

The Sizemore Income Letter

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A Few Favorites on Sale

By Charles Lewis Sizemore, CFA



I'll start by stating the obvious.

The banking system is still a mess, and our leaders really have no clue what to do about it. Treasury Secretary Yellen was in the trenches with Ben Bernanke, the Fed Chairman during the 2008 meltdown. She knows how bad that was and lives in fear of going through it again.

But...

She, President Biden and the rest of the political class are also well aware of how resentful the average American is about the bank bailouts of that period. A lot of the bitterness and acrimony we see in today's political climate stems from the bank bailouts.

So, Yellen is trying to assure all of us that they won't let the system fail while at the same time promising not to bail out any banks.

I'm not saying she *can't* pull it off. I'm just saying I wouldn't bet on it. On top of all of this, the Fed is also trying to navigate inflation.

Let me be clear: I think it makes sense to have a larger percentage of your assets than usual in cash and T-bills. I've been writing about T-bills all year I highly recommend you allocate a good chunk of your portfolio there.

But if you still have cash that you want to put in the market, this recent bit of volatility has given us some nice buys.

Take a look at the chart on the next page. This tracks the performance of two of my favorite "Forever" stocks, **Realty Income (NYSE: O)** and **National Retail Properties (NYSE: NNN)**. Both are down 13-14% from their highs of late January. Both also happen to yield more than 5%.

Now, I understand that a 5% dividend isn't quite as exciting today as it would have been a year ago. You can get close to 5% in a T-bill or CD with absolutely no risk.

But here's the thing. Those T-bills and CDs look fantastic today, but the rates we see on offer today probably won't be available a year from now. I expect a recession sometime

this year, and I expect rates to come down as a result. So it's probably a good idea to keep reinvestment risk in mind.



We have no guarantee that Realty Income and National Income won't continue their downward slide. For that matter, we have no guarantee that they will continue paying dividends at the same levels.

But we certainly do have history on our side. Both of these REITs have been durable dividend payers and raisers over the past two chaos-filled decades. And any time I get the opportunity to buy these at a 5% yield, I jump at it.

So, if you have extra cash you're looking to invest, I consider both of these a great option at the moment.

Otherwise, I don't have much else to report. I'll be publishing the monthly issue next week, and I'll be going into a lot more detail as to how I expect the banking crisis to play out.

Until then, have a great weekend, and 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.

The Sizemore Income Letter Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Nuveen Real Estate Income Fund	JRS	1/30/2023	\$8.46	\$7.00	\$6.41	9.77%	\$ 0.17	-15.25%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$25.26	\$20.15	13.90%	\$ -	-12.26%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$26.92	\$20.41	6.54%	\$ 0.89	0.22%	Yes	Buy
AGNC Investment Corporation	AGNC	11/3/2022	\$8.16	\$9.63	\$9.30	14.95%	\$ 0.36	22.43%	Yes	Hold
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$43.81	\$41.42	7.97%	\$ 1.07	-3.46%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$43.46	\$36.00	4.69%	\$ 1.02	-6.04%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$58.64	\$47.91	6.38%	\$ 2.81	-6.19%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$11.68	\$8.59	7.88%	\$ 0.87	53.80%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$34.42	\$33.92	9.59%	\$ 3.20	-21.27%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$154.45	\$132.62	3.68%	\$ 7.02	56.27%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$25.90	\$20.49	7.88%	\$ 2.68	30.26%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$50.89	\$41.78	8.15%	\$ 9.33	35.60%	No	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	\$ 41.12	None	5.35%	\$ 1.10	8.05%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 36.57	None	3.61%	\$ 0.99	15.68%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 154.61	None	3.05%	\$ 3.54	19.56%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 53.50	None	2.77%	\$ 1.11	16.11%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 26.88	None	3.27%	\$ 0.44	9.43%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 82.15	None	2.63%	\$ 1.62	23.37%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 151.09	None	2.70%	\$ 3.06	24.49%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 156.09	None	2.77%	\$ 3.24	12.94%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 59.91	None	2.94%	\$ 1.32	-6.60%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 114.15	None	2.77%	\$ 3.79	-19.59%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 123.71	None	4.75%	\$ 7.45	-27.90%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 90.27	None	5.63%	\$ 7.49	9.41%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 43.46	None	8.65%	\$ 10.60	45.71%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 59.27	None	5.10%	\$ 8.40	40.74%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 18.45	None	6.02%	\$ 5.79	-22.19%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 24.97	None	7.61%	\$ 5.51	109.88%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 16.37	None	6.78%	\$ 3.24	75.13%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 41.69	None	4.32%	\$ 5.74	137.40%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 282.24	None	2.83%	\$ 35.15	69.18%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 34.11	None	5.42%	\$ 4.77	29.03%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 31.86	None	4.58%	\$ 4.23	66.25%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 12.58	None	4.77%	\$ 1.27	91.03%	Yes

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