The Sizemore Income Letter

October / November 2023

Outlook for 2024 and Beyond

By Charles Lewis Sizemore, CFA

As I mentioned in the last update, I'm doing things a little different this month. I'm writing an expanded, deluxe issue for October and November. Rather than just pick another income stock, I'm going to give a more comprehensive forecast of what we should expect in 2024 and beyond. (And also add a few new income stocks. That's a given!)

Let me start by saying I'm neither a Pollyanna permabull nor a perpetual doom-and-gloomer permabear. I have my biases. We all do. But I try look past my biases and really weigh the evidence.

So, with all of that said, let's jump into it starting with the 2024 outlook.

Before I get too wonky, I'll give you a quick summary of what I expect for the stock market.

We're seasonally in the strongest time of year to be invested. November and December are generally good months. But it's important to remember that seasonality is a market tendency and absolutely not some fundamental law of the universe.

Last year, the S&P 500 was down nearly 6% in December. In December of 2018, the S&P 500 was down over 9%. So again, we're talking about averages, not absolutes.

But, historically, November and December tend to be strong months. The vast majority (68% and 71%, respectively) are positive, and they rank as the second and third most profitable months with average returns of 1.4% and 1.2%, respectively.

Monthly S&P 500 Returns

Monthly Return Stats for the S&P500 1964-2022

	Avg Return	% Positive	Best	Worst	Std Dev
Jan	1.0%	58%	13%	-9%	5.0%
Feb	0.0%	54%	7%	-11%	3.9%
Mar	1.0%	64%	10%	-13%	3.9%
Apr	1.6%	73%	13%	-9%	4.1%
May	0.2%	59%	9%	-8%	3.6%
Jun	0.1%	58%	7%	-9%	3.4%
Jul	0.8%	53%	9%	-8%	4.1%
Aug	0.1%	56%	12%	-15%	4.8%
Sep	-0.6%	46%	9%	-12%	4.4%
Oct	1.1%	61%	16%	-22%	6.0%
Nov	1.4%	68%	11%	-11%	4.4%
Dec	1.2%	71%	11%	-9%	3.5%

Source: Topdown Charts, Refinitiv   Posted on ISABELNET.com   topdowncharts.com

Figure 1

Furthermore, we're coming off a really lousy stretch between the end of July and the end of October.

And capping it off, Wall Street loved the inflation report that came out Monday. Inflation came in flat month-over-month and up 3.2% year-over-year. The analyst expectation was inflation of 3.3%.

So, apparently, a 0.1% difference in an inflation estimate for a single month makes all the difference in the world!

I don't believe that, of course, and I'll have more to say about it in a minute. But Wall Street took it as a bullish sign and sent stocks, bonds and just about everything else sharply higher.

So, until something changes, I think it's likely that November and December end up being strong months.

But…

Don't get complacent. We have several issues at play that should keep a cap on stock prices:

1. Overreliance on expected Fed rate cuts that may or may not happen.
2. Structural dysfunction in government and the ongoing risk of a shutdown or default.
3. Realization that our long-term fiscal outlook is unsustainable.
4. Recession risk.

Let's start with the Fed.

There has been a major disconnect all year between what Chairman Jerome Powell is saying… and what investors actually seem to be hearing.

S&P 500

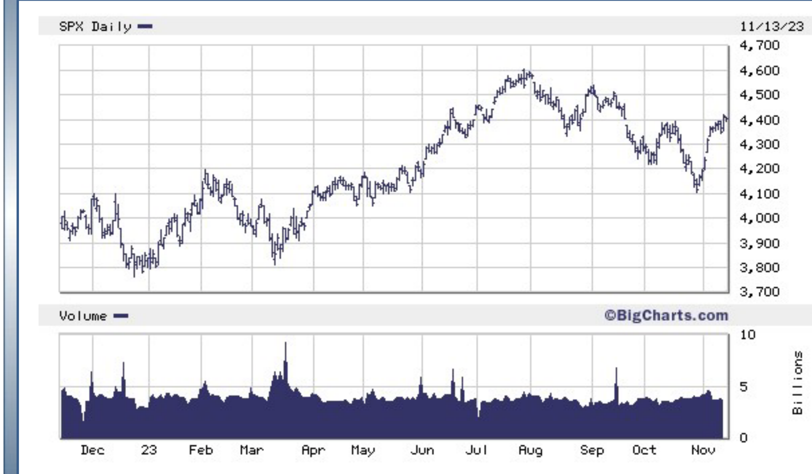


Figure 2

Probabilities of Fed Rate Cuts

CME FEDWATCH TOOL - MEETING PROBABILITIES

MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575	575-600
12/13/2023			0.0%	0.0%	0.0%	0.0%	0.0%	85.7%	14.3%	0.0%
1/31/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	73.3%	24.6%	2.1%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.3%	66.5%	21.5%	1.8%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	30.8%	50.0%	14.3%	1.1%
6/12/2024	0.0%	0.0%	0.0%	0.0%	1.9%	17.2%	40.4%	32.3%	7.7%	0.6%
7/31/2024	0.0%	0.0%	0.0%	1.0%	10.4%	30.1%	35.8%	18.6%	3.7%	0.3%
9/18/2024	0.0%	0.0%	0.6%	6.4%	21.6%	33.4%	26.0%	10.1%	1.8%	0.1%
11/7/2024	0.0%	0.3%	3.3%	13.4%	27.0%	30.0%	18.7%	6.3%	1.0%	0.1%
12/18/2024	0.2%	2.1%	9.5%	21.9%	28.9%	23.0%	11.0%	3.0%	0.4%	0.0%

Figure 3

Right now, futures traders are pricing in a 10% probability that the Fed cuts rates by the March meeting (Figure 3). They are also pricing in 40% probability that rates are 0.25% lower by June and a 17% probability that rates are 0.5%.

