

## Style Shift Coming? High Growth Stocks Strengthening, High-Income Securities Already Strong

There were signs this past week that high-growth stocks could be regaining momentum, as high-income stocks are already strong. For example, while big-dividend BDCs and Mortgage REITs have been strong this year, most high-growth stocks have lagged, but this week that story showed signs of a shift as high-growth ARKK-ETF type stocks gained, while the overall market (e.g. S&P 500) was down.

That's not to say high-income stocks can't remain strong (they usually do until the next crisis knocks them off their perch), but when growth stocks get momentum—they can run for a while (far higher than most people expect), and again—growth stocks could have a long way to run considering they've

### Highlights:

#### New Reports:

- Upstart Holdings (High Growth)
- Attractive 5.5% Yield Healthcare REIT

#### Last Week's Reports:

- Top 10 Fintech Stocks (High Growth)
- More members-only Reports

#### Stock Notes:

- Roku & SHOP team up
- Watchlists (one Income, one Growth)

#### Portfolio Updates:

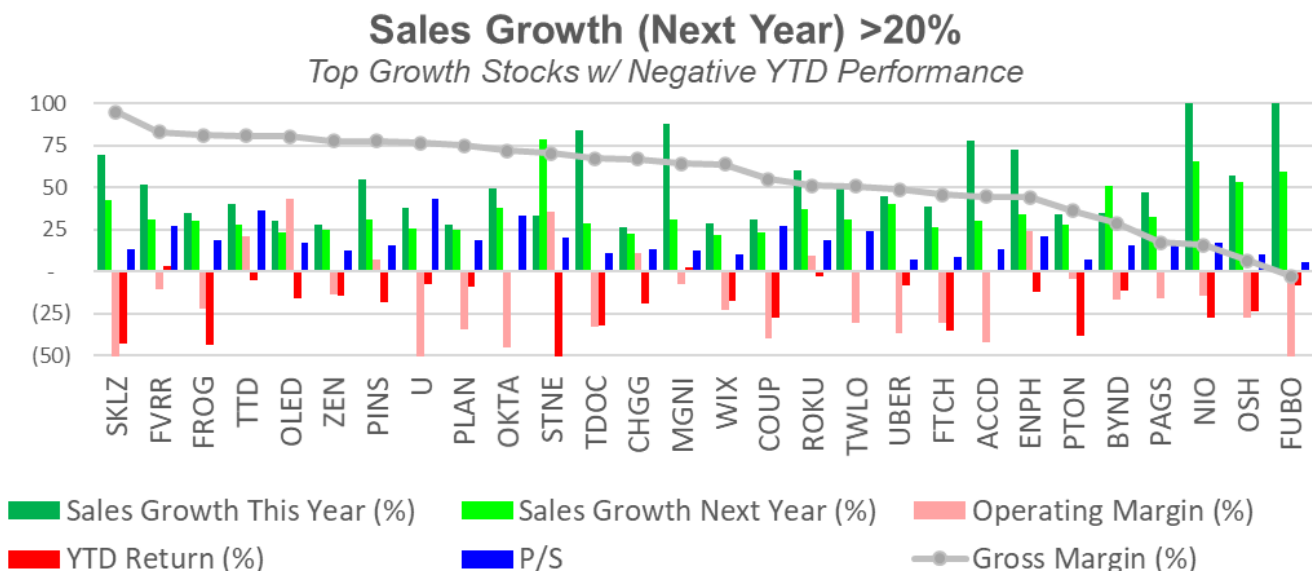
- Income Equity Portfolio
- Disciplined Growth Portfolio

#### About Blue Harbinger:

- About





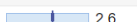





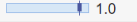
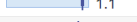
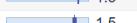



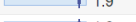
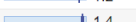
been relatively weak this year (following the "rise and fall" of the '20-'21 covid trade).

For perspective, here is a look at some top growth stocks that have performed poorly so far this year:





And to follow through on this narrative that income-securities have been strong this year, here is some data on big-dividend mortgage REITs and BDCs (sorted by market cap).

