



**ROCKLINC**

*Worth. Investing.*

**ROCKLINC Investment Partners - WEBCAST**

**“Focus on Value ”**

**December 9, 2022**

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# Outline of Presentation

- A. ROCKLINC Overview & Investment Philosophy
- B. Investment Challenges
- C. Market Challenges
- D. Performance Summary
- E. Company Highlights
- F. Questions & Answers

# A. ROCKLINC Overview

- ▶ Private investment firm - founded in 2010 - current AUM \$240 million - approx. 210 households
- ▶ Focus - Customized portfolios
- ▶ Investing based upon:
  - ▶ Independent Thinking & Deep Understanding
  - ▶ Focus on current realities rooted in understanding of past
  - ▶ Interdisciplinary approach - build a worldview

# Investment Philosophy

1. Excellent Businesses - high ROE's, strong balance sheet, free cash flow, recurring revenue
2. Focused Portfolios - 20-30 stocks
3. Long-Term Holding Period - tax deferred compounding
4. Purchase with a Margin of Safety
5. Understand Economic Backdrop

## B. Investment Challenges

1. Global Debt Levels - exceed \$300 trillion USD
2. Unfunded Government Promises & Expansion of Government in the overall economy
3. Demographics - aging populations, lack of family formation (birth rates have plummeted in 2020-2021)
4. Monetary Policies - Printing money & repressed interest rates
5. **Lockdown/Mandate Folly - Government Overreach**

# Lockdown/Mandate Folly

Everything points to lower **real** economic growth for the foreseeable future.

- ▶ Undermining of many small businesses - engine of economic growth
- ▶ State intrusion in the economy - regulations throttle economic growth
- ▶ Massive increase in sovereign debt - increases inflation - hidden tax
- ▶ (Pending) Increases in taxes - large negative on growth - punishes workers and investment capital
- ▶ Loss of freedoms & liberties - stifles growth

# Lockdown/Mandate Folly (continued)

- ▶ Negative impact on mental and physical health
- ▶ Negative impact on children their education and socialization
- ▶ Increase in domestic breakdowns - lower family formations
- ▶ Increase in substance abuse, overdoses and suicides
- ▶ Substantial backlog in medical procedures and screenings - excess deaths on the rise



# C. Market Challenges

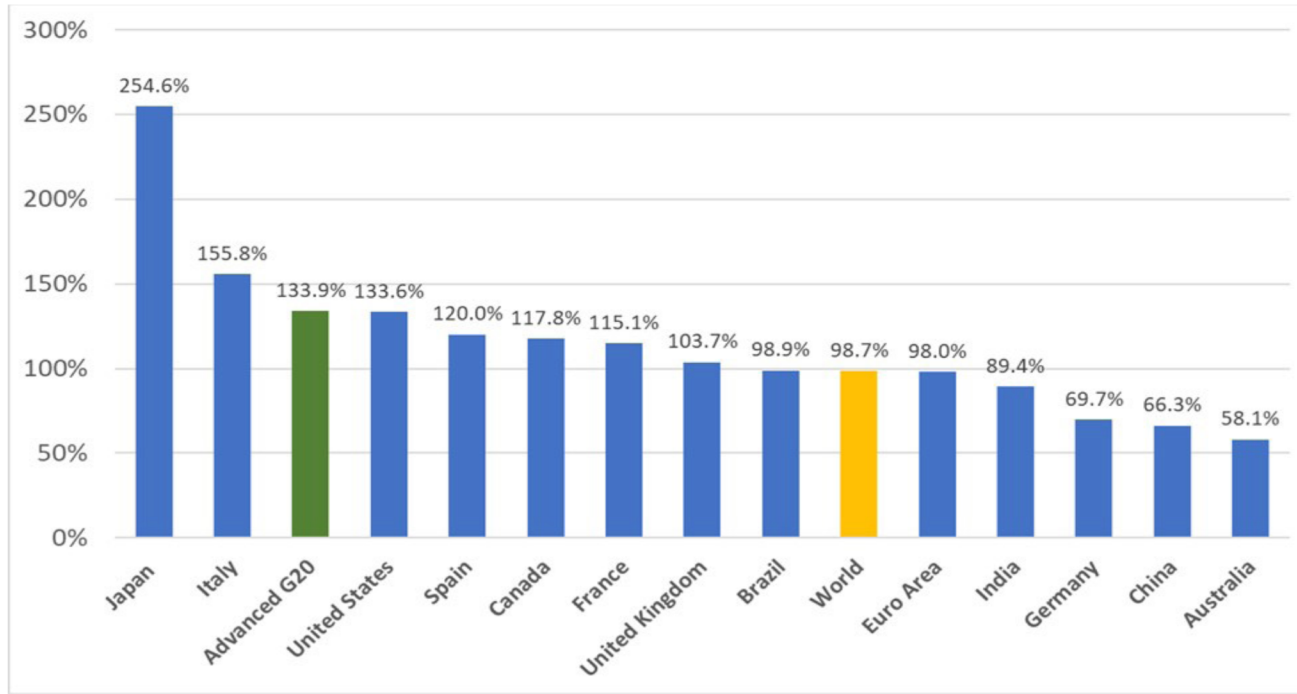
## Inflation Pressures have arrived!

