



# The ZENITH INVESTOR<sup>©</sup>



Volume 2 | Issue 6 | December 2020



**3 FORECASTS,  
2 THEMES &  
2 REACTIONS**

## The Senectitude of COVID-19

*As we enter this tenth month of confinement due to the COVID-19 pandemic, I think it is a good moment to reflect and evaluate everything that has been happening and how our lives have changed. For one, I, being the optimist that I am, have been trying to identify the “silver lining” within all these events. I have to confess it has not been easy, but have to admit that, probably, all this has forced us to do things differently. And has also forced us to leap bound and adopt new technologies and ways of doing business that probably, in our comfort zone, we had not even considered. So, for whatever it’s worth, let’s look at the positive aspect and embrace all the good things that this unfortunate event has brought us.*

*Please keep safe and enjoy this issue of our Zenith Investor.*

*Miguel L. Vargas-Jiménez  
Executive Director & CEO*

*Birling Capitals' goal is to provide you with expert opinions and commentaries from all over the world to our readers with a detailed view of the economy, markets, and geopolitics. We also offer you our outlook for Puerto Rico's economic progress and the United States to allow you to plan with a 3 to 5-year window.*

*We invite you to examine this month's insights to help you stay ahead of the curve.*

*Thank You for your continued support.*

*Francisco Rodríguez-Castro  
President & CEO  
Birling Capital Advisors, LLC.*



# “Often Times The Brightest Rainbows follows The Darkest Storms.”

As we publish The Zenith Investor for December 2020, we have elected a new Governor and a new President. Both elected officials have a demonstrated track record, and their transition teams are in place working towards a smooth transition of power. Also, three pharma companies have announced that their vaccines to fight COVID-19 are more than 90% effective in preventing the disease, which makes us think that this may well be the "The Senectitude of COVID-19".

In the U.S., President Trump has not conceded victory to President-Elect Joe Biden. The latest number shows Biden with 80,085,725 million votes and 306 electoral college votes (270 needed to win) versus Trump 73,912,280 million votes and 232 electoral college votes, the difference of 6,173,445 million votes.

In Puerto Rico, the 2020 election was full of surprising results, particularly from the minority parties that tripled their usual vote count; below, we review the results provided by the State Electoral Commission:

Party	Candidate	Percentage of Voting
PNP	Pedro Pierluisi	32.93%
PPD	Charlie Delgado	31.56%
MVC	Alexandra Lugaro	14.21%
PIP	Juan Dalmau	13.72%
PD	Cesar Vazquez	6.90%

This election is the third in which the Governor has been elected without a majority of the popular vote. There is evident shifting power from the "Principal Parties" to the emerging parties and the Independence party. Some have seen the electoral outcome as a sign of maturity among the Puerto Rico electors. At the same time, I agree with that point of view; the real test will be in January when this melting pot of parties begin the balance of power in the Senate and the House of Representatives.



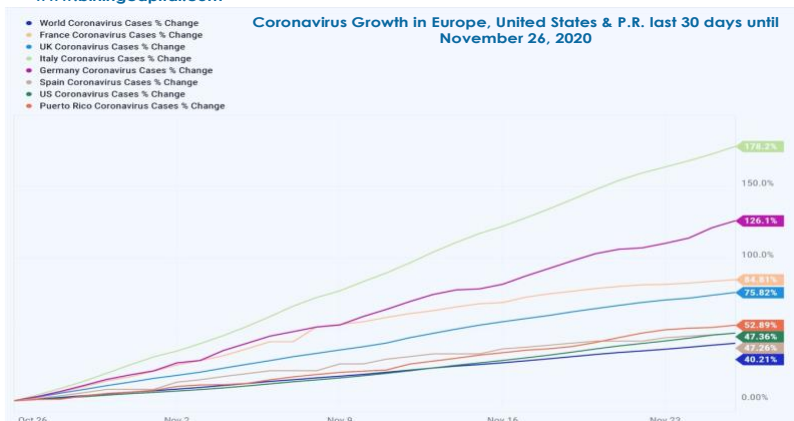
The newest coronavirus outbreak is creating havoc in hospital systems worldwide, the U.S., and Puerto Rico and exposing a systemic risk crisis that includes both medical and financial stress regarding staff infections and deep losses to most hospital systems.

