

The Sizemore Income Letter

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When There is Nothing Left to Say...

By Charles Lewis Sizemore, CFA



I would say that we've reached the point where there is simply nothing left to say about the debt ceiling crisis. Except we reached that point weeks ago... and we're no closer to getting out of it.

The United States of America really might default... on a technicality. Speaker of the House Kevin McCarthy desperately wants to keep his job... which means he has to keep the Freedom Caucus of his party happy. But any deal that gets through the House of Representatives on a party-line vote isn't likely to pass in the Democrat-controlled Senate. And if McCarthy manages to pass a deal with support from the Democrats, his own party will likely fire him as Speaker.

Sure, we avoid default that way. But we're back to where we were in January with the House of Representatives effectively shut down because they can't agree on a leader.

President Biden could always declare the debt ceiling unconstitutional... which would allow him to issue debt and dodge default. But that may very well get him impeached, and that would also introduce even more instability into a real mess of a situation.

So... here we are.

I wish I could give you some secret solution to navigate this mess. But that doesn't exist. So instead, let's hope for the best but plan for the worst.

I've been preaching for weeks that it makes sense to keep a little extra cash on hand and to keep excess liquidity in T-bills. That's still my advice.

If things get nutty, we might get some fantastic opportunities. Think about the Flash Crash of 2010 or the "mini" Flash Crash of 2015. In those cases, the market simply quit functioning and the prices of several stocks and ETFs dropped by as much as 50% in seconds.

Could we see something like that again?

I'm not saying we will or even that it's likely. But I expect that a default or near default will cause something to "break" in the financial system. And that is the sort of environment that could produce something like a Flash Crash.

So, for now we watch and wait.

In the meantime, I'm putting together the May issue of the *Sizemore Income Letter*, which I expect to publish early next week. I'm excited about this one, as it gives us exposure to one of the best performing foreign markets of 2023.

Finally, if you're concerned about your portfolio and the debt ceiling or just want to chat, **call me!** I help my clients make sense of their portfolios and look for potential timebombs. So, please, feel free to reach out. I can show you what I do for my private clients, and if it looks like a good fit, we can talk more. And if not, you'll at least get a second set of eyes on your portfolio.

And on that note, have a great week, and keep cashing those dividend checks! We'll pick this up next week.



