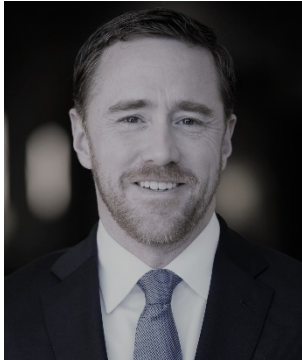


The Sizemore Income Letter

August 12, 2021

Let's Raise Some Stop Losses

By Charles Lewis Sizemore, CFA



Another week, more new highs in the market.

I'll be straight with you. I have no idea when this ends. It "feels" like it's reaching some sort of climax. But I also know that the market doesn't care about our feelings. And I also know that a wildly overpriced market can stay that way a lot longer than any of us might have thought possible.

That's ok. For now, we're erring on the side of staying invested. The general direction has been up, and we're participating in that trend. But I also don't want to be the patsy left holding the bag whenever this finally comes to its inglorious end.

So, on that note, I'm going to raise several of our stop losses today. A well-designed stop will follow a stock higher, locking in gains along the way. You don't want to make them too tight, lest you get stopped out by every short-term blip. You also don't want to make them too loose, lest you hold on longer than you should and take bigger losses.

The ideal stop loss is one that is sized to allow for an appropriate amount of "wiggle" for a given stock while giving you protection from anything above and beyond that wiggle.

That's what we do here. I use the data compiled by TradeStops to set an appropriate stop loss for every stock in the portfolio. I don't always announce every adjustment. We have 20 stocks in the portfolio, and I don't want to bother you with a constant barrage of small changes, particularly if we are nowhere near our stops. But I do update the table each week, so that is something you can always check if you're curious.

Given how frothy the market is looking, however, I feel it's worth revisiting our stops, and I'll go through a few recent hikes.

I'll start with our newest addition. We're not up much in the **Morgan Stanley Emerging Markets Domestic Debt Fund (NYSE: EDD)**, but TradeStops' algorithm has suggested tightening a little. So...

Action to take: Raise your stop loss in the Morgan Stanley Emerging Markets Domestic Debt Fund (NYSE: EDD) to \$5.50 based on closing prices.

We're up just shy of 6% in the **Nuveen Real Estate Income Fund (NYSE: JRS)**, and we'll be raising our stop here as well:

Action to take: Raise your stop loss in the Nuveen Real Estate Income Fund (NYSE: JRS) to \$9.27 based on closing prices.

We're up big in **Alliance Bernstein Holdings, LP (NYSE: AB)**. I had high hopes for this one, but I really didn't expect to be up 70% in well under a year. Let's lock in those gains as well:

Action to take: Raise your stop loss in the Alliance Bernstein Holdings, LP (NYSE: AB) to \$36.20 based on closing prices.

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Sizemore Income Letter Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Morgan Stanley Emerging Markets Domestic Debt	EDD	7/30/2021	\$6.15	\$ 6.18	\$ 5.50	6.60%	\$ -	0.49%	Yes	Buy
Nuveen Real Estate Income	JRS	6/25/2021	\$10.77	\$ 11.40	\$ 9.27	6.68%	\$ -	5.85%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$ 20.52	\$17.30	7.10%	\$ -	-6.47%	Yes	Buy
First Trust Dynamic Europe Equity Income	FDEU	5/26/2021	\$13.68	\$ 13.60	\$11.76	5.29%	\$ 0.12	0.29%	Yes	Buy
Newmont Corporation	NEM	4/27/2021	\$65.72	\$ 61.25	\$55.43	3.74%	\$ 0.55	-5.96%	Yes	Buy
BHP Group	BHP	2/25/2021	\$78.04	\$ 77.02	\$61.57	4.01%	\$ -	-1.31%	Yes	Buy
Vale SA	VALE	2/25/2021	\$17.40	\$ 20.98	\$15.28	4.14%	\$ 0.77	24.98%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$ 45.94	\$41.78	8.65%	\$ 2.06	8.07%	No	Buy
WisdomTree Emerging Markets High Dividend Fund	DEM	12/31/2020	\$41.22	\$ 44.97	\$40.42	4.48%	\$ 0.82	11.07%	Yes	Buy
Healthcare Trust of America	HTA	11/20/2020	\$26.80	\$ 28.44	\$23.45	4.61%	\$ 0.96	9.70%	Yes	Buy
Physicians Realty Trust	DOC	11/20/2020	\$17.80	\$ 18.74	\$15.30	4.49%	\$ 0.69	9.16%	Yes	Buy
AllianceBernstein Holding, LP	AB	11/6/2020	\$30.85	\$ 50.74	\$36.20	6.77%	\$ 1.78	70.24%	No	Hold
Main Street Capital	MAIN	9/25/2020	\$29.74	\$ 41.69	\$32.96	5.93%	\$ 1.85	46.39%	Yes	Buy
Iron Mountain	IRM	8/25/2020	\$30.22	\$ 44.21	\$35.76	5.30%	\$ 2.48	54.49%	Yes	Hold
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$ 25.86	\$18.15	7.38%	\$ 1.92	76.94%	Yes	Buy
Dow Inc.	DOW	6/24/2020	\$38.45	\$ 61.00	\$47.25	4.53%	\$ 2.80	65.93%	Yes	Buy
Ecofin Sustainable and Social Impact Term Fund	TEAF	6/24/2020	\$10.73	\$ 14.43	\$12.19	6.14%	\$ 0.98	43.57%	Yes	Buy
LyondellBasell Industries	LYB	5/22/2020	\$60.39	\$ 96.67	\$79.23	4.27%	\$ 5.33	68.90%	Yes	Buy
Invesco Adv. Municipal Income Trust II	VKI	4/23/2020	\$10.12	\$ 12.31	\$11.46	4.70%	\$ 0.75	29.05%	No	Hold
Ares Capital Corporation	ARCC	4/23/2020	\$11.35	\$ 20.07	\$16.45	8.20%	\$ 2.00	94.45%	Yes	Buy

I noticed recently that I hadn't updated the Tortoise Essential Assets Fund to reflect its new name: **Ecofin Sustainable and Social Impact Term Fund (NYSE: TEAF)**. Take note of that. It's the same fund, same mandate and even the same ticker symbol. It's just a new name designed to highlight the green energy "street cred" of the fund.

I've always thought "green washing" like this was silly. But if it gets the fund on the radar of people that might ordinarily not have noticed it, that's fine by me.

This fund yields a nice 6.1% and trades at a 15% discount to its NAV. TEAF remains one of my favorite holdings. But all the same, let's raise that stop:

Action to take: Raise your stop loss in the Ecofin Sustainable and Social Impact Term Fund (NYSE: TEAF) to \$12.19 based on closing prices.

That's all I have for today. The other changes to stop losses are small and don't warrant calling out one by one, particularly considering that we're nowhere near those stops at the moment. We'll pick this up next week.

Enjoy your weekend, and keep cashing those dividend checks!

A handwritten signature in blue ink that reads "Charles Lewis Sizemore". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

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.