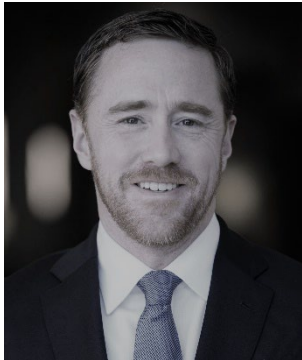


The Sizemore Income Letter

September 7, 2023

Just When You Think It's Over...

By Charles Lewis Sizemore, CFA



We got some news this morning that Mr. Market didn't particularly care for. Initial jobless claims dropped *hard* last week and are now sitting at multi-month lows. Rising jobless claims had given hope to the idea that the labor market – one of the biggest drivers of inflation – might be finally cooling... which might indicate that the Fed was nearing the end of its tightening cycle and we were on our way to that unicorn of outcomes, the rarely seen “soft landing.”

But the sudden drop in claims shows that the job market remains exceptionally hot... and so it looks more like the economy is overheating than slowing. So, we're probably not done with Fed tightening just yet...



What does this mean for our dividend plays?

Probably not much. Higher Fed funds rates make dividend stocks less attractive by comparison. But this trend has been in place for 18 months now, and I don't expect much selling left in quality dividend stocks.

As a case in point, let's look at my all-time favorite stock, Realty Income (NYSE: O). After the drubbing it's taken this year, the stock is trading at 2016 prices. Apart from the 2020 selloff, which was so quick I would argue it doesn't count as a point of reference, the stock is trading at 7 year lows. It yields about 5.6%.

Could the stock go lower? Of course. Prices can always go lower than logic or reason would dictate. Anyone that would ask that question has clearly never invested in the stock market.

Whenever you see a stock trading at a multi-year low, you should always be wary. Often it is a value trap, as its poor performance is indicative of deteriorating fundamentals.

But that's not what is happening here. Realty Income's revenues and revenues per share have been steadily increasing, and the REIT has raised its dividend every year over the period.



So, if you're not going to invest in a *growing* business when it's trading at a 7-year low... then when would you?

I use Realty Income as an example, but I could apply the same rationale to virtually all REITs and most high-yield dividend stocks. Weakness in the share price has been due to a repricing based on rising bond yields and inflation. That's it.

When does this trend run its course?

I don't have an answer, unfortunately. But I do expect it to be sooner rather than later, and in the meantime I'm happy to continue dollar cost averaging into my favorite stocks.

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
NextEra Energy Partners, LP	NEP	6/30/2023	\$50.66	\$47.67	\$38.75	6.78%	\$ -	-5.91%	Yes	Buy
Essential Properties Realty Trust	EPRT	8/4/2023	\$23.59	\$24.00	\$18.10	4.61%	\$ -	1.74%	Yes	Buy
National Storage Affiliates Trust	NSA	6/30/2023	\$34.82	\$33.82	\$26.98	6.62%	\$ 0.56	-1.28%	Yes	Buy
Nintendo Company Ltd	NTDOY	5/26/2023	\$10.69	\$10.75	\$8.34	3.49%	\$ -	0.51%	Yes	Buy
W.P. Carey Inc	WPC	4/26/2023	\$73.59	\$64.14	\$59.92	6.65%	\$ 1.07	-11.39%	Yes	Buy
Nuveen Real Estate Income Fund	JRS	1/30/2023	\$8.46	\$7.23	\$6.41	9.77%	\$ 0.34	-10.58%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$30.24	\$20.15	11.61%	\$ 0.76	7.65%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$22.13	\$20.41	7.95%	\$ 1.34	-15.44%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$53.46	\$41.42	6.53%	\$ 1.07	17.29%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$41.01	\$36.00	4.98%	\$ 1.02	-11.23%	Yes	Buy
ONEOK, Inc.	OKE	4/28/222	\$65.50	\$64.32	\$47.91	5.81%	\$ 2.81	2.48%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$13.75	\$8.59	6.69%	\$ 0.87	79.11%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$44.06	\$33.92	7.49%	\$ 3.20	-1.10%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$167.09	\$132.62	3.40%	\$ 7.02	68.50%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$31.41	\$20.49	6.49%	\$ 2.68	55.39%	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	\$ 38.44	None	5.72%	\$ 2.22	4.06%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 28.94	None	4.56%	\$ 1.67	-5.73%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 156.89	None	3.01%	\$ 5.92	23.08%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 41.85	None	3.54%	\$ 1.85	-7.10%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 22.88	None	3.85%	\$ 0.89	-4.81%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 65.45	None	3.30%	\$ 2.75	0.44%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 141.12	None	2.89%	\$ 5.14	18.11%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 124.16	None	3.48%	\$ 5.42	-8.15%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 58.68	None	3.00%	\$ 2.22	-7.12%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 123.12	None	2.57%	\$ 5.53	-12.29%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 100.04	None	5.88%	\$ 10.58	-39.19%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 93.57	None	5.43%	\$ 10.03	15.95%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 43.66	None	8.61%	\$ 12.48	51.31%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 55.30	None	5.10%	\$ 9.93	35.67%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 14.72	None	7.54%	\$ 6.35	-32.37%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.63	None	7.14%	\$ 6.50	128.10%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 16.68	None	6.65%	\$ 3.81	82.95%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 42.86	None	4.20%	\$ 6.64	147.76%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 272.02	None	2.94%	\$ 41.15	66.93%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 33.50	None	5.52%	\$ 6.62	33.14%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 36.96	None	3.95%	\$ 4.97	93.12%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 13.60	None	4.41%	\$ 1.57	109.24%	Yes

Disclaimer: Copyright 2023 Sizemore Financial Publishing LLC. This investment newsletter (the “Newsletter”) is created and authored by Charles Sizemore (the “Content Creator”) and is published and provided for informational and entertainment purposes only. The information in the Newsletter constitutes the Content Creator’s own opinions. None of the information contained in the Newsletter constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable for any specific person. You understand that the Content Creator is not advising, and will not advise you personally concerning the nature, potential, value or suitability of any particular security, portfolio of securities, transaction, investment strategy or other matter. To the extent any of the information contained in the Newsletter may be deemed to be investment advice, such information is impersonal and not tailored to the investment needs of any specific person. From time to time, the Content Creator or its affiliates may hold positions or other interests in securities mentioned in the Newsletter and may trade for their own accounts based on the information presented. The material in this Newsletter may not be reproduced, copied or distributed without the express written permission of Sizemore Financial Publishing LLC.