

New Preferred Stock IPOs, June 2021

Jun. 30, 2021 12:35 AM ET | ATLC, BOH, CG...

Summary

- As June 2021 comes to a close, we look back at the new preferred stocks and ETDs introduced during the month, offering annual yields ranging from 4% to 9.375%.
- Here is a comparison against highest quality preferred stocks in our coverage universe, as ranked by our internal "CDx3 Compliance Score" metric:
- CDx3 preferreds ranked 10 out of 10 are meanwhile selling for an average premium to par of 7.96% and offer an average current yield of 5.12%.
- Past preferred stock IPOs below par: a look at ACR-D and some other of this month's dips and crosses we alerted our CDx3 subscribers about.



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New Preferred Stocks, June 2021

19 NEW ISSUES

Symbol	Div Rate	Last Price	Volume	Yield CY YTC EAR	S&P	Exchange	Status
CMSEV	4.200%	\$25.25	570252	4.16%	BBB-	OTOTC	QDI
CLDTV	6.625%	\$25.89	93485	6.40%	NR	OTOTC	
SCMCP	7.750%	\$25.05	14256	7.73%	NR	OTOTC	
GOODO	6.000%	\$25.39	12631	5.91%	NF	NGS	
GECCO	5.875%	\$24.62	23600	5.97%	NF	NGM	
PRIF-I	6.125%	\$25.37	6100	6.04%	NF	NYSE	
SQFTP	9.375%	\$24.89	512	9.42%	NR	NCM	
ECCC	6.500%	\$25.61	652	6.35%	NR	NYSE	
HCDIP OptConv	8.000%	\$23.82	2000	8.40%	NR	NCM	QDI
CLVT-A MandConv	5.250%	\$103.41	25316	5.08%	NR	NYSE	QDI
ATLCP	7.625%	\$24.50	7584	7.78%	NR	NGS	QDI
TRTX-C	6.250%	\$25.20	7450	6.20%	NR	NYSE	
BOH-A	4.375%	\$25.61	9951	4.27%	NR	NYSE	QDI
PSA-P	4.000%	\$25.26	60004	3.96%	BBB+	NYSE	
CGABL	4.625%	\$25.45	351326	4.54%	BBB-	NGS	
RC-E	6.500%	\$25.03	13615	6.49%	NR	NYSE	
TPTA	6.000%	\$24.84	1528	6.04%	NR	NYSE	
ACGLN	4.550%	\$25.77	26	4.41%	BBB	NGS	QDI
FCRX	5.000%	\$25.45	1170	4.91%	NF	NYSE	

Source: CDx3 Notification Service database, PreferredStockInvesting.com

Green text indicates Exchange Traded Debt securities

NF, NR mean Not Found, Not Rated

Data date: June 29, 2021

About the new issues

Externally managed Business Development Company (BDC) First Eagle Alternative Capital BDC (NASDAQ:[FCRD](#)) priced an offering of \$60 million worth of new exchange traded notes, due 2026, with a 5% coupon. The new notes were rated BBB- by Egan-Jones, and trade on the New York Stock Exchange under symbol FCRX. The company used the proceeds towards redeeming its 6.75% notes due 2022, which until redemption traded on the NYSE under symbol FCRZ.

Insurance company Arch Capital Group (NASDAQ:[ACGL](#)) priced an offering of \$500 million worth of new series G non-cumulative preferred shares, offering a fixed dividend rate of 4.55%. The company indicated that the proceeds will be used to redeem its previously-issued series E preferred (symbol [ACGLP](#)) in September when it becomes callable. The new series G shares have been rated BBB by both S&P and Fitch (S&P with a Negative outlook and Fitch with a Stable outlook), and will trade temporarily on the OTC under symbol [OTCPK:ACGLL](#) before moving to permanent symbol ACGLN on the Nasdaq.

Real estate finance company Ready Capital Corporation ([RC](#)), having completed its merger with Anworth Mortgage Asset Corporation in March and inherited its various series of preferred shares, is now refinancing two of them: Ready Capital priced an offering of 4 million shares of new series E cumulative preferred stock, offering a fixed dividend rate of 6.5%. The company in turn announced that it will redeem its series B and D shares ([RC.PB](#) and [RC.PD](#)), which had carried dividend rates of 8.625% and 7.625%, respectively. The new series E shares received a credit rating of BBB from Egan-Jones Rating Company, and will trade temporarily on the OTC under symbol [OTCPK:RCPPP](#) before moving to permanent symbol RC-E on the New York Stock Exchange.

