

# The Sizemore Income Letter

March 3, 2023

## How to Use this Newsletter

By Charles Lewis Sizemore, CFA



I don't know about you, but I'm tired of writing about the Fed... and I'm tired of writing about China.

I'll get back to both... because there is no real way to avoid them. The decoupling of the American and Chinese economies is one of the biggest trends of the decade, and the Fed's policy moves are the biggest driver of market returns at the moment... so I'll be talking about both until I'm tired of talking and you're tired of listening. But for today, let's take a break.

I want to go big picture. I'm often asked by clients how to actually implement the *Sizemore Income Letter* and how it fits in a larger portfolio. So, let's tackle that!

I'm a big believer in segmenting a portfolio into silos. Textbook financial planning specifically says NOT to do that – and even has a name for it, mental accounting – but I find it useful. I divide my investments into independent silos that, ideally, tend to move independently of each other. And I adjust the size of each silo based on my expectations of the returns going forward and my estimation of the risk.

The *Sizemore Income Letter* represents two silos. The Forever Portfolio is a buy-and-hold income strategy that I rarely touch. It essentially manages itself, throwing off dividends along the way. It's holding period is forever. The main *Sizemore Income Letter* Portfolio is actively managed, and my time horizon is anywhere from a few months to a few years.

These aren't my only silos, of course. I have a good-sized real estate silo consisting of my rental property and some private placement real estate deals I've invested in. I have my (extremely small) crypto currency silo. I have my traditional stock and bond allocation silo. I have a large silo of alternative strategies mostly centered around options. And I have a smaller speculative silo where I buy stocks that don't seem to fit anywhere else.

More recently, I've been carving out room for a pure bond strategy, though this is still in the early stages. I mentioned T-bills in the monthly issue and would reiterate my enthusiasm for them again here.

That's me. Let's talk about *you*.

February 17, 2023

I can't give a lot of direct advice in a format like this. We'd really need to sit down for a proper meeting in order for me to get specific. But I can tell you very broadly that you should similarly have silos. The two strategies I run in this newsletter are strong candidates. I consider the main actively managed portfolio a good candidate for a 10% allocation or so, and I would be willing to go a bit higher than that on the Forever Portfolio. Given the nature of that portfolio, I wouldn't consider 15% or even 20% to be unreasonable.

But don't go crazy, even here. The best way to ruin a perfectly good strategy is to simply overweight it. Call me superstitious, but the minute you massively overweight a good strategy, you've all but guaranteed it will suddenly stop working.

I don't expect the next few years to be particularly easy to navigate. And that's why, more than ever, I believe it's important to keep your eggs spread across vastly different baskets. And keep a little more than usual in cash. At least today, you're getting paid to do so!

If you'd like to sit down and have a proper chat about your portfolio, reach out at [clsizemore@sizemorecapital.com](mailto:clsizemore@sizemorecapital.com).

Otherwise, have a great weekend, and 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).