1. Stock Market Valuations are very HIGH! Expect continued repricing of overvalued securities.
2. Central Banks - Monetizing Debts. (US - \$120 billion/month with planned reductions of \$15 billion/month) - will they be able to taper and increase rates without economic contraction? Our answer - NO!
3. Unprecedented Increase in Debt Levels continues.
4. Rising concerns over the the dramatic increase in inflation (asset prices and food costs). The highest in over 30 years! Gov't stats show 5% but we know it is much higher. Housing prices are up 30% since March 2020!

# Market Challenges (continued)

5. Structural Deficits - Governments are addicted to deficits! (UBI - Universal Basic Income is planned)
6. Citizens are oblivious to the precarious financial position of the global economy.
7. Economists dream up new theories to justify this economic madness - the latest recycled theory is referred to as MMT (Modern Monetary Theory)

# Gov't Debt/GDP

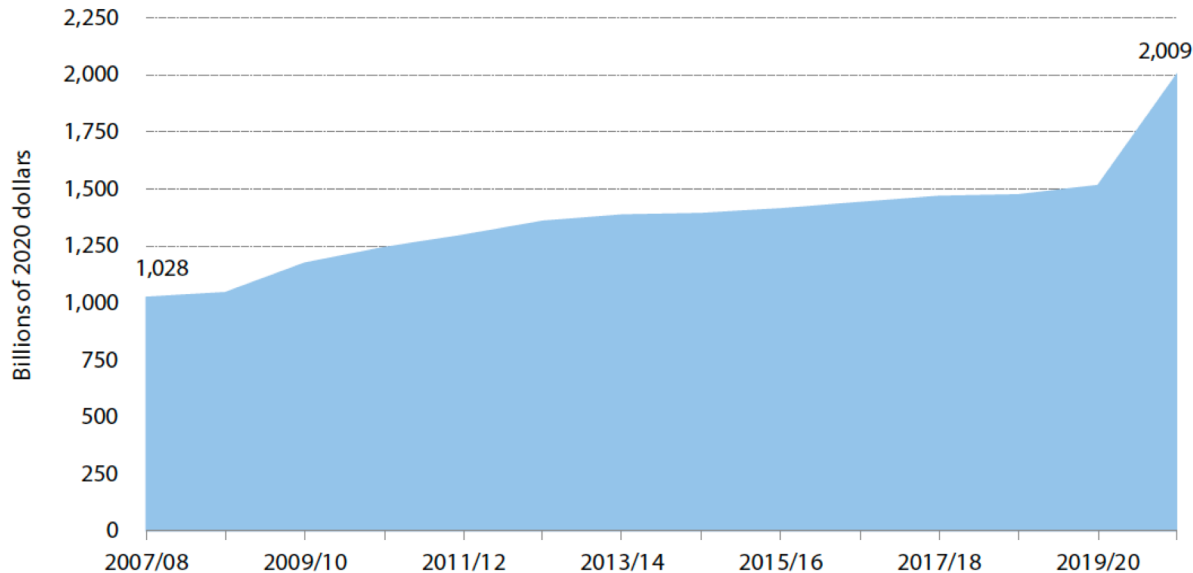


Source: IMF World Economic Outlook, July 2021 Update

# Canadian Government Debt

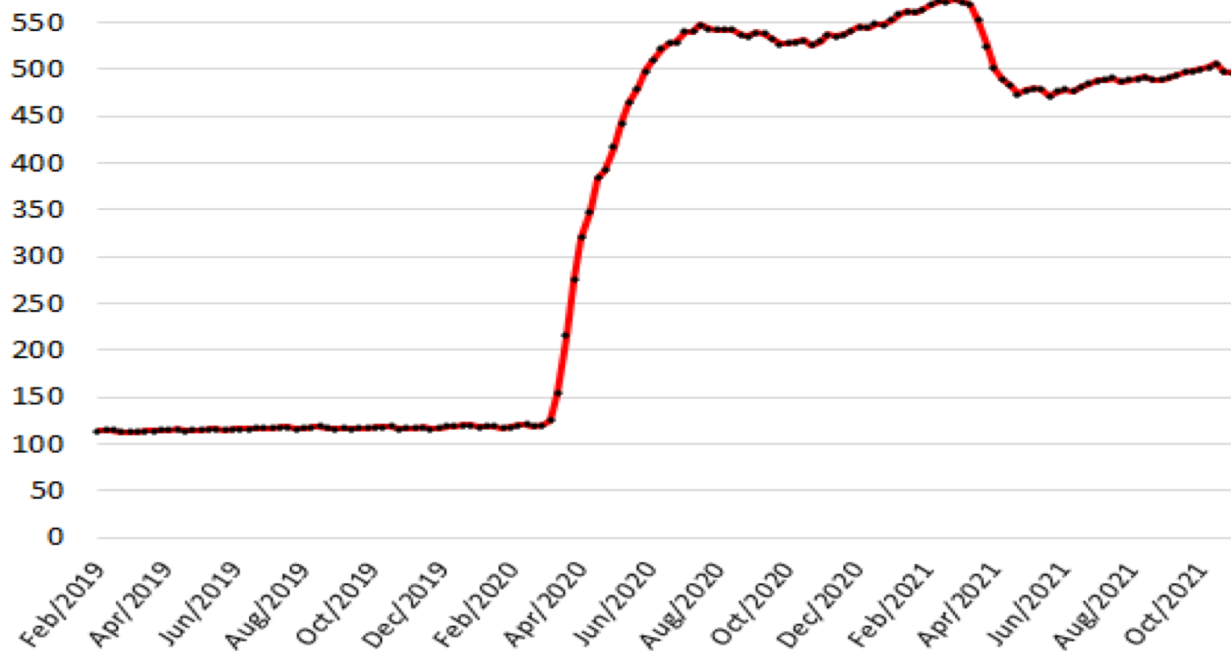