But as recently as July, the market was pricing in far faster and deeper rate cuts. The futures markets were pricing in an 84% probability that that rates would drop by March… and a 47% probability that rates would be lower by 0.5% or more.

Throughout this year, Powell's comments have been a steady drumbeat of phrases like "job's not done yet, "significant progress to be made," "higher for longer" and even more recently, "head fake."

The only reason the Fed hasn't jacked rates even higher than they already have is that they worry they'll break the financial system and push us into recession. And that's a real threat, by the way. We can't ignore that risk, and I'll have more on that shortly.

Look, I consider Powell an absolute moron. He kept extreme, extraordinary pandemic-era monetary policy in place for fully a year too long. (I won't criticize his decision to flood the market with liquidity for the first six months of the pandemic, but by October of 2020 he should have already started scaling back to something closer to normal. Instead, he kept his foot on the gas into early 2022.)

So again, I am not going to say something asinine like "the Fed has this under control." The Fed bears a lot of responsibility for the mess we're in by keeping policy too loose for too long. But even Powell is smart enough to see that. And I don't believe we can expect the Fed to be as accommodating during the next recession.

We can get philosophical here. Bear with me. I promise this has a point.

It's no secret that our government has been dysfunctional for years. It's pointless to assign blame to one party or the other because the problem is structural. We have an incentive

Federal Reserve Balance Sheet

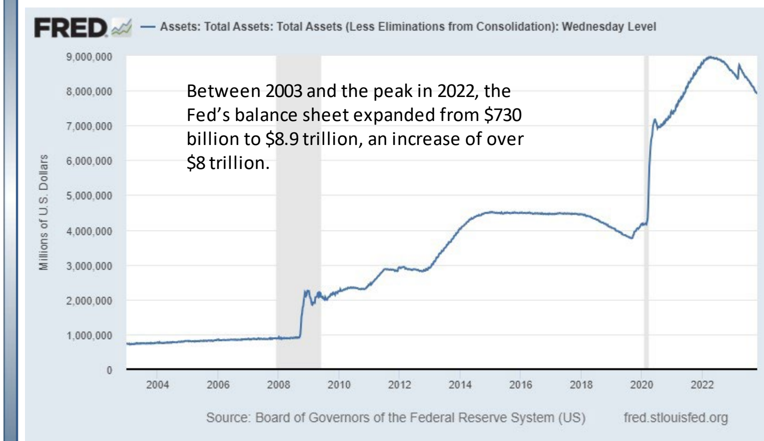


Figure 4

10-Year Treasury

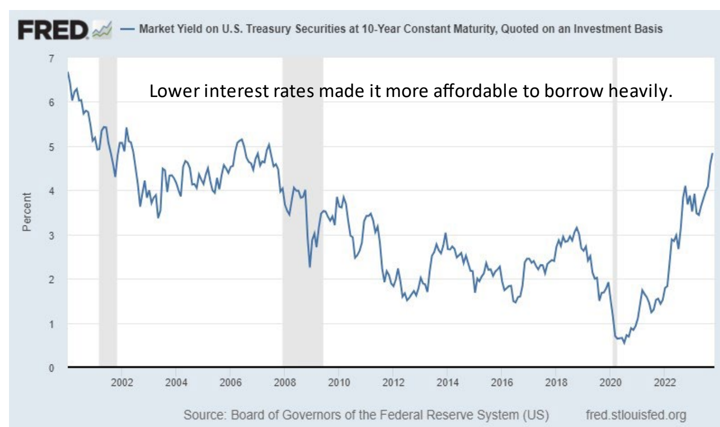


Figure 5

Total Federal Debt

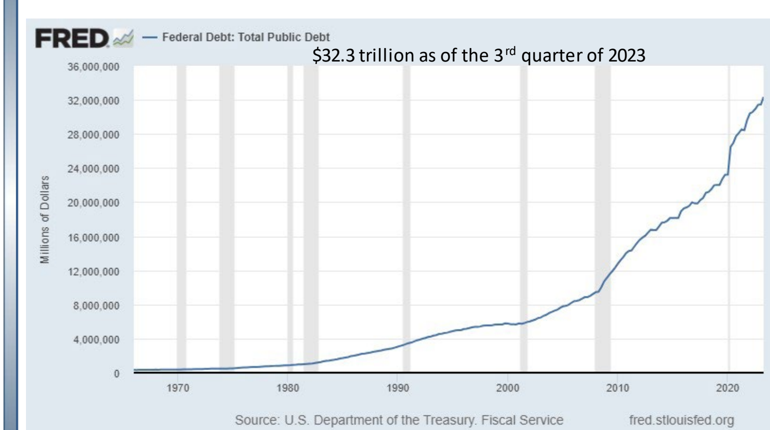


Figure 6

problem in which a politicians popularity within their own party is tied directly to their ability to generate outrage in t he other party.

Why?

Because outrage is a very powerful and addictive drug. You and I will spend longer in front of the TV or in front of a computer screen when we're angry rather than when we're content. And every extra minute we spend being angry is another dollar generated in advertising.

The current media business model depends on permanent outrage all the time… and so we're permanently outraged all the time.

republican, spouting off inflammatory or seemingly asinine drivel, they are doing it because it keeps them relevant in the news cycle and gets them followed on social media.

They are incentive to behave like this… so they behave like this.

I have no proposed solution. I'm a money manager, not a government policy wonk.

But I say all of this because it comes back to the Federal Reserve. Take a look at **Figures 4, 5 and 6** on the previous page.

This is how this has played out.

The Fed has flooded the market with liquidity over the past 20 years, raising the size of its balance sheet from about $730 to just shy of $9 trillion (Figure 4).

This helped to push the yields on government bonds to lows that no one previously believed possible (Figure 5).