The worsening pandemic surge has leaders concerned; during the last 30 days, the rise COVID-19 count is as follows:

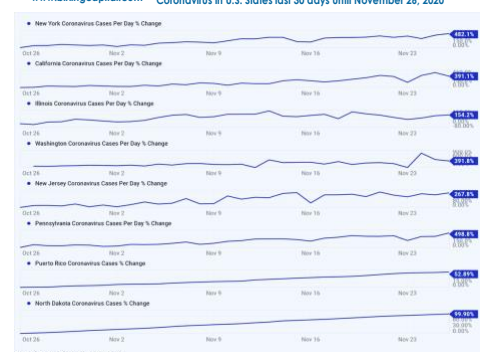
- Italy 178.2%
- Germany 126.1%
- France 84.91%
- United Kingdom 75.82%
- Puerto Rico 52.89%
- U.S. 47.36%.
- Spain 47.26%

As of today, there are 61,631,826 global cases confirmed, with 1,443,856 deaths confirmed.

In the U.S., there are 13,283,783 confirmed cases with 270,000 deaths.



However, the surge during the last 30 days in several states has several governors considering another round of lockdowns.



The COVID-19 U.S. States surge has been significant in the last 30 days:

- Pennsylvania 498.8%
- New York 482.1%
- Washington D.C. 391.8%
- California 391.1%
- New Jersey 267.8%
- Illinois 154.2%
- North Dakota 99.9%

During the month, three companies announced that their COVID-19 vaccines had demonstrated an effective rate of more than 90%; we review the stock price rise of each of the companies since November 1:

- Moderna (MRNA) stock closed at \$110.12, rising 63.21%.
- Pfizer (P.F.E.) stock closed at \$36.49, rising 8.57%.
- BioNTech (BNTX) stock closed at \$109.35 rising 25.51%
- AstraZeneca (AZN) stock closed at \$52.55, rising 4.76%.

**Forecast 1: Puerto Rico's Stocks to grow exponentially:** the Birling Capital Puerto Rico Stock Index (PRSI) is a market value-weighted index composed of five (5) companies headquartered and their principal Business in Puerto Rico. All companies trade on national stock markets NYSE, AMEX, or NASDAQ.

We examine how each of the companies' stock performance has fared since the pandemic began on 3/18/20 and evaluate its performance until 11/27/20 compared with the Dow Jones Industrial Average and How Each of them has managed against the Puerto Rico Stock Index.

When we compare the Birling Capital Puerto Rico Stock Index to the Dow Jones Industrial Average, you will note that the Return on the PRSI is 103% from 3/18/20 until 11/26/20. The Dow Jones Industrial Average return was 50.12% or 105.50% less than the Birling Capital PRSI, even with the Dow surpassing 30,000 recently.

The Birling Capital Puerto Rico Stock Index includes the following institutions, and we are ranking them according to the performance against the Dow Jones Industrial Average and the Puerto Rico Stock Index with the best performers listed by Return:

- **Triple-S Management (G.T.S.):**
  - Stock Price 11.27.20: \$22.78
  - Stock Price on 3.18.20: \$10.27
  - Stock Price Increase or Loss: \$12.51
  - **Growth Rate: 120.40%**
- **Popular, Inc.(BPOP):**
  - Stock Price 11.27.20: \$50.79
  - Stock Price on 3.18.20: \$24.81
  - Stock Price Increase or Loss: \$25.79
  - **Growth Rate: 104.70%.**
- **First, BanCorp.(F.B.P.):**
  - Stock Price 11.27.20: \$8.29
  - Stock Price on 3.18.20: \$4.08
  - Stock Price Increase or Loss: \$3.94
  - **Growth Rate: 103.2%**
- **O.F.G. Bancorp(O.F.G.):**
  - Stock Price 11.27.20: \$17.52
  - Stock Price on 3.18.20: \$9.41
  - Stock Price Increase or Loss: \$7.21
  - **Growth Rate: 86.18%**

- **Evertec, Inc. (EVTC):**
  - Stock Price 11.27.20: \$37.54
  - Stock Price on 3.18.20: \$20.56
  - Stock Price Increase or Loss: \$15.53
  - **Growth Rate: 82.59%**

