

The Sizemore Income Letter

December 24, 2021

Merry Christmas!

By Charles Lewis Sizemore, CFA



We'll keep it short this week. It's Christmas Eve, for crying out loud, and you have better things to do than read a dividend newsletter. Or if you don't, you really need to make it your new year's resolution to focus less on money!

We're spending Christmas on the farm in Paijan, Peru this year, which means that certain Christmas traditions make a lot less sense. It's summer here and a warm 75 degrees. A decorated pine tree in the middle of an arid desert looks ridiculous, and I pity the poor gentleman in the sweat-stained Santa suit. But Christmas is Christmas, and it's fun no matter where you spend it.

Not a lot has changed in the market this week. Trading volume tends to be a little lower this time of year, as even the bona fide Ebenezer Scrooges of Wall Street generally decide to work a little less and spend a little more time with family.

As a result, I would tend to take any market moves over the next week with a major grain of salt. We'll get a better gauge of the direction the market is likely to take in early January.

You know my views here. I'm cautious at the moment. Market valuations don't make sense to me right now, at this stage of the cycle and with the Fed looking to tighten. But I also know, to paraphrase John Maynard Keynes, that the market can remain irrational long than we can remain solvent. I'm not betting against this market, nor am I selling everything and going to cash just yet. For now, I'm taking more of a middle road by keeping my stops tighter and keeping my position sizes moderate. I'd recommend you do the same.

One final thought: Even if we're being somewhat conservative with our investments, there are plenty of financial moves where it pays to be *wildly* aggressive. Personally, I take the month of January to plan out my contributions to my 401(k) and other retirement accounts. I may or may not invest the cash immediately, but I want it in the retirement account *now* in order to get the tax break. I am *extremely* aggressive in getting every dollar I can into a tax-deferred account. I hate paying taxes, and this is the best, easiest and cleanest way to take a hatchet to my tax bill. The investment part can come later. And for what it's worth, it also offers iron-clad protection against lawsuits or

creditors. I'm not expecting to get sued anytime soon, but if I am, I can rest easy knowing that a large chunk of my net worth is lawsuit-proof.

If this is something you'd like to discuss, contact me. It might not be the most exciting element of investing, but I'd argue it's the most important.

That's all for this week. A very merry Christmas, a belated happy Hanukkah, a happy Festivus for the *Seinfeld* fans out there, and a happy Saturnalia for the odd Roman pagan or two that might be reading. And naturally, 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.

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