And because debt was cheap, it was "affordable" to rack up a lot more of it. Congress would have never been able to rack up $33 trillion in debt (Figure 6) if it had to pay an interest rate commensurate with the risk.

But hey, money was free, so why *not* borrow? It's certainly easier than actually negotiating with the other side and finding compromises that didn't push our country into insolvency.

I'll return to that in a minute.

But let's first get back to inflation and specifically the CPI inflation report from Tuesday.

Was the CPI Inflation Report Actually Good News?

I'll start by stating what should be obvious.

We know the CPI figures are not exact. They can't be, and they don't even pretend to be. They are designed to be the government's best estimates of inflation at that particular point in time. Estimates based on incomplete data and subject to a lot of statistical noise.

Side note: I'm not going to delve into the tired argument that the government manipulates the number. That's not really relevant here, and it never really made sense to me. Most of the people that work in the Labor Department are professional bureaucrats. They continue in their role regardless of whether there is a republican or democrat in the White House. They have no incentive to systematically lie because they have no incentive to keep one party or the other in power. They collect their paycheck either way. But that's a longer argument for another day.

But while I don't believe the government "lies" in the inflation reports, you still

Core CPI Inflation

Figure 7

have to take them with an enormous grain of salt. They are estimates. Nothing more nothing less.

So…

On what planet does a headline inflation number for a single month rising by exactly 0.1% less than previously expected signify a game-changing moment for the stock market?

Let's look at Core CPI inflation, which is what the Fed actually focuses on. Core CPI is indeed trending lower. But the rate of decline is actually slowing, and at 4%, the inflation rate is still literally double the Fed's stated target of 2%.

We'd really need to see the decrease in the rate of inflation to speed up for rate cuts to be a possibility any time soon.

Interestingly enough, inflation really has gone into reverse in several items. The cost of airfare actually fell 13.2% year over year. Rental cars and used cars were down 9.6% and 7.1%, respectively. And furniture and appliances were down 2.9% and 2.0%, respectively.

This is prime example of the need to be careful what you wish for. Falling prices on most of these items also reflect a lack of demand. I've been writing about the dearth of demand in particular for furniture and appliances as an extension of the freeze in the housing market. Home sales are down, so the purchases of things that people tend to buy when they buy a new home are also down. And all of this points to the recession risk I mentioned earlier… and yes, more on that in a minute. I promise.

I'm still not done with inflation.

I expect that the Fed is going to really struggle to get inflation much lower than it is today because we have several structural trends in place that point to higher inflation… and lower output. The dreaded stagflation.

You can grow the economy essentially two ways. You can add more labor or you can add more capital. Yes, other factors come into play, such as the education of the workforce, the cost of capital, etc. But all of these are subfactors that ultimately roll into labor or capital.

Let's start with labor.

Working Age Population

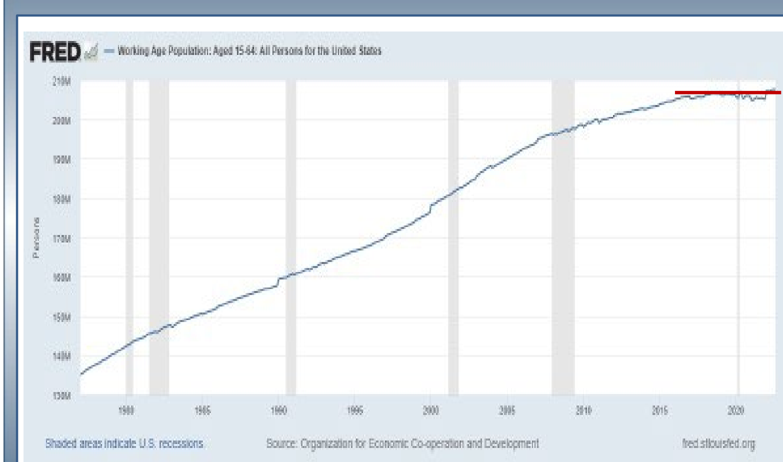


Figure 8

Labor Force Participation

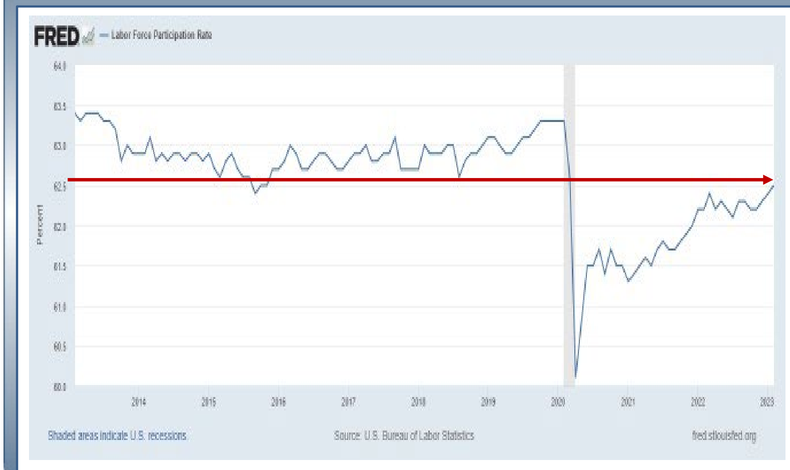


Figure 9

Teenage Labor Force Participation

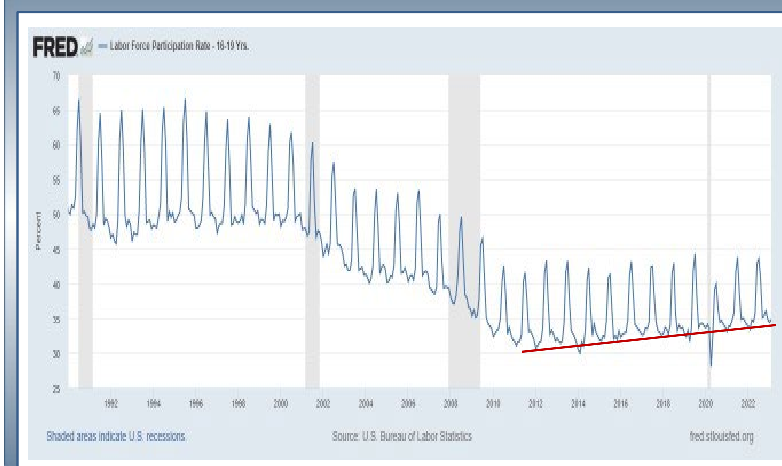


Figure 10

The U.S. working-age population (Figure 8) has been essentially unchanged since 2015. As Baby Boomers have aged out of the workforce, they have just barely been replaced by Gen Z aging into it. But the number of bodies available to be put to work hasn't really budged.

