

The Sizemore Income Letter

December 1, 2022

Is It Time to Buy the Dip in Crypto?

By Charles Lewis Sizemore, CFA



This is an income newsletter. My only reason for publishing the *Sizemore Income Letter* is to recommend solid income-focused investments.

That said...

Cryptocurrencies have been in the news a lot lately with the with the collapse of FTX Trading, until its failure one of the largest cryptocurrency exchanges in the world.

There's still a lot we don't know. At first glance, it looks like a pretty clear-cut case of fraud in which \$32 billion in client assets went up in smoke.

I'm not particularly interested in FTX, as I really have no skin in the game. But the collapse of one of the biggest players in crypto turned what was already a bear market in digital currencies into a total bloodbath. A recent poll showed just 8% of Americans had a positive view of cryptocurrencies with fully 43% having a negative view.

You get it.

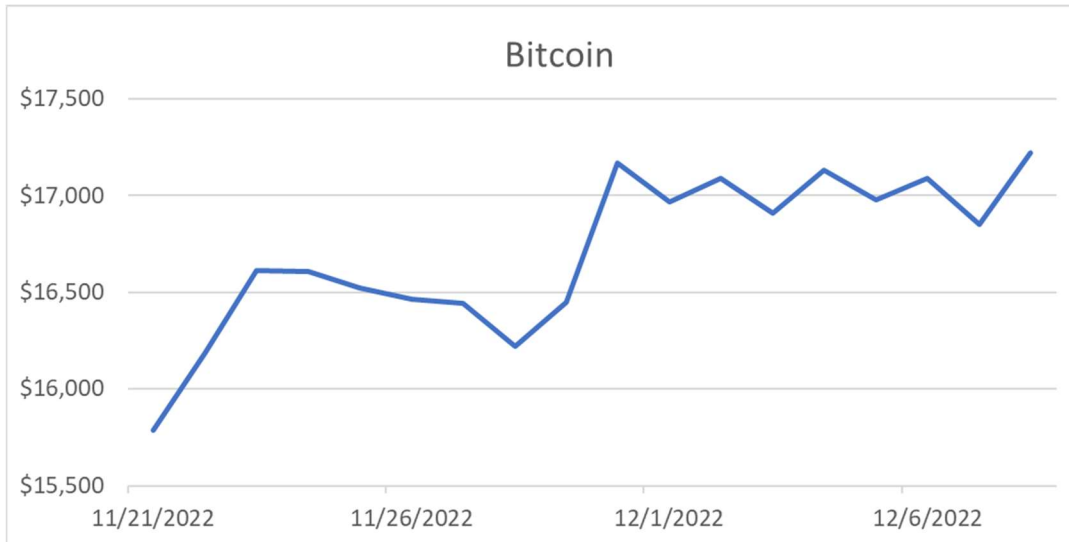
The allure of cryptocurrencies like Bitcoin was that it was a completely unregulated alternative currency, free of Fed tinkering and free of intrusive oversight. That sounded great... but now we're seeing the price of that freedom. Your bank account has FDIC insurance. Your crypto wallet does not.

Still, when I see sentiment this one-sided, it tells me we're likely close to a bottom.

And we may have already hit it in Bitcoin. Take a look at the chart on the next page. The price of Bitcoin is up about 10% over the past two weeks.

Of course, it's still down over 70% from its 2021 highs, and a 10% move could simply be short covering or statistical noise. But it's interesting.

I'm not going to officially recommend Bitcoin. This is an income letter, and Bitcoin has absolutely nothing to do with income. But if this sort of thing interests you, I can tell you that I've started tinkering with crypto for the first time in years. Over the course of the next 3-6 months, I'd like to average in to a crypto allocation of about 1% of my liquid net worth. That's big enough to be interesting but not big enough to do real damage to my balance sheet if the whole thing crashes and burns.



I'm not an expert on this. At this stage, I'm really still just tinkering. But my plan for now is to allocate to what passes for "blue chips" in this space in Bitcoin and Ethereum. And I'm holding my modest crypto positions in a non-custodial (also called self-custodial) wallet. After watching FTX blow up, I don't trust any crypto exchange to be a real custodian of my assets. I'll hold it myself, thank you very much.

This also comes with risks. If I lose my recovery key or someone manages to steal it from me, my coins are gone forever. But I consider that less risky than simply trusting a unregulated quasi-bank to be a custodian of my money.

If you decide to tinker as well, be sure to keep good records. I'm planning on buying and holding for years and perhaps forever, so I'm not particularly worried about taxes. But I'm keeping records of every transaction so that, when that day comes, I'll be able to avoid any headaches with the IRS.

This is still the wild west of investing. So, obviously don't put a lot of money into this. But something like 1%-2% of your liquid net worth should be pretty harmless. But make no mistake... the overwhelming bulk of my assets remain invested in income stocks, my firm's low-volatility hedge funds and good, old-fashioned real estate.

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

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.

Sizemore Income Letter Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$26.76	\$20.41	6.58%	\$ -	-3.57%	Yes	Buy
AGNC Investment Corporation	AGNC	11/3/2022	\$8.16	\$9.92	\$6.37	14.52%	\$ -	21.57%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$57.55	\$33.01	6.06%	\$ 1.07	26.09%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$44.69	\$32.57	4.56%	\$ 1.02	-3.44%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$64.12	\$47.91	5.83%	\$ 2.81	2.18%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$11.71	\$7.79	7.86%	\$ 0.87	54.11%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$40.77	\$33.92	8.09%	\$ 3.20	-7.97%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$173.54	\$130.77	3.27%	\$ 7.02	74.74%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$28.33	\$20.49	7.20%	\$ 2.68	41.34%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$49.75	\$41.78	8.34%	\$ 8.28	30.68%	No	Buy
Iron Mountain	IRM	8/25/2020	\$30.22	\$54.61	\$42.57	4.52%	\$ 5.57	99.14%	Yes	Hold
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$19.95	\$18.15	9.62%	\$ 4.32	54.59%	Yes	Buy
Ecofin Sustainable and Social Impact Term Fund	TEAF	6/24/2020	\$10.73	\$13.56	\$12.53	7.96%	\$ 2.24	47.20%	Yes	Buy

Disclaimer: Copyright 2022 Sizemore Financial Publishing LLC. This investment newsletter (the "Newsletter") is created and authored by Charles Sizemore (the "Content Creator") and is published and provided for informational and entertainment purposes only. The information in the Newsletter constitutes the Content Creator's own opinions. None of the information contained in the Newsletter constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable for any specific person. You understand that the Content Creator is not advising, and will not advise you personally concerning the nature, potential, value or suitability of any particular security, portfolio of securities, transaction, investment strategy or other matter. To the extent any of the information contained in the Newsletter may be deemed to be investment advice, such information is impersonal and not tailored to the investment needs of any specific person. From time to time, the Content Creator or its affiliates may hold positions or other interests in securities mentioned in the Newsletter and may trade for their own accounts based on the information presented. The material in this Newsletter may not be reproduced, copied or distributed without the express written permission of Sizemore Financial Publishing LLC.