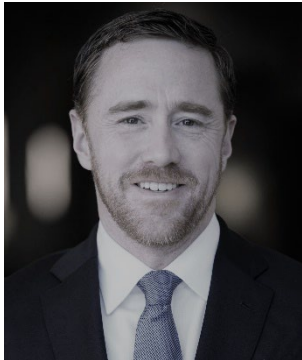


# The Sizemore Income Letter

September 15, 2023

## 5 Trillion Reasons

By Charles Lewis Sizemore, CFA



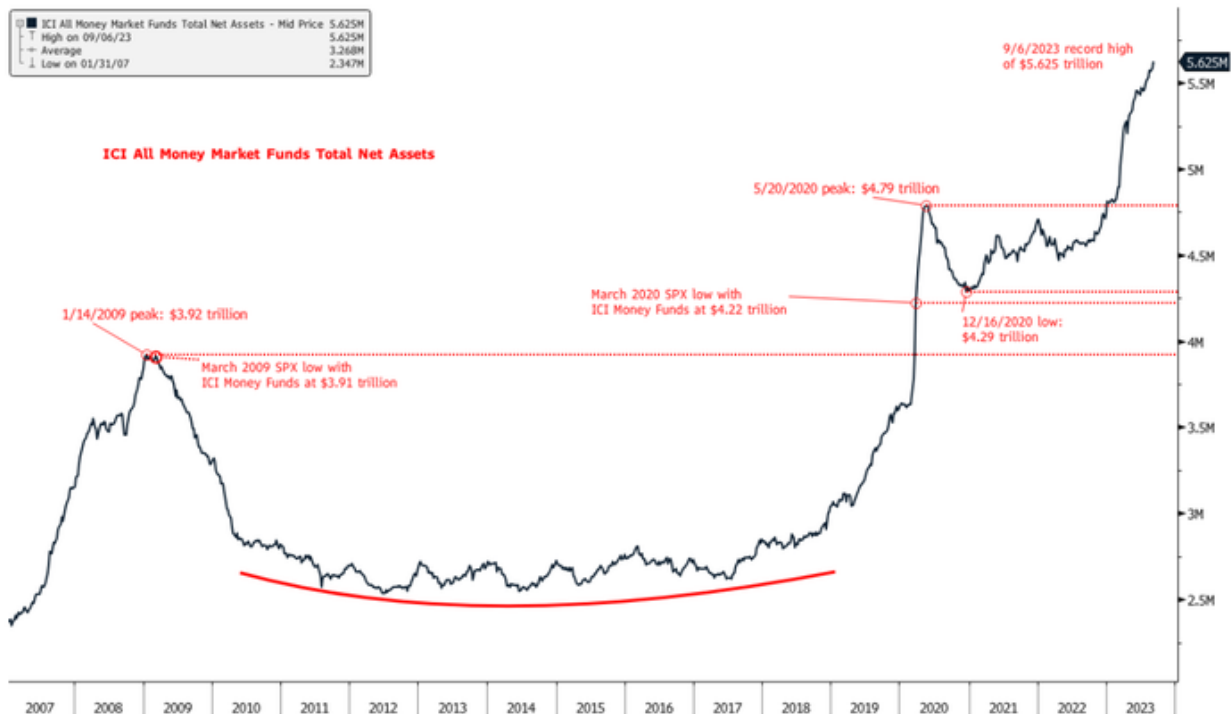
Financial media is notorious for hype-fueled headlines of very little substance. If I'm to be honest, I've been guilty of it myself.

But I saw a headline today from Bank of America "research" that left me shaking my head:

"5.6 trillion reasons the market is going higher"

The rationale is simple enough... and on the surface makes sense. At %5.6 trilion, there is a record amount of money sitting in money market funds. And the thinking is that all of that cash is just *waiting* to be redeployed to stocks.

Newsflash: *It's not.*



Source: BofA Global Research, Bloomberg

There is a reason that cash balances are at all-time highs. For the first time in 20 years, cash pays a respectable yield.

Faced with the choice between a risk-free 5% and rolling the dice for the possibility of making more in stocks, investors are choosing the guaranteed 5%.

Why wouldn't they?

I don't pretend that investors are rational or that the stock market is efficient. We all know better. Anyone who has ever traded a stock knows that investors constantly make irrational decisions and the market often resembles a casino.