That's part of the story. The other part is labor force participation. Not everyone available to work actually works. Moms decide to take off to raise kids. Children take time off to care for elderly parents. Boomers decide to retire early. A 20-something decides to take a gap year and live in a teepee. Whatever.

Labor force participation dropped in the pandemic for obvious reasons. A lot of businesses were shuttered, and free money was arriving via government checks.

But now, labor force participation is more or less back where it was pre-pandemic. Getting the labor force participation rate much higher that it is today is going to involve either getting Boomers who retired early to come back to work (which is a really tough sell when you've already checked out) or convincing teenagers to work.

And we're seeing that, in fact. After trending lower since the mid-1990s, teenage labor force participation has been trending higher since about 2012.

But let's get serious. Teenage workers are generally part-time and generally not all that productive. They're too young to have acquired much in the way of skills, and a job is something they do for gas or beer money. It's not their priority.

This is a long way of saying that wage pressures aren't going away any time soon. Labor is scarce, and that's not something the Fed can change by tinkering with interest rates. Even if we had a new baby boom starting TODAY, it would be another 20 years before it make any meaningful dent in the labor shortage.

The only other option is a massive increase in immigration, and that is a political nonstarter at the moment. And even if political moods shifted TODAY, the supply of would-be immigrants is also dropping due to falling birthrates in most of the countries that have traditionally supplied us with labor.

There are several consequences of the labor dearth:

1. Companies will continue to find it difficult to find the labor they need to grow.
2. The labor they do find will be expensive.
3. Expensive labor feeds into the wage-price inflation loop.
4. Expensive labor cuts into corporate profits… and thus potentially makes equities less attractive.

This is why the Fed is in a pickle. Raising rates won't necessarily kill the structural drivers of inflation… but cutting rates will do little to boost output and will just send us down the now familiar path of higher asset prices but not higher economic output.

We're looking at some variety of stagflation.

I'm aware that doom mongering is rarely profitable. As a general rule, victory belongs to the optimists. And there is a lot to be optimistic about. We're in the very early stages of the artificial intelligence and robotics boom that promises to boost productivity on a level we haven't seen since the dawn of the Industrial Revolution. This is an amazing time to be alive.

I'm a little embarrassed to admit this, but when I'm on road trips I tend to hit the McDonalds drive through hard. Don't judge me… I like the iced coffee as an early afternoon pick-me-up, and I can eat a basic McDonald's cheeseburger while driving without making a mess.

Investment in American Manufacturing

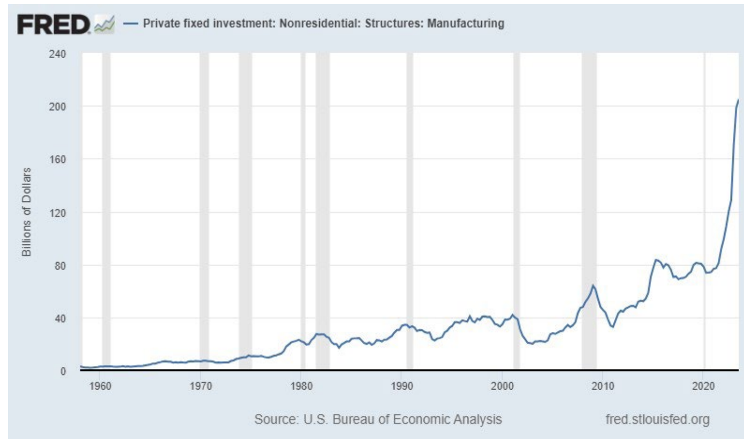


Figure 11

But if the drive-through line is too long, I prefer to walk inside and order.

Have you been inside a McDonald's lately?

There are no workers. Or at least there are a lot fewer than there used to be. There will generally be a line of kiosks to enter your order yourself and *maybe* one employee manning a register.

The modern McDonald's is investing in technology to replace workers that it knows it will never be able to find at a reasonable price.

Been to a McDonald's Lately?

Where are the workers?

And this is just the beginning.

Because labor is no longer an option, we'll grow our economy with labor-saving capital investments (see Figure 11 on previous page). But that's also a long-term project. Ultimately, these investments in tech will contribute to deflation, or falling prices. But that might be years or even a decade from now. And meanwhile…

The Breakdown in Globalization

There's another wrinkle to contend with.

It's not just American workers that have to be replaced. It's also Chinese workers.

When China opened itself to global capitalism in 1978, it marked the unofficial end of the chronic stagflation of the 1970s and ushered in more than four decades of falling inflation and strong, robust growth. Globalization meant that Chinese *deflation* was exported across the globe. Cheap labor in China meant cheap manufactured goods across the globe.

That model was looking frail by the mid-2010s. As wages in China rose, the cost advantages shrank. In 1990, the average urban Chinese worker took home barely $1,000 per year. By 2022, the average urban Chinese worker made close to $50,000, according to Chinese digital marketing agency GMA.