## 12 years of growth

**Figure 1: Combined Federal and Provincial Net Debt (in billions of 2020 dollars), 2007/08 to 2020/21**



## Bank of Canada Total Assets

Billion C\$



Source: Bank of Canada

WOLFSTREET.com



## Trudeau Government Spending/Canadian

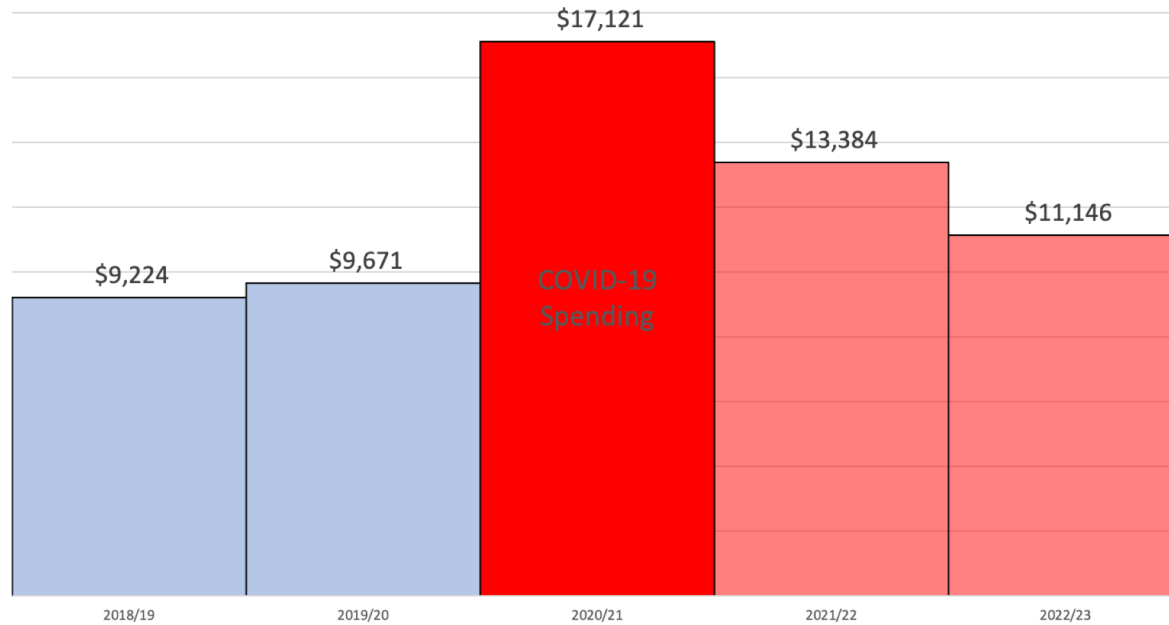
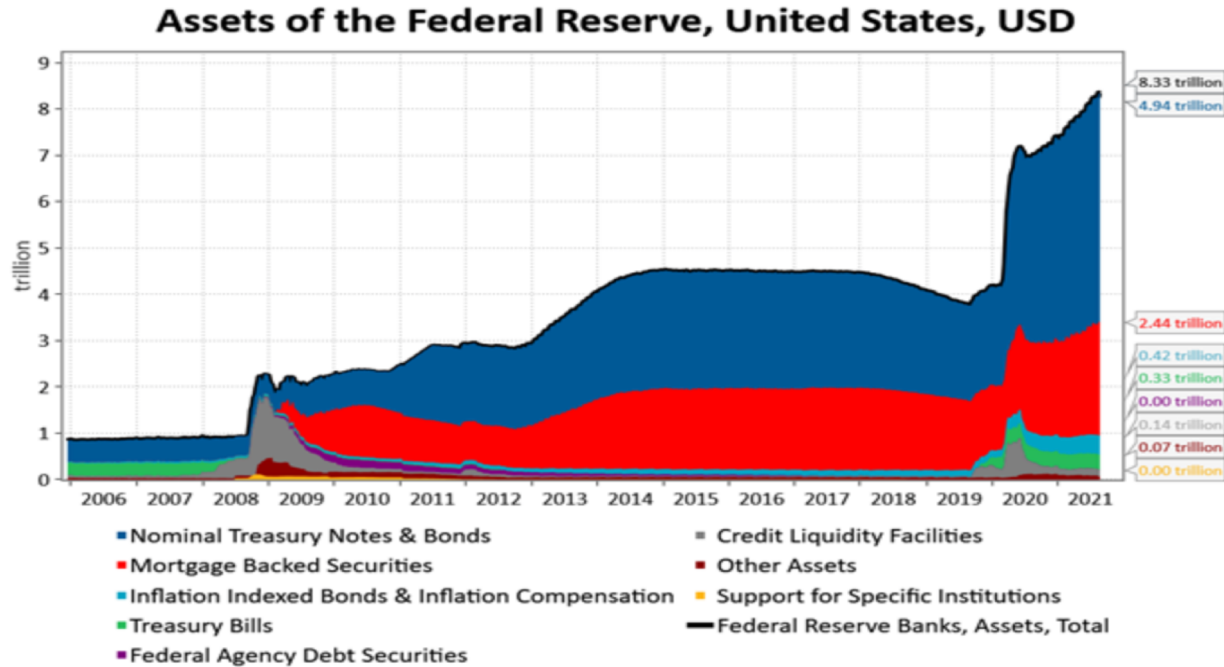
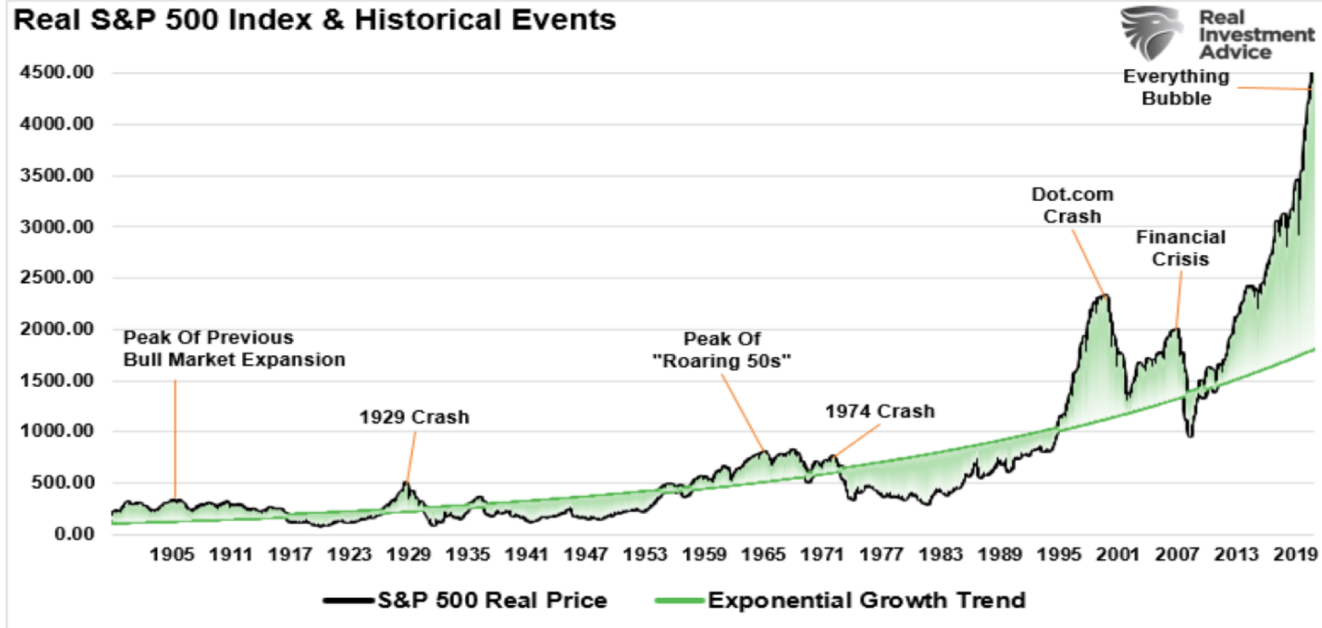