Self-storage company and prolific issuer of preferred shares Public Storage ([PSA](#)) priced an offering for a new series P of cumulative preferred stock, raising \$525 million in gross proceeds. The new shares offer a fixed dividend rate of 4%, and the company indicated it will redeem its previously-issued C series ([NYSE:PSA.PC](#)) which had carried a dividend rate of 5.125%. The company highlighted that it has now redeemed \$4.6 billion of preferred equity since 2015, reducing its cost of capital substantially in the process. The new series P shares will trade temporarily under symbol PSALL on the OTC, before moving to permanent symbol PSA-P on the New York Stock Exchange.

Commercial real estate finance company TPG RE Finance Trust ([TRTX](#)) priced an offering of \$175 million worth of new series C cumulative preferred shares. The new shares have been rated BBB by Egan-Jones Ratings Company and offer a fixed 6.25% dividend rate. Trading will take place temporarily on the OTC under symbol [OTCPK:TRTXP](#), before moving to permanent symbol TRTX-C on the New York Stock Exchange.

Private equity firm Carlyle Group ([CG](#)) priced an offering of \$400 million worth of new exchange traded subordinated notes due 2061, offering a coupon of 4.625%. The new notes have been rated BBB- stable by both S&P and Fitch, and trade on the Nasdaq under symbol CGABL. Carlyle indicated that the proceeds will be used for general corporate purposes.

Bank of Hawaii ([BOH](#)) priced an offering of \$180 million worth of new series A non-cumulative preferred shares, offering a fixed dividend rate of 4.375%. The shares have been rated by both Moody's and DBRS, at Baa2 and BBB, respectively, both with stable outlooks. The new shares will trade temporarily on the OTC under symbol [OTCPK:BHWIL](#), before eventually moving to the New York Stock Exchange under permanent symbol BOH-A.

Science and intellectual property technology company Clarivate ([CLVT](#)) priced an offering of mandatory convertible preferred shares, which will automatically convert into common stock in June of 2024; until then, it will pay a fixed dividend rate of 5.25%. The new preferred shares were offered at \$100/share, and will trade temporarily on the OTC under symbol [OTCPK:CLVPF](#) before moving to permanent symbol CLVT-A on the New York Stock Exchange.

Eagle Point Credit Company (NYSE:[ECC](#)) priced an offering of term preferred stock due 2031, offering a fixed dividend rate of 6.5%, with dividends paid monthly. The new shares received a BBB credit rating from Egan-Jones Rating Company. The new shares join a series of exchange traded debt securities previously issued by the company, trading under symbols [ECCB](#), [ECCX](#), [ECCY](#), and [ECCW](#). The new series will eventually trade under permanent symbol ECCC on the New York Stock Exchange, after a temporary trading period on the OTC under symbol [OTCPK:ECCPP](#).

Atlanticus Holdings Corporation ([ATLC](#)), a company that provides credit-related technology and analytics services, priced an offering of new series B cumulative preferred stock, indicating that a portion of the proceeds is expected to be used to repurchase common shares. The new preferred shares are unrated, and offer a fixed dividend rate of 7.625%. The new shares trade on the Nasdaq under symbol ATLCP.

Presidio Property Trust ([SQFT](#)) is a small Real Estate Investment Trust (REIT) focused on commercial properties as well as the business of owning model residential homes leased to homebuilders, priced an offering of \$20 million worth of new series D cumulative preferred shares, offering a fixed dividend rate of 9.375%, with dividends paid monthly. The new shares are unrated, and trade on the Nasdaq under symbol [SQFTP](#).

Non-traded REIT Terra Property Trust issued \$78.5 million worth of new exchange traded notes due 2026, offering a coupon of 6%. The notes have been rated BBB- by Egan-Jones Ratings Company and will trade on the New York Stock Exchange under symbol TPTA. The company, which is externally managed by an affiliate of Terra Capital Partners, indicated that the offering proceeds will be used to acquire real estate credit investments.

Real estate developer Harbor Custom Development (Nasdaq: [HCDI](#)) priced an offering of \$30 million of convertible preferred shares and warrants: for a combined \$25 offering price, buyers received one series A convertible preferred share along with three warrants, with the warrants entitling the purchaser to acquire one share of common stock at \$5/share. The warrants and preferred shares now trade separately on the Nasdaq, with the warrants under symbol [HCDIW](#) and the preferreds under symbol [HCDIP](#). The preferred shares offer a fixed dividend rate of 8% (or \$2/share per year) paid monthly, and holders have the at any time to convert their preferred shares into common stock at a conversion price of \$4.50 per share (5.556 shares of common stock). The company indicated that offering proceeds would be used in part towards new land acquisitions.

