



ROCKLINC

Worth. Investing.

ROCKLINC Investment Partners

Webcast

September 16, 2021

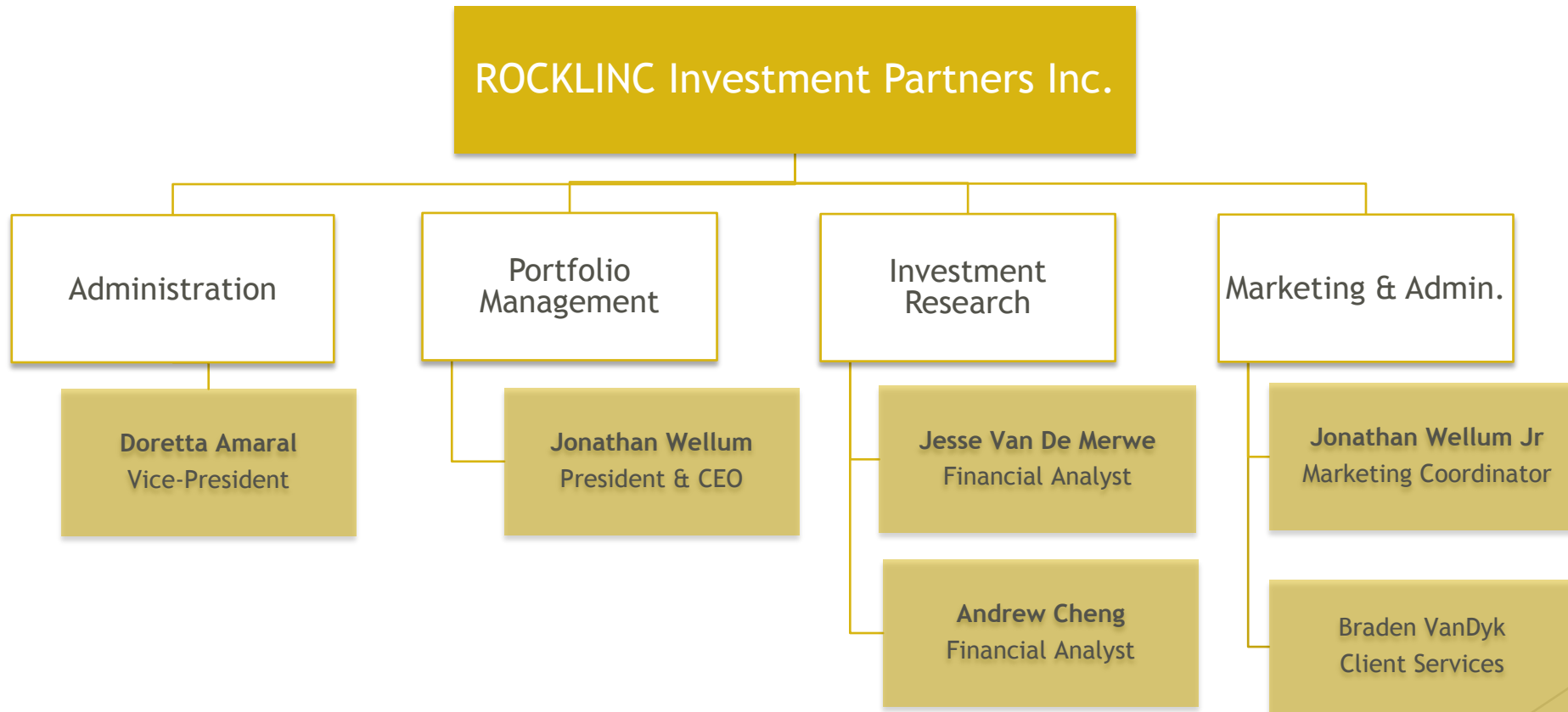
Outline of Presentation

- A. ROCKLINC Overview & History
- B. Investment Philosophy/Process
- C. Investment Challenges
- D. Sectors of Focus
- E. Performance Summary
- F. Case for Gold
- G. Nestle

A. ROCKLINC Overview

- Portfolio Manager: Jonathan Wellum
 - 31 years in investment industry
- Founded ROCKLINC in 2010 - current AUM \$240 million
 - Approximately 200 families
 - 6 Full Time Employees
- Interdisciplinary Approach to Investments - Strong Worldview

ROCKLINC Team



ROCKLINC - Corporate Partners



Custodian



Borden Ladner Gervais

Legal Counsel,
Securities



Fund Auditor



Legal Counsel,
Corporate

Bateman MacKay

*chartered accountants
& business advisors*

Corporate
Auditor

B. Investment Philosophy

1. Safe Assets
2. Focused Portfolios (25-35 stocks)
3. Medium to Long-Term Holding Period
4. Purchase with a Margin of Safety
5. Understand the Current Economic Environment
6. Ethical Overlay