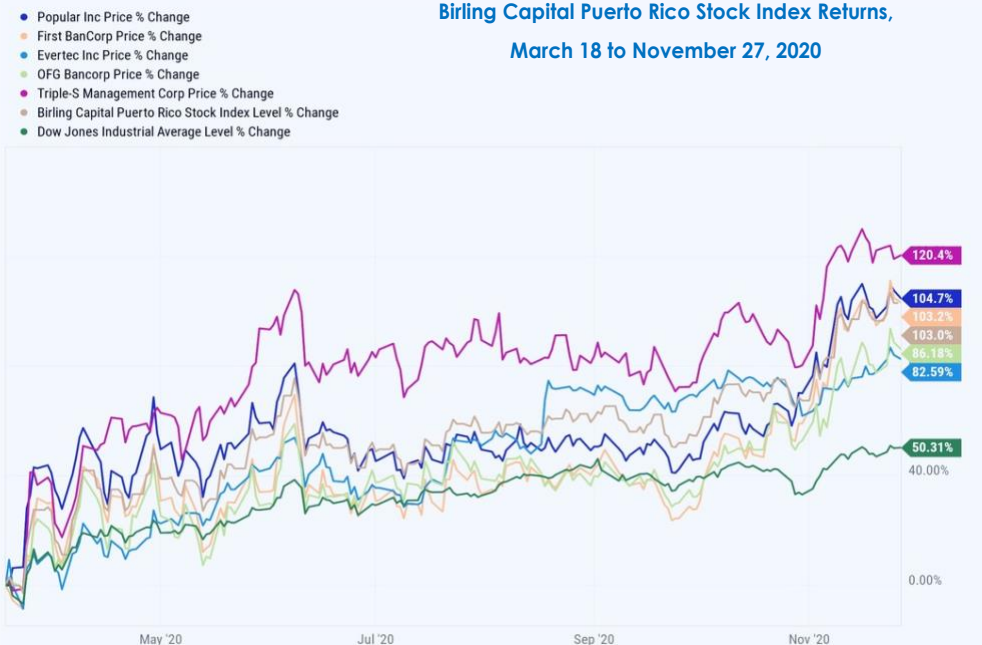
The Birling Puerto Rico Stock Index composition of three bank-holding companies, an insurance conglomerate, and a technology company, was impacted during the pandemic. Since 60% of the Birling PRSI are financial services companies, Due to their significant exposure to all industries in their loan portfolios financial services companies, it was expected that loan losses would be substantial, a situation that has not happened. Overall during the year, the Financial Services sector has a performance year to date of -7.21%, in that regard all the financial services stock within the Birling Puerto Rico Stock Index are outperforming their sector lastly the other sector represented in the Birling PRSI is the technology sector that has a performance year to date of 33.10%, and we note that also Evertec is outperforming this sector.

It is worth noting that at its worse closing on 3/18/20, the Birling Capital Puerto Rico Stock Index had a -52.49% return, and as of 11/27/20, the Return for year to date is -3.53%.

We suggest that investors take another look at all the stock in the Birling Capital Puerto Rico Stock Index , as they are worth another look as you rebalance your portfolios as they are all positioned for sustained growth.



**Birling Capital Puerto Rico Stock Index Returns,  
March 18 to November 27, 2020**



## Forecast 2: Economic Recovery Hitting the Brakes, For now:

Many of us have heard debates about whether the U.S. is experiencing a "V-shaped" recovery from the current recession. So, we decided to prepare a chart that would dispel this issue or prove it.

Looking at this chart, it is easy to see a quick recovery in the stock market. Housing and personal income have yet to show any weakness since the official start of the recession. Critical economic benchmarks that have been reporting show economic weakening,

The recent surge in COVID continues to impact Job growth and will impact the G.D.P.; however, we are still ways off the highs from early in 2020.

### Let's review the benchmarks:

- **U.S. Real G.D.P. for Q3:** rose 33.10%, compared to -31.40% last quarter. The long-term average of 3.16%.
- **U.S. Unemployment Rate:** fell to 7.90%, compared to 8.40% last month and 3.50% last year.
- **U.S. Initial Claims for Unemployment Insurance** rose for the second consecutive week to 778,000, up from 748,000 last week, a 4.01% rise.
- **U.S. Personal Consumption Expenditures:** rose to 69.20%, compared to 68.86% last month.
- **U.S. Personal Income MoM:** fell to -0.66%, compared to 0.75% last month.
- **U.S. Durable Goods New Orders MoM:** fell 1.27%, compared to 2.15% last month.
- **U.S. Retail and Food Services Sales:** fell to 0.25 percent, compared to 1.57 percent last month; retail sales rose only half of what was projected.
- **U.S. Retail Sales YoY:** fell to 8.5 percent, compared to 8.81 percent last month.
- **U.S. Business Sales:** rose to \$1.465 trillion, up from \$1.456 trillion last month.