Non-traded fund Priority Income Fund, managed by Prospect Capital Management - which also manages Prospect Capital Corporation (Nasdaq: [PSEC](#)), priced yet another offering of 1,040,000 shares of new series I term preferred stock due 2028. The new shares were given a rating of BBB- by Egan-Jones, and offer a dividend rate of 6.125%. The shares will temporarily trade on the OTC under symbol [OTCPK:PRIIP](#) before moving to the New York Stock Exchange under symbol PRIF-I where they will join past series A through H.

Gladstone Commercial Corporation (Nasdaq: [GOOD](#)), an externally managed Real Estate Investment Trust that is part of the Gladstone family of companies (others being [GLAD](#), [GAIN](#), and [LAND](#)), priced an offering of new series G cumulative preferred shares. The new shares offer a fixed dividend rate of 6%, and the company indicated that proceeds will be used to redeem previously-issued series D preferred shares (which had carried a rate of 7%). The new shares, which are unrated, will trade temporarily on the OTC under symbol [OTCPK:GSCCP](#), before moving to permanent symbol [GOODO](#) on the Nasdaq.

Chatham Lodging Trust (NYSE:[CLDT](#)) priced an offering of 4.8 million shares of new series A cumulative preferred stock, indicating that proceeds will be used to reduce credit facility borrowings. The company recently reported a business update, showing that leisure travel is leading a recovery in lodging, with cash flow improving from the reduced levels caused by the pandemic. The new preferred shares are unrated, and offer a fixed dividend rate of 6.625%. They will trade temporarily on the OTC under symbol [OTCPK:CLDTV](#) before moving to permanent symbol CLDT-A on the New York Stock Exchange.

Mortgage REIT Sachem Capital Corp. (NYSE: [SACH](#)) priced an offering of 1.7 million shares of new series A cumulative preferred stock, offering a fixed dividend rate of 7.75%. The new shares were rated BBB by Egan-Jones Ratings Company, and will trade temporarily on the OTC under symbol SCMCV before moving to permanent symbol SACH-A on the NYSE American exchange.

Externally managed Business Development Company (BDC) Great Elm Capital Corp. ([GECC](#)) priced an offering of \$50 million worth of new exchange traded notes due 2026, offering a fixed 5.875% coupon. The company indicated that proceeds would be used to redeem its previously-issued 6.5% notes due 2022. The new notes have been rated BBB- by Egan-Jones Ratings Company and trade on the Nasdaq under symbol GECCO.

Michigan-based energy provider CMS Energy ([CMS](#)) priced an offering of \$230 million worth of new series C cumulative preferred shares, offering a fixed dividend rate of 4.2%. The new shares have been rated Ba1, BBB- and BB+ by Moody's, S&P, and Fitch respectively, all with stable outlook. Trading will take place on the OTC for a temporary period, under symbol [OTCPK:CMSEV](#), before moving to permanent symbol CMS-C on the New York Stock Exchange.

Sources: Preferred stock table: [CDx3 Notification Service database](#).

SEC filings: [FCRX](#), [ACGLN](#), [RC-E](#), [PSA-P](#), [TRTX-C](#), [CGABL](#), [BOH-A](#), [CLVT-A](#), [ECCC](#), [ATLCP](#), [SQFTP](#), [TPTA](#), [HCDIP](#), [PRIF-I](#), [GOODO](#), [CLDT-A](#), [SACH-A](#), [GECCO](#), [CMS-C](#)

Buying new shares for wholesale

Preferred stock IPOs often involve a temporary period during which OTC trading symbols are assigned until these securities move to their retail exchange, at which time they will receive their permanent symbols.

But there is no need to wait. Individual investors, armed with a web browser and an online trading account, can often purchase newly introduced preferred stock shares at wholesale prices just like the big guys (see "[Preferred Stock Buyers Change Tactics For Double-Digit Returns](#)" for an explanation of how the OTC can be used to purchase shares for discounted prices).

Those who have been following this strategy of using the wholesale OTC exchange to buy newly introduced shares for less than \$25 are more able to avoid a capital loss if prices drop (if they choose to sell).