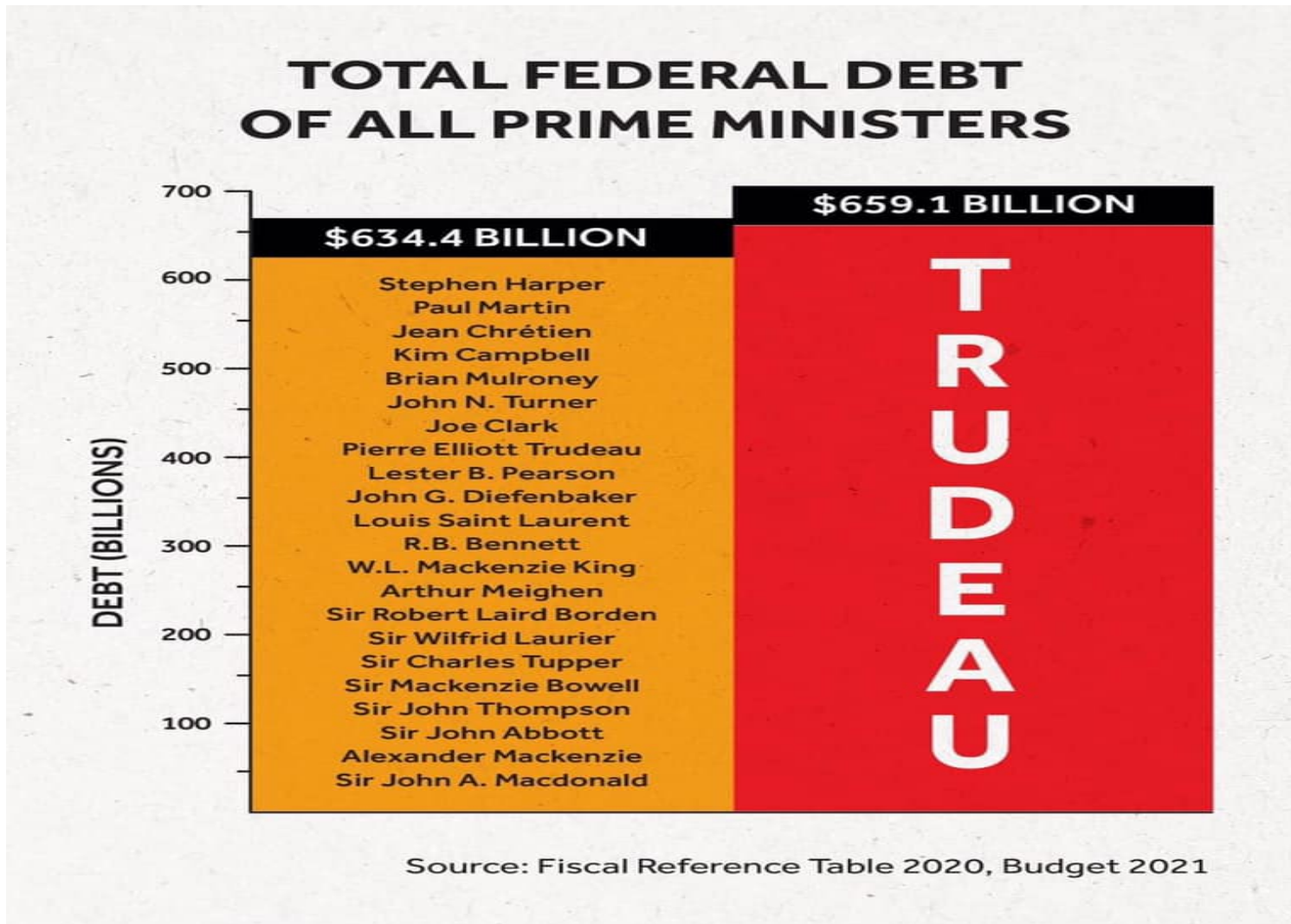
Investment Process

1. Invest within our circle of competence.
2. Think independently.
3. Evaluate risk factors.
4. Look for industries with above-average growth.
5. Invest in businesses with high returns on capital.
6. Invest in businesses with high operating leverage, low financial leverage.
7. Prefer a simple business over a complex business.