- **U.S. Business Inventories:** rose to 0.67 percent, compared to last month 0.30 percent last month.

### Forecast 3: An Extended, Rough, and Undetermined Takeoff for 2021, How do we recognize a successful economic recovery?

Do not get your hopes up; the CORONAVIUS will continue to control the agenda for the world's economic conditions in 2021.

Without a workable vaccine, even though three are in the works, it is up to the Governments to impact its citizens' behavior to control the disease's spread. That control will ultimately determine the fate of the economic progress while the world takes the vaccines.

We need to take a long hard look at the implementation plan that China rolled out in our view. So far, it allowed it to control the disease and has begun to return both citizens and most businesses to their usual way of living and operating.

In that sense, we also predict that China will lead the overall world economy for 2021.

To state that this has been to worst exogenous shock since the great depression in the '30s would be an understatement, and it will take enormous determination and innovation to recover the pre-COVID-19 levels.

### Let's review how the world's economies will finish 2020 and how do we see 2021 unfolding.

GDP Annual Percentage Rate	2019	2020	2021
World	2.80%	-4.40%	5.20%
Advanced Economies	1.70%	-5.80%	3.90%
United States	2.20%	-4.30%	3.10%
Eurozone	1.30%	-8.30%	5.20%
Germany	0.60%	-6.00%	4.20%
France	1.50%	-9.80%	6.00%
Italy	0.30%	-10.60%	5.20%
Spain	2.00%	-12.80%	7.20%
Japan	0.70%	-5.30%	2.30%
United Kingdom	1.50%	-9.80%	5.90%
Canada	1.70%	-7.10%	5.20%
China	6.10%	1.90%	8.20%
India	4.20%	-10.30%	8.80%
Russia	1.30%	-4.10%	2.80%
Brazil	1.10%	-5.80%	2.80%
Mexico	-0.30%	-9.00%	3.50%
Saudi Arabia	0.30%	-5.40%	3.10%
South Africa	0.20%	-8.00%	3.00%

## Theme 1: Are Stock Markets Impacted Following General Elections?:

Every four years, America's presidential elections and the Puerto Rico general election significantly impact politics, law, foreign relations, and ultimately citizens' lives. But have you wondered what effect does the electoral process has on the stock markets. And how does it impact investors?

To frame this financial analysis, Birling Capital has collected stock market data since 1960, and we have identified patterns that repeat during election cycles. These predictions are based on economic analysis and historical data. We show you how some of these patterns can impact your investment portfolio and how you should handle the results or certainty after the 2020 election.

### Since 1932, no U.S. president has lost an election or re-election unless a recession has occurred during his presidential term.

Similarly, since 1930, the Dow Jones Industrial Average has gained an average of 10.0% in the first year of a president and 7.9% in the second, according to Birling Capital's database. The year before an election year is historically the strongest, with yields of 13.3%.

### Wall Street and the Presidential Election is an asymmetrical mix.

An analysis of the S&P 500 performance, observed since the 1952 election, demonstrates a clear pattern during the past 68 years. Our research shows that the stock market has a slightly lower yield when it comes time for the general elections.

When evaluating the period from August 1 to October 31 of the election year, you will notice if the S&P 500 ends with negative performance 82% of the time, there is a presidential change. Note that, for this period in 2016, the S&P 500 - 2.2% correctly predicted that Trump would be elected President.

In 2020 when we analyzed the S&P 500, it had recorded a -0.6%, predicting as it happened that Joe Biden would be elected President.

## On the other hand, we see the following:

- In election periods, market performance is often hovering around 6%.
- In annual periods outside the electoral process, performance is usually around an average of 8.5%.
- In the year before the presidential election, on average, the yield is less than 6%.
- The bond market offers an average yield of 6.5%, versus 7.5% outside the election period.

### Stock Market Performance following the Presidential Elections:

There are a few different variables that can affect stock market performance.

- After an election, stock market yields tend to be slightly lower for the following year, while bonds tend to have a somewhat higher result after the election.
- We haven't seen much difference between which party assumes the presidency, but it does impact whether or not the White House incumbent changes a president.
- However, when a new party comes to power, we have observed the following:
  - The stock market gains an average of 5%.
- When a president is re-elected or if the same party retains control of the White House:
  - Yields have been slightly higher, 6.5%.

