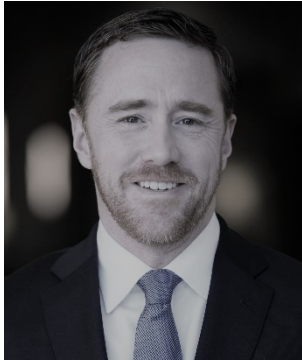


The Sizemore Income Letter

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Happy New Year!

By Charles Lewis Sizemore, CFA



Happy New Year!

I always enjoy the start of a new year, but I'm particularly excited to start 2022. While 2021 ended up being a solid year for me, it still felt a little too much like a hangover from 2020. But 2022 has the real promise of being "normal" again.

At least I hope.

We have a midterm election coming up, so the already toxic news environment will only get more toxic. There will likely be one last spike in hospitalizations and deaths before the pandemic is finally over. And naturally, there will be noise. A *lot* of noise.

Most of what you here in the financial press is noise, and virtually all political-related news, of any ideological persuasion, is noise. Concerning yourself with it isn't likely to add a dollar to your bank account or a day to your life.

You have to consider the business model. Fox News, CNN, MSNBC, Newsmax... they all make money the same way. They keep you watching (or clicking) by keeping you outraged. It's the reason the country is in the state it's in. The vast majority of Americans get their news from sources designed to make them angry.

If you want to be a better investor... and a better person... in 2022, I have a few rules to follow.

1. Eliminate all cable news and particularly opinion shows. This programming does not educate you. It simply makes you angry and fuels an addiction. There is a special, hotter place in hell for people like Tucker Carlson, Rachel Maddow and the rest of them. Don't play their game.
2. Reduce your overall printed or online news consumption as well. To the extent you read news, I recommend a good, generalist source like the Financial Times. Anything in the world worth knowing is printed in the Financial Times. Spend half an hour per day reading it, and then eliminate all other news from your diet. You'll be better educated than 99% of the world's population.
3. Eliminate social media. All of it. Facebook, Instagram... delete your account and never look back. It's addictive and it brings out the worst in everyone. Seven years ago, I realized in horror that I had wasted three hours of what might have been a

productive day looking at vacation photos of people I sort of knew in high school. I didn't care about these people when I was actually in school with them, and I cared even less about them 20 years later, yet I wasted the entirety of the afternoon looking at their photos. I deleted Facebook that day and never looked back. Let me tell you, I don't miss it.

4. Read books. *Real* books, not disposable fiction or current events opinion screeds. If you haven't already, read Nassim Taleb's *Fooled By Randomness*. It will keep you humble and make you a better investor if you take it to heart. And if you want an escape, I just started reading *Everyone Behaves Badly*, which is an account of Ernest Hemingway's drunken debauchery in Paris. I don't pretend it will make me a better person, but it's entertaining!

With the time you free up from eliminating social media and most news, you might find yourself with hours per day of more free time to pursue things that actually make you happy rather than angry or anxious. You might also find yourself more focused on your career... and on making money!

And speaking of that...

The market has gotten off to a rocky start in 2022. The Fed is looking more and more hawkish by the day, which is not good news for the stock market. It's obvious at this point that the Fed kept policy too loose for too long, which makes it all the more painful to reverse course. The stock market is addicted to Fed stimulus and has been since 2008. Taking that stimulus away causes withdrawal pangs, and they're not pretty.

Our portfolio has mostly held up well. We're already up a good 11% in Energy Transfer Partners (NYSE: ET) and nearly 21% in Chevron (NYSE: CVX). And naturally, we're keeping our stops tighter than usual.

But beyond our recommendations in this newsletter, I continue to recommend taking a more short-term approach to your trading and keeping more cash on hand than usual. I don't *know* that the market will crash. But I do know that I don't like most of the prices I see on offer. So, I prefer to keep most of my portfolio allocated to strategies that don't depend on the market going ever higher.

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.

The Sizemore Income Letter Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$9.08	\$7.30	7.42%	\$ -	11.27%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$48.22	\$33.92	6.28%	\$ -	0.92%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$123.26	\$88.14	4.62%	\$ 1.34	20.58%	Yes	Buy
AGNC Investment Corp.	AGNC	8/30/3031	\$16.23	\$15.20	\$14.93	8.71%	\$ 0.24	-4.87%	Yes	Buy
Nuveen Real Estate Income	JRS	6/25/2021	\$10.77	\$12.50	\$9.69	6.68%	\$ 0.19	17.83%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$23.54	\$17.30	7.10%	\$ 0.76	10.76%	Yes	Buy
First Trust Dynamic Europe Equity Income	FDEU	5/26/2021	\$13.68	\$13.19	\$11.76	5.29%	\$ 0.36	-0.95%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$47.56	\$41.78	8.65%	\$ 4.12	16.37%	No	Buy
WisdomTree Emerging Markets High Dividend Fund	DEM	12/31/2020	\$41.22	\$43.47	\$40.42	4.48%	\$ 1.81	9.84%	Yes	Buy
Healthcare Trust of America	HTA	11/20/2020	\$26.80	\$33.21	\$26.95	4.61%	\$ 1.29	28.71%	Yes	Buy
Physicians Realty Trust	DOC	11/20/2020	\$17.80	\$19.01	\$15.30	4.49%	\$ 0.92	11.97%	Yes	Buy
AllianceBernstein Holding, LP	AB	11/6/2020	\$30.85	\$46.91	\$40.98	6.77%	\$ 3.58	63.66%	No	Hold
Main Street Capital	MAIN	9/25/2020	\$29.74	\$44.50	\$35.50	5.93%	\$ 2.88	59.31%	Yes	Buy
Iron Mountain	IRM	8/25/2020	\$30.22	\$46.77	\$39.74	5.30%	\$ 3.10	65.01%	Yes	Hold
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$24.97	\$18.15	7.38%	\$ 2.40	74.33%	Yes	Buy
Dow Inc.	DOW	6/24/2020	\$38.45	\$58.24	\$47.65	4.53%	\$ 3.50	60.57%	Yes	Buy
Ecofin Sustainable and Social Impact Term Fund	TEAF	6/24/2020	\$10.73	\$15.10	\$12.35	6.14%	\$ 1.20	51.91%	Yes	Buy
LyondellBasell Industries	LYB	5/22/2020	\$60.39	\$96.70	\$79.23	4.27%	\$ 6.46	70.82%	Yes	Buy
Invesco Adv. Municipal Income Trust II	VKI	4/23/2020	\$10.12	\$12.02	\$11.77	4.70%	\$ 0.90	27.64%	No	Hold
Ares Capital Corporation	ARCC	4/23/2020	\$11.35	\$20.94	\$17.55	8.20%	\$ 2.41	105.73%	Yes	Buy