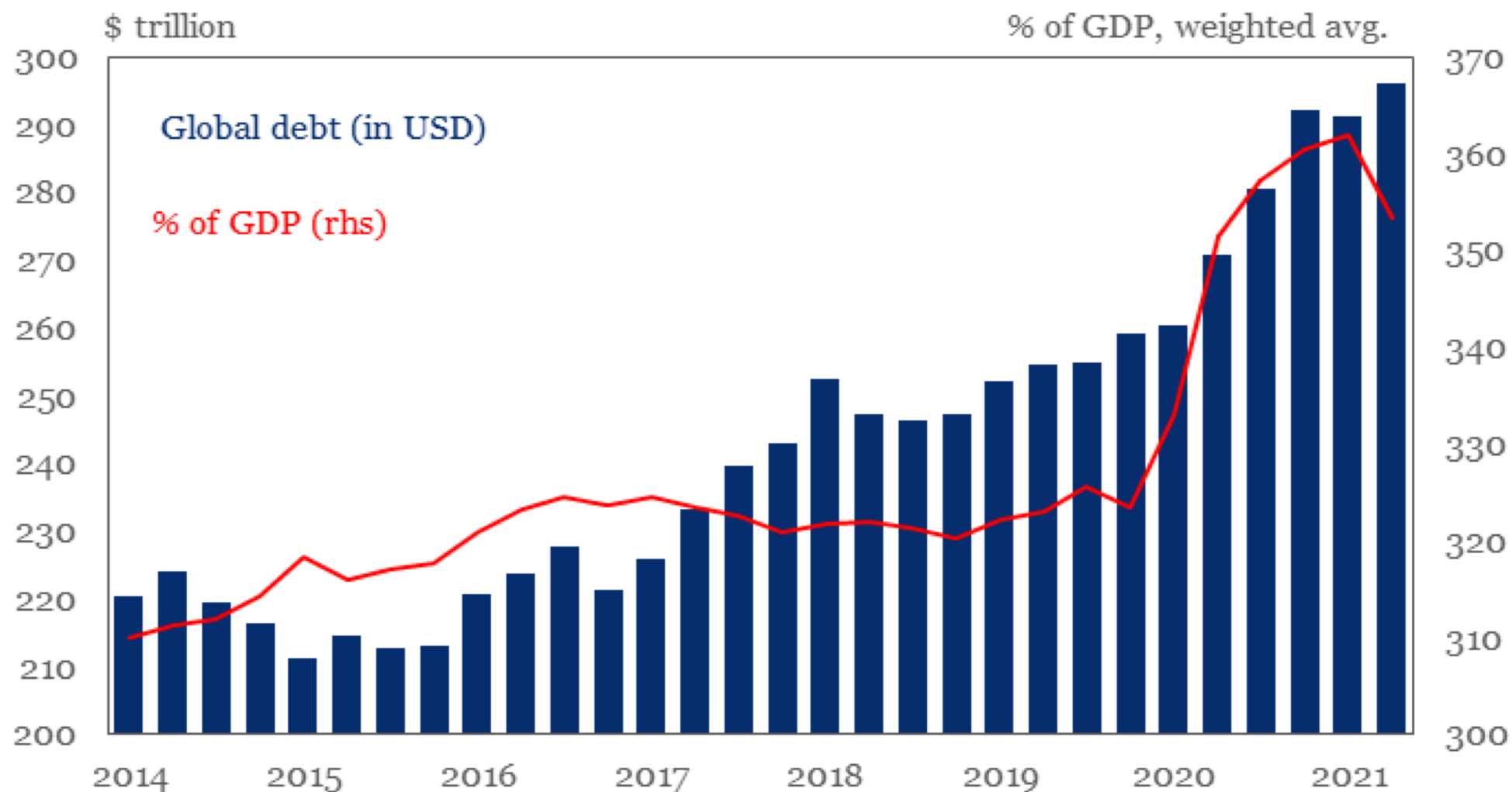
C. Investment Challenges

1. Levels of Deficits/Debt/Money Printing - \$36 trillion new debt due to COVID-19 response!
2. Global Geo-Political Instability
3. Cult of ESG (Environmental, Social, Governance)
4. COVID-19 - Vaccinations & Vaccine Passports
5. Market Valuations - Expensive

