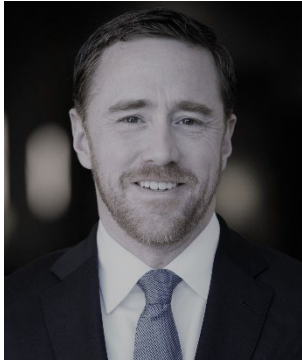


# The Sizemore Income Letter

August 26, 2022

## What Now?

By Charles Lewis Sizemore, CFA



As I'm putting this together, we're awaiting news from the Fed. Jerome Powell is scheduled to speak from Jackson Hole.

It almost seems silly to release an update given that anything I write could potentially become instantly obsolete depending on what the Fed says. But alas, that's the market we're in... and have been in for over two years now.

From the looks of things, Mr. Market isn't expecting any fireworks. The S&P 500 has been drifting higher this week.

It's fragile, but we seem to be in a "Goldilocks" moment where the Fed is being just aggressive enough to satisfy inflation concerns but not so aggressive as to cause a deep recession.

We'll see.

I've been writing for a few weeks now that the strong advance we've seen since June is a bear market rally rather than the start of a new bull market. I'm not going to be doctrinaire about it, and I'm going to analyze the data as it comes in. But for now, I'm not seeing the institutional buying I would normally want to see in a healthy bull market. My data suggests most of the advance since June has been driven by short covering and by retail investors.

This means one of two things will happen:

1. The rally loses steam, and we see more downside. Or...
2. Those institutional investors I'm not seeing today finally come out of the woodwork, and this bear market rally starts looking more like a proper bull market.

I don't know which of these two it will be. So, I'm splitting the difference. I'm staying invested, looking for opportunities to buy dips along the way, but I'm also keeping a little extra cash on hand and keeping my position sizes a little smaller than usual. Given the lack of clarity right now, I just see no other way to allocate.

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We're coming up on what is seasonally one of the most volatile times of the year. September and October are usually "normal" months, but some of the larger crashes and upheavals, for whatever reason, have tended to happen this time of year.

I don't consider that to be "investable" advice. I'm not going to invest or not invest simply because the market sometimes gets weird in September. But it's just one more data point to consider, and it reinforces my belief that it makes sense to stay cautious for now.

But again, I'm not sitting on my hands. Our pick from the Early August letter – Cheniere Energy Partners (NYSE: CQP) – is already up over 22% in less than a month. Had we gone into bunker mode, we would have missed that opportunity.

Speaking of that, I'm putting together the Late August letter as we speak, and I plan to have that out early next week. As you might recall, due to some production delays, we skipped the normal July monthly issue and instead have Early August and Late August issues this month.

That's all I have for now. Until next week, keep cashing those dividend checks!

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).

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$56.81	\$33.01	6.92%	\$ -	22.20%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$52.06	\$32.57	4.39%	\$ -	9.97%	Yes	Buy
ONEOK, Inc.	OKE	4/28/222	\$65.50	\$66.65	\$47.91	5.73%	\$ 0.94	3.18%	Yes	Buy
Digital Realty Trust	DLR	3/24/2022	\$136.79	\$128.49	\$118.15	3.57%	\$ 1.22	-5.18%	Yes	Buy
Vertical Capital Income Fund	VCIF	1/27/2022	\$9.99	\$9.48	\$8.95	9.23%	\$ 0.37	-1.40%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$12.36	\$7.79	7.42%	\$ 0.38	56.07%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$46.57	\$33.92	6.28%	\$ 1.83	1.29%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$164.62	\$130.77	4.62%	\$ 4.18	63.36%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$30.50	\$20.49	7.10%	\$ 1.65	46.54%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$52.99	\$41.78	8.65%	\$ 6.20	33.28%	No	Buy
Healthcare Realty Trust	HR	7/20/2022	\$24.37	\$25.94	\$22.12	4.72%	\$ -	6.44%	Yes	Buy*
Physicians Realty Trust	DOC	11/20/2020	\$17.80	\$17.56	\$15.30	4.49%	\$ 1.38	6.40%	Yes	Buy
Main Street Capital	MAIN	9/25/2020	\$29.74	\$42.97	\$35.50	5.93%	\$ 4.63	60.05%	Yes	Buy
Iron Mountain	IRM	8/25/2020	\$30.22	\$55.37	\$42.57	5.30%	\$ 4.95	99.61%	Yes	Hold
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$23.75	\$18.15	7.38%	\$ 3.36	72.68%	Yes	Buy
Dow Inc.	DOW	6/24/2020	\$38.45	\$55.76	\$48.78	4.53%	\$ 5.60	59.58%	Yes	Buy
Ecofin Sustainable and Social Impact Term Fund	TEAF	6/24/2020	\$10.73	\$14.98	\$12.53	6.14%	\$ 1.79	56.24%	Yes	Buy
LyondellBasell Industries	LYB	5/22/2020	\$60.39	\$90.72	\$79.23	4.27%	\$ 15.11	75.24%	Yes	Buy

\* Position resulted from merger with HTA

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