

The Sizemore Income Letter

May 7, 2021

Batting 1,000

By Charles Lewis Sizemore, CFA



It's not every day I get to say this, so we're going to enjoy it while we can.

As of today, we are profitable in every single position in the newsletter portfolio!

It won't always be like this. No one – not even Warren Buffett – bats 1,000. There will be plenty of investment you buy for all the right reasons that simply don't work out, or at least not on the time horizon you wanted.

But for the time being we can call this success!

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?
Newmont Corporation	NEM	4/27/2021	\$65.72	\$ 66.77	\$53.74	3.35%	\$ -	1.59%	Yes
BHP Group	BHP	2/25/2021	\$78.04	\$ 79.36	\$60.94	4.10%	\$ -	1.69%	Yes
Vale SA	VALE	2/25/2021	\$17.40	\$ 22.08	\$12.06	3.00%	\$ -	26.87%	Yes
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$ 48.00	\$34.74	9.10%	\$ 1.03	10.39%	No
WisdomTree Emerging Markets High Dividend Fund	DEM	12/31/2020	\$41.22	\$ 46.78	\$37.02	4.70%	\$ -	13.48%	Yes
Healthcare Trust of America	HTA	11/20/2020	\$26.80	\$ 28.17	\$23.14	4.75%	\$ 0.32	6.29%	Yes
Physicians Realty Trust	DOC	11/20/2020	\$17.80	\$ 18.57	\$14.53	5.12%	\$ 0.23	5.63%	Yes
AllianceBernstein Holding, LP	AB	11/6/2020	\$30.85	\$ 44.66	\$28.16	9.12%	\$ 0.97	47.89%	No
Main Street Capital	MAIN	9/25/2020	\$29.74	\$ 41.52	\$24.36	8.46%	\$ 0.82	42.37%	Yes
Iron Mountain	IRM	8/25/2020	\$30.22	\$ 41.35	\$23.53	8.15%	\$ 1.24	40.93%	Yes
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$ 25.16	\$15.87	12.05%	\$ 0.96	66.34%	Yes
Dow Inc.	DOW	6/24/2020	\$38.45	\$ 68.84	\$41.05	6.62%	\$ 0.70	80.85%	Yes
Tortoise Essential Assets Income Term Fund	TEAF	6/24/2020	\$10.73	\$ 14.82	\$11.07	8.19%	\$ 0.60	43.71%	Yes
LyondellBasell Industries	LYB	5/22/2020	\$60.39	\$ 113.85	\$73.29	6.17%	\$ 1.05	90.26%	Yes
Invesco Adv. Municipal Income Trust II	VKI	4/23/2020	\$10.12	\$ 12.25	\$10.87	4.76%	\$ 0.51	26.04%	No
Ares Capital Corporation	ARCC	4/23/2020	\$11.35	\$ 19.19	\$15.02	11.44%	\$ 1.20	79.65%	Yes

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Let's take a minute to review what exactly it is we're doing these days – the themes we're following, etc. – and look ahead to the future.

If there is one theme that dominates all others these days, it's inflation protection. **Newmont Corporation (NYSE: NEM)**, **BHP Group (NYSE: BHP)** **Magellan Midstream Partners (NYSE: MMP)**, the **WisdomTree Emerging Markets High Dividend Fund (NYSE: DEM)**, **Dow Inc. (NYSE: DOW)**, **Tortoise Essential Assets Income Term Fund (NYSE: TEAF)** and **LyondellBasell Industries (NYSE: LYB)** all have some degree of inflation protection built in, or at least all would be expected to perform well during periods when inflation was rising and/or the value of the dollar was falling.

I don't know if inflation will surge in the years ahead. That remains to be seen. Lacy Hunt and other economists I respect believe that deflation rather than inflation could ultimately be the bigger risk, and I take their analysis seriously. But for the immediate short-term, inflation remains a real risk. Home prices are exploding higher, due in part to rising demand but also due to soaring materials and labor costs. Even if you got the land for free, building a house today is wildly more expensive than it would have been a year ago due to the cost of lumber being 500% higher, not to mention copper and all the other materials that go into a house.

I chose that example because I have houses on the brain. Last week I mentioned I was painting my house. We've now decided to test the waters and see what we can get in a sale. Selling the house will be a breeze. But finding something to replace it will be a challenge, to say the least.

Beyond inflation, we're also playing the general trend of reopening via **Main Street Capital (NYSE: MAIN)** and **Ares Capital (NYSE: ARCC)**. We've made good money in these stocks, and I still see a good bit more to come. Investors want income, and they're not going to find it in too many other places. Just remember, we got into these juicy income plays first!

That's all I have for today. Until next week, keep cashing those dividend checks!



Charles Lewis Sizemore, CFA

P.S.: Apart from writing this newsletter, I run a full-service wealth management firm along with my colleagues. At **Sizemore Capital Management**, we build income portfolios like those I write about in the *Sizemore Income Letter*. But we also do a lot more than that. We manage a suite of low-volatility strategies offering low correlation to the S&P 500. If you'd like for me to take a look at your portfolio and offer some recommendations, contact me at info@sizemorecapital.com.