I've seen other estimates come in lower than that. *Forbes* quote the average wage in China at a little over $16,000, though this also includes lower-paid rural workers.

Pick any number you'd like, but it's going to tell the same story. Labor in China is no longer cheap and abundant. The single biggest factor driving globalization over the past half century

US Imports from China

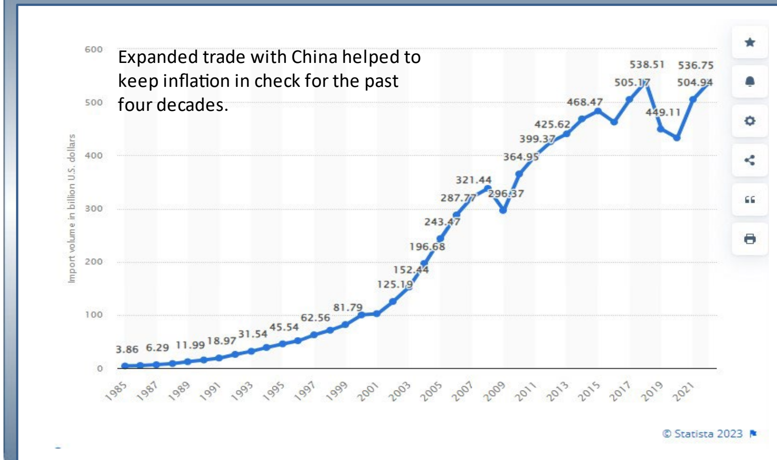


Figure 12

Exodus From China

Forbes

Manufacturing Moving Out Of China For Friendlier Shores

Aug 7, 2023, 03:41pm EDT

Betsy Atkins Contributor

I'm a board vet writing about corporate governance & business trends

Follow

Some examples of major companies that are considering moving some of their manufacturing away from China include:

- **Intel** INTC +0.4%: Intel has said that it is considering moving some of its manufacturing out of China to the United States to comply with U.S. government regulations.
- **Microsoft** MSFT +2.3%: Microsoft has said that it is considering moving some of its manufacturing out of China to Europe to reduce supply chain risks.
- **Nike** NKE +3.9%: Nike has said that it is considering moving some of its manufacturing out of China to Southeast Asia to improve quality and reduce costs.
- **Dell**: Dell has announced that it will be moving some of its manufacturing out of China to Vietnam and Mexico to reduce costs and improve efficiency.

Figure 13

is now dead on arrival. So, even if President Biden and his Chinese counterpart Xi Jinping were to hold hands and declare themselves best friends forever on national TV, China is no longer in a position to export deflation. China now exports inflation.

Even in a best-case scenario, the "China as an export er of deflation" story is dead. But this isn't a best-case scenario. On top of this you have the growing rivalry between China and the US that has been simmering for years and

Federal Debt as a % of GDP

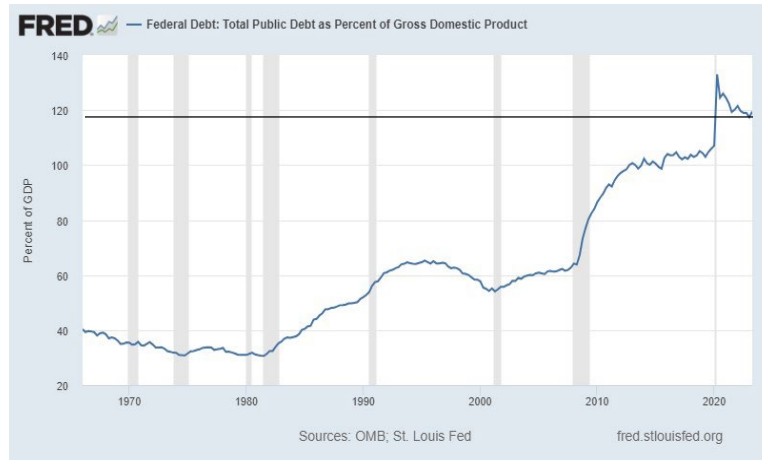


Figure 14

Total Federal Spending

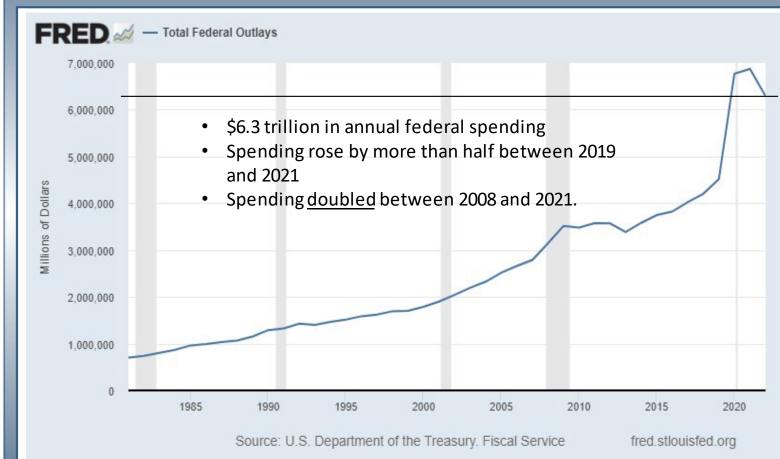


Figure 15

making it harder and harder to do business in the China. And that was <u>before</u> Covid-10 blew up the world. Once the pandemic hit, corporate America realized quickly just how risky and fragile a far-flung global supply chain could be.

We are now in the era of deglobalization. Virtually every major company in America is looking to mitigate their China risk by moving production closer to home.

As is the case with the American labor shortage, in the short-to-medium term, this is pushing inflation higher. But it's also creating a new American industrial renaissance as production moves closer to home and corporate America invests hundreds of billions of dollars in robotics, automation and logistics infrastructure.

So, it's inflation – and stagflation – today. But disinflation and deflation probably another 7-10 years down the road.

