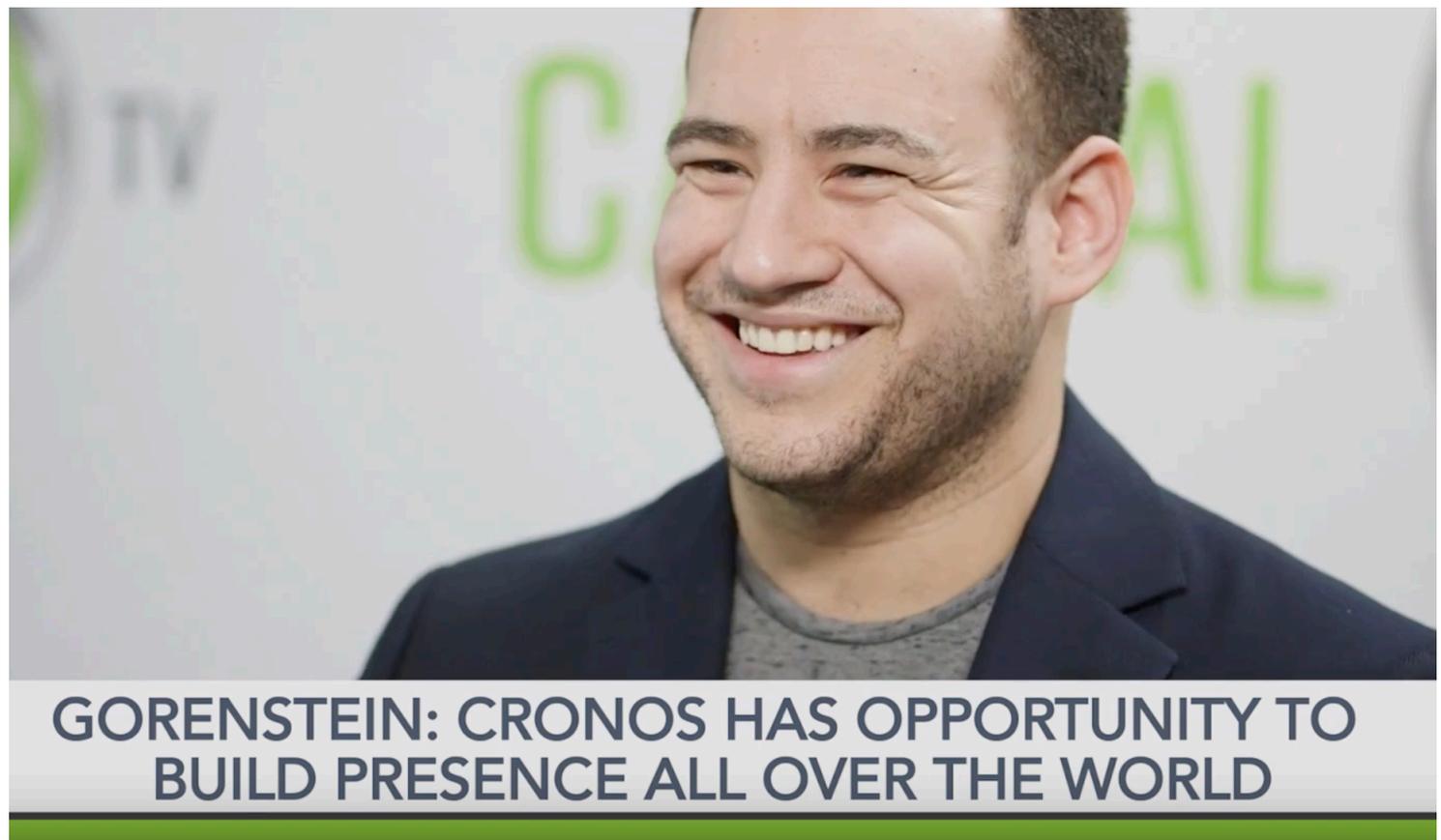




INVEST LIKE A PRO, WITH THE PROS!



Good morning!



Cronos Group (TSX:CRON;NASDAQ:CRON)
CEO *Michael Gorenstein* gave us his opinion on consolidation in the cannabis sector in [this interview](#) earlier this year.

