



PORTER & CO. CONFERENCE 2025

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# You're Already a Good Investor – Here's How to Become Great

Austin Root | Chief Investment Officer,  
Stansberry Asset Management

# Does Artificial Intelligence (AI) Know Investing?

**I recently asked multiple AI models 2 questions...**

- 1. Who is the greatest investor of all time?**

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**2. What is Warren Buffett's most famous quote on Investing?**



# Does Artificial Intelligence (AI) Know Investing?

## 2. What is Warren Buffett's most famous quote on Investing?

A close-up portrait of Warren Buffett, an elderly man with white hair and glasses, wearing a suit and tie. He is smiling slightly. The background is dark.

**Rule No.1: Never lose money,  
Rule No.2: Never forget rule No.1**

## This Begs an Important Question...

*Why is the greatest investor in the world best known for a quote about **not losing money** rather than **making it**?*

# Why is NOT Losing Money So Important?

1. Big losses in your portfolio can limit your ability to make the best long-term investment decisions
  - Emotionally Limiting
  - Financially Limiting

# Why is NOT Losing Money So Important?

1. Big losses in your portfolio can limit your ability to make the best long-term investment decisions
  - Emotionally Limiting
  - Financially Limiting
2. It's mathematically *very hard* to recover from large losses in your portfolio



