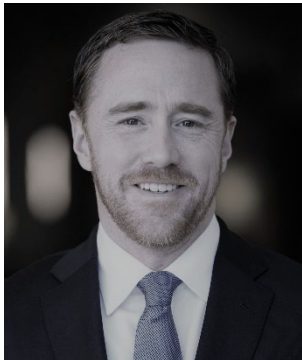


# The Sizemore Income Letter

June 9, 2023

## Waiting for the Fed...

By Charles Lewis Sizemore, CFA



Depending on who you ask, the S&P 500 “officially” entered a new bull market this week.

The index closed 20% higher from its October lows.

Now, hey, I’ll take it. Even though I am invested conservatively, I still have a good chunk of my portfolio invested in stocks, and a rising tide lifts all boats. Great!

But let’s be clear. The fact that the S&P 500 has risen 20% since October tells us exactly zero about where it is going from here.

Take a look at the chart below, which tracks the S&P 500 from 1999 to early 2003, a period following the dot-com crash. Starting in April 2001, the S&P jumped nearly 15% before rolling over and dying again. Starting in September 2001, the market rallied 21%, only to roll over and die again. It wouldn’t fully bottom out until 2003.



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Now, you tell me. Were these positive moves “bull markets” that were followed by bears? Or was this entire three-year stretch just one big bear market?

Again, it depends on who you ask and how they measure. But I’m pretty sure that, by the beginning of 2003, you wouldn’t have been in the mood to split hairs. It would have felt like one big, nasty bear market.

I can’t tell you for certain that that’s what we going through right now. But I do know that this is an exceptionally thin market driven by a very small number of stocks. If you strip out Apple, Microsoft, Alphabet, Amazon and Nvidia, the market is flattish on the year. And we’re still waiting to see what the Fed does next week. The futures markets are pricing in a 75% probability that the Fed pauses, but that looks like wishful thinking to me. I’d put the odds at closer to 50/50 based on the comments coming from actual Fed officials.

We’ll see. It’s entirely possible that we really are in a new bull market based on an expectation that inflation will continue to fall and that we avoid a real recession. Stranger things have happened. But I’m convinced enough just yet to make major portfolio changes. I continue to recommend stuffing excess cash in T-bills or money market funds.

One last comment before the weekend: We’re up about 2% in Nintendo since I recommended it in the May monthly issue. If you haven’t already bought shares, I recommend you do so in the coming week. If a market in which everything seems to be prices for perfection. Nintendo is remarkably cheap and poised to do fantastically well in the years ahead as they “Disneyfy” their intellectual property into movies, theme parks, toys and a host of over things.

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



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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
Nintendo Company Ltd	NTDOY	5/26/2023	\$10.69	\$10.95	\$8.34	3.49%	\$ -	2.43%	Yes	Buy
W.P. Carey Inc	WPC	4/26/2023	\$73.59	\$70.86	\$59.92	6.02%	\$ -	-3.71%	Yes	Buy
Nuveen Real Estate Income Fund	JRS	1/30/2023	\$8.46	\$7.37	\$6.41	9.77%	\$ 0.17	-10.87%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$31.59	\$20.15	11.11%	\$ -	9.73%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$24.62	\$20.41	7.15%	\$ 0.89	-8.07%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$44.25	\$41.42	7.89%	\$ 1.07	-2.52%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$48.29	\$36.00	4.22%	\$ 1.02	4.16%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$59.84	\$47.91	6.25%	\$ 2.81	-4.36%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$12.73	\$8.59	7.23%	\$ 0.87	66.61%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$45.37	\$33.92	7.27%	\$ 3.20	1.65%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$158.91	\$132.62	3.57%	\$ 7.02	60.58%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$29.15	\$20.49	7.00%	\$ 2.68	45.08%	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	\$ 43.28	None	5.08%	\$ 1.10	13.59%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 34.38	None	3.84%	\$ 0.99	8.93%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 156.66	None	3.01%	\$ 3.54	21.11%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 46.05	None	3.21%	\$ 1.11	0.27%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 25.13	None	3.50%	\$ 0.44	2.42%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 82.30	None	2.62%	\$ 1.62	23.59%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 153.57	None	2.66%	\$ 3.06	26.49%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 126.99	None	3.40%	\$ 3.24	-7.69%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 60.48	None	2.91%	\$ 1.32	-5.74%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 121.31	None	2.60%	\$ 3.79	-14.71%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 113.96	None	5.16%	\$ 7.45	-33.26%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 92.59	None	5.49%	\$ 7.49	12.01%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 45.23	None	8.31%	\$ 10.60	50.47%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 60.91	None	5.10%	\$ 8.40	44.14%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 15.96	None	6.96%	\$ 5.79	-30.19%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.01	None	7.31%	\$ 5.51	117.01%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 17.03	None	6.52%	\$ 3.24	81.02%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 45.73	None	3.94%	\$ 5.74	157.62%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 286.85	None	2.79%	\$ 35.15	71.64%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 31.68	None	5.84%	\$ 4.77	20.97%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 36.06	None	4.05%	\$ 4.23	85.60%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 13.49	None	4.45%	\$ 1.27	103.59%	Yes

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