Figure 1: Balance Sheet of the U.S. Federal Reserve and its Constituent Components



Source: Beutel, Goodman & Company Ltd., Macrobond, Federal Reserve, as of 8/31/2021

# High Valuations





# Market Positioning

1. Pay attention to valuations and balance sheet strength.
2. Invest in Hard Assets (e.g. infrastructure, real estate)
3. Keep a significant weighting in precious metals through leading royalty companies.
4. Invest in essential industries with above average growth. (e.g. technology, healthcare, consumer staples, asset managers)

# D. Performance Summary

As at Nov 30, 2022 (after all fees)

Rocklinc Book of Business

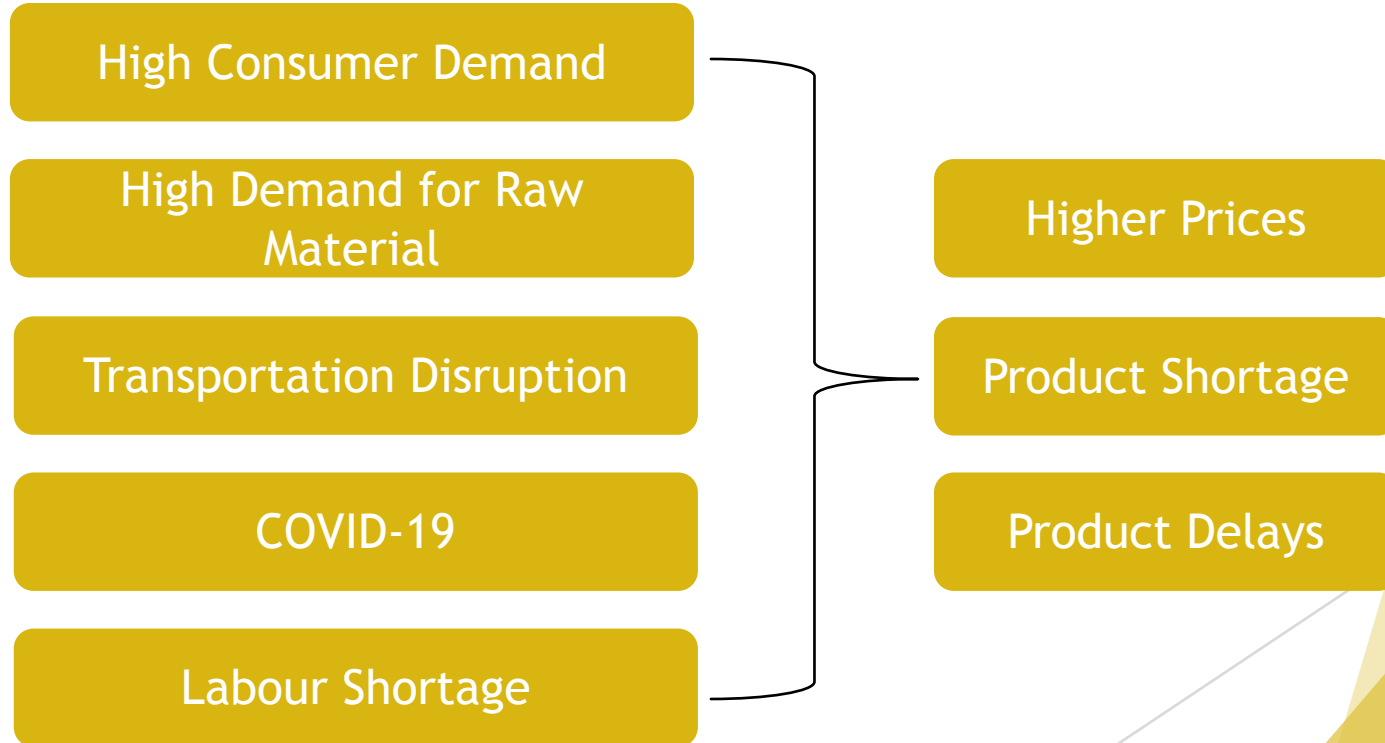
(70% equity 30% bonds and short-term cash)\*

