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Keep reading for details of **CannTrust** violating Health Canada rules.

Tomorrow's *Capital Ideas Digest* will examine **Five Canadian Small Cap Ideas** that are being recommended with conviction.

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Morning Need to Know

Getting you ready for your investing day

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CANADIAN ANALYSTS' CALLS

INITIATIONS

Burcon NutraScience (TSX:BU). Beacon Securities begins coverage with a "buy" rating and a price target of \$2 (Canadian), which implies **upside potential of 200%**.

Burcon has 20 years experience developing and patenting processing technologies and product applications for proteins derived from crops such as soy, pea and canola among others.

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Franco-Nevada (TSX:FNV;NYSE:FNV). J.P. Morgan has raised the price targets on a number

of gold companies including this Capital Ideas favourite to \$85 (U.S.) from \$75.

Shopify (TSX:SHOP);NYSE:SHOP). Keybanc raises the target to \$350 from \$300.



U.S. ANALYSTS' CALLS

Rhythm Pharma (NASDAQ:RYTM).

Canaccord Genuity starts coverage with a "buy" rating on this developer of anti-obesity treatments.

CrowdStrike (NASDAQ:CRWD) gets started at J.P. Morgan with an "overweight" and a target of \$100, while Mizuho starts with a "buy" rating, with the analyst calling it a cloud-based, next generation security vendor.

STOCKS THAT MAY MOVE

CannTrust (TSX:TRST;NYSE:CTST) is down about 20% in U.S. pre-market trading after Health Canada found its greenhouse facility in Pelham, Ontario non-compliant with certain regulations.

The company said it violated federal regulations by allowing production in five grow rooms in its

12-room facility between October 2018 and March 2019.

CannTrust said the rest of its operations at its Pelham and Vaughan facilities remain fully licensed.

Health Canada is expected to release results of quality checks of 5,200 kilograms of dried cannabis that are on hold at Pelham within 10 to 12 business days.

CannTrust said some customers and patients will experience temporary product shortages.

Neptune Wellness (TSX:NEPT;NASDAQ:NEPT) says CEO Jim Hamilton has stepped down after four years in the role and will be replaced by Michael Cammarata, described by the company as a serial entrepreneur who co-founder Schmidt's Naturals, which was sold to Unilever.

Encana (TSX:ECA) is selling some natural gas assets in Oklahoma to an unidentified buyer for \$165 million.

Ceres Global Ag (TSX:CRP) has secured an exclusive option to acquire Delmar Commodities of Winkler, Manitoba for \$16 million (Canadian) in cash and the assumption of about \$7.6 million in debt.

Deutsche Bank (NYSE:DB) continues to rise from multi-year lows several weeks ago as it

confirms it's cutting about 18,000 jobs or 20% of its workforce in order to save more than \$10 billion annually as the German bank retreats from its global ambitions.

Turkey iShares MSCI ETF (NASDAQ:TUR) will be worth watching today after Turkish President Tayyip Erdogan dismissed the country's central bank governor.

MARKETS

S&P/TSX and U.S. equity futures are pointing lower to start the week.

European stock indices are mixed and **Asian indices** finished lower as investors pare back their expectations for interest rate cuts from the U.S. Federal Reserve.

Fed chairman **Jerome Powell** will address Congress on Wednesday in his semi-annual appearance.

Morgan Stanley has **reduced its exposure to global stocks** to "underweight" due to valuations and pressure on earnings although it's raising its exposure to emerging markets.

CURRENCIES

The Canadian dollar is inching higher at \$0.7656 (U.S.).

COMMODITIES

West Texas Intermediate is down by 0.2% \$57.42 a barrel.

Gold is up 0.4% to \$1,406.30.

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