

April 15, 2020

outlook

If you're like me, you want a reason to be optimistic.

Our Path Forward

Everyone knows about the bad news and dire predictions, and if you're like me, you want a reason to be optimistic. After all, you need to be an optimist to be an investor. In my last email, I talked about the bravery of our healthcare workers and all the people that support them. Our healthcare workers are on the front lines, and they are putting themselves in jeopardy every day. In this letter, I'd like to talk about some of the positive things our companies are doing.

In a time of crisis, Americans are at their best. We own a portfolio of great businesses that are run by inspiring leaders. When a storm approaches, these leaders develop plans to help them navigate the challenges ahead. We may have sheltered in place, but we haven't stopped working.



Bob Hofmann
President

The world will be different, but it will still go on. I've created a list of some of our companies, and I wanted to highlight their role in forging a brighter future.

COVID-19 RELATED INVESTMENTS

Apple is making 1 million face shields per week for medical workers. Apple has also donated 20 million N95 masks to governments and hospitals.

Danaher recently received FDA approval for the first speedy COVID-19 test. This test

is a point of care diagnostic test, which means it doesn't need to go to a lab. Results post in 45 minutes. The most common test in the U.S. takes hours and needs to go to a lab for processing.

Medtronic is sharing its portable PB560 Ventilator design specifications and code for free to any company. Companies like Tesla, Ford, GM, and Dyson can retrofit their existing factories to help build new ventilators.

J&J is developing a COVID-19 vaccine. Phase 1 trials begin in early September. Emergency doses will be ready by early 2021. J&J is making this vaccine on a not-for-profit basis. I'm guessing they will share their formula with the world. Currently, there are over three dozen vaccines for COVID-19 in development around the world.

Thermo Fisher Scientific has a diagnostic test to detect nucleic acid from SARS-CoV-2, the virus that causes COVID-19. The test takes 4 hours, and it's approved in the U.S., E.U., Canada, Singapore, India, Australia, and New Zealand.

3M doubled its manufacturing of the critical N95 masks to 100 million per month. 3M will continue to increase production. They're also working with Ford to increase the production of 3M's powered air-purifying respirators, which are highly specialized pieces of equipment used in the most demanding healthcare environments.

Kimberly Clark is another leading manufacturer of N95 masks. The N95 mask can filter out 95% of airborne particles, including

bacteria and viruses. Also, they make Kleenex tissues, along with Scott and Cottonelle toilet paper, amongst many other household products.

Verizon, AT&T, and Amphenol are all considered critical businesses that must remain open.

These companies are integral players in our communications industry.

Amazon allows us to shelter in place. Their package deliveries are crucial to restocking household supplies. Also, their cloud-based computing programs enable companies, like Roffman Miller, to work from home without interruption.

Google's cloud-based services are another vital part of our cloud infrastructure. Also, most kids are utilizing Google classroom to continue their learning from home.

Microsoft is another large cloud company that helps many to work from home. Also, they've teamed up with Google to open data sets that will help researchers combat COVID-19.

Diageo and Constellation Brands. Well, many of us can use a drink right now.

Colgate makes Soft Soap, Murphy Oil Soap, Palmolive, Irish Spring, AJAX, and many other consumer products. Soap is one of the key ingredients in the fight against this virus. Colgate-Palmolive has announced that it will support the World Health Organization (WHO) on its #SafeHands effort. They'll mobilize a number of the company's production facilities around the world to produce and donate 25 million soap bars to help stop the spread of the COVID-19 virus in the regions facing acute needs.

Facebook allows people to communicate. Communicating with our friends, loved ones, and colleagues is important for our mental health.

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Honeywell added face mask protection operations at Rhode Island and Phoenix manufacturing facilities to make N95 masks. Once fully operational, they will produce 20 million N95 masks a month. These will go directly to the U.S. Department of Health & Human Services.

Johnson Controls sells heating, air conditioning, security systems, patient monitoring systems and many other products to over 85% of the hospitals in the U.S. In three days of round-the-clock work in March, Johnson Controls completed a patient isolation unit at a hospital in suburban Baltimore. The unit's negative air pressure keeps air inside the room, preventing the virus from escaping when hospital staffers open the door. Also, in a week's time, the company completed plans on April 4 to supply a 1,000-bed hospital the Army Corps of Engineers is building on Long Island with a video surveillance system, a bedside nurse-call system, fire alarms and wireless networks.

Stryker does a lot more than orthopedics. They make hospital beds, professional cleaners and disinfectants for hospital equipment, stretchers, the Flyte full-body sealed containment suit, patient cleaning products, and hundreds of other hospital products found throughout the world.

Salesforce provides cloud-based software and applications that allow many people to work from home.

Texas Instrument is offering free software for six months to all teachers and students. They're also loaning graphing calculators to disadvantaged students. Finally, TI is providing free virtual teaching support.

America is genuinely an exceptional nation. These great companies did their work voluntarily. When I read J&J created a not-for-profit vaccine for COVID-19, and when Medtronic gave away its PB560 Ventilator design specifications and code, I felt proud to be a shareholder. The businesses we own are making a difference, but they're not alone. I've read reports citing that the scientific communities around the world are more collaborative than ever. Historically, labs around the world were very secretive. Everyone wants to publish important work and receive lucrative compensation for their findings. Recently the University of Pittsburg discovered that a ferret exposed to COVID-19 developed a high fever. In the vaccine world, finding an animal that is suitable for testing, is big news. In an ordinary world, they would have started working on a research journal, which could lead to grants and tenure. In these trying times, they

released the data to the world in two hours on a World Health Organization conference call. Scientists from around the world are all focusing on this single issue. From what I've read, the scale of this scientific data sharing is unprecedented. It's going to take a group effort, but we will win, and we will prosper on our path forward.

Long-term readers of our newsletter know that we value prudence, patience, and a long-term approach to investing. We also believe that sticking to your long-term plan is the key to financial success. As always, our dedicated team at Roffman Miller is here to help if you have any questions or if you'd like to review your goals, investments, or financial plan.

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