SL: [Trade Alert] Insiders Buying Up This BDC

Hey it's Alex here with this week's Insider Intelligence Trade Idea.

Trade Idea: Owl Rock Capital Corporation (NYSE: ORCC)

Price At Alert: \$13.51 Buy Limit: \$14.20

Stop Limit: \$12.98

Options Contract: ORCC 21 JUL 23 12.5 CALL

ORCC is a Business Development Corporation (BDC).

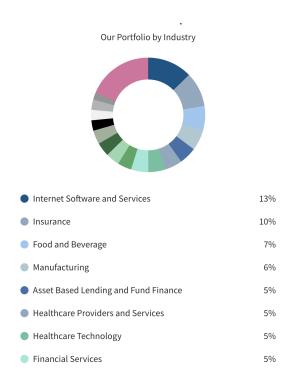
BDCs invest in small and medium-sized businesses (and typically distressed) that can't obtain regular debt financing.

The BDC helps these companies grow, and then as the companies in the portfolio grow more valuable, the underlying value of the BDC grows as well.

BDC's are sort of like venture capital funds for regular investors. Retail investors don't have the network or money to invest in VC funds, but since most BDCs are publicly listed, retail investors *can* invest in BDCs.

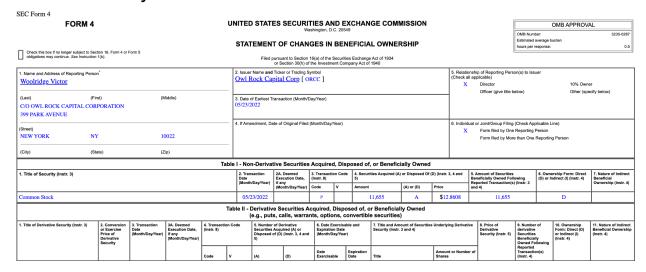
The advantage is that a BDC gives you exposure to assets that you typically couldn't invest in — namely, private businesses.

The portfolios of BDCs vary. Owl Rock has investments spread out among software, food and beverage, manufacturing, as well as aerospace, healthcare and real estate.



Insiders have been on a buying spree recently — a total of 7 different insiders have bought in since late May.

You have board member Victor Woolridge, who bought 11,655 shares on May 23rd.



CEO Craig Packer bought 75,600 shares on May 19th.

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Board member Chris Temple bought 10,000 shares on May 25th.

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And four other insiders also bought in, totaling over 40,000 shares bought in the last few weeks.

Why?

Well, Q1 results were exceptional. ORCC reported that the total income from its investments hit \$377.6 million, which is up 42%

year-over-year. What's more, this income actually beat expectations by \$12 million.

So, the company is managing its portfolio well. And this year will likely see their holdings continue to improve and exceed income expectations.

It looks like the insiders think so, at least.

Now, let's see what the technical analysis is showing us.



The price action was setting up in a triangle pattern a few weeks ago.

But as you can see, the breakout was a red herring, as it proceeded to drop and then move sideways.

However, now the price is locked in an ascending channel.

So, I expect it to keep oscillating between support and resistance before breaking out either direction.

However, before that happens, I expect the price to continue to slowly rise.

You can see the ascending channel more clearly on the weekly chart.



We have a potential bearish engulfing candlestick on this week. So, if the week finishes in the red we could see some downward movement continue next week. Which is why our options trade on ORCC is firmly in the money — we may not get as much profit if the stock rises, but we also won't have to deal with as significant of losses if the price drops temporarily.

So, we're adding ORCC to the model portfolio.

Any questions?

Feel free to reach out.

To your wealth,

Alex Reid Founder, Insider Intelligence