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 |
|--|--------|------------|-----------|--------------|-----------|--------|----------------------|--------------|---------------|--------|
| W.P. Carey Inc | WPC | 4/26/2023 | \$73.59 | \$68.10 | \$59.92 | 6.27% | \$ - | -7.47% | Yes | Buy |
| Nuveen Real Estate Income Fund | JRS | 1/30/2023 | \$8.46 | \$6.89 | \$6.41 | 9.77% | \$ 0.17 | -16.56% | Yes | Buy |
| iShares MSCI Brazil ETF | EWZ | 12/26/2022 | \$28.79 | \$29.61 | \$20.15 | 11.85% | \$ - | 2.85% | Yes | Buy |
| Atlantica Sustainable Infrastructure | AY | 11/22/2022 | \$27.75 | \$25.47 | \$20.41 | 6.91% | \$ 0.89 | -5.01% | Yes | Buy |
| Cheniere Energy Partners | CQP | 8/4/2022 | \$46.49 | \$46.13 | \$41.42 | 7.57% | \$ 1.07 | 1.53% | No | Buy |
| Citigroup Inc | C | 6/23/2022 | \$47.34 | \$44.56 | \$36.00 | 4.58% | \$ 1.02 | -3.73% | Yes | Buy |
| ONEOK, Inc. | OKE | 4/28/2022 | \$65.50 | \$58.12 | \$47.91 | 6.43% | \$ 2.81 | -6.98% | Yes | Buy |
| Energy Transfer Partners | ET | 12/27/2021 | \$8.16 | \$12.74 | \$8.59 | 7.22% | \$ 0.87 | 66.77% | No | Buy |
| EPR Properties | EPR | 11/29/2021 | \$47.78 | \$41.79 | \$33.92 | 7.90% | \$ 3.20 | -5.85% | Yes | Buy |
| Chevron Corporation | CVX | 9/30/2021 | \$103.33 | \$156.48 | ##### | 3.63% | \$ 7.02 | 58.23% | Yes | Buy |
| ClearBridge Energy Midstream Opportunity | EMO | 5/26/2021 | \$21.94 | \$28.13 | \$20.49 | 7.25% | \$ 2.68 | 40.45% | 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 | \$ 42.44 | None | 5.18% | \$ 1.10 | 11.43% | Yes |
| Conagra Brands | CAG | 6/23/2022 | \$ 32.47 | \$ 35.22 | None | 3.75% | \$ 0.99 | 11.50% | Yes |
| The Clorox Company | CLX | 6/23/2022 | \$ 132.28 | \$ 159.42 | None | 2.96% | \$ 3.54 | 23.19% | Yes |
| Campbell Soup Company | CPB | 6/23/2022 | \$ 47.04 | \$ 51.70 | None | 2.86% | \$ 1.11 | 12.27% | Yes |
| Flowers Foods | FLO | 6/23/2022 | \$ 24.97 | \$ 26.06 | None | 3.38% | \$ 0.44 | 6.13% | Yes |
| General Mills | GIS | 6/23/2022 | \$ 67.90 | \$ 85.29 | None | 2.53% | \$ 1.62 | 28.00% | Yes |
| J.M. Smucker Company | SJM | 6/23/2022 | \$ 123.83 | \$ 149.35 | None | 2.73% | \$ 3.06 | 23.08% | Yes |
| Target Corporation | TGT | 6/23/2022 | \$ 141.08 | \$ 142.19 | None | 3.04% | \$ 3.24 | 3.08% | Yes |
| Coca-Cola Company | KO | 4/27/2022 | \$ 65.56 | \$ 60.98 | None | 2.89% | \$ 1.32 | -4.98% | Yes |
| Prologis | PLD | 10/29/2021 | \$ 146.67 | \$ 120.60 | None | 2.62% | \$ 3.79 | -15.19% | Yes |
| Crown Castle International | CCI | 10/29/2021 | \$ 181.90 | \$ 111.32 | None | 5.28% | \$ 7.45 | -34.71% | Yes |
| Philip Morris International | PM | 3/30/2021 | \$ 89.35 | \$ 92.75 | None | 5.48% | \$ 7.49 | 12.19% | Yes |
| Altria Group | MO | 3/19/2020 | \$ 37.10 | \$ 44.95 | None | 8.36% | \$ 10.60 | 49.73% | Yes |
| Realty Income | O | 3/19/2020 | \$ 48.08 | \$ 59.22 | None | 5.10% | \$ 8.40 | 40.64% | Yes |
| AT&T | T | 3/19/2020 | \$ 31.15 | \$ 16.01 | None | 6.94% | \$ 5.79 | -30.03% | Yes |
| Enterprise Products Partners | EPD | 3/19/2020 | \$ 14.52 | \$ 25.72 | None | 7.39% | \$ 5.51 | 115.01% | No |
| Kinder Morgan | KMI | 3/19/2020 | \$ 11.20 | \$ 16.48 | None | 6.74% | \$ 3.24 | 76.06% | Yes |
| Ventas | VTR | 3/19/2020 | \$ 19.98 | \$ 42.97 | None | 4.19% | \$ 5.74 | 143.81% | Yes |
| Public Storage | PSA | 3/19/2020 | \$ 187.60 | \$ 283.00 | None | 2.83% | \$ 35.15 | 69.59% | Yes |
| International Paper | IP | 3/19/2020 | \$ 30.13 | \$ 31.44 | None | 5.89% | \$ 4.77 | 20.15% | Yes |
| STAG Industrial | STAG | 3/19/2020 | \$ 21.71 | \$ 33.68 | None | 4.33% | \$ 4.23 | 74.63% | Yes |
| Retail Opportunity Investments | ROIC | 3/19/2020 | \$ 7.25 | \$ 12.27 | None | 4.89% | \$ 1.27 | 86.76% | Yes |

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