1. Levels of Debt/Deficits/Money Printing - Largest in History



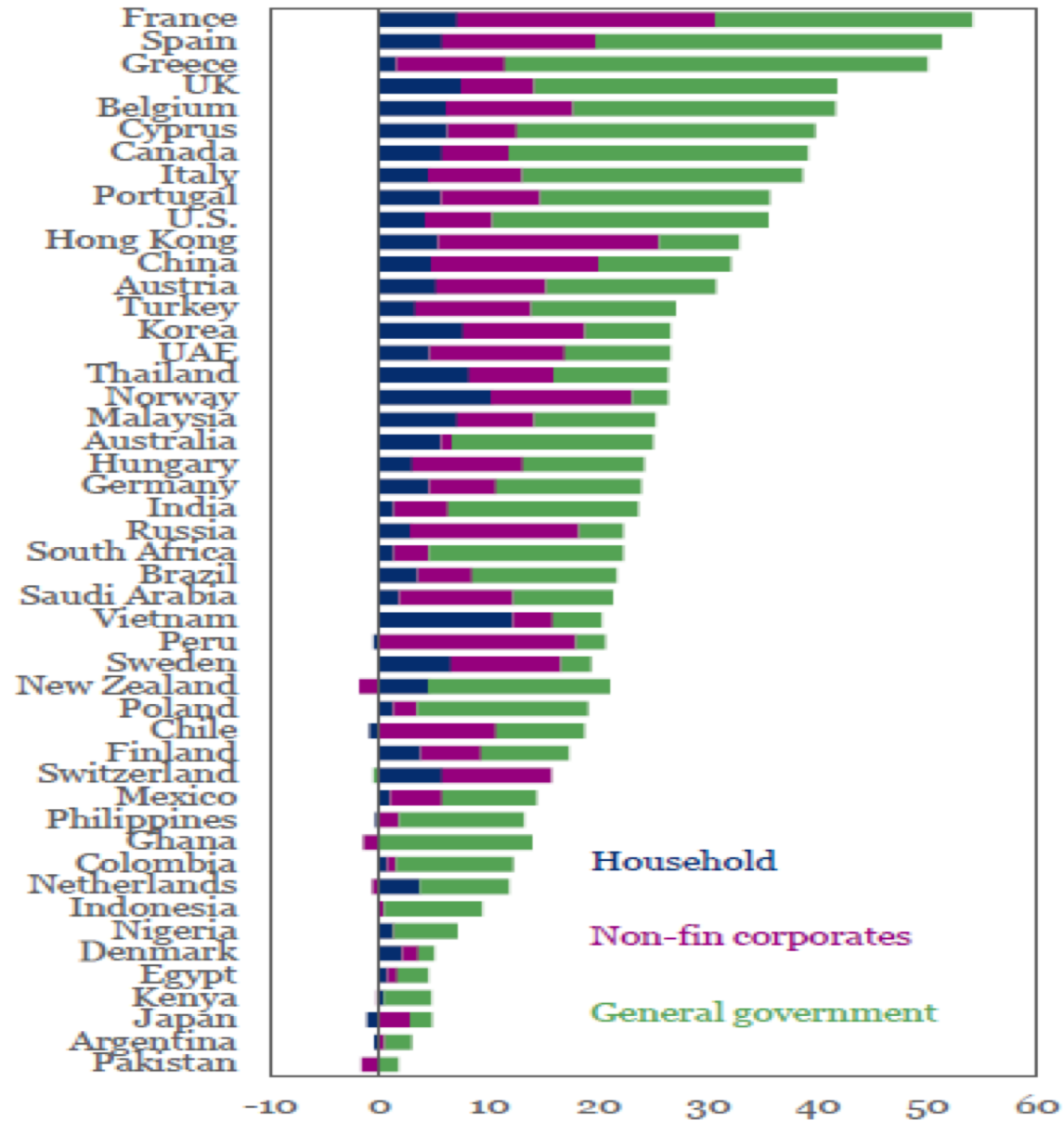
Global debt is fast approaching \$300 trillion



Source: IIF, BIS, IMF, National sources

Chart 2: Sharp surge in debt-to-GDP ratios

percentage points, estimated change in debt ratios in 2020



Source: IIF, BIS, IMF, National sources

2. Global Geo-Political Instability

- US weakness leads to greater global instability.
- China/Russia/Iran and now Afghanistan alliance.
- Increased threat of global terrorism.
- Increasing global regulation - lowers economic growth.
- Insatiable demand for new tax revenues, including corporate taxes, to prop up larger government spending and debt.

3. The Cult of ESG (Environmental, Social, Governance)

- Massive virtue signalling - herd mentality
- Significant misallocation of capital into underperforming investments, often subsidized by government edict (ie. forcing green energy too quickly)
- Promotes dangerous and divisive theories such as CRT Cultural Marxism and Standpoint Epistemology. Creates division, conflict and attacks the foundation for truth
- Diversity, Equity and Inclusion are undermining many of our Western values and have no place in the boardrooms of our corporations. Focus should be on equality, justice (non-partiality) and merit.