# Imagine 2 Investors...

## Investor A

Starting Investment      \$100,000

Good Years (odd)              40%

Bad Years (even)              -20%

Simple Avg Return              10%

$$(40\% + -20\%)/2$$

## Investor B

Starting Investment      \$100,000

Good Years (odd)              10%

Bad Years (even)              10%

Simple Avg Return              10%

# Imagine 2 Investors...

## Investor A

Starting Investment      \$100,000

Good Years (odd)              40%

Bad Years (even)              -20%

Simple Avg Return              10%

$(40\% + -20\%)/2$

Year

1    \$140,000

2    \$112,000

3    \$156,800

4    \$125,440

5    \$175,616

6    \$140,493

7    \$196,690

8    \$157,352

9    \$220,293

10   \$176,234

Year

11   \$246,728

12   \$197,382

13   \$276,335

14   \$221,068

15   \$309,495

16   \$247,596

17   \$346,635

18   \$277,308

19   \$388,231

**20   \$310,585**

## Investor B

Starting Investment      \$100,000

Good Years (odd)              10%

Bad Years (even)              10%

Simple Avg Return              10%

Year

1    \$110,000

2    \$121,000

3    \$133,100

4    \$146,410

5    \$161,051

6    \$177,156

7    \$194,872

8    \$214,359

9    \$235,795

10   \$259,374

Year

11   \$285,312

12   \$313,843

13   \$345,227

14   \$379,750

15   \$417,725

16   \$459,497

17   \$505,447

18   \$555,992

19   \$611,591

**20   \$672,750**

# Imagine 2 Investors...

## Investor A

Starting Investment      \$100,000

Good Years (odd)              40%

Bad Years (even)              -20%

Simple Avg Return              10%

$$(40\% + -20\%)/2$$

## Investor B

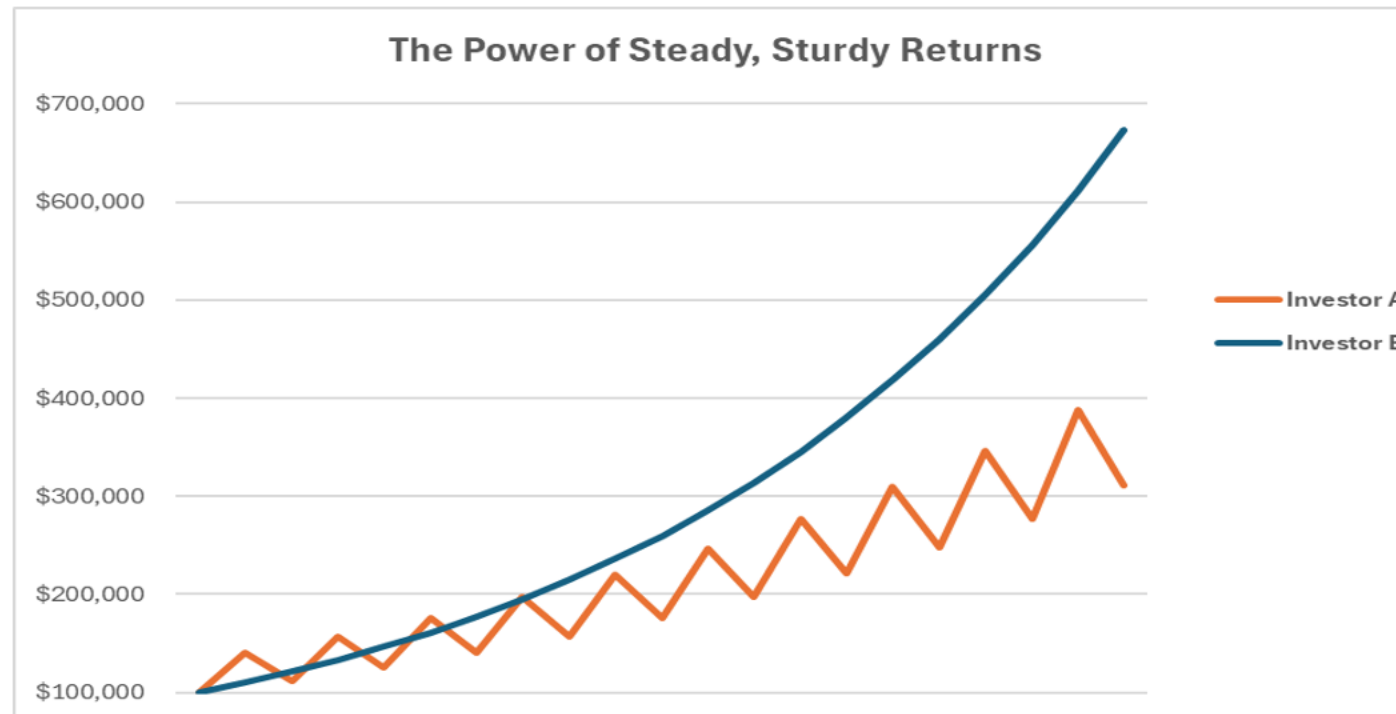
Starting Investment      \$100,000

Good Years (odd)              10%

Bad Years (even)              10%

Simple Avg Return              10%

**Investor A**  
**Compound**  
**Average Return**  
**5.8%**



**Investor B**  
**Compound**  
**Average Return**  
**10.0%**

# Great Investor Rule No: 1

## ***1. Reduce the Drawdowns in Your Portfolio***



# Stansberry Asset Management Overview

## WHO IS SAM?

Stansberry Asset Management

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**2016**  
Founded



**1.2B+**  
AUM



Holistic  
Financial  
Plans



**10**  
Investment  
Strategies



**OFFICE LOCATIONS**

Texas  
New York  
California  
Washington



**TYPES OF  
CLIENTS**

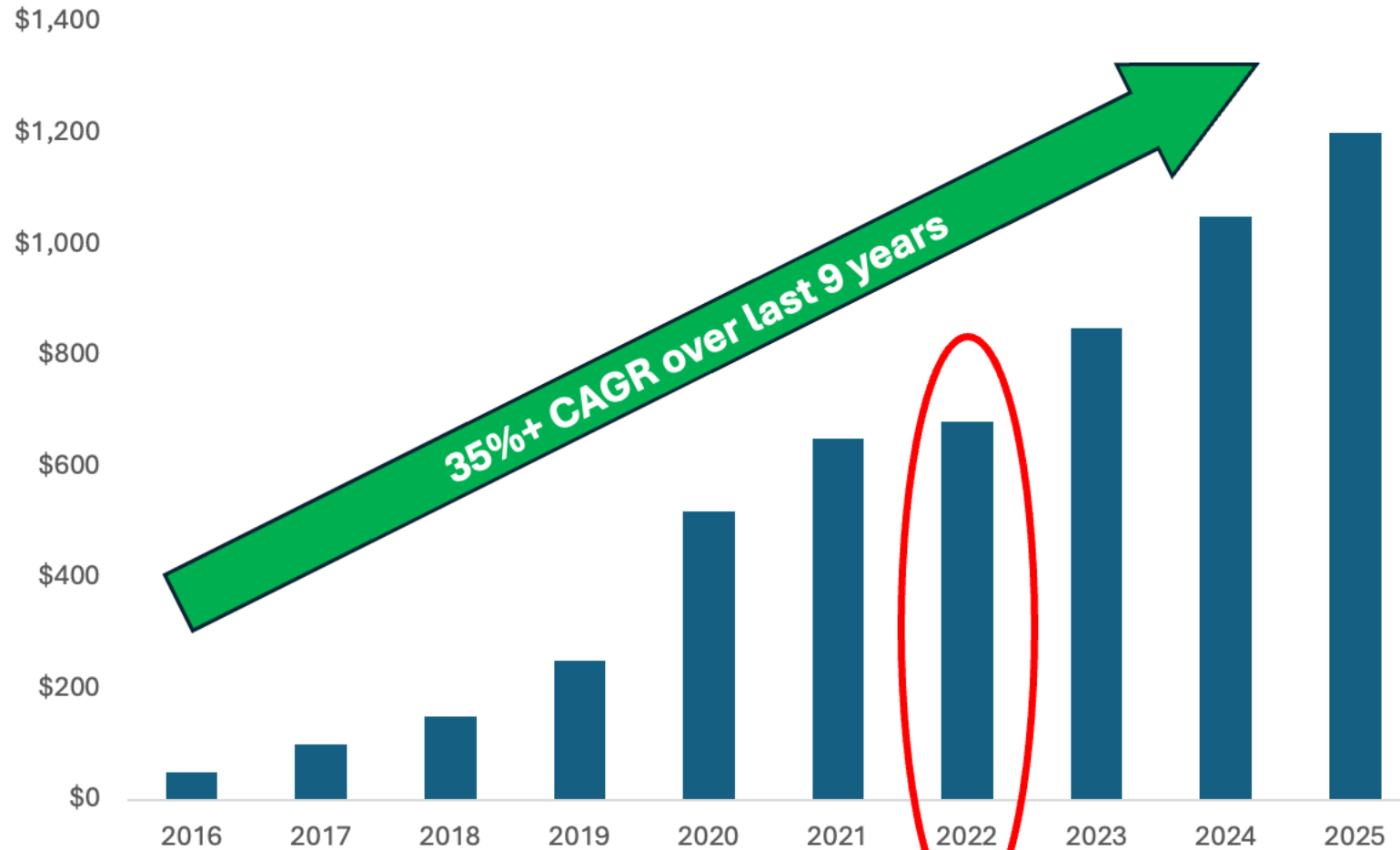
Families  
Individuals  
Institutions  
Businesses



Launched First  
Alternatives  
Investment  
Strategy in 2023



# SAM Growth Since Inception (\$ in millions)



**Despite U.S. equity markets down 20%+ in 2022, our significant relative outperformance fostered immense goodwill amongst our client base.**

