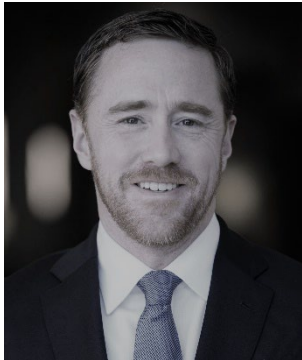


The Sizemore Income Letter

October 6 2023

What's Killing the Income Market?

By Charles Lewis Sizemore, CFA



I can answer the question in the headline with one word: Bonds!

Long-term bond yields have been exploding higher over the past month. Rising bond yields mean falling bond prices... and falling prices of everything that tends to get priced relative to bonds.

The 10-year Treasury now yields 4.8%. So, a dividend stock that looked great at a 2% yield back when Treasuries yielded around 2% suddenly doesn't look so great. Its price needs to fall to the point that its yield is competitive.

Well... about that...

Take a look at the Forever Portfolio on the last page. Between dividend growth and price declines, we have several offering yield that are as high or higher than the 10-year Treasury.



October 6, 2023

Conagra (NYSE: CAG) – quite possibly the world’s most boring packaged foods company – yields over 5%. Target (NYSE: TGT) and Flowers Foods (NYSE: FLO) both yield comfortably over 4%, and their dividends are generally taxed at a more favorable rate than bond interest. And I haven’t said a word about the REITs in the portfolio, which are sporting their highest yields in a *long* time.

I should be very clear that I do not know when the yield spike runs its course. There is no playbook for this and precious few historical examples. We may already be in the middle of a reprieve.

But I can tell you this. **Inching into positions in the Forever Stocks makes sense.** I don’t recommend you push every free nickel into them just yet. We may still have more pain, and better prices might be around the corner. Because we can’t know for sure, I recommend taking it step by step and averaging in.

I have one quick note to make. I never updated our original cost basis in AT&T (NYSE: T) to take into account the Time Warner spinoff last year. We’re still at a loss in the stock, as AT&T’s performance has been terrible over the past few years. But it’s a much smaller loss once you take into account the Time Warner divestiture.

That’s all I have for the moment 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
Essential Properties Realty Trust	EPRT	8/4/2023	\$23.59	\$21.55	\$18.10	4.61%	\$ -	-8.67%	Yes	Buy
National Storage Affiliates Trust	NSA	6/30/2023	\$34.82	\$30.86	\$26.98	7.26%	\$ 0.56	-9.76%	Yes	Buy
Nintendo Company Ltd	NTDOY	5/26/2023	\$10.69	\$10.49	\$8.34	3.49%	\$ -	-1.92%	Yes	Buy
Nuveen Real Estate Income Fund	JRS	1/30/2023	\$8.46	\$6.57	\$6.41	9.77%	\$ 0.34	-18.32%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$29.26	\$20.15	12.00%	\$ 0.76	4.26%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$52.51	\$41.42	6.65%	\$ 1.07	15.25%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$40.79	\$36.00	5.00%	\$ 1.02	-11.68%	Yes	Buy
ONEOK, Inc.	OKE	4/28/222	\$65.50	\$63.50	\$47.91	6.02%	\$ 2.81	1.22%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$13.41	\$8.59	9.25%	\$ 0.87	75.00%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$41.68	\$33.92	7.92%	\$ 3.20	-6.07%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$162.64	\$132.62	3.71%	\$ 7.02	64.19%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$30.10	\$20.49	8.64%	\$ 2.68	49.41%	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	\$ 34.92	None	6.30%	\$ 2.22	-4.97%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 26.17	None	5.04%	\$ 1.67	-14.27%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 126.94	None	3.72%	\$ 5.92	0.44%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 38.91	None	3.80%	\$ 1.85	-13.34%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 21.36	None	4.12%	\$ 0.89	-10.88%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 61.75	None	3.50%	\$ 2.75	-5.01%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 114.42	None	3.57%	\$ 5.14	-3.45%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 105.42	None	4.10%	\$ 5.42	-21.43%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 52.56	None	3.35%	\$ 2.22	-16.44%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 109.37	None	2.89%	\$ 5.53	-21.66%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 90.57	None	6.49%	\$ 10.58	-44.40%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 91.52	None	5.55%	\$ 10.03	13.65%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 42.10	None	8.93%	\$ 12.48	47.10%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 50.25	None	6.11%	\$ 9.93	25.17%	Yes
AT&T	T	3/19/2020	\$ 23.69	\$ 14.29	None	7.77%	\$ 6.35	-12.90%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.97	None	7.42%	\$ 6.50	130.47%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 16.31	None	6.93%	\$ 3.81	79.64%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 40.14	None	4.48%	\$ 6.64	134.15%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 262.80	None	3.04%	\$ 41.15	62.02%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 34.93	None	5.30%	\$ 6.62	37.88%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 34.43	None	4.24%	\$ 4.97	81.49%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 11.56	None	5.19%	\$ 1.57	81.03%	Yes

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