The elected person is just one of the factors to consider; the other factor is who gains control of the Senate since that control is the key to achieving all kinds of public policy changes from taxes, expenses, confirmations of critical positions, and nominations the Supreme Court.

To see the performance let us evaluate the last two Presidents using the three major indices and the previous two

Governors of Puerto Rico using the Birling Capital Puerto Rico Stock Index:

- **President Obama's term from 1/20/2009 to 1/19/2017:**
  - Dow Jones Industrial Average reported a return of 148.20%.
  - S&P 500 Index reported a return of 181.10%.
  - Nasdaq Composite reported a return of 284.50%.
- **President Trump's term from 1/20/2017 to 11/27/2020:**
  - Dow Jones Industrial Average reported a return of 50.85%.
  - S&P 500 Index reported a return of 60.19%.
  - Nasdaq Composite reported a return of 119.70%.
- **Governor Garcia-Padilla's term 1/02/2013 to 1/01/2017:**
  - Birling Capital Puerto Rico Stock Index reported a return of 22.73%.
- **Governor's Rossello/Vazquez term 1/02/2017 to 11/27/2020:**
  - Birling Capital Puerto Rico Stock Index reported a return of 60.18%.

The foundation of a well-executed investment plan must include all the components of a well-diversified portfolio. The basis of a well-diversified portfolio consists of the right combination of bonds, stocks, and other instruments that are in line with a strategy designed considering your risk tolerance levels, financial horizon, and long-term goals, regardless of any election cycle.

**Theme 2: Elections, Vaccines, and Economic Recovery and Stimulus Hubris deliver a November for the record books:** During the month, the market's highs came despite a record-breaking 90,000 surge in COVID-19 hospitalizations. Even with this news, November 2020

Monthly Market Close Comparison	11/30/2020	10/30/2020	Change%	YTD Return
Dow Jones Industrial Average	29,638.64	26,501.60	11.84%	3.86%
Standard & Poor's 500	3,621.63	3,269.96	10.75%	12.10%
Nasdaq	12,198.74	10,911.59	11.80%	35.96%
Birling Puerto Rico Stock Index	1,956.58	1,632.41	19.86%	-3.99%
10-year U.S. Treasury	0.84%	0.88%	-4.55%	-1.10%
2-year U.S. Treasury	0.16%	0.14%	14.29%	-1.10%

turned out to be one for the record books. The market and investors have been reacting all month to the race for the COVID-19 vaccine developments. So far, we have four companies that announced breakthroughs in the creation of three effective COVID-19 vaccines.

The companies include Pfizer (P.F.E.)/BioNTech (BNTX), Moderna (MRNA), AstraZeneca (AZN). However, the companies' efficacy rates vary, in both Pfizer/BioNTech and Moderna have announced that their respective vaccines are more than 90% effective. Meanwhile, while data released by AstraZeneca showed their COVID-19 vaccine had, on average, a 70% efficacy rate. This development has created a "Cautious Optimism" among investors. This development alone allowed the Dow Jones Industrial Average to increase more than 12% for the month, and it broke the 30,000 for the first time, and the market is positioned to have the month since 1987.

The other factors have also impacted the markets, including the positive economic recovery benchmarks that have increased significantly since the second quarter's lockdowns that forced the U.S. G.D.P. to drop -31.40%. The finalization of the presidential election results has also provided much-needed certainty to the investors and, ultimately, the markets.

Another healthy boost to investor confidence came courtesy of the General Services Administration Administrator Emily Murphy, who had been resisting giving the green light to Biden's team, finally started the transition of power at the White House.

This helped relieve investors' concerns about political instability and the overall threat to the U.S. democracy by President Trump's almost surreal fight claiming he had won the election.

Another positive move that lifted the market's spirits came as President-Elect Biden announced his incoming economic team that includes:

- **Janet Yellen**, the former Fed chair, to serve as Treasury secretary,
- **Neera Tanden**, a former aide to Hillary Clinton, as budget director,
- **Cecilia Rouse**, a Princeton University professor, to chair the White House council of economic advisers.

These developments have taken the Dow Jones to the 30,000 level and the Nasdaq Composite to 12,000, and it offers some opportunities for investors.