# SAM Builds an Investment Plan Tailored to *You*



## MAINTAIN WEALTH



## GENERATE INCOME



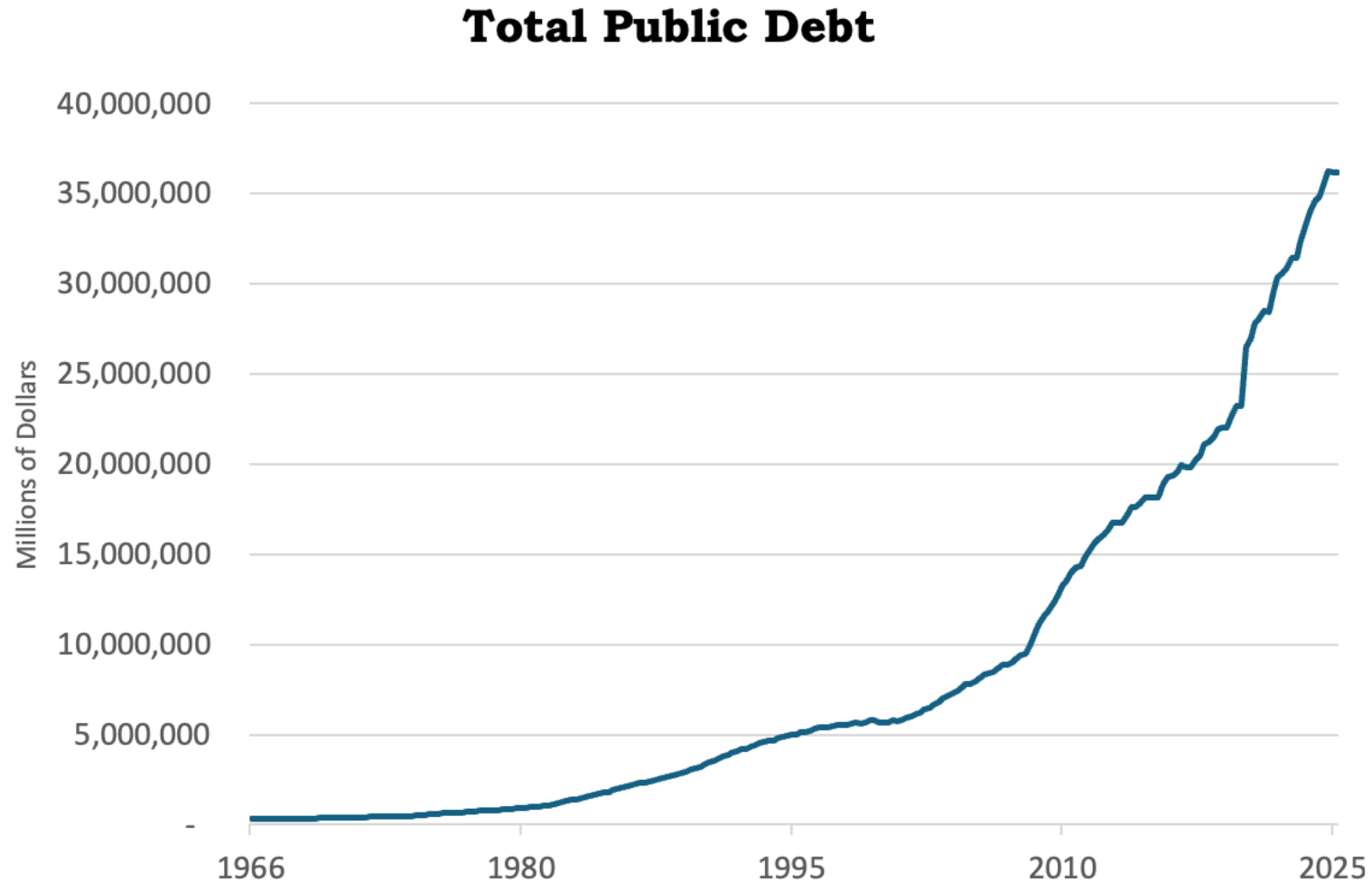
## GROW WEALTH



## BALANCED

All-Weather	Income	Venture Growth	Tactical Select
Gold	Alts Fund I & II	Forever	Cornerstone
Treasury	BondPlus	Total Alpha	

# Government Debt Rising

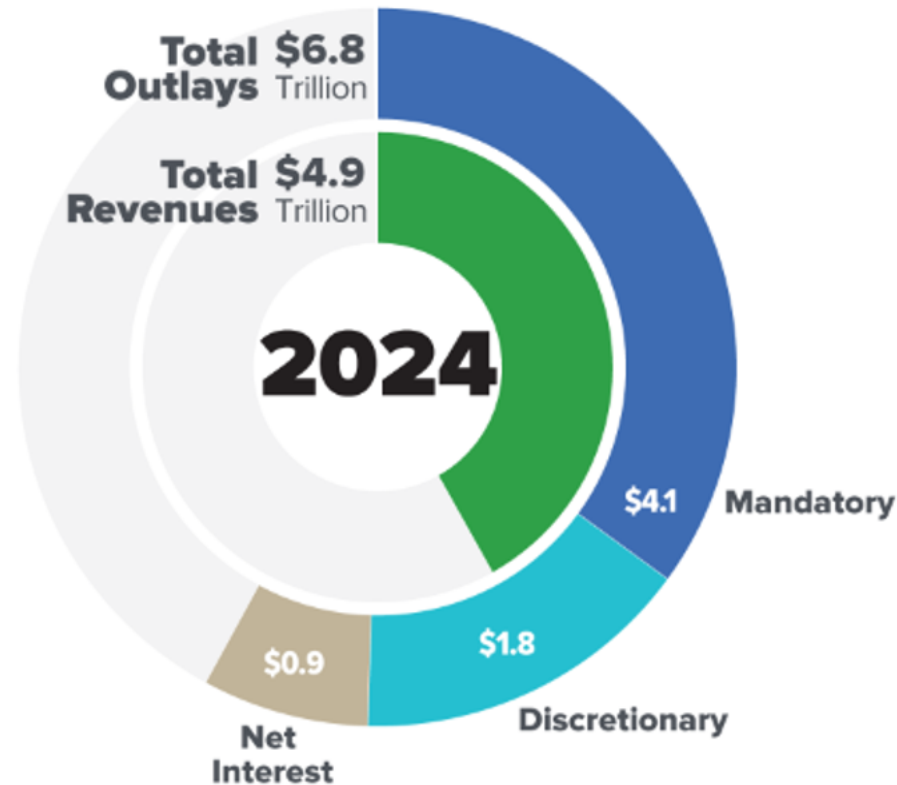


Source: U.S. Department of the Treasury. As of 9/9/25.