Your broker will automatically update the trading symbols of any shares you purchase on the OTC, once they move to their permanent symbols. A special note regarding preferred stock trading symbols: Annoyingly, unlike common stock trading symbols, the format used by exchanges, brokers and other online quoting services for preferred stock symbols is not standardized.

For example, a given Series A preferred stock might have a symbol ending in "-A" at TD Ameritrade, Google Finance and several others but this same security may end in "PR.A" at E*TRADE and ".PA" at Seeking Alpha. For a cross-reference table of how preferred stock symbols are denoted by sixteen popular brokers and other online quoting services, see "[Preferred Stock Trading Symbol Cross-Reference Table](#)."

Past preferred stock IPOs below par

Today, a "Par Cross Notification" email alert went out to our subscribers for the series D preferred shares of ACRES Commercial Realty (NYSE:[ACR](#)). Regular readers of this column may remember this IPO from [last month's article](#). Following its IPO, ACR-D had risen to an intraday high of \$25.68 two weeks ago, as it approached its 6/30/2021 ex-dividend date. And now, the company has decided to take advantage of the strength and raise more capital by "re-opening" the offering / conducting a "follow-on offering" of *additional* series D shares.

According to the [free writing prospectus filed yesterday](#), the company is selling an additional 2 million D shares (plus 300,000 more if underwriters exercise their overallotment option). Given that this is a follow-on offering, the characteristics of the preferred remain unchanged – i.e. the shares continue to offer a 7.875% dividend rate against par value, and the other important characteristics such as call date remain the same as well.

Earlier this month, the company [declared](#) a partial-quarter cash dividend on its D shares in the amount of \$0.377344 per share. The dividend will be payable on July 30, 2021, to holders of record on July 1, 2021, putting the ex-dividend date *tomorrow* (June 30th). As of this writing on the morning of June 29th, the bid/ask is 24.95 by 24.99: so the shares are available below par, plus they offer an immediate dividend.

Here are some of the other dips/crosses below par that our CDx3 Notification Service subscribers received notifications about during the month of June (while the primary thrust of our subscription service is alerting about new IPOs and ranking them with a CDx3 Compliance Score, we *also* monitor past IPOs and offer email alert options when high-ranking past IPOs make crosses below par value – [learn more here](#)):

