



## Is Net Insider Selling a Concern for Aurora Cannabis Inc.?

### Description

After a meteoric rise in the last fall, the pot sector has undergone some significant consolidation over the past few months. Year to date (YTD), marijuana stocks have posted mixed results. **Aphria Inc.'s** (TSX:APH) share price has lost 23% of its value, while **Canopy Growth Corp.'s** (TSX:WEED) share price has returned a modest 5%. The best-performing marijuana stock has been **Aurora Cannabis Inc.** (TSX:ACB), whose share price has outperformed and returned 17% YTD.

Although we are only three months into the year, 2018 is [shaping up to be a banner](#) year for Aurora. After a long battle, it [closed its acquisition](#) of CanniMed Therapeutics Inc. in early March. It announced agreements with Namaste, Micron Waste Technologies, The Green Organic Dutchman, Shoppers Drug Mart, and **Liquor Store N.A.** It also signed a letter of intent with Société des Alcools du Québec to supply a minimum of 5,000 kg of recreational marijuana. Finally, it accelerated its international expansion by entering a joint venture with licensed Denmark producer Alfred Pedersen & Søn.

Despite all the good news, the stock is trading at \$10.95, which is still well off its 52-week high of \$15.20. Is insider selling reason for further concern?

Research has shown that insider trading has proven to be a valuable barometre of investor sentiment. However, one big insider sell or buy is not necessarily indicative of sector sentiment. Likewise, insiders can sell for a variety of reasons, such as diversification or for personal reasons.

Over the past week, Aurora has seen multiple insiders sell stakes in the company. Nicholas Whitedhead, vice president of Market Development, exercised approximately 75,000 worth of options and subsequently disposed of the stock on the open market. Likewise, Dieter McPhearson, vice president of Production, exercised approximately 10,000 worth of options prior to disposing them on the open market. Adam Szwera, a director at Aurora, acted in the same way with approximately 200,000 shares.

Of most concern is that Steven Dobler, Aurora's president, sold 900,000 shares, and Terry Booth, CEO & founder, sold approximately 450,000 shares on the open market. Over the past week, the company

experienced net selling of just above two million shares.

Although the insider selling may cause some short-term pressure on the share price, it is important to note that all those who sold after exercising options did so significantly above their option price. Of those who sold, exercise prices ranged from \$0.46 to \$2.76. As a result, the insiders were most likely just locking in significant profits.

It is also worth noting that there have been no significant insider buys over the past month. If insiders are not willing to buy and are selling at these prices, should you?

## CATEGORY

1. Investing

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1. Editor's Choice

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2. TSX:WEED (Canopy Growth)

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