# Federal Deficit in 2024: \$1.9 Trillion

## Federal Budget in 2024

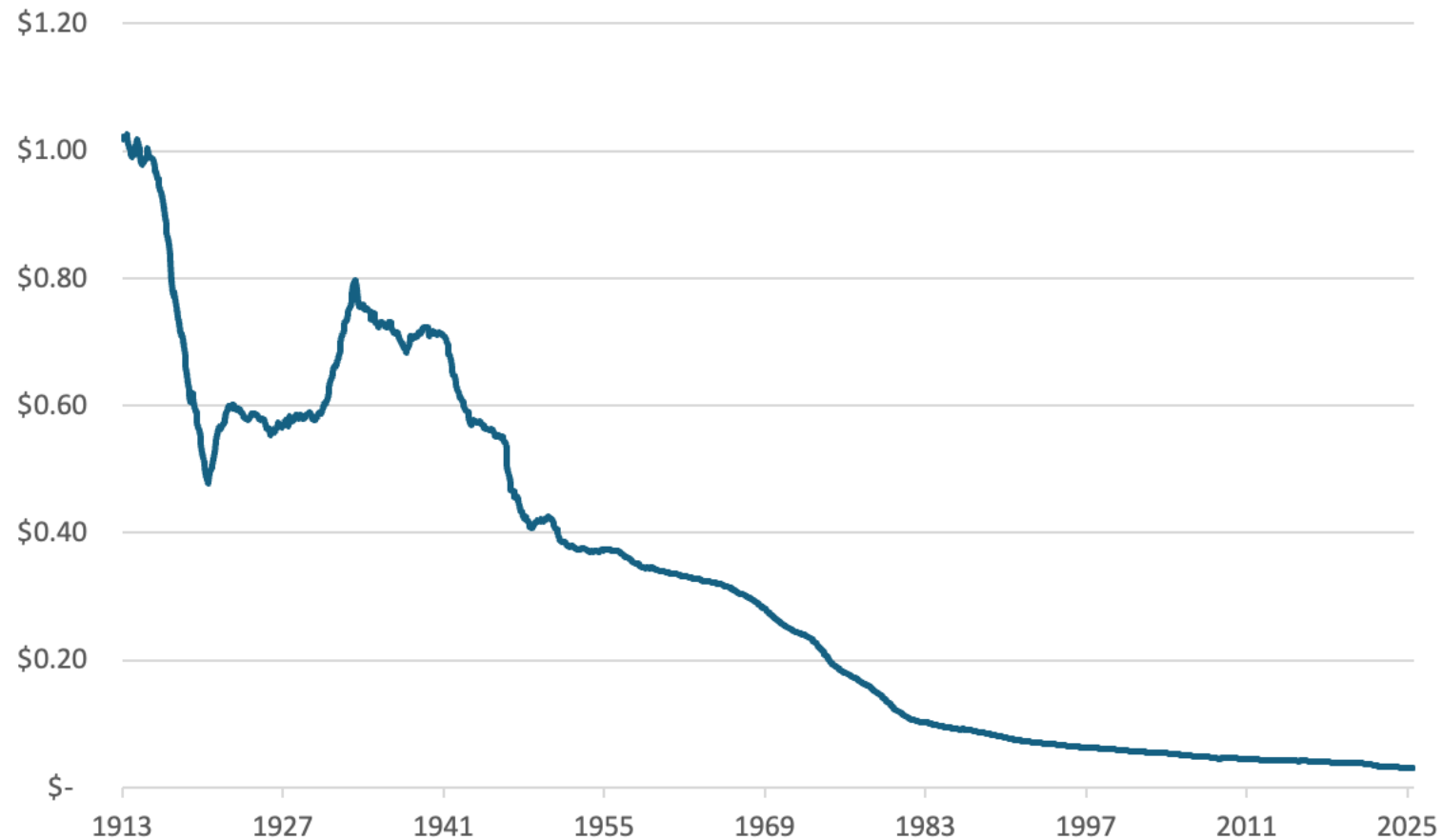


**2025 projections are for a deficit of \$2 trillion, or 7% of GDP.**

Source: Congressional Budget Office. Projections as of 6/30/25.

# Cash: A Store of What Exactly?

## Purchasing Power of a Dollar

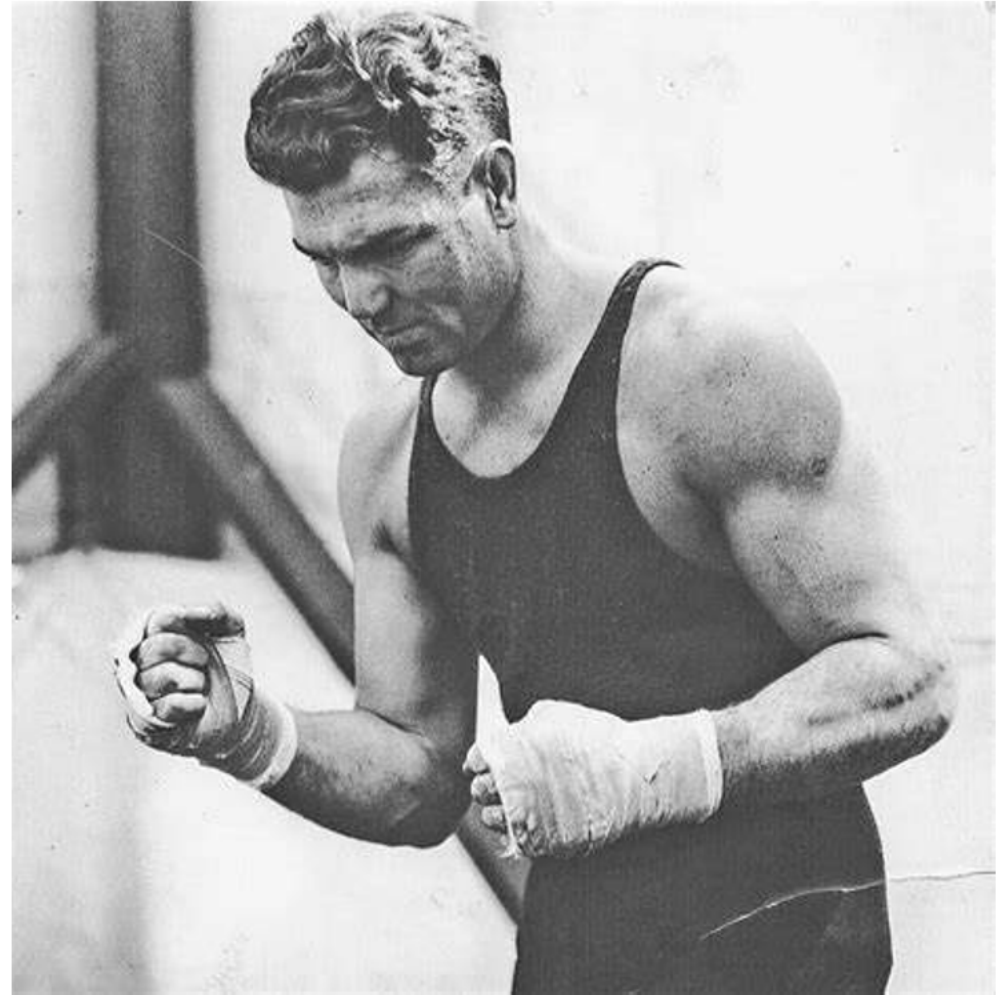


Source: Federal Reserve Bank of St. Louis. As of 9/9/25.