The Cult of ESG

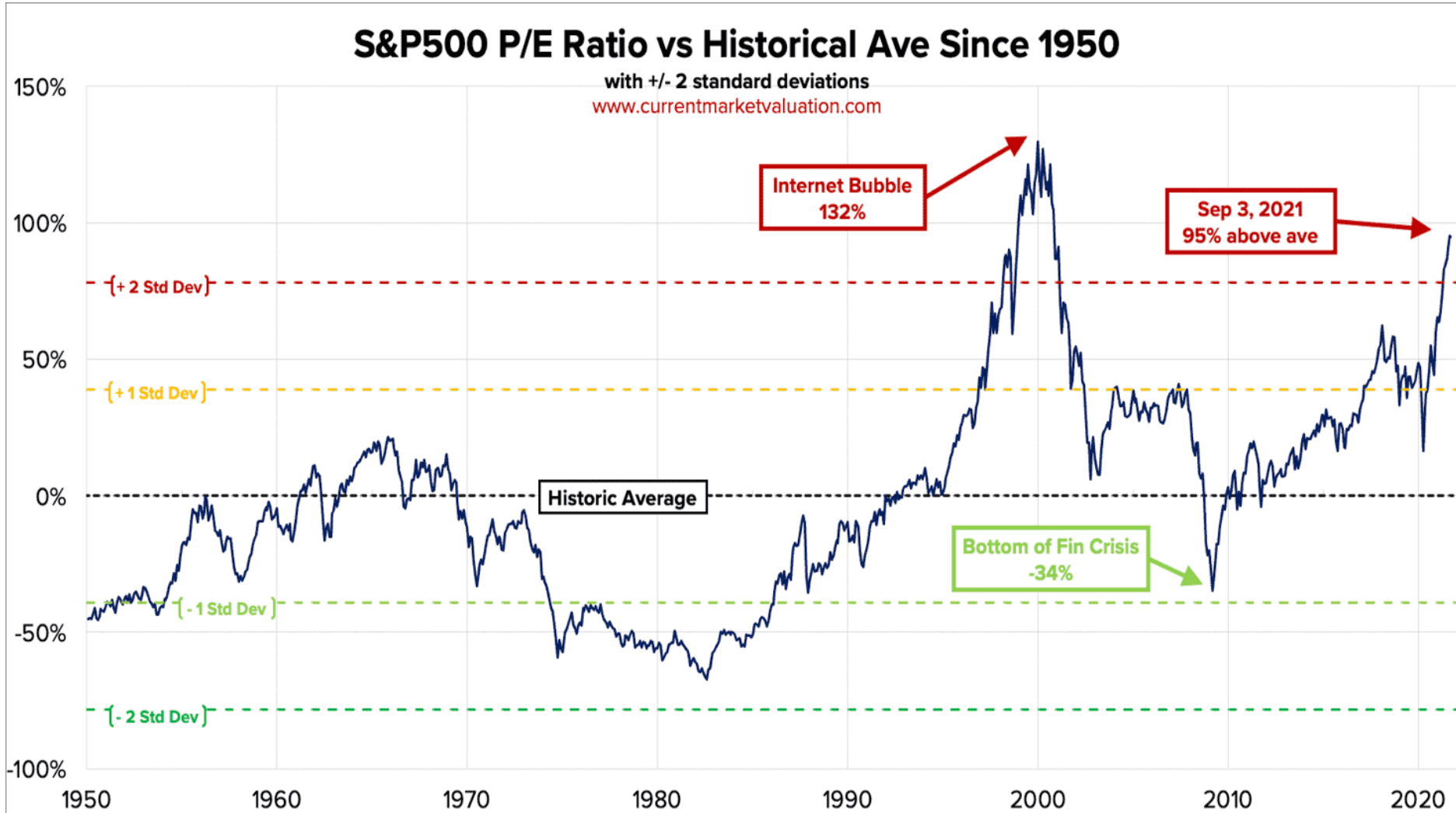
Hypocrisy: Why don't the world's leader call out China?

1. The US has reduced their global emissions by more than any other country in the world for more than 25 years!
2. China's emissions will continue to grow until 2030!
3. China's greenhouse gas emissions in 2019 exceeded those of the entire developed world.
4. Top 25 cities in the world account for 52% of urban greenhouse gas emissions. 23 of the 25 are in China! First US city is New York at number 26! Out of the top 75 cities there are only 4 US cities included.

4. COVID-19 - Vaccinations & Vaccine Passports

- COVID-19 has been overplayed and created too much fear in our society. Lockdowns the most costly and dangerous economic decision in history.
- Vaccines will not solve the COVID-19 virus. Vaccinations may in the short-run lessen severity in extreme cases but will not stop transmission nor deal with variants over time.
- Our concerns are three fold: first, short-term adverse reactions and health risks, second, long-term impact on immune system leading to increases in opportunistic diseases and third, government focus on controlling and stripping of personal freedoms and liberties.

