



Alert: Did You Miss Out on This Game-Changing Move by Aurora Cannabis (TSX:ACB)?

Description

Billionaire Nelson Peltz is truly a titan in the world of corporate finance. And I'm not just saying that because we share a first name, either.

Peltz is the founder of Trian Fund Management, which is an activist investment hedge fund. Trian's strategy is pretty simple; Peltz and his team identify a company that can unlock shareholder value by making a few simple moves like selling off an underperforming division. The fund then acquires a stake in the company and starts a vocal campaign selling investors on its vision. When successful, this culminates with Peltz getting a seat on a company's board and the plan is executed. Trian takes its profit and moves on to the next opportunity.

One look at Trian's success and it's obvious the formula works. The fund has more than US\$10 billion under management, and Peltz is comfortably a billionaire. His net worth is reportedly close to US\$2 billion.

Needless to say, the 76-year-old billionaire has accomplished enough to be one of the top investors of all time. And now **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) has him on its side, agreeing to a deal that gives Peltz a board seat in exchange for stock options.

Here's why this is a very big deal.

The skinny

The Aurora/Peltz agreement works something like this: Peltz will become a senior advisor for the burgeoning marijuana producer, assisting management in negotiating and entering partnerships to expand into other parts of the marijuana market.

In exchange for his expertise, Peltz will receive 19.96 million stock options that will allow him to buy stock at \$10.34 per share. Investors should keep in mind that the closing price for Aurora the evening before this deal was announced was \$10.64, although the stock did spike some 13% on the news to

end Wednesday's trading day at \$12.02.

This means Peltz's options have already become in the money and are already worth \$33.5 million — not bad for a day's work.

If Peltz exercises the options, he would immediately become Aurora's second-largest shareholder.

Why this matters

Most of Peltz's most successful investments have come from the consumer products sector, including stakes in Kraft Foods, Heinz, **Mondelez**, **Wendy's**, and **Pepsico**. Some of these positions were of the more passive variety, where Peltz was just a regular shareholder. But most of the time Triun's CEO would get himself elected to the board of directors, where he could help shape corporate direction.

This is exactly what's happening today with Aurora. Peltz is in the position to use his considerable clout in the consumer products industry to help Aurora with everything from marketing to branding to partnering with certain brands to promote marijuana-infused drinks and snacks.

Aurora is getting this expertise for the mere price of 20 million stock options. Sure, issuing equity has a cost, but it creates the perfect incentive for Peltz to work his magic. If the stock tanks, then Peltz's stock options crater along with it. These are the kinds of arrangements shareholders want to see.

Peltz also sounds pretty bullish on the marijuana sector in general, saying in a press release, "I believe that Canadian licensed producers, and Aurora in particular, are well positioned to lead in the development of the international cannabis industry as regulations evolve, with a strong, globally replicable operating model."

In other words, one of the world's best investors is bullish on cannabis and even more excited about Aurora specifically. No wonder the stock rose so much. This is great news for the company.

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