3 Mos.	6 Mos.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
-0.5%	3.6%	5.8%	12.9%	10.1%	8.0%

\* ROCKLINC Book of Business



# Supply Chain Disruption



# Resilient Portfolio



**Brookfield**  
Infrastructure Partners

**ThermoFisher**  
SCIENTIFIC

**amazon.com**<sup>®</sup>



# Gold Royalty Corp

NYSE:GROY



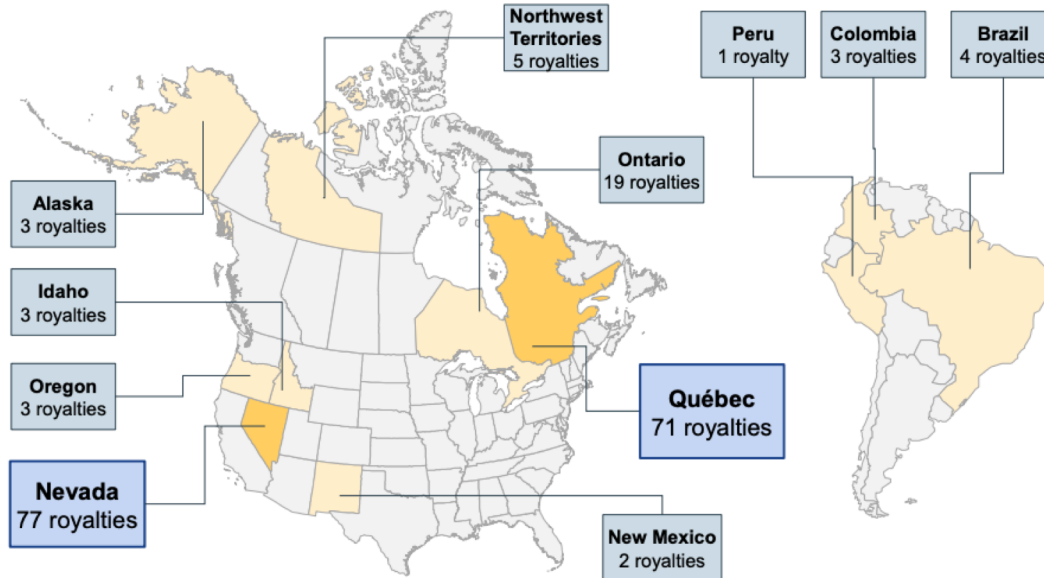
- ▶ Gold Royalty Corp is a gold-focused royalty business with 191 royalties on mines, exploration projects and land predominantly located in North America
  - ▶ Dominates the sub-\$1 billion market cap sector
- ▶ The Company was spun out of GoldMining (formerly Brazil Resources) in 2020
  - ▶ GoldMining assembled many royalties/parcels of land for cents on the dollar
  - ▶ Spun the majority of these assets into Gold Royalty

# Acquisition of Abitibi Royalties & Golden Valley Mines

- ▶ Gold Royalty has been buying up other royalty companies
  - ▶ 1) Ely Royalty - *June, 2021*
  - ▶ 2) **Abitibi Royalties** - *September, 2021*
  - ▶ 3) Golden Valley Mines - *September, 2021*
- ▶ ROCKLINC has been a long-term shareholder in Abitibi Royalties
  - ▶ Abitibi's flagship royalty asset is on the Malartic Mine (Agnico Eagle + Yamana) - Canada's largest operating gold mine
    - ▶ Produces appx. 600,000 Au oz per year
    - ▶ Anticipated to produce for decades to come
- ▶ Shareholders in Abitibi were paid in Gold Royalty Corp stock

# Combined Entity

<b>191</b> Royalties	
<b>6</b> Royalties on Producing Assets	<b>7</b> Royalties on Assets in Development
<b>14</b> Feasibility / PEA Stage Royalties	<b>15</b> Resource Stage Royalties
<b>12</b> Key Exploration Royalties	<b>137</b> Early Stage Exploration Royalties



# *Canadian Malartic Mine*





# Merger Merits

## 1) Venerable Management

- Led by experienced industry titans
  - CEO - David Garofalo (*former CEO of GoldCorp, former CFO of Agnico Eagle*)
  - Board comprised of former mining CEOs

## 2) Unlocking of Value

- Abitibi's royalty on Malartic mine largely unappreciated by market

## 3) Improved Diversification

- Royalties on 6 producing assets, 7 in development and many more in exploration stage

# F. Questions & Answers

**Next Webcast**  
**Thursday March 10, 2022**



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