



The Smart Money is Selling Aurora Cannabis Inc. Should You Sell Too?

Description

There haven't been many investments better than **Aurora Cannabis Inc.** (TSXV:ACB) over the last year.

Shares traded hands for less than \$0.60 a year ago. After a number of positive announcements and a general feeling of euphoria hit the marijuana industry, shares are up more than 300%. As I write this, Aurora Cannabis stock trades at \$2.76.

Insiders have obviously noticed the stock is doing well, and have responded predictably...by selling shares. A lot of shares, actually. Is this bearish signal a big deal? Or does it just symbolize prudent diversification? Let's take a closer look.

Aggressive selling

The number of shares Aurora insiders are selling is truly impressive.

Let's start with CEO Terry Booth. On January 19th, Booth sold 1.01 million shares in the public market for an average price of \$2.55 each. CanadianInsider.com still lists Booth as one of Aurora's largest shareholders with an ownership stake of more than 13 million shares.

President (and Director) Stephen Dobler sold 1 million shares in three separate transactions from March 9th to March 13th. His average sale price was a little over \$2.40 for each share. Like Booth, Dobler is still a major shareholder, with an account balance of more than 16 million shares.

Chief Cultivator Chris Mayerson has been especially busy. He has sold shares in 12 different transactions since March 1st, selling a total of 705,000 shares. Like Booth and Dobler, Mayerson still maintains a significant ownership position with more than 2 million shares to his name.

Many of the board of directors have also been getting in on the selling action of late. Adam Szweras sold 110,000 shares on March 8th and 9th. Michael Singer sold 100,000 shares on March 9th and 235,300 on March 20th. Jason Dyck sold 500,000 shares in two separate transactions on March 9th and March 14th. And finally, the most aggressive seller of all was Joseph Del Moral, who sold 1.91

million shares between March 9th and March 13th.

In total, these insiders sold some 6.6 million shares, netting approximately \$16 million on the sale. This is some serious cash leaving the company.

Should investors worry?

One thing I noticed when compiling all the insider trading information is even though many insiders were selling, they still have a big chunk of money tied up in the company.

The CEO still holds more than 13 million shares. The President still has more than 16 million shares. Even most of Aurora's board of directors still hold significant positions in the company. This isn't a case of insiders cashing out completely.

Still, investors should be a little concerned. At the end of the day, nobody sells shares they think are going much higher. I understand wanting to diversify away from having all your proverbial eggs in one basket, but the better vote of confidence would be from insiders who keep their shares.

The bottom line

Like many of Canada's other prominent marijuana companies, Aurora Cannabis insiders are taking advantage of the raging bull market to diversify away from the company. This is smart portfolio management. In addition, most still have a significant ownership position in the company.

Ultimately, however, selling is a bearish sign. I think it's likely Aurora insiders are still long-term believers, but they believe the share price has risen too much, too fast. This is why they're selling. Investors should keep this in mind when considering the stock.

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nelsonpsmith

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