

The Sizemore Income Letter

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A Quick Look at the Forever Portfolio

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I feel like someone crammed a grenade in my ear and then pulled the pin.

It seems my son picked up the mother of all sinus colds at school and then promptly passed it on to my infant daughter who was kind enough to pass it on to me. So, my apologies in advance if I'm not completely coherent this morning.

After a mild correction that lasted most of September, stocks are right back at all-time highs. Earnings have been coming in better than expected, and the very significant problems still plaguing the economy – inflation, the supply-chain crunch, shortages of just about everything, etc. – are being priced as if they are fleeting and temporary.

Is this reasonable? I'm not so sure it is. But that's what the market is telling us at the moment. I question how much upside this market has left. But until we definitively get the signal it's over, we'll hold on to our positions. They're paying us, after all.

Let's step away from the noise and revisit the Forever Portfolio. As you might remember, I put this together during the pits of the pandemic sell-off. I wanted a bullet-proof portfolio that could survive the apocalypse.

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	
Philip Morris Internat	PM	3/30/2021	\$ 89.35	\$ 99.20	None	5.15%	\$ 1.20	12.37%	Yes	
Altria Group	MO	3/19/2020	\$ 37.10	\$ 48.87	None	7.43%	\$ 5.12	45.53%	Yes	
Realty Income	O	3/19/2020	\$ 48.08	\$ 70.03	None	3.97%	\$ 3.75	53.45%	Yes	
AT&T	T	3/19/2020	\$ 31.15	\$ 25.84	None	8.13%	\$ 3.64	-5.38%	Yes	
Enterprise Products										
Partners	EPD	3/19/2020	\$ 14.52	\$ 24.31	None	7.36%	\$ 2.24	82.78%	No	
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 18.44	None	5.79%	\$ 1.32	76.45%	Yes	
Ventas	VTR	3/19/2020	\$ 19.98	\$ 56.35	None	3.16%	\$ 3.04	197.26%	Yes	
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 323.24	None	2.49%	\$ 10.00	77.63%	Yes	
International Paper	IP	3/19/2020	\$ 30.13	\$ 54.04	None	3.46%	\$ 2.57	87.87%	Yes	
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 43.26	None	3.32%	\$ 1.93	108.11%	Yes	
Retail Opportunity										
Investments	ROIC	3/19/2020	\$ 7.25	\$ 18.53	None	2.41%	\$ 0.42	161.38%	Yes	
Average							4.79%	81.59%		

Overall, I can't complain with the results. We're up in every stock but AT&T, and even there our loss is minimal. The dividend yield on this portfolio isn't as high as it was back in March of last year, of course. As prices have risen, yields have come down. But it's still close to 5%. That's not too shabby.

Kinder Morgan (NYSE: KMI) reported earnings this week, and the stock dropped about 6% on Thursday as a result. I'd use this little pullback as a buying opportunity. If you don't already own Kinder Morgan (or even if you do), I consider it very competitively priced at these levels.

So, what led investors to dump Kinder Morgan on Thursday?

Distributable cash flow dipped ever so slightly for the quarter. While that is a figure that pipeline investors follow as it tends to affect dividend hikes, I would take it with a major grain of salt here. Revenues were up 31% on the quarter, and the company recently raised its dividend. The company would have never raised the dividend if it believed the cash flows needed to support it were at risk of suffering a sustained fall.

This was a market overreaction. They happen. But when they do, we can use them to our advantage. So again, if you have cash ready to deploy, this is a good destination for it.

That's all for this week. Until next time, keep cashing those dividend checks!



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.

Sizemore Income Letter Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Chevron Corporation	CVX	9/30/2021	\$103.33	\$ 111.74	\$ 76.24	5.19%	\$ -	8.14%	Yes	Buy
AGNC Investment Corp.	AGNC	8/30/3031	\$16.23	\$ 16.60	\$ 13.52	8.71%	\$ -	2.28%	Yes	Buy
Morgan Stanley Emerging Markets Domestic Debt	EDD	7/30/2021	\$6.15	\$ 5.90	\$ 5.50	6.60%	\$ -	-4.07%	Yes	Buy
Nuveen Real Estate Income	JRS	6/25/2021	\$10.77	\$ 11.54	\$ 9.27	6.68%	\$ -	7.15%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$ 24.84	\$ 17.30	7.10%	\$ 0.38	14.95%	Yes	Buy
First Trust Dynamic Europe Equity Income	FDEU	5/26/2021	\$13.68	\$ 13.17	\$ 11.76	5.29%	\$ 0.18	-2.41%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$ 51.31	\$ 41.78	8.65%	\$ 2.06	20.17%	No	Buy
WisdomTree Emerging Markets High Dividend Fund	DEM	12/31/2020	\$41.22	\$ 44.48	\$ 40.42	4.48%	\$ 0.82	9.89%	Yes	Buy
Healthcare Trust of America	HTA	11/20/2020	\$26.80	\$ 33.15	\$ 23.45	4.61%	\$ 0.96	27.28%	Yes	Buy
Physicians Realty Trust	DOC	11/20/2020	\$17.80	\$ 18.60	\$ 15.30	4.49%	\$ 0.69	8.37%	Yes	Buy
AllianceBernstein Holding, LP	AB	11/6/2020	\$30.85	\$ 53.73	\$ 36.20	6.77%	\$ 1.78	79.94%	No	Hold
Main Street Capital	MAIN	9/25/2020	\$29.74	\$ 43.66	\$ 32.96	5.93%	\$ 1.85	53.01%	Yes	Buy
Iron Mountain	IRM	8/25/2020	\$30.22	\$ 45.75	\$ 35.76	5.30%	\$ 2.48	59.58%	Yes	Hold
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$ 25.87	\$ 18.15	7.38%	\$ 1.92	77.01%	Yes	Buy
Dow Inc.	DOW	6/24/2020	\$38.45	\$ 59.26	\$ 47.25	4.53%	\$ 2.80	61.40%	Yes	Buy
Ecofin Sustainable and Social Impact Term Fund	TEAF	6/24/2020	\$10.73	\$ 14.42	\$ 12.19	6.14%	\$ 0.98	43.48%	Yes	Buy
LyondellBasell Industries	LYB	5/22/2020	\$60.39	\$ 96.56	\$ 79.23	4.27%	\$ 5.33	68.72%	Yes	Buy
Invesco Adv. Municipal Income Trust II	VKI	4/23/2020	\$10.12	\$ 12.15	\$ 11.46	4.70%	\$ 0.75	27.47%	No	Hold
Ares Capital Corporation	ARCC	4/23/2020	\$11.35	\$ 21.16	\$ 16.45	8.20%	\$ 2.00	104.05%	Yes	Buy

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