Trigger Date	Symbol	CDx3 Score	Type	Volume	Low	Close	Par	Div Rate	Ex-Date
06/24/2021	NS-C	9	dip	17411	\$24.97	\$25.06	\$25	9.000%	05/28/2021
06/23/2021	NS-C	9	dip	16622	\$24.9799	\$25.00	\$25	9.000%	05/28/2021
06/22/2021	WFC-X	9	dip	69587	\$24.75	\$25.41	\$25	5.500%	05/27/2021
06/21/2021	BPYUP	9	cross	104715	\$24.85	\$24.88	\$25	6.375%	06/14/2021
06/21/2021	CBB-B	6	cross	6428	\$49.5898	\$49.875	\$50	6.750%	06/14/2021
06/21/2021	CNPWM	6	cross	583	\$49.77	\$49.77	\$50	4.180%	07/08/2021
06/21/2021	ETE	9	dip	81235	\$24.96	\$25.02	\$25	7.600%	04/30/2021
06/21/2021	GECCN	8	dip	2533	\$24.975	\$25.0999	\$25	6.500%	09/14/2021
06/21/2021	WFC-X	9	dip	37462	\$24.65	\$25.38	\$25	5.500%	05/27/2021
06/18/2021	CBB-B	6	dip	5507	\$49.84	\$50.05	\$50	6.750%	06/14/2021
06/18/2021	GECCN	8	dip	1300	\$24.9258	\$25.22	\$25	6.500%	09/14/2021
06/18/2021	MFA-B	9	cross	20304	\$24.97	\$24.99	\$25	7.500%	06/04/2021
06/18/2021	NRZ-B	9	dip	16688	\$24.97	\$25.0199	\$25	7.125%	07/14/2021
06/18/2021	SCE-K	8	cross	62793	\$24.9	\$24.98	\$25	5.450%	06/11/2021
06/18/2021	WFC-X	9	dip	189915	\$24.6	\$25.33	\$25	5.500%	05/27/2021
06/18/2021	CBB-B	6	dip	5093	\$49.84	\$50.00	\$50	6.750%	06/14/2021
06/18/2021	GECCN	8	cross	630	\$24.9258	\$24.9401	\$25	6.500%	09/14/2021
06/18/2021	MFA-B	9	dip	18296	\$24.97	\$25.00	\$25	7.500%	06/04/2021
06/18/2021	NRZ-B	9	dip	13915	\$24.97	\$25.04	\$25	7.125%	04/14/2021
06/18/2021	SCE-K	8	cross	39184	\$24.9	\$24.9887	\$25	5.450%	06/11/2021
06/18/2021	WFC-X	9	dip	34149	\$24.6	\$25.39	\$25	5.500%	05/27/2021
06/17/2021	ARES-A	9	cross	58614	\$24.97	\$24.97	\$25	7.000%	06/14/2021
06/17/2021	JSM	9	dip	46169	\$24.98	\$25.20	\$25	6.000%	06/11/2021
06/17/2021	MFA-B	9	dip	60841	\$24.93	\$25.00	\$25	7.500%	06/04/2021
06/16/2021	APRDN	6	cross	427	\$97	\$97	\$100	4.200%	06/15/2021
06/16/2021	ARES-A	9	dip	21925	\$24.98	\$25.01	\$25	7.000%	06/14/2021
06/16/2021	CPTAL	8	cross	14449	\$24.91	\$24.95	\$25	6.000%	05/14/2021
06/16/2021	JSM	9	dip	47386	\$24.9513	\$25.08	\$25	6.000%	06/11/2021
06/16/2021	MITT-A	9	dip	8197	\$24.94	\$25.13	\$25	8.250%	05/27/2021
06/16/2021	OXLCP	7	cross	34971	\$24.87	\$24.9388	\$25	6.250%	06/15/2021
06/15/2021	GECCN	8	dip	273	\$24.86	\$25.08	\$25	6.500%	09/14/2021
06/15/2021	JSM	9	dip	12601	\$24.9	\$25.07	\$25	6.000%	06/11/2021
06/15/2021	NRZ-B	9	dip	34170	\$24.96	\$25.04	\$25	7.125%	04/14/2021
06/15/2021	PRIF-A	8	dip	4498	\$24.78	\$25.00	\$25	6.375%	06/14/2021
06/15/2021	RF-E	7	dip	240771	\$24.95	\$25.01	\$25	4.450%	NA
06/14/2021	AAIC-C	9	cross	11735	\$24.61	\$24.85	\$25	8.250%	06/14/2021
06/14/2021	GECCN	8	dip	11334	\$24.86	\$25.08	\$25	6.500%	09/14/2021
06/14/2021	JSM	9	dip	9963	\$24.8563	\$25.08	\$25	6.000%	06/11/2021
06/14/2021	SBRA	7	cross	24147	\$24.95	\$24.97	\$25	7.000%	06/14/2021
06/11/2021	AIRTP	9	cross	125020	\$24.06	\$24.67	\$25	8.000%	08/12/2021
06/11/2021	BIP-B	9	dip	14931	\$24.9818	\$25.06	\$25	5.000%	02/25/2021
06/11/2021	JSM	9	dip	18056	\$24.8221	\$25.02	\$25	6.000%	06/11/2021
06/11/2021	PCG-C	5	cross	200	\$24.85	\$24.85	\$25	5.000%	10/30/2017
06/11/2021	SCE-G	9	cross	31067	\$24.76	\$24.80	\$25	5.100%	06/11/2021
06/11/2021	SCE-H	8	dip	91305	\$24.97	\$25.135	\$25	5.750%	06/11/2021
06/11/2021	SCE-J	8	cross	67830	\$24.68	\$24.775	\$25	5.375%	06/11/2021

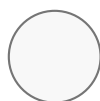
Source: CDx3 Notification Service weekly newsletters, 6/18/2021 & 6/24/2021

Until Next Time...

Here at CDx3, our typical articles will provide month-end preferred stock (and ETD) IPO summaries, plus a look at selected past preferred stock IPOs that are now trading below par. Often the reward on offer for “imperfect” preferred stocks is very high relative to the fully CDx3-compliant professionally rated securities.

Whether you are the kind of investor who sticks with preferred stocks with a **CDx3 Compliance Score** rated 10 out of 10, or whether your portfolio has room for 9-score-and-lower securities, stay tuned for future articles recapping new IPOs and interesting preferred stock activity that we notice here at the **CDx3 Notification Service**. Thanks for reading!

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Disclosure: I/we have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

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