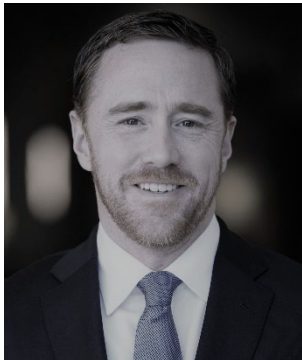


The Sizemore Income Letter

January 17, 2022

Two Quick Portfolio Moves

By Charles Lewis Sizemore, CFA



I'll start with a quick mea culpa. I had a whirlwind of travel last week, and I didn't get the weekly update out. Sorry to keep you waiting!

Moving on to today's business, I have two portfolio changes to note.

I've been mulling it over, and I am ready to take profits in **Iron Mountain (NYSE: IRM)**. I don't necessarily expect the shares to crater, and I still like the REIT. But I am looking to raise a little cash in order to have some liquidity available in the event the market takes another leg down. I don't see much upside left in Iron Mountain, and with a yield of just 4.7%, I believe it's time to move on.

We did well in Iron Mountain, up about 95% including dividends. So...

Action to take: Sell your shares of Iron Mountain (NYSE: IRM) at market.

Next up, I'm moving **AGNC Investment Corporation (NYSE: AGNC)** to a "hold" from "buy." There is no action for you to take at the moment, but if you haven't already bought shares in AGNC, I would recommend sitting out at this point. The shares are still showing a lot of momentum, and I see no reason to sell them just yet. But I am officially moving them to a hold and will look to make an exit likely later this year.

We're up nearly 40% in AGNC in a little over two months. But after a move like that, the shares simply aren't as cheap as they were.

Update on the Forever Portfolio

As you are no doubt aware, 2022 was a rough year in the market. But we used the volatility to our advantage. I went on a shopping spree in the "Forever" portfolio, adding nine new positions. All but one are positive – despite the bear market – and many by 20% or more. Again, **in a bear market.**

I have no specific action for you to take today, other than to remind you that every stock on the Forever list remains a buy. These are stocks I am comfortable holding through whatever 2023 throws at us. These are quality stocks we can hang our hats on.

The Forever Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?
National Retail Properties	NNN	9/29/2022	\$ 39.07	\$ 47.82	None	4.60%	\$ -	22.40%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 40.10	None	3.29%	\$ 0.33	24.51%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 147.92	None	3.19%	\$ 1.18	12.72%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 54.67	None	2.71%	\$ 0.37	17.02%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 27.95	None	3.15%	\$ 0.22	12.82%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 82.39	None	2.62%	\$ 0.54	22.14%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 155.30	None	2.63%	\$ 1.02	26.24%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 163.00	None	2.65%	\$ 1.06	16.29%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 61.65	None	2.85%	\$ 0.88	-4.62%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 122.12	None	2.59%	\$ 3.00	-14.69%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 150.26	None	3.91%	\$ 5.88	-14.16%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 101.03	None	5.03%	\$ 6.22	20.03%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 45.22	None	8.32%	\$ 9.66	47.91%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 67.04	None	5.10%	\$ 7.16	54.32%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 19.35	None	5.74%	\$ 5.24	-21.09%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 25.60	None	7.42%	\$ 5.02	110.81%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 18.77	None	5.92%	\$ 2.69	91.54%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 49.15	None	3.66%	\$ 5.29	172.49%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 291.59	None	2.74%	\$ 33.15	73.10%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 37.56	None	4.93%	\$ 4.77	40.46%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 35.02	None	4.17%	\$ 3.62	78.00%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 15.75	None	3.81%	\$ 1.12	132.62%	Yes

Update on MLPs

We have several master limited partnerships (MLPs) in the portfolio, in both the main newsletter portfolio and the Forever Portfolio. As you know, MLPs can be wonderful long-term investments, but they can also be a headache at tax time, particularly for IRA investors and overseas investors.

Well, I had a reader, Philip from Singapore, point out something that I had missed entirely:

Not sure whether you are aware effective 1 Jan 2023, a 10% withholding tax will be imposed on the proceeds from the sale of publicly-traded partnership (PTP) securities and certain PTP distributions credited to non-US residents. The 10% withholding tax is imposed by the US Internal Revenue Service (IRS) under Internal Revenue Code (IRC) section 1446(f) This tax is above the established 37% withholding tax on PTP distributions: www.irs.gov/individuals/international-taxpayers/partnership-withholding

Additionally, some overseas exchanges such as those in the South East Asia no longer allow trading PTP securities, including ET and follow on PTP spin-offs (if any).

Note that when I say a stock is “not IRA friendly,” that’s really a much broader description that goes beyond just IRA accounts. It would apply to virtually anyone who does not normally pay taxes in the United States, including non-resident investors.

January 17, 2023

If you're a taxable American investor who is investing via a good old-fashioned taxable brokerage account, you're fine. You should be able to buy anything I recommend with no issues.

But if your tax situation is different, you probably should err on the side of caution and avoid MLPs. I love 'em... but not enough to get into a tax mess!

And finally, I'm not sure if you saw the headline, but China's population just saw its first decline last year, the first time this has happened since 1961. And more are coming.

This is something I have been writing about for 20 years. China, frankly, is screwed. The modern economy depends on constantly selling more product to more people. Fewer people means fewer sales of Big Macs, cars, TVs... you name it. It means fewer people swiping fewer credit cards.

This doesn't mean China falls into deep recession tomorrow. In fact, China may be in the early months of a post-COVID boom. But it suggests that the great China macro growth story is all but over. We saw a similar phenomenon in Japan starting in the early 1990s.

I'll have more to say on this in the months ahead. But a few quarters from now, when you read in the financial press that China's economy appears to be slowing for "unexplained reasons," just remember you heard it here first!

That's going to wrap it up for this week. We'll pick this up next week.

Until then, 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
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$29.55	\$20.15	11.88%	\$ -	2.64%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$28.49	\$20.41	6.18%	\$ -	2.67%	Yes	Buy
AGNC Investment Corporation	AGNC	11/3/2022	\$8.16	\$11.25	\$6.37	12.81%	\$ -	37.81%	Yes	Hold
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$56.25	\$33.01	6.20%	\$ 1.07	23.30%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$50.28	\$32.57	4.06%	\$ 1.02	8.35%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$70.03	\$47.91	5.34%	\$ 2.81	11.19%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$12.70	\$7.79	7.24%	\$ 0.87	66.33%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$40.72	\$33.92	8.10%	\$ 3.20	-8.08%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$180.98	\$130.77	3.14%	\$ 7.02	81.94%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$29.68	\$20.49	6.87%	\$ 2.68	47.49%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$52.64	\$41.78	7.88%	\$ 8.28	37.18%	No	Buy
Iron Mountain	IRM	8/25/2020	\$30.22	\$52.67	\$42.57	4.69%	\$ 6.19	94.91%	Yes	Sell
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$20.22	\$18.15	9.50%	\$ 4.32	56.29%	Yes	Buy
Ecofin Sustainable and Social Impact Term Fund	TEAF	6/24/2020	\$10.73	\$13.54	\$12.53	7.98%	\$ 2.24	47.02%	Yes	Buy

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