Now that the shares of Cronos are nearly **40% higher since then** and Altria has bought **45% of the company for \$2.4 billion**, hear Gorenstein's prescient overview of how the cannabis sector will eventually be ruled by a handful of companies.



A year and a half before Quintessential Capital Management (QCM) issued its short report on **Aphria (TSX:APHA;NYSE:APHA)**, Capital Ideas contributor *Fabrice Taylor* was questioning the "bad optics" of the company's investments.

Hear how *what he had to say* then is very similar to what's being alleged now. The clip starts at 8:00.



While Aphria scrambles to give a "comprehensive" response to QCM, see how Aphria CEO *Vic Neufeld* responded to Taylor's assertions in [this interview](#) starting at 8:17.

Morning Need to Know

Getting you ready for your investing day

December 10, 2018

Written & compiled by Mark Bunting, Publisher,
Capital Ideas Media



CANADIAN ANALYSTS' CALLS

INITIATIONS

Strad Energy Services (TSX:SDY) Cormark Securities starts coverage with a "buy" and a price target of \$2.50 (Canadian).

Prairie Provident (TSX:PPR) Cormark also begins coverage of this name with a "buy" and a target of \$0.60.

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Cronos Group (TSX:CRON;NASDAQ:CRON)

PI Financial ups the price target to \$24 from \$15, indicating nearly 40% upside, saying Altria's \$2.4 billion investment in the company is a "significant vote of confidence" in Cronos.

Cenovus (TSX:CVE) Tudor Pickering upgrades to "buy-top pick".

Arc Resources (TSX:ARX) National Bank upgrades to "outperform" while lowering the target to \$11 from \$13.50. Tudor Pickering upgrades to "buy".

Royal Bank (TSX:RY) TD Securities upgrades to "buy" with a target of \$115.



U.S. ANALYSTS' CALLS

Merck (NYSE:MRK) Cowen & Co. boosts the target to \$86 (U.S.) from \$78.

STOCKS THAT MAY MOVE

Aurora Cannabis (TSX:ACB) is buying Mexico's Farmacias Magistrates using its stock just days after announcing a supply deal with

the company. Farmacias Mexico's first federally licensed importer of raw materials containing THC, according to Aurora. Farmacias has about 80,000 retail outlets for selling CBD products and 500 pharmacies and hospitals to sell THC products.

Origin House (CSE:OH), formerly CannaRoyalty, has struck a deal for it to sell 51% in Bodhi Research & Development to Green Relief for \$20 (Canadian) million in stock. Green Relief has the option to buy the remaining 49% for another \$20 million.

Tivity Health (NASDAQ:TVTY) is buying **Nutrisystem (NASDAQ:NTRI)** for \$1.4 billion (U.S.) in cash and stock.

Axsome Therapeutics (NASDAQ:AXSM) is higher by about 25% in pre-market trading after announcing positive clinical trial data for the treatment of agitation in patients with Alzheimer's disease.

Gilead Sciences (NASDAQ:GILD) has named long-time Roche executive as its new CEO.

Bunge (NYSE:BG) says its CEO is stepping down.

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

MARKETS

TSX and U.S. equity indices have turned modestly negative after a flirtation in the green amid the usual array of investor worries including global growth, U.S. and China trade relations, and an inverting short-end U.S. Treasury yield curve, implying slowing economic growth.

European stock indices are mostly lower with British PM May expected to delay a Brexit vote to ward off defeat, and as European investor sentiment hits a six-year low.

In Asia, weaker import and export figures from China helped to send the **Shanghai Composite Index** lower 0.8%. Hong Kong's **Hang Seng** ended down 1.2%, while Japan's **Nikkei** dropped 2.1%.

CURRENCIES

The Canadian dollar is slightly lower at \$0.7499 (U.S).

COMMODITIES

West Texas Intermediate is down 2% to \$51.57 a barrel unwinding some gains from Friday when OPEC and Russia announced production cuts.

Gold is lower by 0.2% at \$1,250.30 an ounce.

Daily Update

Tomorrow's Digest will look at a biotech that is developing cannabinoid treatments. The analyst research is very bullish giving the shares 245% upside.

We'll also examine a defensive name that is breaking out technically that investors are using for portfolio protection.

Access, insight and ideas.

Mark Bunting
Publisher,
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