



## Warning! These 2 High Flyers Have Significant Insider Selling

### Description

Monitoring a company's insider trading activity can be a valuable activity for investors. Unfortunately, it is an often-neglected aspect of one's investing strategy.

Yes, it's true that an insider can sell for a plethora of reasons, but do NOT overlook insider trading!

Research shows that insider activity can foretell a company's performance.

Companies with higher-than-normal insider buying tend to outperform the market. The reverse is also true. Those with higher-than-normal insider selling underperform the market. This brings us to two high-growth companies that have seen significant net insider selling.

### Has the bubble burst?

**Aphria Inc.** (TSX:APH) has seen its share of ups and downs lately. The pot industry, with Aphria as one of its leaders, was tearing up the TSX this past fall. The new year, however, has proved to be a different story. The industry has broadly consolidated, and over the past few months it's down approximately 16%.

As of late, Aphria has been arguably one of the [worst stocks in the industry](#). It is trading more than 50% below its 52-week high of \$24.75. It is therefore surprising to see such a high number of insiders selling.

Over the past seven days, the company has seen significant insider selling. Co-founder and COO Cole Caciavillani has been the most active, disposing of 387,200 shares on the open market — no small pittance.

Three more insiders also took part in the action, disposing of approximately 20,000 shares. Another strike is that the company has no insider buying over the past six months.

Even as its share price has cratered, not a single insider bought shares. This doesn't exactly exude confidence.

### **Topping out?**

We'll go from one of the worst-performing stocks to one of the best.

**Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)) has been one of Canada's best-performing IPOs in recent memory. The company has continued its torrid pace, returning approximately 15% year to date.

Canada Goose is trading near 52-week highs, and recent insider selling may signify the company is topping out. However, this is a great example whereby not all insider selling is equal.

Although the company has seen increased insider selling on the open market, all the selling was done in conjunction with the exercising of options. This is common practice among insiders and is not necessarily a red flag.

Similar to Aphria, however, no insider has purchased the company's stock on the open market over the past six months.

### **Should you be concerned?**

I don't believe there are any particular concerns with Canada's Goose's net insider selling. The company's share price may [have gotten ahead of itself](#), but the recent insider activity should have no bearing on its stock price.

On the flip side, Aphria's situation is a little more concerning. The sector has been under pressure, and the company has struggle more than most. In such an environment, I would prefer management show confidence and increase their investments in the company, not dispose of their stakes.

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