Uncle Sam Is In No Position to Help

Structural forces point to stagflation in the years ahead.

And unfortunately, the fiscal position of the U.S. has deteriorated to the point that the government isn't going to be in much of a position to help. When I was born, total U.S. debt stood at about 30% of GDP (Figure 14). Today, it's 120%.

That MIGHT be tolerable if the debt was used to invest in the infrastructure to fuel the growth of tomorrow. But we know it wasn't. It was mostly spent on transfer payments and bombs.

It might also be tolerable if we weren't adding to the debt to tune of well over a trillion dollars per year. The budget deficit this year alone is forecast to finish around $1.7 trillion.

Total federal spending rose by more than half since 2019 and has doubled since 2008. And again, very little of this went into "investment." It was just spent, gone forever.

I won't waste time pointing fingers for the blame here. While the government has been dysfunctional for 20 years, that somehow hasn't stopped Congress for spending money it doesn't have.

I'm not delusional. I know Congress won't be balancing the budget tomorrow. As I have joked before, I'm more likely to get drafted as the next starting point guard for the Los Angeles Lakers than Congress is to balance the budget.

But I also know that we're at the end of the road for this model. We now spend as much on interest – about 16% of the national budget – as we do on the military. And the more we add to the debt pile by deficit spending, the higher that percentage goes.

We're starting to see the bond market revolt. I say "starting" because I hardly consider a 5% 10-year yield to be a sign of distress. But it's a start. And yields are likely to go higher as investors increasingly lose confidence, which will force the government to get spending under something resembling control.

Again, Congress won't be balancing the budget tomorrow. But the deficits will have to start shrinking.

But here's the thing…

You can only cut deficits one of two ways. You either cut spending or you raise taxes. And both of those take money out of the economy. That dollar not spent by the government doesn't show up as revenue on some company's income statement, and that extra dollar taken in taxes is a dollar not available to be spent.

What does all of this mean? I'll sum it up like this:

- From 1980 to the present, government budget deficits have helped to goose the economy.
- This is no longer sustainable, and a slowdown in deficit spending will be a major headwind for the foreseeable future.

Recession Risk

Let's talk about the "R" word.

I don't spend a lot of time worrying about recessions because, frankly, most of them tend to be mild. They're a part of the business cycle, and good, strong businesses generally have little problem navigating them.

Nevertheless, earnings do tend to fall in a recession, and stock prices tend to follow earnings. Stock prices have fallen about 30% on average during U.S. recessions.

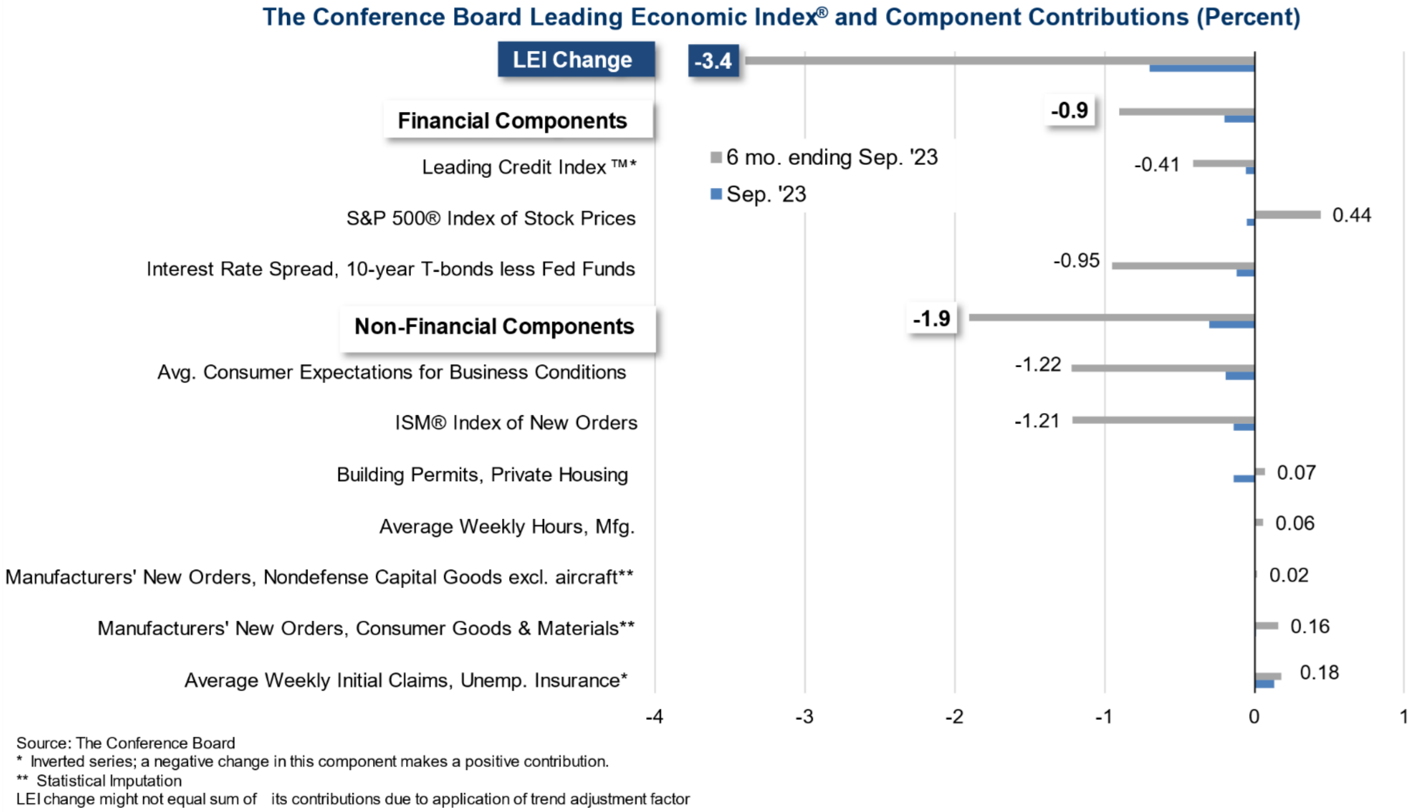
The yield curve has been inverted for about 16 months, and an inverted yield curve has traditionally been an accurate predictor of recessions.