# How Do You Protect Yourself?

**“The best defense is a good offense.”**

**- Jack Dempsey**



# How to Play Offense:

## ***Great Investor Rule #2: Own Productive Assets***

**Productive Assets are assets that...**

- **Generate value and/or cash flow for owners**
- **Produce returns in excess of inflation and your cost of capital**
- **Provide attractive risk-adjusted returns**



# Enduring Businesses are Productive Assets

**At the core of every investor's portfolio, you must own world-class businesses whose stocks are capable of compounding growth at a high rate for a very long time.**

- **Capital-efficient** businesses;
- **Durable**, growing franchises;
- **Attractive profit margins** & returns on investment
- **Talented, effective leaders** with skin in the game
- **Reasonable valuations**



**2020**



**Build a portfolio of today's best businesses while they're trading at fire-sale prices.**



- 2020** ➤ **Build a portfolio of today's best businesses while they're trading at fire-sale prices.**
- 2025** ➤ **Buy and own world-class businesses that are...**
- 1. Durable & trade at reasonable valuations**
  - 2. Forward-looking & tomorrow's best businesses**

# CRH is a Productive Asset

CRH is the world's largest building materials company.

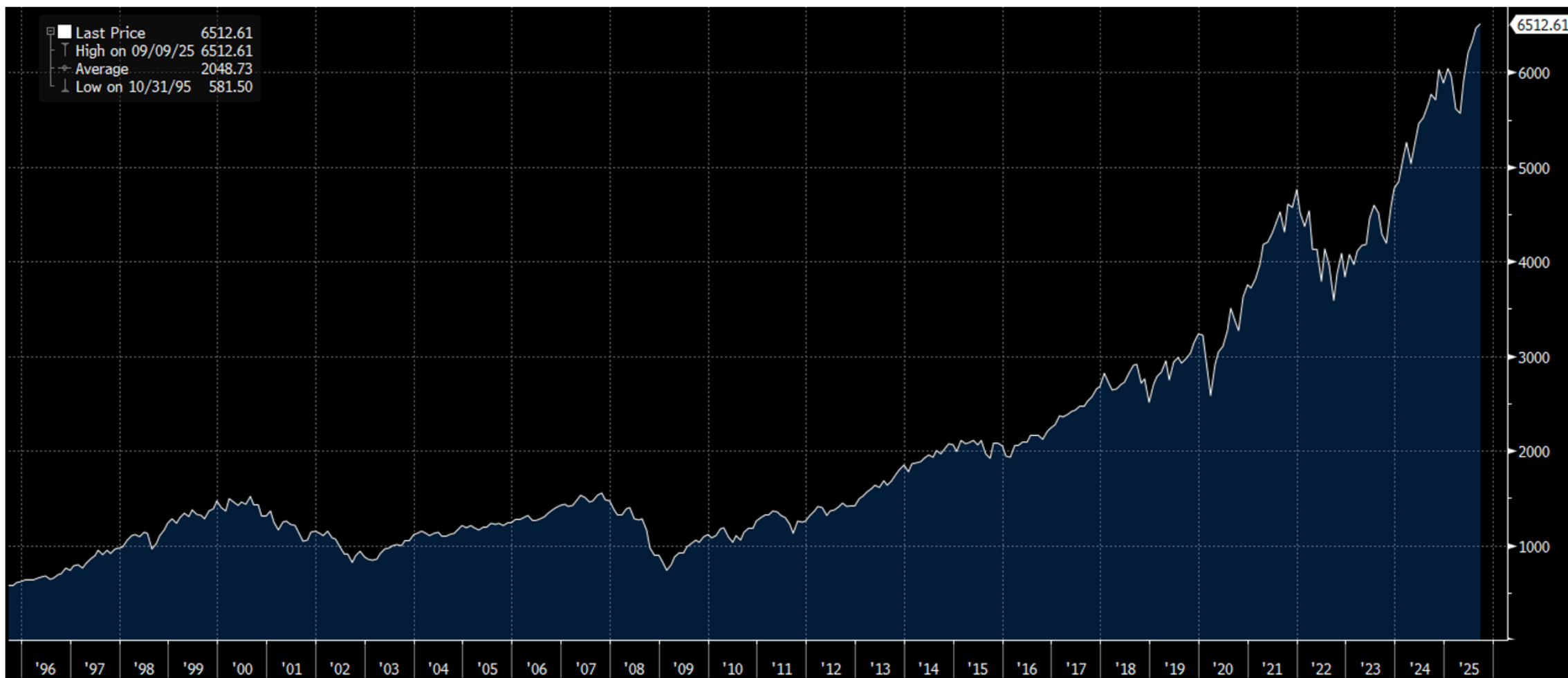
CRH makes and sells aggregates, cement, asphalt, construction materials, and builds roads.

- **8.5% shareholder yield... 250%+ 5-year stock total return.**
- **Still trades at a material discount to peers despite what we view as a superior business.**
- **Infrastructure, energy, data center demand... A+ capital allocation.**



# But Wait... Stocks are Expensive

**S&P 500 Index – 30 Years**



Source: Bloomberg. As of 9/9/25.

# But Wait... Stocks are Expensive

## Shiller PE Ratio (CAPE)



# So Are Bonds...

## ICE BofA High Yield Index Spread to USTs



# Gold and Bitcoin Aren't Exactly Cheap & Hated, Either...

## Gold Spot Prices Since 2019



## Bitcoin Spot Prices Since 2019





## **So... How Can I Do *Both* No. 1 & No. 2?**

***1. Reduce the Drawdowns in Your Portfolio***

***2. Own Productive Assets***

**To do both in today's world, you must...**

## **So... How Can I Do *Both* No. 1 & No. 2?**

***1. Reduce the Drawdowns in Your Portfolio***

***2. Own Productive Assets***

**To do both in today's world, you must...**

***3. Lower Your Correlation***

# What is Correlation?

**Correlation: the relationship between two or more assets in a portfolio and *how they move in relation to each other***

- **Positive correlation: assets that move together** – when one goes up, the other tends to rise too
- **Negative correlation: assets move in opposite directions** – when one goes up, the other tends to fall
- **Zero correlation: no relationship between asset movements**
- **The “60/40 Portfolio” is an example of Wall Street’s attempt at a lower correlation, “balanced” portfolio**

# Why Does Correlation Matter? Think Back to 2022

## S&P 500 vs. Bloomberg Barclays Bond Index



Source: Bloomberg.

# The Power of Diversification *Plus* Low Correlation

**Diversification** is an important tool to reduce risk and improve performance. In simple terms, it means **spreading your investments across different assets** so that no single one dominates your portfolio's risk.