5. Market Valuations - Expensive

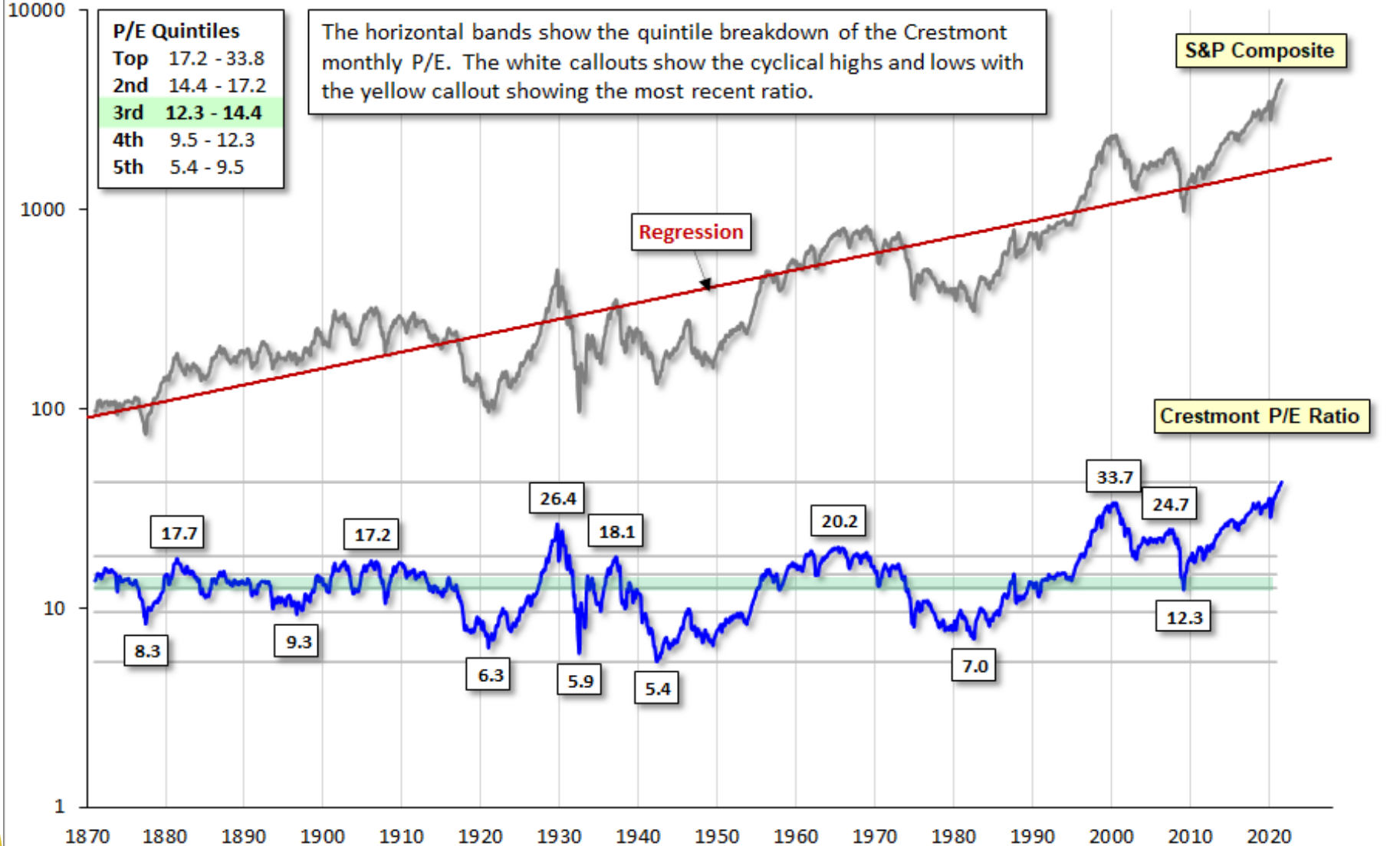


S&P Composite: 1871-Present

Real Price with the Crestmont P/E Ratio

analysis in collaboration with Crestmont Research (www.CrestmontResearch.com)

Log Scale



D. Sectors of Focus

1. Infrastructure

4. Manufacturing

7. Agriculture

2. Financial

5. Precious Metals

8. Water

3. Technology &
Telecom Services

6. Healthcare

9. Consumer
Staples

E. Looking ahead

1. Maintain large weightings in Precious Metals, Infrastructure & Technology (approximately 50% of portfolios).
2. Add in other sectors as opportunities emerge.
3. Reallocating from overpriced securities to better priced securities.
4. Keeping a close watch on geo-political risk and the medium to longer term impact of mass vaccinating a global population with experimental vaccines.

