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What do Princess Margaret Hospital, Sick Kids Hospital, University Health Network, MaRS Discovery District, and Johnson & Johnson all have in common?

They all have partnerships with **Avicanna (TSX:AVCN)**.

Those relationships immediately make the company stand out from the cannabis pack.

Capital Ideas Media was on hand yesterday at the TMX Broadcast Centre as the Avicanna team opened trading on the TSX.

Watch [this video interview](#) with CEO, Chairman and Co-Founder *Aras Azadian*, to find out how Avicanna plans to use its impressive pedigree as a launchpad to grow into being a global leader in the sector.

Avicanna takes a "science first" approach, has ultra low-cost cultivation in temperate Colombia, and four complimentary divisions - agriculture, medical, consumer and pharmaceutical.

You can also [watch the ad](#) that Capital Ideas Media produced for Avicanna - featuring yours truly - which started running yesterday on *BNN Bloomberg*.

Azadian will be interviewed by *Catherine Murray* on BNN Bloomberg this Monday, July 22 at 3:30 pm eastern time.

Avicanna went public by way of a so-called non-offering meaning it didn't issue new shares.

The company had raised about \$22 million on April 18 at \$8 per warrant (each warrant equal to 1.5 common shares) in a private placement.

Cannabis stocks have dropped since then with Canopy Growth, for example, down more than

21%.

Avicanna's shares fell 22% yesterday to \$6.23 a share to reflect the sector's recent malaise giving it a market cap of \$137.1 million.

Capital Ideas Media provides marketing services to AviCanna.

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Morning Need to Know

Getting you ready for your investing day

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CANADIAN ANALYSTS' CALLS

INITIATIONS

Enghouse Systems (TSX:ENGH). CIBC starts coverage at "outperformer" with a price target of \$41.50 (Canadian), which implies a projected return of 18%, as it calls the company a "compelling opportunity."

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Air Canada (TSX:AC). Cormark Securities moves the target to \$50 from \$47, and maintains a 'buy' rating.

Aurora Cannabis (TSX:ACB;NYSE:ACB) gets downgraded by Bank of America Merrill Lynch with the target cut to \$8 (U.S.) from \$10. The analyst is concerned about the company's cash burn and says, barring a financing, could be cash negative by Q1 of 2020.



U.S. ANALYSTS' CALLS

Chewy (NYSE:CHWY) is one of our investment ideas in the latest Capital Ideas Digest. The online pet retailer delivered its first earnings report as a public company. The shares are up 3% in pre-market trading.

Here's a roundup of some of the analyst commentary, courtesy of Bloomberg News:

William Blair, Dylan Carden

William Blair sees Chewy as “uniquely levered to

accelerated channel migration in the pet industry,” and expects improving margins to continue to drive the shares higher.

Rates "outperform"

RBC Capital Markets, Mark Mahaney

RBC sees the 45% jump in active customers versus the prior-year period as “robust” and “a key indicator of the overall health of Chewy’s business.”

Sector perform, price target \$37

Morgan Stanley, Brian Nowak

The forecast underscores “business momentum and ability to profitably scale.”

Equal-weight rating largely reflects valuation and durability of the multiple. Price target raised to \$34 from \$33.

What Bloomberg Intelligence says:

Chewy’s fiscal 2019 sales guidance assumes robust growth will persist, which we think is likely given the strength of 1Q sales and commentary from Amazon.com about pet supply sales on Prime Day. Loyal customers and private label (5% of sales) fuel confidence in Chewy’s eventual profitability, as they

drive incremental margin.
-- Seema Shah, retail analyst

Microsoft (NASDAQ:MSFT). Canaccord Genuity raises the target to \$155 from \$145 after earnings. See below for more .

Honeywell (NYSE:HON). RBC raises the target to \$177 (U.S.) from \$175 citing the company's increasing profit margin expansion.

STOCKS THAT MAY MOVE

Barrick Gold (ABX-T). The endless saga between Barrick and **Acacia Mining (LSE:AC)**, in which Barrick owns 64%, is one of those stories you essentially ignore until there's a resolution and that finally appears to be the case.

Barrick has arranged a deal to buy out shareholders in Acacia after raising its offer, valuing the company at about \$1.2 billion (Canadian).

Pure Multi-Family REIT (TSX:RUF.UN) has agreed to be bought by Cortland Partners for \$7.61 (U.S.) per unit in cash for \$1.2 billion, including debt.

RNC Minerals (TSX:RNX) said president and CEO Mark Selby has resigned for personal reasons effective immediately. Paul Andre Huet,

executive chair of the board, has been appointed interim CEO.

Namaste Technologies (TSXV:N)

reported interim Q2 results including revenue of \$4 million (Canadian) compared with \$4.1 million last year. Its net loss was \$8.6 million compared to \$8.1 a year ago.

Microsoft (NASDAQ:MSFT) is set to open at a record high as it beat analysts estimates with its earnings results on strength in its cloud business.

MSFT is up more than 26% since we made it a cover story almost exactly a year ago.

Chico's FAS (NYSE:CHS). Former Hudson's Bay CEO Bonnie Brooks has been named CEO of the retailer. Brooks has been on Chico's board since 2016.

PepsiCo (NYSE:PEP) is buying Pioneer Food Group of South Africa for \$1.7 billion (U.S.).

MARKETS

S&P/TSX and U.S. equity futures are pointing higher.

CURRENCIES

The Canadian dollar is down 0.5% at \$0.7637 (U.S.).

COMMODITIES

West Texas Intermediate is higher by 0.9% to \$55.91 a barrel.

Gold is up 0.5% at \$1,435.50 an ounce.

DAILY UPDATE

A reminder to access the new [*Capital Ideas Digest*](#), guest contributor *Nick Waddell*, founder and editor of the CanTech Newsletter, rounds up **nine tech and healthcare top picks.**

We also examine two ways to capitalize on the **e-commerce food boom.**

And *Ed Sollbach* of Spartan MM Fund updates his **2019 Best Idea, up more than 70% since January**, and explains why it can accelerate higher.

Please email questions, comments or concerns to: [*customercare@capitalideasresearch.com*](mailto:customercare@capitalideasresearch.com)

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