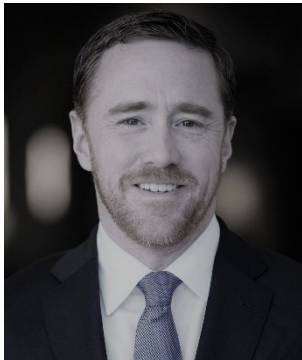


The Sizemore Income Letter

December 7, 2023

Updating Your 401k Allocation for 2024

By Charles Lewis Sizemore, CFA



It's been a while since I've updated the model 401k portfolio, and with the end of year upon us, now seems as good of a time as any.

If you've been reading the Sizemore Income Letter for any length of time at all, you know that I am playing things conservatively right now. This is not because I believe a stock market crash is imminent. Only time will tell on that front. But my conservatism stems from the very simple fact that we are no longer in a zero-rate world.

We're getting a little over 5% to sit in 6-12-month US Treasury bills. I believe a well-constructed stock portfolio should outperform that over time, but I also know that a stock portfolio is going to bring with it a lot more volatility, particularly given the macro uncertainty surrounding the election, the ongoing government funding crisis and the still yet-to-be-fully-felt effects of the Fed's tightening spree. It's also worth noting that stocks are expensive by virtually all historical metrics.

I'm a big believer in taking the safe 5% in this environment. We'll take more risk when it makes sense. But that's not today.

Keep in mind that this is a generic allocation. I don't know your financial situation, and this allocation may or may not be right for you. But let me explain it like this. I would consider this to be an appropriate portfolio for an investor in their prime earnings years, say in their 50s or 60s.

First Qtr 2024 401(k) Model Allocation

Sector	%
T-Bills or Money Market Accounts	50%
Large Cap Value	20%
Large Cap Growth	15%
Real Estate Investment Trusts	10%
Gold / Precious Metals / Commodites	5%

Figure 1

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If you're younger than that, you might want to slightly up the allocation to Large Cap Value or Large Cap Growth and slightly reduce allocation to t-bills.

If you're older, consider doing the opposite. Shave a little off of the Large Cap Growth and Value funds and possibly a little off the REITs too. I'd recommend that most investors, regardless of age, maintain that 5% allocation to gold.

Keep in mind that every 401k plan is a little different and yours may not offer dedicated REIT or gold/commodity funds. If that is the case, just increase your allocations to Large Cap Growth and Value proportionately.

The beauty of asset allocation is that it doesn't have to be done with surgical precision. Getting "generally" right will usually be good enough.

Also, I'd like to put out my usual invitation. If you'd like to discuss your 401k or any other part of your portfolio one-on-one, please reach out. I help families manage their portfolios and make sense of this crazy world we find ourselves in.

I'll have more to say on this next week, until then, keep cashing those dividend checks!

A handwritten signature in blue ink that reads "Charles Lewis Sizemore". The signature is fluid and cursive, with a long horizontal stroke at the end.

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	\$24.82	\$18.10	4.61%	\$ 0.28	6.40%	Yes	Buy
National Storage Affiliates Trust	NSA	6/30/2023	\$34.82	\$35.86	\$26.98	6.25%	\$ 0.56	4.60%	Yes	Buy
Nintendo Company Ltd	NTDOY	5/26/2023	\$10.69	\$11.55	\$8.34	3.49%	\$ -	8.04%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$33.74	\$20.15	10.40%	\$ 0.76	19.82%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$60.85	\$41.42	5.74%	\$ 1.07	33.19%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$46.71	\$36.00	4.37%	\$ 1.02	0.82%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$69.28	\$47.91	5.51%	\$ 2.81	10.05%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$13.76	\$8.59	9.01%	\$ 0.87	79.29%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$45.97	\$33.92	7.18%	\$ 3.20	2.91%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$142.84	\$132.62	4.23%	\$ 7.02	45.03%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$34.35	\$20.49	7.57%	\$ 2.68	68.78%	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	\$ 168.88	\$ 155.75	None	1.46%	\$ -	-7.77%	Yes
Waste Management	WM	11/15/2023	\$ 172.02	\$ 173.07	None	1.62%	\$ -	0.61%	Yes
National Retail Properties	NNN	9/29/2022	\$ 39.07	\$ 41.70	None	5.28%	\$ 2.22	12.40%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 28.77	None	4.59%	\$ 1.67	-6.25%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 141.44	None	3.34%	\$ 5.92	11.40%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 40.40	None	3.66%	\$ 1.85	-10.17%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 21.45	None	4.10%	\$ 0.89	-10.51%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 64.55	None	3.35%	\$ 2.75	-0.88%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 116.13	None	3.51%	\$ 5.14	-2.07%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 132.86	None	3.25%	\$ 5.42	-1.98%	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	\$ 118.66	None	2.66%	\$ 5.53	-15.33%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 117.94	None	4.99%	\$ 10.58	-29.35%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 92.55	None	5.49%	\$ 10.03	14.81%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 42.58	None	8.83%	\$ 12.48	48.41%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 54.90	None	5.59%	\$ 9.93	34.84%	Yes
AT&T	T	3/19/2020	\$ 23.69	\$ 17.23	None	6.44%	\$ 6.35	-0.47%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.67	None	7.50%	\$ 6.50	128.41%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 17.51	None	6.45%	\$ 3.81	90.36%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 46.93	None	3.84%	\$ 6.64	168.13%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 268.83	None	2.98%	\$ 41.15	65.23%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 36.44	None	5.08%	\$ 6.62	42.91%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 36.10	None	4.04%	\$ 4.97	89.18%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 13.46	None	4.46%	\$ 1.57	107.31%	Yes

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