**Business Development Companies (BDCs):**

Ticker	Company	Div. Yield	YTD Return	P/B	5-Year Price / Book Range
SPY	SPDR S&P 500 ETF ...	1.3%	19.9%	-	
ARCC	Ares Capital	8.2%	26.5%	1.1	0.5  1.5
FSK	FS KKR Capital	11.6%	46.6%	0.8	0.3  1.7
ORCC	Owl Rock Capital	8.6%	19.0%	1.0	0.5  1.3
PSEC	Prospect Capital	9.0%	56.8%	0.8	0.4  1.0
MAIN	Main Street Capital	6.1%	34.9%	1.8	0.7  1.9
GBDC	Golub Capital BDC	7.5%	16.4%	1.0	0.6  2.6
HTGC	Hercules Cap	7.7%	23.6%	1.4	0.6  1.6
GSBD	Goldman Sachs BDC	9.5%	4.1%	1.2	0.5  3.3
TSLX	Sixth Street Specialty	7.4%	20.5%	1.3	0.7  1.4
OCSL	Oaktree Specialty Len...	8.1%	36.9%	1.0	0.4  1.3
NMFC	New Mountain Finance	9.0%	25.5%	1.0	0.4  1.2
BCSF	Bain Capital Specialty	9.0%	30.5%	0.9	0.4  1.2
AINV	Apollo Investment Cor...	9.6%	30.8%	0.8	0.3  1.0
SLRC	SLR Investment	8.6%	15.9%	0.9	0.3  1.1
TCPG	BlackRock TCP Capital	8.8%	28.8%	1.0	0.3  1.3
CGBD	TCG BDC	9.2%	43.2%	0.9	0.3  1.5
BBDC	Barings BDC	7.7%	26.3%	1.0	0.5  1.6
NEWT	Newtek Business Ser...	13.0%	51.1%	1.7	0.7  2.6

CSWC	Capital Southwest	7.3%	53.7%	1.6	0.5  1.9
PFLT	PennantPark Floating ...	8.9%	29.7%	1.0	0.3  1.2
TPVG	TriplePoint Venture Gr...	9.0%	31.2%	1.2	0.2  1.4
GAIN	Gladstone Investment	6.0%	46.6%	1.1	0.5  1.3
PNNT	Pennant Park Investm...	7.4%	49.4%	0.7	0.2  0.9
FDUS	Fidus Investment	7.0%	44.3%	1.0	0.3  1.3
GLAD	Gladstone Capital	6.9%	35.3%	1.3	0.5  1.6
HRZN	Horizon Technology Fi...	7.3%	32.1%	1.5	0.5  1.6
SAR	Saratoga Investment	7.3%	46.1%	1.0	0.3  1.4
WHF	WhiteHorse Finance	9.3%	19.5%	1.0	0.4  1.2
BKCC	BlackRock Capital Inv	10.3%	56.1%	0.8	0.2  1.0
SCM	Stellus Cap Investment	8.4%	30.3%	1.0	0.4  1.3
SUNS	SLR Senior Investment	7.8%	13.2%	1.0	0.4  1.4
PTMN	Portman Ridge Finance	9.9%	36.7%	0.8	0.2  1.3
MRCC	Monroe Capital	9.8%	35.9%	0.9	0.4  1.4
OXSQ	Oxford Square Capital	10.4%	42.5%	0.8	0.4  1.2
MFIN	Medallion Financial	-	61.2%	0.8	0.1  1.0
OFS	OFS Capital	9.2%	55.6%	0.8	0.3  1.3
PFX	PhenixFIN	-	50.8%	0.7	0.1  0.8