## 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    | \$8.38       | \$6.41    | 9.77%  | \$ -                 | -0.95%       | Yes           | Buy    |
| iShares MSCI Brazil ETF                        | EWZ    | 12/26/2022 | \$28.79   | \$27.26      | \$20.15   | 12.88% | \$ -                 | -5.33%       | Yes           | Buy    |
| Atlantica Sustainable Infrastructure           | AY     | 11/22/2022 | \$27.75   | \$27.86      | \$20.41   | 6.32%  | \$ -                 | 0.40%        | Yes           | Buy    |
| AGNC Investment Corporation                    | AGNC   | 11/3/2022  | \$8.16    | \$10.71      | \$9.30    | 13.45% | \$ 0.24              | 34.13%       | Yes           | Hold   |
| Cheniere Energy Partners                       | CQP    | 8/4/2022   | \$46.49   | \$50.66      | \$41.42   | 6.89%  | \$ 1.07              | 11.27%       | No            | Buy    |
| Citigroup Inc                                  | C      | 6/23/2022  | \$47.34   | \$52.10      | \$36.00   | 3.92%  | \$ 1.02              | 12.20%       | Yes           | Buy    |
| ONEOK, Inc.                                    | OKE    | 4/28/222   | \$65.50   | \$67.41      | \$47.91   | 5.55%  | \$ 2.81              | 7.20%        | Yes           | Buy    |
| Energy Transfer Partners                       | ET     | 12/27/2021 | \$8.16    | \$13.06      | \$8.59    | 7.05%  | \$ 0.87              | 70.65%       | No            | Buy    |
| EPR Properties                                 | EPR    | 11/29/2021 | \$47.78   | \$41.07      | \$33.92   | 8.04%  | \$ 3.20              | -7.35%       | Yes           | Buy    |
| Chevron Corporation                            | CVX    | 9/30/2021  | \$103.33  | \$163.94     | \$132.62  | 3.46%  | \$ 7.02              | 65.45%       | Yes           | Buy    |
| ClearBridge Energy Midstream Opportunity       | EMO    | 5/26/2021  | \$21.94   | \$30.38      | \$20.49   | 6.71%  | \$ 2.68              | 50.68%       | Yes           | Buy    |
| Magellan Midstream Partners                    | MMP    | 1/29/2021  | \$44.41   | \$54.25      | \$41.78   | 7.65%  | \$ 8.28              | 40.81%       | No            | Buy    |
| Starwood Property Trust                        | STWD   | 8/25/2020  | \$15.70   | \$19.53      | \$18.15   | 9.83%  | \$ 4.32              | 51.88%       | Yes           | Buy    |
| Ecofin Sustainable and Social Impact Term Fund | TEAF   | 6/24/2020  | \$10.73   | \$12.95      | \$12.53   | 8.34%  | \$ 2.24              | 41.52%       | 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  | \$ 45.77     | None      | 4.81% | \$ 1.10              | 19.95%       | Yes           |
| Conagra Brands                 | CAG    | 6/23/2022  | \$ 32.47  | \$ 35.86     | None      | 3.68% | \$ 0.99              | 13.49%       | Yes           |
| The Clorox Company             | CLX    | 6/23/2022  | \$ 132.28 | \$ 156.12    | None      | 3.02% | \$ 3.54              | 20.70%       | Yes           |
| Campbell Soup Company          | CPB    | 6/23/2022  | \$ 47.04  | \$ 52.49     | None      | 2.82% | \$ 1.11              | 13.96%       | Yes           |
| Flowers Foods                  | FLO    | 6/23/2022  | \$ 24.97  | \$ 27.90     | None      | 3.15% | \$ 0.44              | 13.52%       | Yes           |
| General Mills                  | GIS    | 6/23/2022  | \$ 67.90  | \$ 79.11     | None      | 2.73% | \$ 1.62              | 18.90%       | Yes           |
| J.M. Smucker Company           | SJM    | 6/23/2022  | \$ 123.83 | \$ 150.23    | None      | 2.72% | \$ 3.06              | 23.79%       | Yes           |
| Target Corporation             | TGT    | 6/23/2022  | \$ 141.08 | \$ 165.38    | None      | 2.61% | \$ 3.24              | 19.52%       | Yes           |
| Coca-Cola Company              | KO     | 4/27/2022  | \$ 65.56  | \$ 59.50     | None      | 2.96% | \$ 1.32              | -7.23%       | Yes           |
| Prologis                       | PLD    | 10/29/2021 | \$ 146.67 | \$ 126.34    | None      | 2.50% | \$ 3.79              | -11.28%      | Yes           |
| Crown Castle International     | CCI    | 10/29/2021 | \$ 181.90 | \$ 131.36    | None      | 4.48% | \$ 7.45              | -23.69%      | Yes           |
| Philip Morris International    | PM     | 3/30/2021  | \$ 89.35  | \$ 98.84     | None      | 5.14% | \$ 7.49              | 19.00%       | Yes           |
| Altria Group                   | MO     | 3/19/2020  | \$ 37.10  | \$ 46.64     | None      | 8.06% | \$ 10.60             | 54.27%       | Yes           |
| Realty Income                  | O      | 3/19/2020  | \$ 48.08  | \$ 64.58     | None      | 5.10% | \$ 8.40              | 51.78%       | Yes           |
| AT&T                           | T      | 3/19/2020  | \$ 31.15  | \$ 18.74     | None      | 5.92% | \$ 5.79              | -21.24%      | Yes           |
| Enterprise Products Partners   | EPD    | 3/19/2020  | \$ 14.52  | \$ 26.17     | None      | 7.26% | \$ 5.51              | 118.11%      | No            |
| Kinder Morgan                  | KMI    | 3/19/2020  | \$ 11.20  | \$ 17.54     | None      | 6.33% | \$ 3.24              | 85.53%       | Yes           |
| Ventas                         | VTR    | 3/19/2020  | \$ 19.98  | \$ 48.79     | None      | 3.69% | \$ 5.74              | 172.91%      | Yes           |
| Public Storage                 | PSA    | 3/19/2020  | \$ 187.60 | \$ 305.00    | None      | 2.62% | \$ 35.15             | 81.31%       | Yes           |
| International Paper            | IP     | 3/19/2020  | \$ 30.13  | \$ 37.83     | None      | 4.89% | \$ 4.77              | 41.38%       | Yes           |
| STAG Industrial                | STAG   | 3/19/2020  | \$ 21.71  | \$ 34.05     | None      | 4.29% | \$ 4.23              | 76.34%       | Yes           |
| Retail Opportunity Investments | ROIC   | 3/19/2020  | \$ 7.25   | \$ 14.24     | None      | 4.21% | \$ 1.27              | 113.93%      | Yes           |

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