F. Performance Summary

As at August 31, 2021 (after all fees)

(70% equity 30% bonds and short-term cash)*

1 mos.	3 mos.	1 yr	3 yrs.	5 yrs.	10 yrs.
0.48%	4.51%	7.05%	12.63%	9.86%	7.90%

Performance Summary

As at August 31, 2021 (after all fees)

100% Equity Performance

	1 mos.	3 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.
Rocklinc	.63%	5.90%	10.20%	18.50%	14.14%	13.85%
S&P/TSX	1.45%	4.32%	24.64%	8.17%	7.11%	4.89%
S&P500	2.90%	7.58%	29.21%	15.95%	15.81%	14.01%

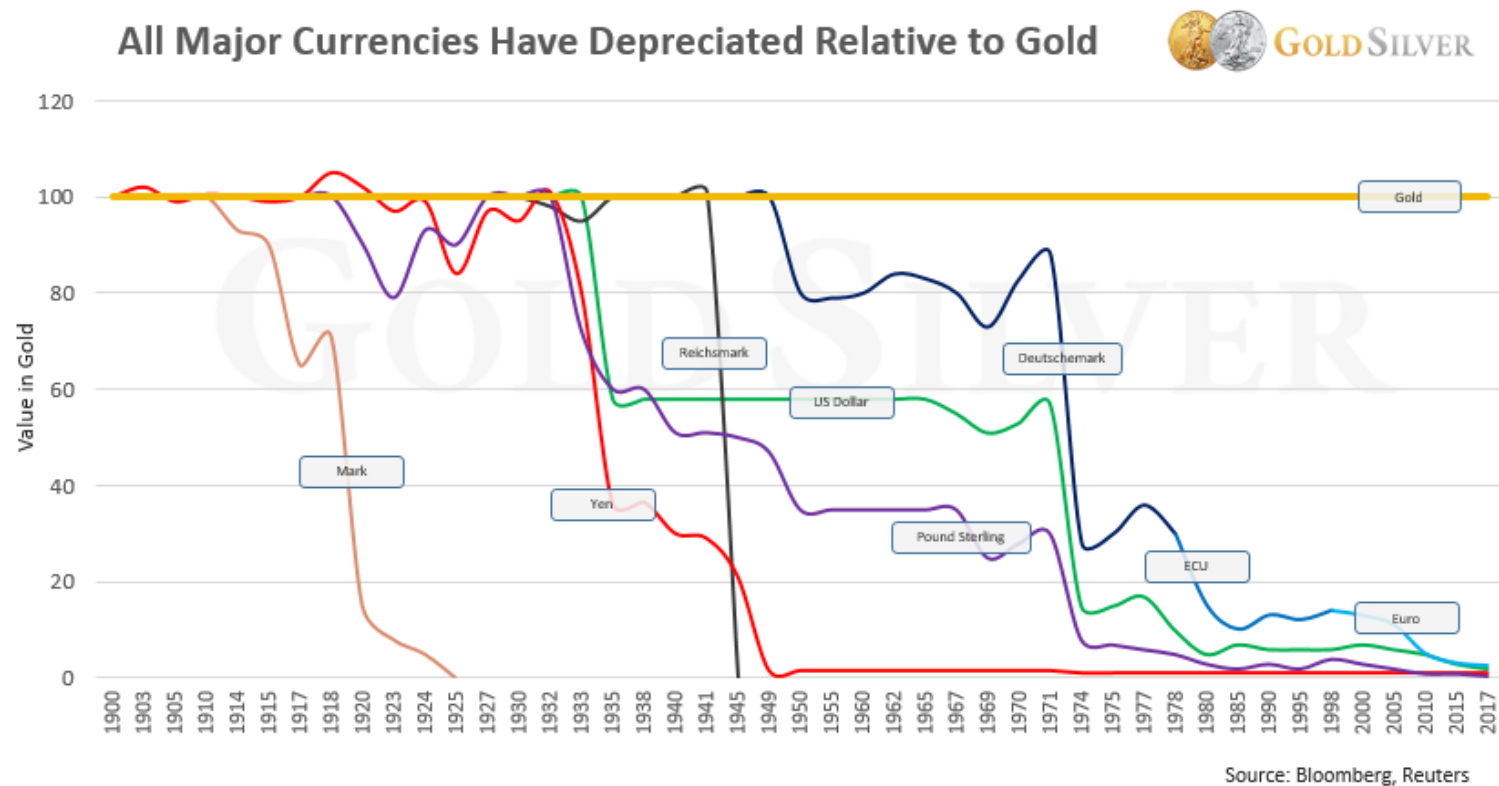
Gold

Case for Portfolio Constituency

1) Store of Value

I) Inflation & Expansion of Money Supply

- Gold has successfully protected long-term purchasing power as major currencies' values plummet due to inflation and expansion of money supply



