**Austin Root**

Investor pessimism is near record levels. AAII bearish sentiment came in above 60% for the first time ever. But institutions are bearish, too – holding more cash than ever in recent history. There are a lot of things to be worries about… inflation, hawkish Fed, recession risk, energy crisis, now stocks are a downtrend.

But there are reasons to be bullish… Market hates uncertainty, but it loves when things go from bad to less bad. And we could be getting that today – inflation expectations subsiding, Fed maybe backing off, etc.

Investing today is a knife fight. It’s not the easy conditions we’ve gotten used to in recent years. You need four things to succeed…

1. Need good ingredients – winning investment ideas.
2. Know these 3 things and then DO these three things.
   1. Know investment goals. (Get wealthy, stay wealthy, generate income).
   2. Know time horizon
   3. Know your risk tolerance.
   4. Employ prudent asset allocation (you don’t need to be in every asset all the time)
   5. Employ good position sizing (don’t expose yourself to too much risk, don’t be over diversified)
   6. Good risk management – not too much risk to reward.
3. Get tactical. Change the rules in your favor. Invest with a margin of safety, lower correlation (merger arbitrage), use time arbitrage to your advantage. Invest in companies with pricing power and owning productive assets.
4. Have and stick to your investment plan.

Stansberry Asset Management uses these four pillars to build portfolios aimed at meeting unique goals of each of their clients.

Two new tactical musts… The first is pricing power. These companies can raise prices to protect margins without destroying demand. These can be toll-takers (Visa/Mastercard), or companies with strong economic “moats” like Amerco (UHAL) – the number one renter of moving vehicles.

Amerco is the parent company of U-Haul. It has a dominant position in its market. It continues to grow while its competitors retreat from the market. All of these points give it the economic moat that allows it to have pricing power.

Amerco has extremely productive assets. While it’s capital intensive, it generates high return on investment despite these assets. Self-storage is one of Amerco’s productive assets. It’s now the third-largest owner of self-storage real estate in the U.S.

It’s trading at a discount to the competing self-storage companies. You could buy Amerco for the self-storage business and get the moving truck business for free, based on its valuation.

Bonus Stock: Blackstone Mortgage (BXMT). Originates loans secured by world-class commercial assets. Earnings are enhanced by rising rates. Not over-leveraged, attractive valuation and dividend yield.