe you, O you of little faith? <sup>31</sup> Therefore do not be anxious, saying, ‘What shall we eat?’ or ‘What shall we drink?’ or ‘What shall we wear?’ <sup>32</sup> ... your heavenly Father knows what you need.

<sup>33</sup> But seek first the kingdom of God and his righteousness, and all these things will be added to you.

# Thank you!

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