**Mortgage Real Estate Investment Trusts:**

Ticker	Company	Div. Yield	YTD Return	P/B	5-Year Price / Book Range
NLY	Annaly Capital Manag...	9.9%	10.1%	1.1	0.4  1.3
AGNC	AGNC Investment	8.9%	9.7%	0.9	0.5  1.1
STWD	Starwood Property Trust	7.6%	36.7%	1.6	0.5  1.7
NRZ	New Residential Inv	9.0%	15.6%	1.0	0.2  1.7
BXMT	Blackstone Mortgage ...	8.0%	17.5%	1.2	0.5  1.5
CIM	Chimera Investment	8.6%	57.6%	1.0	0.3  1.3
ABR	Arbor Realty Trust	7.6%	37.3%	1.6	0.4  2.1
ARI	Apollo Commercial Real	9.2%	43.6%	0.9	0.2  1.1
TWO	Two Harbors Investment	10.2%	9.0%	1.2	0.2  1.3
MFA	MFA Finl	7.4%	26.3%	0.8	0.0  1.2
PMT	PennyMac Mortgage	9.6%	17.0%	0.9	0.3  1.3
NYMT	New York Mortgage Tr...	9.3%	24.4%	0.9	0.2  1.4
RWT	Redwood Trust	6.5%	53.7%	1.1	0.2  1.3
LADR	Ladder Cap	7.1%	19.2%	0.9	0.3  2.0
BRMK	Broadmark Realty Ca...	8.3%	4.9%	1.2	0.6  1.4
KREF	KKR Real Estate Fina...	8.0%	25.8%	1.0	0.5  2.5
RC	Ready Capital	11.1%	28.9%	1.0	0.3  2.7

We continue to own select BDCs and mREITs (mainly for the high income), but we don't expect them to post-similar high price returns in the next 9 months (like they did over the last 9 months) because valuations are increasingly full (mREITs and BDCs we much slower to recover from the initial covid selloff than were technology stocks, for example). Nonetheless some attractive opportunities do remain.

**New Reports:**

This week we shared a new report with members on an attractive healthcare REIT (link below), and we described it as follows:

**[Healthcare REIT: 5.5% Yield, Healthy Growth](#)**

The 5.5% dividend yield healthcare REIT we review in this report is attractive. Its dividend is well covered (82% payout ratio) and is likely to grow (considering this year's double-digit FFO per share growth expectation). We also like the company's track record of delivering normalized FFO per share growth of nearly 9% over the last 10 years. In this report, we review the health of the business, valuation, risks,

dividend safety, and then conclude with our opinion on investing.

We also shared a free report on Seeking Alpha about **Upstart (UPST)**. This is mainly a rehash of information we shared with members back on September 1<sup>st</sup>, when we first purchased shares. Nonetheless, the refresh may be worth a read:

[Upstart: Massive Long-Term Upside](#)



**Last Week's Reports:**

Also still valuable, readers may want to consider last week's reports, including a half-free / half members-only report on top fintech stocks:

[Top 10 Fintech Stocks: Secular Behemoths](#)



[View All Members-Only Reports Here](#)

**Noteworthy:**

We saw some noteworthy good news out of perennial top growth stocks: [Roku and Shopify, where by they're teaming up](#) (a very

good thing). Also worth mentioning, considering Roku's strong business and weak share price performance this year (see our earlier colorful bar chart), you might thank yourself 5-years down the road if you pick up a few shares of Roku now (again, it's down this year, and top growth stocks may be regaining momentum—as we mentioned earlier).

**Watchlists:**

Also, our complimentary watchlists (one for growth stocks and one for income securities) are always available at the top of the [Blue Harbinger homepage here](#).

**Top-Idea Portfolios:**

Our two Blue Harbinger top idea portfolios are also available at the top of the homepage, but these are reserved for members-only. As a reminder, there is a [Disciplined Growth Portfolio](#) and an [Income Equity Portfolio](#).

**About:**

As a reminder, [Blue Harbinger](#) was created by Mark Hines to help you manage your own investments. We offer a fair amount of free content, but our best ideas (including portfolio holdings and top idea reports) are reserved for members only. Outside of Blue Harbinger, Mr. Hines is founder and investor at [Herrick Lake Investments](#), a registered investment advisor.



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