- **Unsystematic Risk** – risk to a specific asset (or company) that can be mitigated through diversification
- **Systematic Risk** – risk inherent to the entire market or economy. Diversification alone cannot help

**But... diversifying across many uncorrelated assets reduces both kinds of risk and builds portfolio stability**

# Productive, Low Correlation Asset #1: P&C Insurers

P&C Insurers have historically produced strong returns that are less correlated to the overall market than most stocks/sectors

- Benefit from higher interest rates & inflation
- Pricing power *increases* after volatility & catastrophes
- Advantaged business model creates outsized return potential for the best P&C underwriters & investors

# Productive, Low Correlation P&C Example: Markel



Markel Group (MKL) is a P&C Insurer & business conglomerate that could truly become the next Berkshire Hathaway

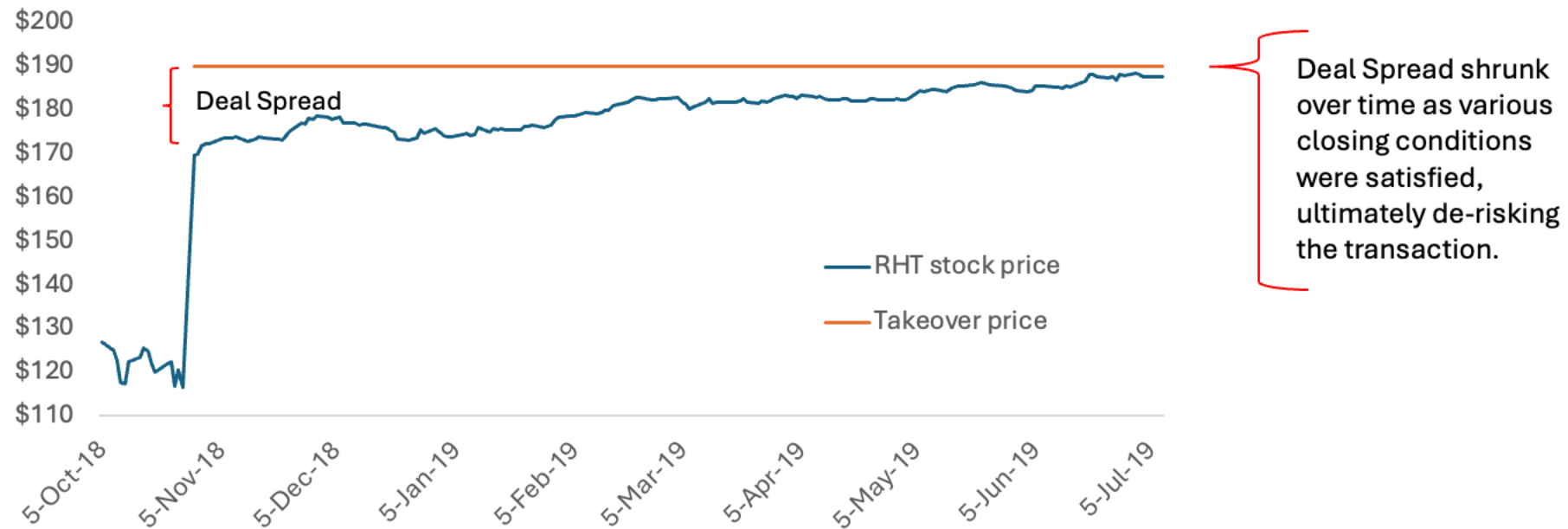
- Mission: *“Markel Group is a home for businesses designed to **relentlessly compound your capital** over decades.”*
- Markel Insurance – provides specialty insurance products not commonly available.
  - Simon Wilson new Ins. CEO – Winner
  - Combined ratio already improving
- Investment credo: “Consistently generate earnings... Productively redeploy... Keep going.”

# Productive, Low Correlation Asset #2: Merger Arbitrage

What is Merger Arbitrage? IBM's acquisition of Red Hat is a textbook example...

10/2018: IBM announces \$190/share all-cash acquisition & Red Hat jumps to ~\$169...