II) Financial Repression

- Gold has historically done well during period of declining real rates

Gold (lhs), in USD, and US 5y TIPS (rhs), 01/2012-09/2020



Source: Reuters Eikon, Incrementum AG

2) Portfolio diversification

- 'Safe haven' bid during times of turmoil

Gold's Performance During Stock Market Crashes

Dates of S&P 500's Biggest Declines	S&P 500	Gold
Sep 21, 1976 - Mar 6, 1978	-19.4%	53.8%
Nov 28, 1980 - Aug 12, 1982	-27.1%	-46.0%
Aug 25, 1987 - Dec 4, 1987	-33.5%	6.2%
Jul 16, 1990 - Oct 11, 1990	-19.9%	6.8%
Jul 17, 1998 - Aug 31, 1998	-19.3%	-5.0%
Mar 27, 2000 - Oct 9, 2002	-49.0%	12.4%
Oct 9, 2007 - Mar 9, 2009	-56.8%	25.5%
May 10, 2011 - Oct 3, 2011	-19.0%	9.4%

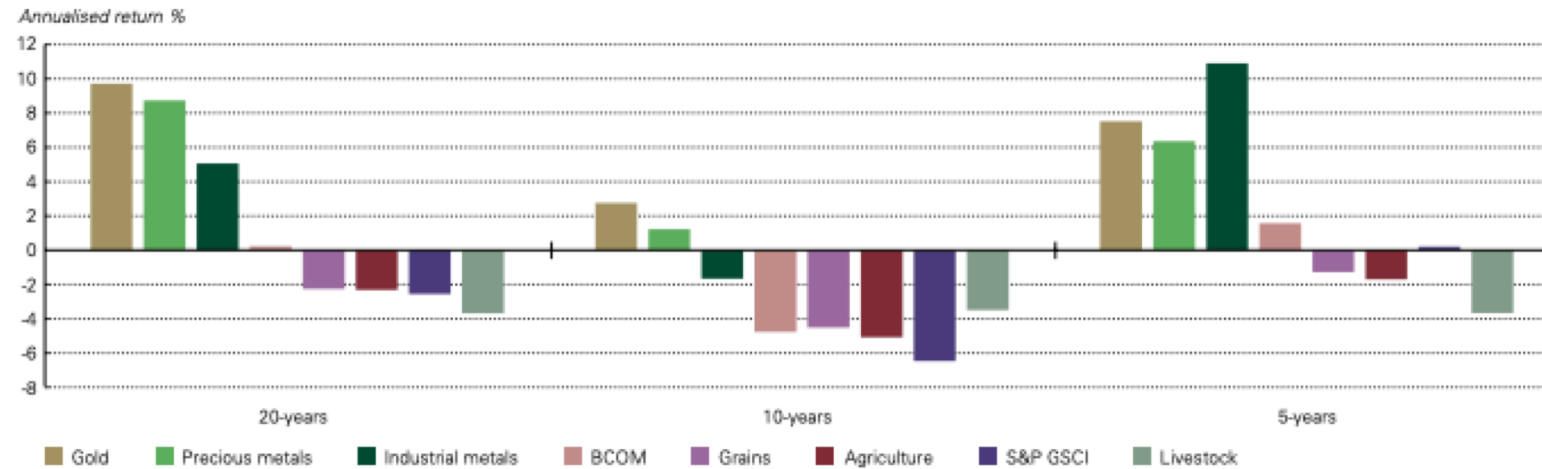
3) Tangible and portable

- Cannot be hacked or traced; easily convertible to cash and can go with you anywhere
- No counterparty risk; gold cannot go bankrupt and will never default on its obligations

4) Superior absolute and risk-adjusted returns

- Gold has outperformed most other commodities over multiple time horizons

Chart 3: Gold has outperformed commodity sub-indices over the trailing 5-, 10-, and 20-year periods
Commodity sub-index returns*



*Annualised returns through 30 June 2021.

Indices include: S&P GS Precious Metals Index, S&P GS Industrial Metals Index, S&P GS Grains Index, S&P GS Agriculture Index, S&P GS Livestock Index, S&P GSCI Index, Bloomberg Commodity Index, Gold (US\$/oz) London PM fix.

On Goldhub.com see: [Gold returns](#).

Source: Bloomberg, World Gold Council

5) Increasing demand

- Central banks and governments hold massive reserves - Gold is third largest reserve asset globally

Royalty & Streamers



Miners



Nestle SA (OTC:NSRGY)

- World's largest food and beverage company with products in >180 countries
- Over 30 of its brands generates >\$1B in annual revenue

> CHF 1.5 bn



NESCAFÉ

> CHF 1 bn



NESPRESSO

Portfolio Transformation

- Management has taken several steps to position its portfolio of brands in higher long-term growth trends
- Since 2017, Nestle has closed or announced >75 transactions (acquisitions and dispositions)



Investment Thesis

- **Global Leader with Significant Economies of Scale**

- Strong brand reputation and long-standing relationships with suppliers and retailers

- **Rapid R&D Innovation**

- Invested >\$1.5B annually over the past 9 years

- **Dividend Aristocrat**

- Increased its dividend for 25 consecutive years

- **Solid Performance**

- ROIC increased 432 bps to 14.75% from 2016 to 2020



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