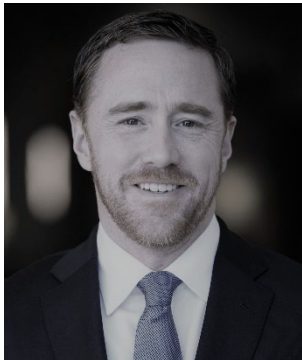


# The Sizemore Income Letter

June 10, 2022

## Better to Sleep on It

By Charles Lewis Sizemore, CFA



It's not pretty out there.

After a brutal April and early May, I expected we'd get some sort of bounce in the market. And we did!

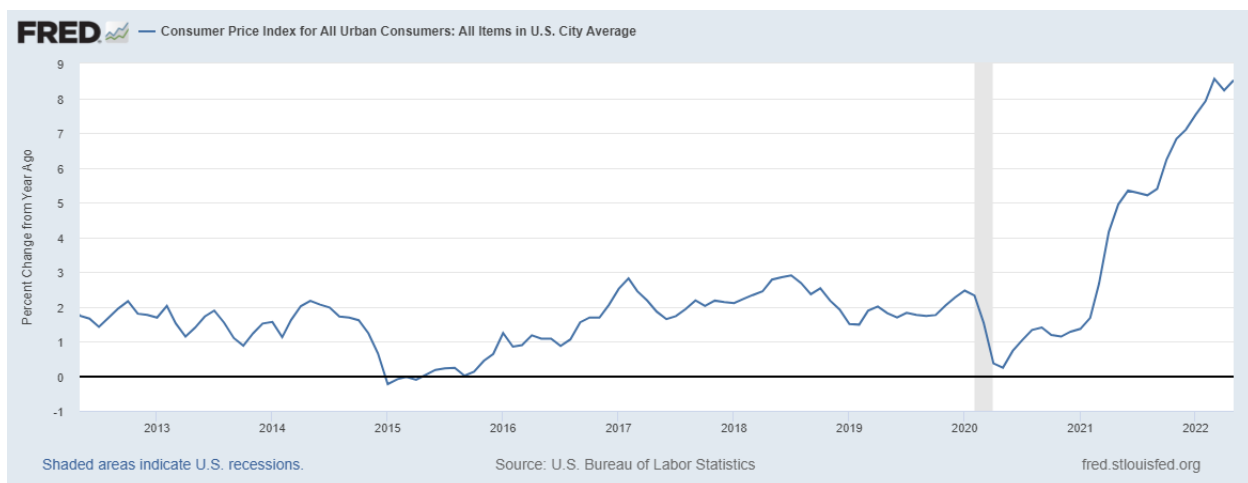
But I expected it to last longer than a week!

The S&P 500 spent the last week of May rallying hard, spent the first week of June trading sideways, and is now bad to dropping like a rock again.

It comes back to inflation. There had been a consensus building that maybe – just maybe – we had seen peak inflation.

It appears we had not. It seems inflation actually ticked higher in May and is now clocking in at over 8.5%. This means that the Fed has zero flexibility to slow down its tightening... and rumors are already circulating that the Fed may be seriously considering 0.75% hikes rather than 0.5%.

Remember, 0.25% is the standard. So, we're talking about making rate hikes that are three times the normal size.



Is that realistic? Maybe. The Fed is not going to want to shock the economy into a deep recession, so I don't think they're going to go too far off the reservation. But traders are

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worried about it and aren't wanting to go into the weekend with exposure. They're selling and going to cash.

My gameplan hasn't changed here. I've been saying all year that it pays to be patient, keep a little more of your portfolio in cash, be willing to make shorter-term moves and focus to at least some extent on non-market alternatives. That was my plan in January and it remains my plan today.

As for the here and now, my recommendation is to sleep on it before making any major portfolio changes. See how the market opens on Monday, and if you want to lighten the load a little more, go for it. It's better to be safe than sorry here.

I have nothing else to report this week. So, please enjoy your weekend, and we'll pick this up next week.



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).

## Sizemore Income Letter Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Prospect Capital	PSEC	5/31/2022	\$7.78	\$7.52	\$6.80	9.25%	\$ -	-3.34%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$64.50	\$47.91	5.73%	\$ -	-1.53%	Yes	Buy
Digital Realty Trust	DLR	3/24/2022	\$136.79	\$131.82	\$118.15	3.57%	\$ -	-3.63%	Yes	Buy
Vertical Capital Income Fund	VCIF	1/27/2022	\$9.99	\$9.30	\$8.95	9.23%	\$ 0.07	-6.16%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$11.69	\$7.79	7.42%	\$ 0.18	45.34%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$48.33	\$33.92	6.28%	\$ 1.00	3.24%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$175.62	\$130.77	4.62%	\$ 2.76	72.63%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$29.35	\$20.49	7.10%	\$ 0.76	37.24%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$52.96	\$41.78	8.65%	\$ 5.16	30.87%	No	Buy
Healthcare Trust of America	HTA	11/20/2020	\$26.80	\$28.81	\$26.95	4.61%	\$ 1.61	13.51%	Yes	Buy
Physicians Realty Trust	DOC	11/20/2020	\$17.80	\$18.01	\$15.30	4.49%	\$ 1.15	7.61%	Yes	Buy
Main Street Capital	MAIN	9/25/2020	\$29.74	\$36.84	\$35.50	5.93%	\$ 3.91	37.02%	Yes	Buy
Iron Mountain	IRM	8/25/2020	\$30.22	\$51.48	\$42.57	5.30%	\$ 4.33	84.69%	Yes	Hold
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$22.41	\$18.15	7.38%	\$ 2.88	61.08%	Yes	Buy
Dow Inc.	DOW	6/24/2020	\$38.45	\$62.22	\$48.78	4.53%	\$ 4.90	74.55%	Yes	Buy
Ecofin Sustainable and Social Impact Term Fund	TEAF	6/24/2020	\$10.73	\$14.21	\$12.53	6.14%	\$ 1.61	47.41%	Yes	Buy
LyondellBasell Industries	LYB	5/22/2020	\$60.39	\$103.33	\$79.23	4.27%	\$ 8.72	85.54%	Yes	Buy
Ares Capital Corporation	ARCC	4/23/2020	\$11.35	\$19.05	\$17.94	8.20%	\$ 2.85	92.95%	Yes	Buy

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