Since the pandemic began, the Birling Capital U.S. Bank Index, which has been an index we closely monitor its performance;

1. **Morgan Stanley (M.S.)**
  - Price on 3/18/20: \$30.75
  - Price on 11/30/20: \$61.88
  - Increase/Decrease: \$31.13
  - Return for 2020: 101.10%
2. **Goldman Sachs (GS)**
  - Price on: 3/18/20: \$140.02
  - Price on: 11/30/20: \$230.62
  - Increase/Decrease: \$90.60
  - Return for 2020: 64.70%
3. **Citigroup Inc. (C)**
  - Price on 3/18/20: \$36.43
  - Price on 11/30/20: \$55.11
  - Increase/Decrease: \$18.68
  - Return for 2020: 51.28%
4. **JPMorgan Chase (JPM)**
  - Price on 3/18/20: \$83.89
  - Price on 11/30/20: \$118.20
  - Increase/Decrease: \$35.23
  - Return for 2020: 40.62%
5. **Bank of America (B.A.)**
  - Price on 3/18/20: \$20.79
  - Price on 11/30/20: \$28.24
  - Increase/Decrease: \$7.45
  - Return for 2020: 35.83%

### Wall Street summary for the month closing November 30, 2020;

- The Dow Jones Industrial Average closed at 29,638.64, up 3,137.104 points, or 11.84% and a year to date return of 3.86%.
- The Standard & Poor's 500 closed at 3,621.63, up 351.67 points or 10.75%, and a year to date return of 12.10%.
- The Nasdaq Composite Index closed at 12,198.74, up 1,287.15 points or 11.80%, and a year to date return of 35.96%.
- The Birling Puerto Rico Stock Index closed up at 1,956.58, up 324.17 points, or 19.86% and a year to date return of -3.99%.
- The U.S. Treasury 10-year note closed at 0.84%.
- The U.S. Treasury 2-year note closed at 0.16%.





## WHAT'S COOKING?

### Financial Fraud – Cooking the books

by C.P.A. Cesar Hernández-Monagas, Principal Birling Capital

Year after year, we read in the press about companies, mostly public companies, that commit corporate fraud, but this type of fraud also happens in private companies. Also, corporate fraud is not limited to large companies; it can occur in companies of any size, including small family-owned companies. Although there are different reasons why fraud can be committed, it usually happens to ensure that senior management receives its bonuses for meeting financial results or for the company to be more attractive to potential investors.

As a result of the continued fraud in public companies, Lawmakers created The Sarbanes-Oxley Act of 2002. The Act established auditing and financial regulations for public companies. The primary goal of the Act is to protect shareholders, employees, and the public from accounting errors and fraudulent financial practices. Although this applies only to public companies, it is recommended that all companies conduct an annual audit of their internal controls. A business's accounting practices and financials should be reviewed regularly to look for vulnerabilities and discrepancies. This review can be done internally; however, it is recommended that it is done by a third-party.

While discrepancies in the books or the financial statements do not necessarily indicate that the company is committing fraud if it raises a red flag that financial results may be manipulated or that other fraud may be occurring. It is crucial to analyze financial reports and other critical financial documents to look for signs that someone might be altering the books, commonly known as cooking the books.

#### Earnings Manipulation

A company's earnings can be manipulated to make a financial period look more robust than it was or give the impression that results over a period are on the rise. The purpose of these artificial results is to demonstrate the resilience and sustainability of operations while attracting investors. Income and expenses can be easily manipulated; however, the most common fraud practices are much more sophisticated.

#### Accelerating Revenue

Many companies provide services over various financial periods, and the correct way to present this income on the books is by recording income as time goes on. Companies that commit fraud report all the income upfront, although this reporting type cannot necessarily be fraudulent if it is unethical.

Another way to accelerate revenue is what's known as Channel Stuffing. In this form of fraud, the company sends excess goods to its clients right at the end of the financial period and records those transactions as sales, knowingly that the client will surely return the goods shipped in excess. These additional sales help to present better revenue and, therefore, better gains.

Income-inflating practices typically occur in preparation for an acquisition, merger, or capital contribution request from investors. The increase in sales is made to confuse those who analyze the company's results and make them believe that the company is growing when the reality is different.

#### Delaying Expenses

Like registering revenue early, the practice of delaying expenses can be just as effective at manipulating a company's earnings. This practice involves recording expenses in a period in which financial impact will not be significant to the company's bottom line. A variation of this fraud is to misclassify an expense as a long-term investment and amortize it for a period of time instead of when the expense was incurred.

