

Hello Everyone,

*"I just want my old job back and my old life."* Cartoon Character, Fred Flintstone

I believe there are a lot of COVID weary Americans who think like Fred.

Of course, Fred and his family lived in the "modern stone age." He worked for Mr. Slate at the quarry. And, his daughter's name was Pebbles.

If you are guessing the theme of today's missive is rocks, you would be right.

This is not your normal high-finance fare this Friday, but I still hope you "dig it."

Signed, Your Wonders-What-A-Brontosaurus-Burger-Tasted-Like-And-Don't-Say-Chicken Financial Advisor,

Greg

## KKOB 2020.10.16 Rocks or Stocks

**Bob:** So, Greg, I know:

- You see inflation coming.
- And you believe the best defense investment-wise against inflation is to invest in *"things that can't be printed."*
- And you are also fond of calling these types of investments "low tech."

But today, you want to talk about the lowest of low tech...and that is rocks. And you're talking about rock rocks...like you find outside on the ground. Right?

**Greg:** Right. And in a high tech world, the thought of investing in plain ol' ordinary rocks isn't exactly exciting.

But I had lunch earlier this week with a friend, who is also an amazing businessman.

You'd like him. He drives a pickup truck. He wears jeans and boots and cowboy shirts. He looks you in the eye when he talks to you. And he is one of the smartest guys you'd ever want to meet.

And, as you might guess, between bites of Italian food, we got to talking about investments.

Well, I started pontificating about how lumber prices had doubled this year---- and how contractors were having to rebid their jobs because of the rising costs. And about rising inflation, blah, blah, blah....

That's when he said, *"Greg, you can build something out of about anything. If lumber is too high, you can use steel. You can use earth/adobe if you want. But whatever you choose, you must have rock. You have to have a foundation. And that foundation is going to be rock, because the building will only be as strong as its foundation."*

**Bob:** You're right. He sounds like a good guy. There was a lot of wisdom in that...and obviously not just in terms of investments. I think he was also saying that whatever you build...whether it's a relationship, or a business, or a movement, it must be built on a solid foundation.

**Greg:** well, that's what I thought when he said it. I was floored. which is probably why I had spaghetti stains on my shirt when I got home.

I just kind of stared at him. Anyway, I asked him if I could use his rock story in one of my KKOB segments. Oh, and I told him

he would get no credit whatsoever. He just laughed and said, "*I don't care.*"

**Bob:** So, are you going to tell our listeners to buy rocks over stocks?

**Greg:** Very funny. And there are a lot of rock jokes. Do you remember those basic geology classes in high-school (or college) that the athletes all seemed to take? We called those classes "rocks for jocks". Well, a lot of those geology majors turned out to be very successful in life.

The point is, there can be a lot of money made by investing in basics...and you can't find anything much more basic than rocks.

So, your listeners may be thinking, "*How do you invest in rocks?*"

Well, you could invest in the big concrete companies. But just because something seems simple doesn't mean it's easy.

For example, US Concrete stock (their ticker symbol is USCR) was at \$3/share nine years ago. Today, it trades at around \$33. Eleven times your money in nine years? Not bad.

However, in 2017, it reached a peak of \$83/share. So, if you invested in 2010 at \$3, you're a genius. If you jumped in in 2017 at \$83, you might be accused of having rocks in your head.

**Bob:** Or, they might think you were stoned.

I'll tell you though, those price swings surprise me. I mean, I think of tech stocks as being volatile. But something as basic

as concrete going from \$3 to \$83 to \$33 seems like a pretty good roller coaster ride to me.

**Greg:** Right. This is why you might want to (more than occasionally) listen to the guys in blue jeans and boots over the guys in suits-and-ties. The down-to-earth guys will often know more than the New York types who stare at charts all day.

In short, my friend is right, it's all about the foundation. And wasn't it someone about 2000 years ago who said, "*Upon this rock I will build..*" And with that, happy Friday.

**Bob:** Interesting report as always. Have a great weekend. How do people reach you?

**Greg:** My number is 250-3754. Or go to my website at [zanettifinancial.com](http://zanettifinancial.com).

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