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Good morning!



The *Capital Ideas Digest* will return August 21.

The *Morning Note* continues with its regular schedule.

Morning Need to Know by Capital Ideas Research

Getting you ready for your investing day

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CANADIAN ANALYSTS' CALLS

Aecon (TSX:ARE) was our cover story on May 29 as a turnaround play with 30% upside. The stock has moved from \$15 (Canadian) to above \$17 since then and Raymond James is adding to its Canadian Analyst Current Favourites list with a "strong buy" and a target of \$23, saying the company is the "contractor best positioned to profit from Canada's exceptional market opportunity" and has a "compelling valuation". Aecon has also been approved to rejoin the Gordie Howe Bridge consortium that is building a bridge connecting Windsor and Detroit.

Cronos Group (TSX:CRON) Canaccord Genuity upgrades to 'hold' from sell, increases its revenue and EBITDA estimates, and moves the target to \$7.50 from \$6.50, saying the company is set to become a "meaningful" player in the marijuana industry.

Stella-Jones (TSX:SJ) Desjardins upgrades to "buy" citing the company's improving fundamentals, and the stock's recent pullback as an attractive entry point.

Birchcliff (TSX:BIR) RBC raises the price target to \$7 from \$6, which gives the stock a projected 12-month return of 44%, and maintains an "outperform" rating after the company's "solid" quarter. CIBC moves the target to \$6.50 from \$6.

Great Canadian Gaming (TSX:GC) RBC ups the target to \$63 from \$61, implying 36% upside, and maintains an "outperform" after Q2 adjusted EBITDA rose 98% year-over-

year.



U.S. ANALYSTS' CALLS

Chipotle (NYSE:CMG) Morgan Stanley upgrades to "overweight" citing a sales and earnings turnaround and a management change.

STOCKS THAT MAY MOVE

Park Lawn (TSX:PLC) We first interviewed PLC CEO [Andrew Clark](#) almost exactly a year ago. Our research said the death care company was a solid grower – organically and through acquisition – well-run, and in a steady, reliable business. Since then the stock is higher by nearly 40%. (It's up more than 200% in the last five years). But Park Lawn thinks it's just getting started as it's set a goal of \$100 million in annual adjusted EBITDA by the end of 2022. That would mean more than a doubling from here.

Park Lawn said Q2 revenue more than doubled to \$40.3 million compared to last year at the same time, which beat estimates. Adjusted net earnings also more than doubled to \$3.7 million or 18 cents per share, which was shy of expectations. Park Lawn took a narrower net loss of \$435,849 or 2 cents per share compared to \$812,444 or 7 cents a year ago.

Canopy Growth (TSX:WEED) Constellation Brands is boosting its stake in the company by \$5.2 billion to 38% by buying 104.5 million shares at \$48.60 a share, a 51% premium to Tuesday's closing price. Constellation is also receiving nearly 140 million warrants that, if exercised over the next three years, would give it a majority stake in Canopy of more than

50%. Canopy also reported a wider loss for the quarter.

Akumin (TSX:AKU.UN) is buying 11 diagnostic centres in the U.S. for \$25 million (U.S.). The company also announced new five-year, \$130 million credit facilities.

Tencent (OTC:TCEHY) is expected to fall after the Chinese e-commerce giant and owner of WeChat took its first profit loss in 10 years.

Diamondback Energy (NASDAQ:FANG) is buying **Energen (NYSE:EGN)** for \$9.2 billion (U.S.) in stock.

Apple (NASDAQ:AAPL) Berkshire Hathaway has increased its stake in the iPhone maker by 5% to about 252 million shares or \$47 billion.

Wal-Mart (NYSE:WMT) is teaming up with comedian Ellen Degeneres to launch a fashion line called EV1.

Air Canada (TSX:AC) Air France-KLM is set to announce today Air Canada's COO Benjamin Smith as its new CEO.

With files from The Globe and Mail, Reuters and Bloomberg News.

MARKETS

TSX and U.S. equity futures are pointing lower joining European stock indices that are down and Asian markets, which fell overnight.

Chinese stocks remain hard hit as fixed asset investment in China recorded an all-time low, even though it rose 5.5% in the most recent government report.

The Turkish lira continues to recover but Turkey has slapped

tariffs on some U.S. goods and the diplomatic row over a jailed American pastor drags on.

CURRENCIES

The Canadian dollar is off slightly at \$76.34 U.S.

Bitcoin is bouncing back by 3.3% to \$6,396, according to CoinDesk,

COMMODITIES

West Texas Intermediate is down by 1% to \$66.38 a barrel.

Copper is near a bear market as concern over Turkey and slowing growth in China hits metals prices.

Gold is back below \$1,200 at \$1,194.10 an ounce.

Daily Update

Tune in to the [Namaste 420 Live](#) today. The company always has things on the go and there's plenty happening in the cannabis sector itself.

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