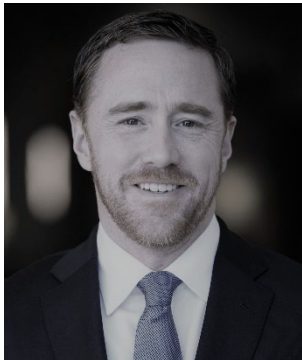


# The Sizemore Income Letter

March 17, 2022

## Is It Over?

By Charles Lewis Sizemore, CFA



If you're in a hurry, I can answer this with a one-world answer: No.

We can never know 100% until after the fact, but my assumption for now is that the correction is not over. I think it's likely that, before this is truly over, we'll have a proper bear market that will see valuations come back to something approaching normal.

I also realize fully that this could be just a particularly violent correction that shook out some of the weaker hands and laying the foundations for the next leg of the bull market. This scenario seems less likely to me, but it's certainly possible. Expensive markets can get more expensive, and there is no iron-clad rule of physics that says stocks "have" to fall to historically normal valuations. Stocks were ludicrously expensive in 1998... had a massive correction due to, ironically given today's situation, turbulence in the Russian market... and then rallied and went on to soar to yet more extreme highs before finally topping out for good in 2000.

So, what is our situation today?

Until I see evidence to the contrary, my going assumption is that there's likely more pain to come. That said, there should be tradable rallies along the way and, thus far, our portfolio has held up pretty darn well.

So, I'm not recommending any major changes today, but I would encourage you to review and adjust your stop losses. In particular, after the massive move it's made, I'm moving our stop loss on **Chevron (NYSE: CVX)**. So...

**Action to take: Move your stop loss in Chevron (NYSE: CVX) to \$126.42.**

Moving on, we seem to be getting to a point in which the war in Ukraine is no longer moving the market. That can change, of course, if Putin goes off the reservation and does something extreme. But for now, Wall Street seems to be saying that the most likely outcome is that the situation muddles through. That might mean Russia retreats... or it might mean that Ukraine falls and we have a prolonged Cold War 2.0. But for now, the takeaway seems to be that if the world is going to end, it's not happening tomorrow.

And in the meantime, what should we do with our portfolios?

Here's my checklist:

1. As I've been saying for months, keep a little extra cash on hand. You don't have to sell everything, but you do want enough cash on hand to give you the ability to buy dips.
2. Be willing to more tactical and focus on short-term trades rather than long-term buy and hold investments.
3. Keep a strong allocation to non-market alternatives.
4. And above all, try to avoid being impulsive. Stick to your plan.

Stepping back from the market noise for a minute, I'd also strongly encourage you to continue maxing out your 401(k) plans and other retirement accounts. This doesn't mean buying stocks, necessarily. You can keep the balance in bonds, money markets, or just about anything. But be sure to get the cash into the account. If nothing else, you'll get healthy tax break.

That's really all I have for the moment. We'll know soon enough if the recent moves in the market are the beginning of a real rally or if this is just a pause before another leg down. But if we're allocated well, it doesn't necessarily matter!

We'll pick this up next week.

A handwritten signature in blue ink that reads "Charles Lewis Sizemore". The signature is fluid and cursive, with a long horizontal stroke at the end.

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](mailto: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
MFS Municipal Income Trust	MFM	2/28/2022	\$6.54	\$6.24	\$5.93	4.51%	\$ -	-4.59%	No	Buy
Vertical Capital Income Fund	VCIF	1/27/2022	\$9.99	\$9.99	\$8.95	9.23%	\$ -	0.00%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$9.90	\$7.30	7.42%	\$ -	21.32%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$51.66	\$33.92	6.28%	\$ -	8.12%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$160.38	\$126.42	4.62%	\$ 1.34	56.51%	Yes	Buy
Nuveen Real Estate Income	JRS	6/25/2021	\$10.77	\$11.35	\$10.17	6.68%	\$ 0.19	7.15%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$25.62	\$17.30	7.10%	\$ 0.76	20.24%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$46.90	\$41.78	8.65%	\$ 4.12	14.89%	No	Buy
WisdomTree Emerging Markets High Dividend Fund	DEM	12/31/2020	\$41.22	\$42.68	\$40.42	4.48%	\$ 1.81	7.92%	Yes	Buy
Healthcare Trust of America	HTA	11/20/2020	\$26.80	\$30.78	\$26.95	4.61%	\$ 1.29	19.63%	Yes	Buy
Physicians Realty Trust	DOC	11/20/2020	\$17.80	\$16.85	\$15.30	4.49%	\$ 0.92	-0.17%	Yes	Buy
AllianceBernstein Holding, LP	AB	11/6/2020	\$30.85	\$46.12	\$40.98	6.77%	\$ 3.58	61.10%	No	Hold
Main Street Capital	MAIN	9/25/2020	\$29.74	\$41.80	\$35.50	5.93%	\$ 2.88	50.24%	Yes	Buy
Iron Mountain	IRM	8/25/2020	\$30.22	\$49.57	\$40.12	5.30%	\$ 3.10	74.27%	Yes	Hold
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$23.72	\$18.15	7.38%	\$ 2.40	66.37%	Yes	Buy
Dow Inc.	DOW	6/24/2020	\$38.45	\$62.85	\$47.65	4.53%	\$ 3.50	72.56%	Yes	Buy
Ecofin Sustainable and Social Impact Term Fund	TEAF	6/24/2020	\$10.73	\$14.53	\$12.53	6.14%	\$ 1.20	46.60%	Yes	Buy
LyondellBasell Industries	LYB	5/22/2020	\$60.39	\$104.25	\$79.23	4.27%	\$ 6.46	83.33%	Yes	Buy
Ares Capital Corporation	ARCC	4/23/2020	\$11.35	\$20.40	\$17.91	8.20%	\$ 2.41	100.97%	Yes	Buy

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