**Red Hat Acquisition Timeline**



Over 8 months the stock gradually rose toward the deal price of \$190

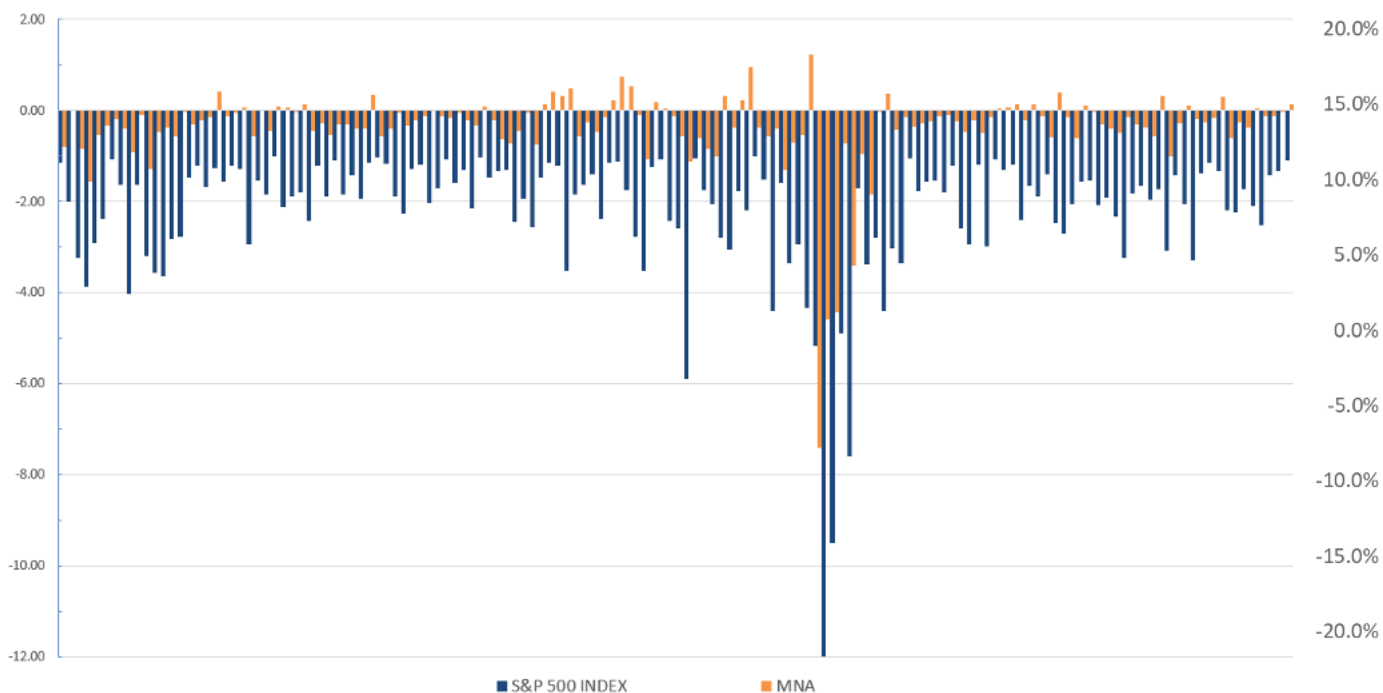
Source: Bloomberg



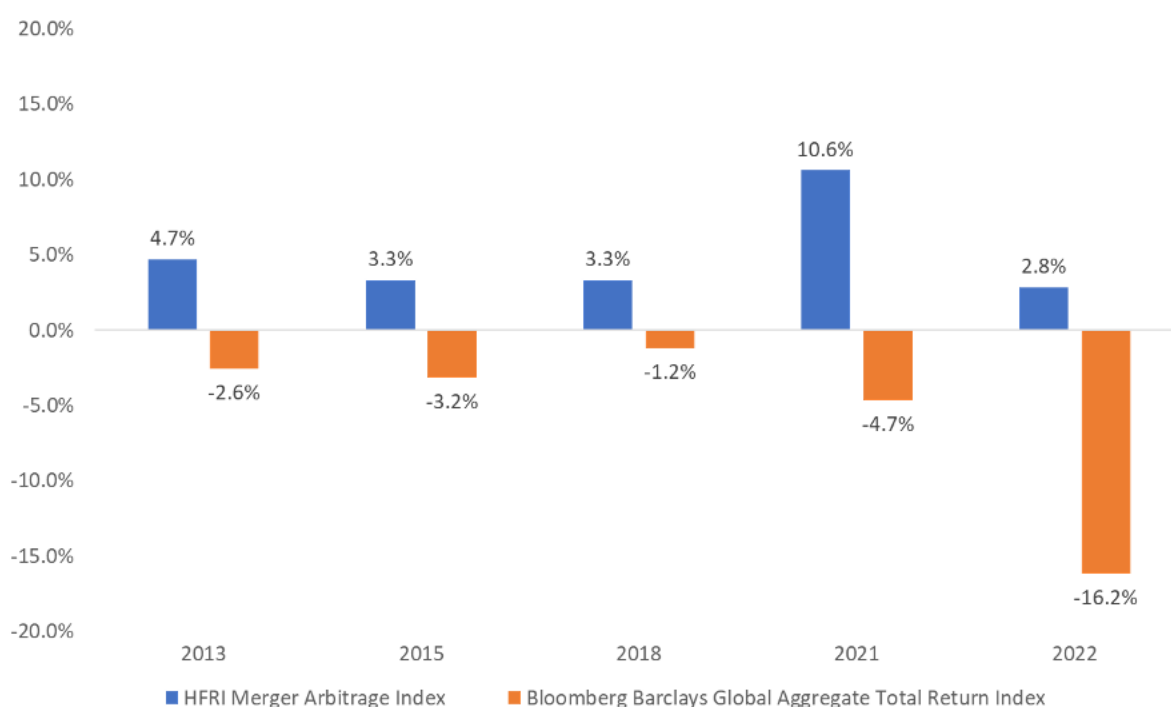
# Merger Arbitrage Advantages

Merger Arb possesses low correlation to BOTH stocks and bonds...

Days When the S&P 500 Index Dropped at Least 1%



Years When 10-yr Treasury Yields Rose and Bonds Fell



Source: Bloomberg, S&P Global

# Productive, Low Correlation Asset #3: Financial Exchanges

Financial exchange businesses are highly productive, low correlation assets. They provide mission-critical infrastructure, data, and platforms for global financial markets.

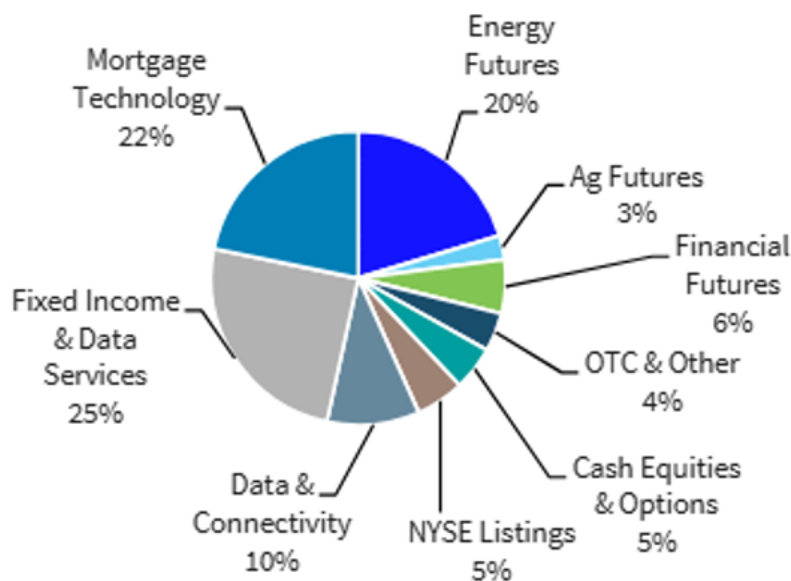
- Regulated monopolies & oligopolies with strong pricing power
- As financial markets become more complex, digital, and global, exchanges are adding ancillary revenue opportunities
- Most importantly: **Market dislocations and volatility are generally GOOD for exchange volumes & profits**

# Productive, Low Correlation Exchange Example: ICE



Intercontinental Exchange (ICE) is a world-class exchange and market-infrastructure leader with an incredible track record of profitable growth.

- 20-year EPS avg annual growth rate of 15%
- Diversified, global business – 13 regulated exchanges & 6 clearing houses
  - NYSE Listings, Cash Equities, Options, Futures
  - Energy Futures & Options – Brent (ICE)
  - Agriculture & Metals Futures & Options
- Fixed Income Data, Execution, Clearing & Services
- Uncorrelated Gem: Black Knight – 1-stop mortgage tech biz improves as rates decline



# SAM Tactical Select

## We Start with Our Favorite Investment Ideas

- This strategy draws on ideas from across all SAM portfolios. Then SAM actively manages the portfolio to ensure appropriate diversification is met through asset allocation and position sizing.

