

The Sizemore Income Letter

April 21, 2023

Seeing a Man About a Horse

By Charles Lewis Sizemore, CFA

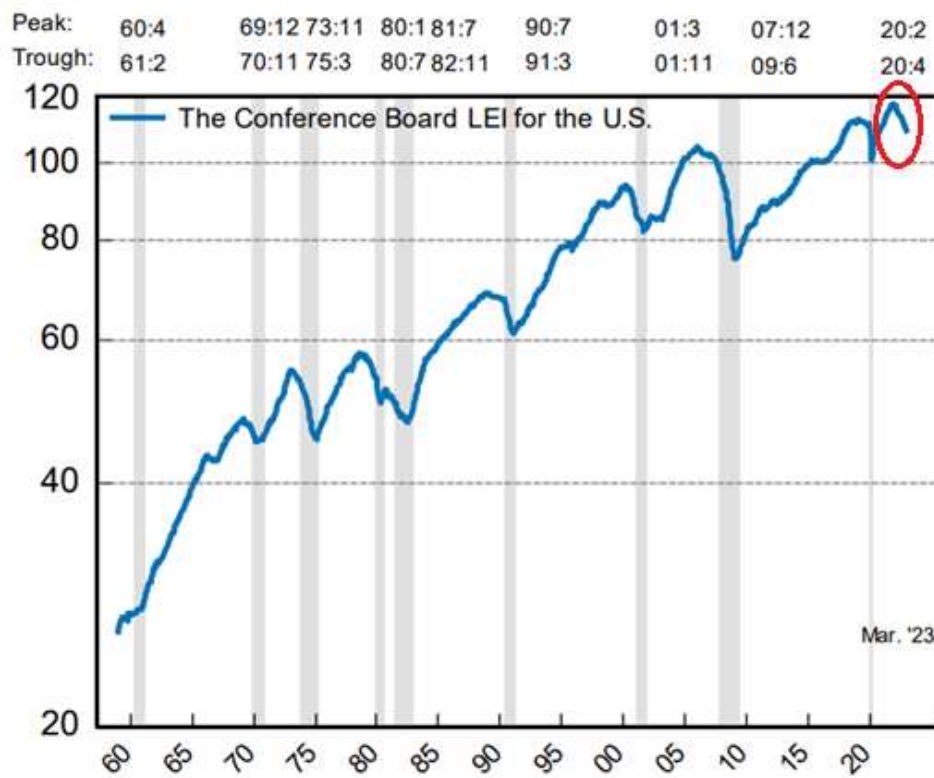


I need to keep this short because I literally need to see a man about a horse. Today are the championships of the annual Peruvian horse show in Lima, and my inlaws are competing. This is what my wife's entire family lives for.

But first, I want to make a few comments about the recession we've been warning about for months yet never quite seems to arrive.

The Conference Board publishes their index of leading indicators every month. And yeah... it's not looking great. The index dropped 1.2% in March and has now been in decline for a full calendar year.

U.S. Composite Economic Indexes (2016=100)



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As you can see from the shaded areas, the index generally does a good job of predicting recessions. Yes, the post-COVID data is messy and sometimes hard to use due to the skewed year-to-year comparisons. But a full twelve months of declines are hard to explain away.

You see more anecdotes that something is changing. I watched an interview on Yahoo Finance this morning with the CEO of consumer products giant Procter & Gamble. And while he insisted he saw no immediate sign of recession, his examples really told a different story. In his words, *"We're seeing, if anything, more careful usage of the product that they have bought. So, they might use a half a sheet of Bounty paper towel as opposed to a whole sheet."*

Now, call me crazy, but rationing your paper towel usage to cut costs kinda sounds like recessionary behavior to me. If that fraction of a cent per sheet matters, then you're also likely cutting back elsewhere.

We'll see. For what it is worth, the Conference Board's index of coincident indicators, which measure what the economy is doing today, show no sign of recession just yet. But with the leading indicators in the state they are, I don't see a reality in which that holds.

Returning to the question of recession, I don't know when it officially hits. It looks to me like everything is holding on by a thread. But then, I've felt that way for close to a year now, and it seems to muddle through. Perhaps this means the recession will be mild... or perhaps it means this postponement will only make it nastier. But I think it's prudent for us to prepare for it to be fairly nasty.

You notice I've been playing it conservatively these past few months, recommending T-bills and preferred stock. Rest assured, I will be adding real stock exposure in the months ahead. But I'm not in a hurry to put a lot of new risk on right now.

You'll have to excuse me now, as I have a horse show to get to. But stay tuned, as the next monthly issue will be out next week.

On that note, 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	\$7.41	\$6.41	9.77%	\$ 0.17	-10.40%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$27.66	\$20.15	12.69%	\$ -	-3.94%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$28.22	\$20.41	6.24%	\$ 0.89	4.90%	Yes	Buy
AGNC Investment Corporation	AGNC	11/3/2022	\$8.16	\$9.91	\$9.30	14.54%	\$ 0.36	25.80%	Yes	Hold
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$46.32	\$41.42	7.53%	\$ 1.07	1.95%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$48.70	\$36.00	4.19%	\$ 1.02	5.03%	Yes	Buy
ONEOK, Inc.	OKE	4/28/22	\$65.50	\$65.96	\$47.91	5.67%	\$ 2.81	4.98%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$12.68	\$8.59	7.26%	\$ 0.87	66.05%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$39.94	\$33.92	8.26%	\$ 3.20	-9.71%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$169.65	\$132.62	3.35%	\$ 7.02	70.98%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$28.31	\$20.49	7.21%	\$ 2.68	41.25%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$55.57	\$41.78	7.47%	\$ 9.33	46.14%	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	\$ 42.88	None	5.13%	\$ 1.10	12.56%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 37.34	None	3.53%	\$ 0.99	18.05%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 164.75	None	2.86%	\$ 3.54	27.22%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 54.17	None	2.73%	\$ 1.11	17.54%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 27.06	None	3.25%	\$ 0.44	10.13%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 87.60	None	2.47%	\$ 1.62	31.39%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 151.62	None	2.69%	\$ 3.06	24.91%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 162.16	None	2.66%	\$ 3.24	17.24%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 63.92	None	2.75%	\$ 1.32	-0.50%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 123.86	None	2.55%	\$ 3.79	-12.97%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 124.95	None	4.71%	\$ 7.45	-27.22%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 97.07	None	5.23%	\$ 7.49	17.02%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 45.91	None	8.19%	\$ 10.60	52.32%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 61.90	None	5.10%	\$ 8.40	46.21%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 18.32	None	6.06%	\$ 5.79	-22.61%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.72	None	7.11%	\$ 5.51	121.94%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 17.21	None	6.45%	\$ 3.24	82.58%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 44.62	None	4.03%	\$ 5.74	152.04%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 288.17	None	2.78%	\$ 35.15	72.35%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 35.97	None	5.14%	\$ 4.77	35.19%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 33.65	None	4.34%	\$ 4.23	74.50%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 13.05	None	4.60%	\$ 1.27	97.52%	Yes

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