But I am the first to admit the "normal" numbers are hard to interpret because of the skewing effects of the pandemic and the post-pandemic spending spree. Also, the labor stats that would generally indicate recession are ridiculously skewed due to the labor shortage issues I mentioned earlier.

Strictly speaking, *we had a recession in 2022*. We had two consecutive quarters in which GDP was negative, fitting the traditional definition. But the National Bureau of Economic Research (NBER) opted not to "officially" declare that a recession, largely because the labor market was still really strong and a lot of the other traditional recession markers weren't in place.

So… what happens next?

Let's take a look at the Conference Board's Leading Economic Indicators.



The numbers here look awful.

In September, the last month for which we have data, nine out of the ten components making up the leading index were negative. The only positive component was weekly initial jobless claims, and again, we know this labor market isn't normal.

Looking at a six month average (the grey line), the story doesn't get much better. The only strongly positive factor is the performance of the S&P 500. Of course, even this has been skewed by the performance of the "Magnificent 7" large-cap tech stocks that have pulled the entire index higher.

We know that consumers are in a tight spot. Inflation has eaten into their budgets, the pandemic-era savings windfall has been exhausted, credit card delinquencies are rising, and now student loan payments have resumed.

This economy has defied all expectations for months now, but I do think a recession is likely sooner rather than later. Will it be a weak Christmas shopping season that triggers it?

Maybe. We'll see. But until I see something that really proves otherwise, all evidence points to some sort of recession in 2024.

Summing Up the Macro Outlook for 2024 and Beyond

I'm an optimist at heart, and I prefer to spend my limited mental bandwidth looking for opportunities rather than fretting about everything that could go wrong.

Furthermore, crises bring with them fantastic opportunities, and as I explained, there is an almost unlimited runway for companies able to effectively replace scarce human labor with machines or, even better, lines of code.

But while we'll hunt for opportunities where we find them, I am definitely bearish about the broader market over the next decade. It's not realistic to avoid stocks entirely, of course, and I still plan to hold my "Forever" stocks indefinitely. But I also believe that looking outside the traditional markets to shorter term strategies and to alternative investments makes sense.

If you want to discuss some of these options, **call me**. I am very happy to give your portfolio a complimentary review, And if you decide that my diversification strategies make sense for your portfolio, we can absolutely implement them.

In the meantime, let's make some money. As I started this letter, in spite of the nasty outlook in 2024, I do think we're likely to see a good finish to this year in the market. But I believe it makes sense to focus on quality and recession resistance.

About As Recession Proof as You Can Get

This month, I'm going to recommend you pick up shares of the world's most profitable garbage man: **Waste Management (NYSE: WM).**

You've no doubt seen Waste Management's trucks rumbling by your neighborhood. Waste Management operates over 15,000 collection routes and 254 landfills.

But more than just collecting the trash, the company finds ways to profit from it via its recycling / recovery facilities and its landfill-to-gas renewable energy. WM converts your garbage into natural gas… which in then in turn uses to fuel its own fleet of trucks.

Waste Management

Figure 16

Waste Management Dividend

Figure 17

And remember what I said about the need to automate to replace scarce human labor? Well, WM does that too, investing in automated recycling facilities. Waste Management has turned the unpleasant task of garbage collection and turned it into a profitable business with few large competitors. This is a company that regularly generates returns on equity of 25% to 30%... hauling and processing trash.

It also converts those profits into a rising stream of dividends (Figure 17).

WM is not a high-yielder. It's current dividend yield is just 1.6%.

But this is a perfect Forever Stock because the company raises that dividend like clockwork every year. The payout is up 22% over the past two years alone and up 92% over the past decade.

I want stocks that are:

1. Recession proof
2. Government insolvency proof
3. Inflation proof

Waste Management checks each of those boxes.

So, with no further ado...

Action to Take: Buy shares of Waste Management (NYSE: WM) at market. Plan to hold <u>forever</u>.

My second addition this month needs very little in the way of introduction. It's the world's largest retailer, **Walmart (NYSE: WMT)**.

Walmart is not a traditional "dividend stock." It's always been a low-yielder, and today the stock yields about 1.6%.

But we're not buying Walmart for the yield. We're buying it because it's about as close to Armageddon proof as you can get. As I mentioned with Waste Management, I want companies that are largely recession proof, government insolvency proof and inflation proof. Walmart checks all of those boxes.

Walmart (NYSE: WMT)

Figure 18

Walmart Dividend

Figure 19

My enduring memory of Walmart will be its response to Hurricane Katrina in 2005. Walmart's logistics system was able to deliver food and water to the hurricane refugees on a size and scale that the US Army couldn't handle. When the government failed, Walmart succeeded. And it's only gotten stronger in the years that have passed.

Walmart is also investing heavily in artificial intelligence, using AI to manage its inventory this Christmas. Walmart's system will recognize a top-selling toy in a particular region and automatically send more of that item to those stores with no need for human intervention.

Per the company:

This year, over 15% of stores will receive merchandise from automated distribution centers, helping to get items off trucks and onto the sales floor faster and more efficiently.

Walmart built its reputation by offering "Every Day Low Prices," which was only possible because it ruthlessly controls costs. Labor is one of those costs, and there is no reality in which a $17.50 average hourly wage is tolerable for a company whose entire identity revolves around keeping its expenses cut to the bone.

