

9/28/2023



Clients,

Every individual, family, organization, business, government - struggles to keep alive, to keep the lights on and shining forward. That is true for every living thing. Our government is struggling to survive nefarious parasites more interested in their own aggrandizement than in our common welfare.

With that as context, I'd like to broaden the scope of these quarterly missives and include a poem I wrote in 1962 and recently found. (The original referred to "men".) My college had a club for the English majors, Sigma Tau Delta, that sponsored a contest. It was the winning poem. It still has relevance for me.

Darkness

No moon enlightens the huge black dome,
Only an occasional star shines forth,
As if the Creator with a pin,
Had pricked the dome
And allowed the feeble light within.

The darkness covers all.
Peace and quiet reign
Much as ignorance rules
The complacent minds.

A star falls,
Breaking the peace with a shower of red.
All is calm again.

An idea pricked the mind.
Light breaks the peace
Of the complacent mind.
But the mind cannot harbor intrusion,
Darkness soon envelopes the light.

All is calm again.

Wenzel Analytics is a continuing endeavor I make to shine a light forward, to make a contribution and be connected with you.

If you haven't noticed, I am changing my focus. The balance of investments has shifted from a goal of price appreciation in excess of the markets to high and steady income. The context is that over the past hundred years, the stock market has had a compound annual growth rate of about 9.5%. We can get that with dividends from preferred stocks and other high dividend securities, with cash coming in continuously rather than to wait for a sale, and without the uncertainty of declining valuations for a year or sometimes much more. As we are getting older, more of you are taking regular withdrawals. The dividends mean that we usually don't have to sell positions at undesirable prices to meet your withdrawal needs.

On top of income, we still have opportunities for gains upon call or sale. This past quarter the value of Hersha Hospitality, held in twenty-five accounts, was also recognized by an acquisition announcement which gave us a 30% bump up. The median price of all preferred stocks held is \$19.50, meaning that if we wait until they are also called for \$25 there will be a gain between now and then of 28%. Of course, that is not an annual rate, and could be long into the future. The difference is that instead of investing primarily for gains, I have shifted to investing primarily for dividend income, leaving the gains to be bonus.

An alternative to mutual funds.

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