But in the aggregate, money trends to flow to where it's treated best. Look at Bank of America's chart on the previous page. The long trough between 2010 and 2019 when cash balances were sub \$3 trillion was a period of zero interest rates and negative inflation-adjusted yields.

Gee, big surprise. When cash paid nothing, fewer people wanted to hold it. Now it actually pays a competitive yield. We're in a fundamentally different regime. Why would anyone assume that all of that money was just dying to be redeployed to expensive stocks?

For a year now, I've been telling my readers to keep their excess cash in T-bills. I'd reiterate that today.

By all means, hold on to your quality stocks. I expect to outperform the T-bill rate in my dividend stocks, and I expect our total returns, including both dividends and capital gains, to be solid.

But a balanced portfolio including a large allocation to short-term T-bills or money markets would seem like a no brainer right now.

You know me. I'm not a congenital bear. I tend to err on the side of bullishness. But I'm also capable of doing basic math and realize that 5% with no risk ain't too shabby.

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](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
NextEra Energy Partners, LP	NEP	6/30/2023	\$50.66	\$51.17	\$38.75	6.78%	\$ -	1.01%	Yes	Buy
Essential Properties Realty Trust	EPRT	8/4/2023	\$23.59	\$23.42	\$18.10	4.61%	\$ -	-0.74%	Yes	Buy
National Storage Affiliates Trust	NSA	6/30/2023	\$34.82	\$34.87	\$26.98	6.42%	\$ 0.56	1.75%	Yes	Buy
Nintendo Company Ltd	NTDOY	5/26/2023	\$10.69	\$10.63	\$8.34	3.49%	\$ -	-0.56%	Yes	Buy
W.P. Carey Inc	WPC	4/26/2023	\$73.59	\$64.13	\$59.92	6.66%	\$ 1.07	-11.40%	Yes	Buy
Nuveen Real Estate Income Fund	JRS	1/30/2023	\$8.46	\$7.03	\$6.41	9.77%	\$ 0.34	-12.88%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$32.32	\$20.15	10.86%	\$ 0.76	14.89%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$23.03	\$20.41	7.64%	\$ 1.34	-12.22%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$54.47	\$41.42	6.41%	\$ 1.07	19.47%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$42.84	\$36.00	4.76%	\$ 1.02	-7.36%	Yes	Buy
ONEOK, Inc.	OKE	4/28/222	\$65.50	\$67.94	\$47.91	5.51%	\$ 2.81	8.00%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$13.65	\$8.59	6.74%	\$ 0.87	77.94%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$42.43	\$33.92	7.78%	\$ 3.20	-4.50%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$167.06	\$132.62	3.40%	\$ 7.02	68.47%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$31.90	\$20.49	6.39%	\$ 2.68	57.61%	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	\$ 38.12	None	5.77%	\$ 2.22	3.22%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 29.07	None	4.54%	\$ 1.67	-5.34%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 146.18	None	3.23%	\$ 5.92	14.98%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 43.51	None	3.40%	\$ 1.85	-3.56%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 23.00	None	3.83%	\$ 0.89	-4.33%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 66.32	None	3.26%	\$ 2.75	1.72%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 126.83	None	3.22%	\$ 5.14	6.57%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 123.66	None	3.49%	\$ 5.42	-8.51%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 58.14	None	3.03%	\$ 2.22	-7.94%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 122.92	None	2.57%	\$ 5.53	-12.43%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 98.66	None	5.96%	\$ 10.58	-39.95%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 96.18	None	5.28%	\$ 10.03	18.87%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 44.01	None	8.54%	\$ 12.48	52.26%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 54.17	None	5.10%	\$ 9.93	33.32%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 15.22	None	7.29%	\$ 6.35	-30.76%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.97	None	7.05%	\$ 6.50	130.44%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 17.17	None	6.46%	\$ 3.81	87.32%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 44.54	None	4.04%	\$ 6.64	156.17%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 274.86	None	2.91%	\$ 41.15	68.45%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 34.43	None	5.37%	\$ 6.62	36.22%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 36.59	None	3.99%	\$ 4.97	91.44%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 13.97	None	4.30%	\$ 1.57	114.28%	Yes

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