If Walmart must pay $17.50 per hour, you can be sure it will squeeze a lot more productivity out of fewer people by using AI and automation technology to replace manhours.

Action to Take: Buy shares of Walmart (WMT) at market. Plan to hold forever.

That's going to wrap it up for the month.

Until next time, keep cashing those dividend checks!

P.S.: Apart from writing this newsletter, I run a full-service wealth management firm along with my colleagues. At 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 think your portfolio is a little too exposed to the stock market alternatives that can offer competitive 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	$23.41	$18.10	4.61%	$ 0.28	0.42%	Yes	Buy
National Storage Affiliates Trust	NSA	6/30/2023	$34.82	$33.71	$26.98	6.64%	$ 0.56	-1.58%	Yes	Buy
Nintendo Company Ltd	NTDOY	5/26/2023	$10.69	$11.56	$8.34	3.49%	$ -	8.14%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	$28.79	$33.63	$20.15	10.44%	$ 0.76	19.44%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	$46.49	$57.73	$41.42	6.05%	$ 1.07	26.48%	No	Buy
Citigroup Inc	C	6/23/2022	$47.34	$44.86	$36.00	4.55%	$ 1.02	-3.08%	Yes	Buy
ONEOK, Inc.	OKE	4/28/222	$65.50	$66.06	$47.91	5.78%	$ 2.81	5.13%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	$8.16	$13.35	$8.59	9.29%	$ 0.87	74.31%	No	Buy
EPR Properties	EPR	11/29/2021	$47.78	$46.46	$33.92	7.10%	$ 3.20	3.92%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	$103.33	$145.38	$132.62	4.15%	$ 7.02	47.49%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	$21.94	$32.87	$20.49	7.91%	$ 2.68	62.01%	Yes	Buy

The Forever Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?
Walmart	WMT	11/15/2023	$ 168.96	$ 168.96	None	1.35%	$ -	0.00%	Yes
Waste Management	WM	11/15/2023	$ 171.98	$ 171.98	None	1.63%	$ -	0.00%	Yes
National Retail Properties	NNN	9/29/2022	$ 39.07	$ 39.06	None	5.63%	$ 2.22	5.64%	Yes
Conagra Brands	CAG	6/23/2022	$ 32.47	$ 28.29	None	4.67%	$ 1.67	-7.73%	Yes
The Clorox Company	CLX	6/23/2022	$ 132.28	$ 137.47	None	3.43%	$ 5.92	8.40%	Yes
Campbell Soup Company	CPB	6/23/2022	$ 47.04	$ 40.73	None	3.63%	$ 1.85	-9.47%	Yes
Flowers Foods	FLO	6/23/2022	$ 24.97	$ 21.28	None	4.14%	$ 0.89	-11.22%	Yes
General Mills	GIS	6/23/2022	$ 67.90	$ 65.29	None	3.31%	$ 2.75	0.20%	Yes
J.M. Smucker Company	SJM	6/23/2022	$ 123.83	$ 111.39	None	3.66%	$ 5.14	-5.90%	Yes
Target Corporation	TGT	6/23/2022	$ 141.08	$ 130.87	None	3.30%	$ 5.42	-3.40%	Yes
Coca-Cola Company	KO	4/27/2022	$ 65.56	$ 57.08	None	3.08%	$ 2.22	-9.54%	Yes
Prologis	PLD	10/29/2021	$ 146.67	$ 110.97	None	2.85%	$ 5.53	-20.57%	Yes
Crown Castle International	CCI	10/29/2021	$ 181.90	$ 103.00	None	5.71%	$ 10.58	-37.56%	Yes
Philip Morris International	PM	3/30/2021	$ 89.35	$ 90.64	None	5.60%	$ 10.03	12.67%	Yes
Altria Group	MO	3/19/2020	$ 37.10	$ 40.26	None	9.34%	$ 12.48	42.14%	Yes
Realty Income	O	3/19/2020	$ 48.08	$ 52.68	None	5.83%	$ 9.93	30.22%	Yes
AT&T	T	3/19/2020	$ 23.69	$ 15.71	None	7.07%	$ 6.35	-6.91%	Yes
Enterprise Products Partners	EPD	3/19/2020	$ 14.52	$ 26.27	None	7.61%	$ 6.50	125.65%	No
Kinder Morgan	KMI	3/19/2020	$ 11.20	$ 16.98	None	6.66%	$ 3.81	85.58%	Yes
Ventas	VTR	3/19/2020	$ 19.98	$ 44.62	None	4.03%	$ 6.64	156.57%	Yes
Public Storage	PSA	3/19/2020	$ 187.60	$ 261.54	None	3.06%	$ 41.15	61.35%	Yes
International Paper	IP	3/19/2020	$ 30.13	$ 33.99	None	5.44%	$ 6.62	34.76%	Yes
STAG Industrial	STAG	3/19/2020	$ 21.71	$ 35.89	None	4.07%	$ 4.97	88.21%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	$ 7.25	$ 12.65	None	4.74%	$ 1.57	96.14%	Yes

Preferred Stock Trading at Deep Discounts

Stock	Ticker	Buy Date	Buy Price	Current Price	Discount to Par	Yield	Cumulative Dividends	Total Return
AGNC Investment Corp Preferred	AGNCP	3/31/2023	$19.72	$20.95	-16%	8.04%	$ -	6.24%
Goldman Sachs Series A Preferred	GS.PRA	3/31/2023	$20.42	$21.70	-13%	6.69%	$ -	6.27%
Bank of America Corp Floating Rate Non-Cumulative Preferred Stock, Series 5	BML.PRL	3/31/2023	$20.24	$20.57	-18%	6.53%	$ 0.33	3.28%
Morgan Stanley | Floating Rate Non-Cumulative Preferred Stock, Series A	MS.PRA	3/31/2023	$20.28	$21.69	-13%	6.77%	$ -	6.95%