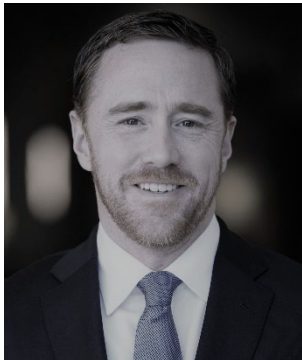


# The Sizemore Income Letter

January 6, 2022

## Making Money in 2023

By Charles Lewis Sizemore, CFA



If you've read me for any length of time, you know I can be a real nag this time of year. But hear me out... it's good for you.

Investment returns are only one piece of your "total" return. You also have to consider tax effects and, if you're still working, the possibility of getting employer matching from your employer's 401(k) plan.

So, here comes my nagging. The IRS raised the contribution levels this year for corporate 401(k) plans. If you're under 50, you can put up to \$22,500 into your account, plus whatever your employer matches. If you're 50 or older, you can put in a whopping \$30,000.

We're sitting on solid gains in the vast majority of the positions in the *Sizemore Income Letter*. Our strategy of buying quality income payers at good prices works.

But...

I'm never going to earn you an instant 100% with no risk. That's impossible for me. But it's VERY possible for you if your employer offers 401(k) matching. The "return" you get is an instant 100%... with no risk.

Plus, the tax breaks are a big deal. Depending on what your tax bracket is, you can earn another 20% to 30% or even more due to the tax break on contributions.

401(k) contributions are "tax deferred" rather than "tax free" if we want to be exact about it. But you can potentially kick that tax bill years or even decades into the future. And as far as I am concerned, a tax avoided for years might as well be a tax not paid at all.

For most people, carving out \$30,000 to put into a 401(k) is a stretch on the budget. And this is why you really need to start early in the year. The earlier you raise your contribution levels, the easier it is to spread the cost over the full year.

So...

Repeat after me: "I will make maxing out my 401(k) a priority in 2023."

If you're already retired, you won't have an employer plan. But if you do freelance work or odd jobs to stay busy, you can still get a lot of the same benefits from an Individual

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401(k). I set these up for clients, so if that is something that would interest you, please reach out.

Ok, I'm done nagging. For now.

Let's talk markets.

2023 isn't getting started particularly strongly, but it's obviously still very early. I have no moves to make today, but I will share my thinking on a few existing positions.

**AGNC Investment Corporation (NYSE: AGNC)** is off to a great start. We're up 30% in just two months. The stock has a lot of momentum behind it, so I see no reason to sell today. Let's let it run higher. But the deep discount to book value that I wrote about back in November has now already closed. The stock is still cheap, but it's not ludicrously cheap like it was two months ago.

So, let's keep an eye on AGNC. If it looks like the stock may be losing steam, we'll sell it and walk away with our profits.

**Iron Mountain (NYSE: IRM)** also may be nearing the end of the line for us. It's been a great holding and we're up 82% in the stock. But it's no longer cheap, and it may be losing momentum. I plan to monitor just a little longer and make a decision sometime this month.

Finally, I will note that our portfolio is REALLY heavy in energy stocks right now. I'm good with that, as energy is the one pocket of the market really doing well right now. Concentration is a risk, and that's something we'll need to monitor.

If you're looking to add new money to any positions, I really like **Energy Transfer (NYSE: ET)** at today's prices. This is one of my largest personal holdings. I also still really like EPR Properties (NYSE: EPR), though I would point out that the stock is trending lower right now. You might want to wait for some sign that the stock has bottomed out before adding new capital.

Otherwise, I have nothing else to report. 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](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
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$27.65	\$20.15	12.69%	\$ -	-3.95%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$25.31	\$20.41	6.95%	\$ -	-8.79%	Yes	Buy
AGNC Investment Corporation	AGNC	11/3/2022	\$8.16	\$10.63	\$6.37	13.55%	\$ -	30.26%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$55.64	\$33.01	6.27%	\$ 1.07	21.98%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$46.76	\$32.57	4.36%	\$ 1.02	0.92%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$66.11	\$47.91	5.66%	\$ 2.81	5.21%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$12.07	\$7.79	7.62%	\$ 0.87	58.58%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$36.45	\$33.92	9.05%	\$ 3.20	-17.02%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$177.11	\$130.77	3.21%	\$ 7.02	78.20%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$28.32	\$20.49	7.20%	\$ 2.68	41.29%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$51.76	\$41.78	8.02%	\$ 8.28	35.20%	No	Buy
Iron Mountain	IRM	8/25/2020	\$30.22	\$49.58	\$42.57	4.98%	\$ 5.57	82.50%	Yes	Hold
Starwood Property Trust	STWD	8/25/2020	\$15.70	\$18.61	\$18.15	10.32%	\$ 4.32	46.05%	Yes	Buy
Ecofin Sustainable and Social Impact Term Fund	TEAF	6/24/2020	\$10.73	\$13.22	\$12.53	8.17%	\$ 2.24	44.04%	Yes	Buy

## 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	\$ 46.43	None	4.74%	\$ -	18.83%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 40.43	None	3.26%	\$ 0.33	25.53%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 143.27	None	3.29%	\$ 1.18	9.20%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 56.75	None	2.61%	\$ 0.37	21.44%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 28.99	None	3.04%	\$ 0.22	17.00%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 85.65	None	2.52%	\$ 0.54	26.94%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 161.68	None	2.52%	\$ 1.02	31.39%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 158.87	None	2.72%	\$ 1.06	13.36%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 62.78	None	2.80%	\$ 0.88	-2.91%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 113.20	None	2.79%	\$ 3.00	-20.78%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 140.75	None	4.18%	\$ 5.88	-19.39%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 102.34	None	4.96%	\$ 6.22	21.50%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 46.29	None	8.12%	\$ 9.66	50.82%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 63.82	None	5.10%	\$ 7.16	47.62%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 19.43	None	5.71%	\$ 5.24	-20.83%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 24.90	None	7.63%	\$ 5.02	105.99%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 18.48	None	6.01%	\$ 2.69	89.00%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 46.97	None	3.83%	\$ 5.29	161.58%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 271.57	None	2.95%	\$ 33.15	62.43%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 36.42	None	5.08%	\$ 4.77	36.68%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 32.85	None	4.45%	\$ 3.62	67.98%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 15.17	None	3.96%	\$ 1.12	124.62%	Yes

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