## Manipulating Cash Flow

Cash flow is the life and death of any business, and manipulating that flow can significantly impact the way investors and other key stakeholders analyze the Business. There are many ways to alter cash flow; here, fraudulently are some examples:

1. Improperly categorizing financing, acquisitions, or P.P.E. (property, plant, equipment) disposals to inflate inflows of operating cash
2. Improperly categorizing outflows of operating cash as investments
3. Prepaying expenses before a merger to make subsequent revenue numbers look better afterward

## Misrepresenting the Balance Sheet

Like cash flow manipulation, falsifying the balance sheet can be done in different ways. Some of the most common forms of this type of fraud are as follows:

1. Altering the parameters for "receivables days outstanding" to make them look more recent
2. Miscategorize inventory as noncurrent when it will be used within the year
3. Registering a significant asset purchase through a separate entity and then renting it back to the Business to keep the liability off the books
4. Using a separate entity to acquire toxic assets to hide them from investors

Each of these corporate fraud practices can exist on its own or in conjunction with other types of fraud and are therefore much more challenging to detect than stealing cash or creating fake sales. Identifying fraud requires not only to understand the operations of a company but the intentions of management. If management is thinking about a sale of the company or a merger, the need to present good operational results becomes more critical. Therefore, some of the above practices may be used to improve the financial image of the company.

If you are in the process of an acquisition or a merger, call us at Birling Capital. We can use our experience to look for behavior that could indicate a company is cooking the books.



## The Final Word: The Critical Discipline of Strengthening Peoples Life's Work

In my view and personal experience, diversification is the discipline of strengthening people's life's work. It does not matter the amount, either small or big; what matters is that you worked hard for it and must be preserved. We work on at least three key benefits of diversification, and they include:

**Minimizing the risk of loss:** Suppose some of your investments perform poorly over a certain period. In that case, other investments may perform better over that same period, reducing the potential losses of your investment portfolio from concentrating all your capital under one type of investment.

**Preserving capital:** Like our lives at various stages, investing must be tied to our lifespan in the same way. For young people, this is about accumulation. For older folks near retirement age, they must have goals toward preserving their capital to last through retirement and diversification, which is the key to help protect their savings.

**Generating returns:** Investments often do not always perform as expected. When you apply the benefits of diversification, you are expanding your sources of income. Just like you do not have only bread and water in your fridge, your investments must be a vast array designed to balance your risks in times of market turmoil.

The key with all portfolios is to diversify them so that the investor does not have any more than 10 percent exposure to any one strategy or asset class.

### Probably the best way to present diversification is with a story.

In 2006, we visited the patriarch of an ultra-high-net-worth family, and we had a great visit that I will never forget.

During that visit, the client explained that he was so well-diversified that he did not need to worry. I asked him how so? He explained that he had a block and paver factory, an industrial hardware company, a quarry, sand and gravel operation, and a scaffolding renting operation in addition to his general construction business.

We told him that what you are describing is not diversification. You are vertically integrated into the construction sector. If a construction crisis emerges, your entire Business will suffer.



He was startled and asked us how we could help. We developed an action plan that involved performing an enterprise valuation on all his Business.

After many discussions, we implemented the program to sell some of the assets and keep the real estate development and rental income. In 9 months, we were able to increase his holdings in the millions of dollars while maintaining some assets that were part of his original operations. When the construction crisis arrived, our clients had zero debt, income had grown by 35 percent, and the exposure to construction was only the construction company.

This is the power of sound advice as we strengthen people's life's work using diversification.

We hope that you have enjoyed this issue of The Zenith Investor ©, and we very much welcome your comments, thoughts, and ideas; you may reach us at [frc@birlingcapital.com](mailto:frc@birlingcapital.com) or 787-247-2500.

Francisco Rodríguez-Castro  
President & C.E.O.

## About Birling Capital

Birling Capital is a corporate advisory & consulting firm that offers broad corporate finance & advisory services. We focus on identifying and resolving organizational finance-related issues. We use a holistic approach to both assets and liabilities sides with integrated Business, family needs, and objectives. Over the past two decades, our firm's principals advised on more than hundreds of transactions in the corporate, healthcare, education, insurance, banking sectors.

**It is not about proposing solutions;  
It's about executing them seamlessly.**

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