## We Overlay Quantitative Analytics

- An additional layer of risk management is implemented by using multiple quantitative systems including ones from TradeSmith, Chaikin Analytics, and other portfolio management tools proprietary to SAM.

## The End Result: The Best of Both Worlds

- Tactical Select is an optimized blend of SAM's rigorous fundamental, qualitative approach and multiple quantitative systems.



# SAM Tactical Select Strategy

**Tactical Select: strong outperformance since inception (2/1/2023), net of fees**

Strategy	Inception-to- Date Total Return	Inception-to- Date Annualized	ITD Beta (Volatility)
<b>SAM Tactical Select</b>	<b>43.3%</b>	<b>14.9%</b>	<b>0.76</b>
S&P 500 Equal Weight Index	30.2%	10.7%	1.00

# How to Be a Great Investor

- 1. Reduce the Drawdowns in Your Portfolio***
  - 2. Own Productive Assets***
  - 3. Lower Your Correlation***
- But wait, there's one more...***

## 4. Optimize Your Investments for YOUR Goals

**Establish a clear investment plan** that is tailored for *your* financial situation and **your investment goals.**



**Financial Goals**



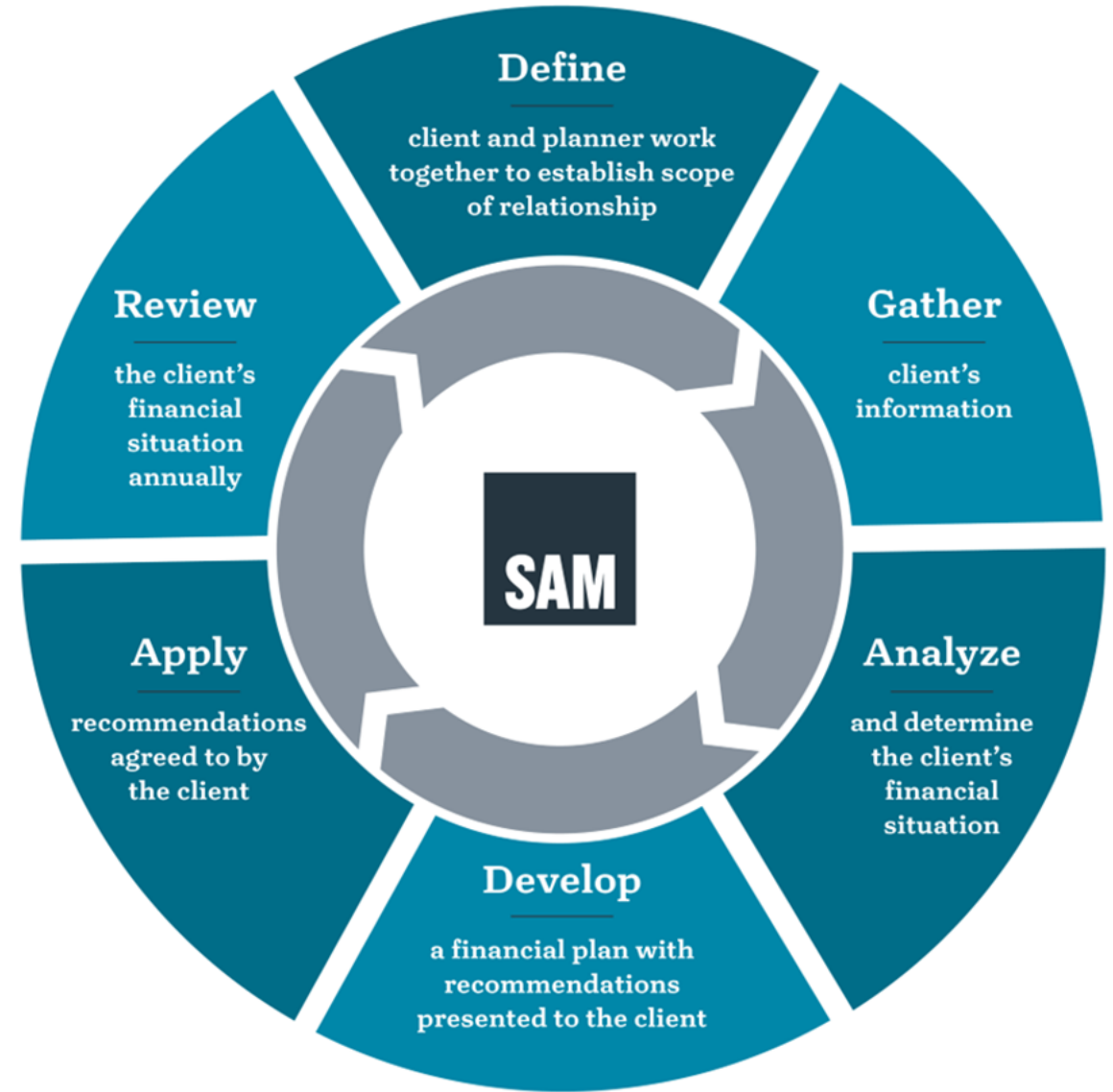
**Risk Tolerance**



**Time Horizon**

# Let Us Help You Get Where You Want to Go

Take advantage of our expertise –  
schedule a complimentary review  
with a SAM investment  
professional!







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SAM selects case studies to share for several reasons, for example:

- To illustrate the types of investments we like to hold in the different model portfolios
- To share illustrative examples of how SAM thinks about and evaluates different investment opportunities
- To give prospective clients an idea of how we think about investing in the current market environment

The information presented in the case studies contained herein is for illustrative purposes and should not be considered a recommendation to purchase or sell any particular security, and it should not be assumed that the investments identified in these case studies have been made, or if made that they have been or will be profitable, or that recommendations made in the future will be profitable or will equal the investment performance of the securities discussed herein. All statements and expressions are the sole opinion of SAM and are subject to change without notice. Any projections, market outlooks and estimates included or stated in connection with these case studies, including outlooks and estimates regarding prices or valuation, are forward looking statements and are based upon certain assumptions. Other events which were not taken into account may occur and may significantly affect these projections and should not be construed to be indicative of the actual events which will occur. Although SAM believes that the expectations expressed in these case studies are accurate and reasonable, actual results could differ materially from those projected or assumed, and such projections are subject to change, and are subject to inherent risks and uncertainties.