

Do Insiders Own Lots Of Shares In Holista CollTech Limited (ASX:HCT)?

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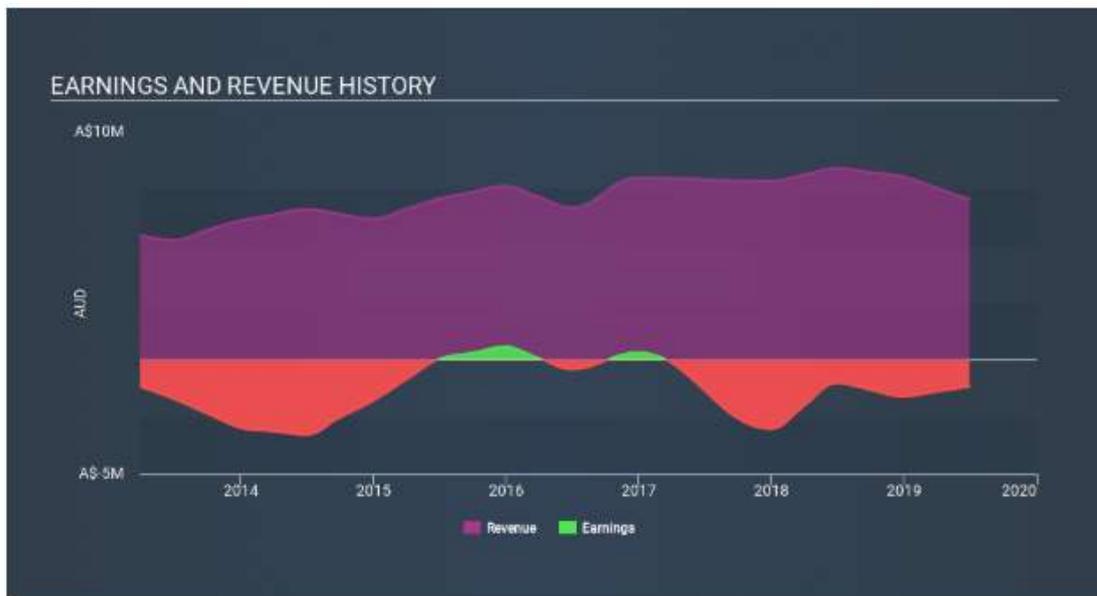
The big shareholder groups in Holista CollTech Limited ([ASX:HCT](#)) have power over the company. Insiders often own a large chunk of younger, smaller, companies while huge companies tend to have institutions as shareholders. I generally like to see some degree of insider ownership, even if only a little. As Nassim Nicholas Taleb said, 'Don't tell me what you think, tell me what you have in your portfolio.'

Holista CollTech is a smaller company with a market capitalization of AU\$58m, so it may still be flying under the radar of many institutional investors. Our analysis of the ownership of the company, below, shows that institutions are not really that prevalent on the share registry. Let's take a closer look to see what the different types of shareholder can tell us about Holista CollTech.

What Does The Institutional Ownership Tell Us About Holista CollTech?

Institutions typically measure themselves against a benchmark when reporting to their own investors, so they often become more enthusiastic about a stock once it's included in a major index. We would expect most companies to have some institutions on the register, especially if they are growing.

Institutions own less than 5% of Holista CollTech. That indicates that the company is on the radar of some funds, but it isn't particularly popular with professional investors at the moment. If the company is growing earnings, that may indicate that it is just beginning to catch the attention of these deep-pocketed investors. When multiple institutional investors want to buy shares, we often see a rising share price. The past revenue trajectory (shown below) can be an indication of future growth, but there are no guarantees.



ASX:HCT Income Statement, February 19th 2020

Holista CollTech is not owned by hedge funds. The company's largest shareholder is Galen Biomedical Inc, with ownership of 24%, Heng Fai Chan is the second largest shareholder with 19% of common stock, followed by Rajendran Marnickavasagar, holding 8.5% of the stock. Rajendran Marnickavasagar also happens to hold the title of Chairman of the Board.

Additionally, we found that 3 of the top shareholders have a considerable amount of ownership in the company, via their 51% stake.

While it makes sense to study institutional ownership data for a company, it also makes sense to study analyst sentiments to know which way the wind is blowing. We're not picking up on any analyst coverage of the stock at the moment, so the company is unlikely to be widely held.

Insider Ownership Of Holista CollTech

The definition of an insider can differ slightly between different countries, but members of the board of directors always count. The company management answer to the board; and the latter should represent the interests of shareholders. Notably, sometimes top-level managers are on the board, themselves.

I generally consider insider ownership to be a good thing. However, on some occasions it makes it more difficult for other shareholders to hold the board accountable for decisions.

It seems insiders own a significant proportion of Holista CollTech Limited. Insiders own AU\$23m worth of shares in the AU\$58m company. I would say this shows alignment with shareholders, but it is worth noting that the company is still quite small; some insiders may have founded the business. You can [click here to see if those insiders have been buying or selling.](#)

General Public Ownership

The general public, with a 29% stake in the company, will not easily be ignored. While this size of ownership may not be enough to sway a policy decision in their favour, they can still make a collective impact on company policies.

Private Equity Ownership

With an ownership of 24%, private equity firms are in a position to play a role in shaping corporate strategy with a focus on value creation. Some might like this, because private equity are sometimes activists who hold management accountable. But other times, private equity is selling out, having taking the company public.

Private Company Ownership

Our data indicates that Private Companies hold 5.0%, of the company's shares. It might be worth looking deeper into this. If related parties, such as insiders, have an interest in one of these private companies, that should be disclosed in the annual report. Private companies may also have a strategic interest in the company.

Next Steps:

It's always worth thinking about the different groups who own shares in a company. But to understand Holista CollTech better, we need to consider many other factors. Like risks, for instance. Every company has them, and we've spotted [7 warning signs for Holista CollTech](#) (of which 2 are significant!) you should know about.

Of course **this may not be the best stock to buy**. Therefore, you may wish to see our [free collection of interesting prospects boasting favorable financials](#).