

# The Sizemore Income Letter

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## The Fed Gives Us A Breather

By Charles Lewis Sizemore, CFA

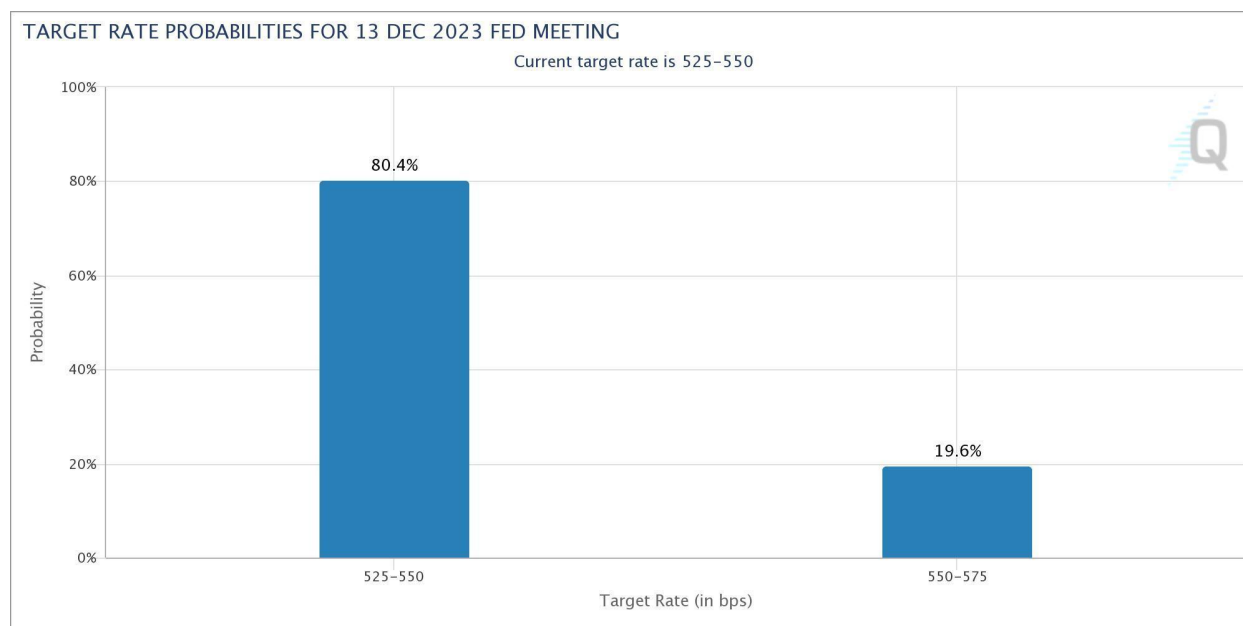


Let me start by acknowledging that I owe you a monthly issue. Apologies for the delay. I'll plan on releasing a larger October and November issue with multiple new income plays within the next week or two.

With virtually every income-oriented investment in free fall over the past month, I found that every time I sat down to write the regular monthly issue, my words were already obsolete by the time I got them on paper. It's been moving *that* fast.

There are some signs that the worst is behind us, at least for the time being. We still have a major supply/demand imbalance, with a \$1.7 trillion budget deficit to finance and the biggest buyer of the past 15 years – the Federal Reserve – now a net seller. So I don't believe the bond bear market is over, *per se*. But the market is reacting positively to the Fed's decision to keep the Fed funds rate unchanged at a range of 5.25% to 5.5%.

Traders are also pricing in an 80% probability that the Fed leaves rates unchanged again in the December meeting.



I'm not so sure about that. Mr. Market has consistently heard what he wanted to hear from Fed Chair Jerome Powell rather than what he is actually saying. His theme all year has been "higher for longer," and his actions have actually backed it up. Yet the investors seem to act surprised every time he reaffirms it.

"The process of getting inflation sustainably down to 2% has a long way to go," were his exact words. That doesn't sound to me like he believes the job is done.

We'll see. The market took the news well, but the market was also wildly oversold and "looking" for a reason to bounce. And perhaps after a brutal three months, we'll get one.

I do have one bit of good news. It really does look like the bleeding has stopped in REIT-land. Using my favorite REIT Realty Income (NYSE: O) as a proxy, it looks like investors have finally gotten comfortable with REIT prices. Even as bond yields continued to surge throughout October, Realty Income's stock price remained remarkably stable. (The dip towards the end of the month was in response to the REIT's announced merger with Spirit Realty and not related to the surge in bond yields.)



I still expect bond yields to drift higher over the next few months. The long dormant “bond vigilantes” seem to have finally reawakened to the reality of trillion-dollar deficits with no end in site and decided to price bonds accordingly. But this has also given us a really nice entry point in our quality REITs and dividend stocks.

I'll have more to say on this next week, until then, 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
Essential Properties Realty Trust	EPRT	8/4/2023	\$23.59	\$23.08	\$18.10	4.61%	\$ 0.28	-0.97%	Yes	Buy
National Storage Affiliates Trust	NSA	6/30/2023	\$34.82	\$29.59	\$26.98	7.57%	\$ 0.56	-13.41%	Yes	Buy
Nintendo Company Ltd	NTDOY	5/26/2023	\$10.69	\$10.61	\$8.34	3.49%	\$ -	-0.75%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$31.54	\$20.15	11.13%	\$ 0.76	12.18%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$58.62	\$41.42	5.95%	\$ 1.07	28.39%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$41.35	\$36.00	4.93%	\$ 1.02	-10.50%	Yes	Buy
ONEOK, Inc.	OKE	4/28/222	\$65.50	\$66.65	\$47.91	5.73%	\$ 2.81	6.04%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$13.64	\$8.59	9.09%	\$ 0.87	77.82%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$45.24	\$33.92	7.29%	\$ 3.20	1.38%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$148.76	\$132.62	4.06%	\$ 7.02	50.76%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$32.92	\$20.49	7.90%	\$ 2.68	62.26%	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	\$ 38.84	None	5.66%	\$ 2.22	5.08%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 27.67	None	4.77%	\$ 1.67	-9.64%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 123.01	None	3.84%	\$ 5.92	-2.53%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 41.28	None	3.59%	\$ 1.85	-8.30%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 22.29	None	3.95%	\$ 0.89	-7.15%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 66.24	None	3.26%	\$ 2.75	1.61%	Yes
J. M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 114.07	None	3.58%	\$ 5.14	-3.73%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 111.07	None	3.89%	\$ 5.42	-17.43%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 57.09	None	3.08%	\$ 2.22	-9.53%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 104.72	None	3.02%	\$ 5.53	-24.83%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 97.55	None	6.03%	\$ 10.58	-40.56%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 90.94	None	5.59%	\$ 10.03	13.01%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 40.67	None	9.25%	\$ 12.48	43.26%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 50.03	None	6.14%	\$ 9.93	24.71%	Yes
AT&T	T	3/19/2020	\$ 23.69	\$ 15.73	None	7.06%	\$ 6.35	-6.80%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.37	None	7.58%	\$ 6.50	126.34%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 16.90	None	6.69%	\$ 3.81	84.91%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 43.97	None	4.09%	\$ 6.64	153.32%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 248.26	None	3.22%	\$ 41.15	54.27%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 34.05	None	5.43%	\$ 6.62	34.98%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 35.19	None	4.15%	\$ 4.97	84.99%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 12.36	None	4.85%	\$ 1.57	92.14%	Yes

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