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Keep reading for news on the big Canada Pension Plan Investment Board deal for a U.S. renewable energy company.

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## **Morning Need to Know**

Getting you ready for your investing day

**November 4, 2019**

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Capital Ideas Media**

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## **CANADIAN ANALYSTS' CALLS**

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### **INITIATIONS**

**Seven Aces (TSXV:ACES)**. Industrial Alliance Securities starts coverage with a "buy" rating and a price target of \$1.90 (Canadian), saying the company is holding “*a dominant position in*

*a highly fragmented, but highly regulated and highly lucrative market.”*

Specifically, ACES holds a 70% stake in coin operating amusement machine operator Lucky Bucks in Georgia.

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**Home Capital (TSX:HCG)**. CIBC upgrades to "outperformer" and raises the price target \$35 from \$25.

**Equitable Group (TSX:EQB)**, which is higher by 92% this year, it cut to "neutral" by CIBC on valuation and the target is raised to \$130 from \$100.

**Kinaxis (TSX:KXS)**

This company gets its target raised by CIBC to \$108 from \$95 and the "outperformer" rating is held steady.

**GMP Securities** moves the target on KXS to \$114 from \$99 and maintains "buy" but warns that valuation is nearing its peak.

**RBC** hikes the target to \$110 from \$95, while **Eight Capital** lifts the target to \$115 from \$100.

**Diversified Royalty (TSX:DIV)**. GMP lifts the target to \$4.20 from \$4 and maintains "buy" after the company announced a \$52 million

royalty deal with Nurse Next Door.

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## **U.S. ANALYSTS' CALLS**

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**Walmart (NYSE:WMT).** Oppenheimer ups the target on the world's largest retailer to \$125 (U.S.) from \$108.

**Bank of America (NYSE:BAC)** gets its target boosted by J.P. Morgan to \$33.50 from \$30 on a better U.S. economic outlook and optimism over trade issues.

**Citigroup (NYSE:C)** sees its target boosted by J.P. Morgan to \$84.50 from \$77.50.

**McDonald's (NYSE:MCD).** Piper Jaffray downgrades to "neutral" and cuts the target to \$195 from \$224. See below for more.

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## **STOCKS THAT MAY MOVE**

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**Pattern Energy Group (NASDAQ:PEGI).** Encana is looking to the U.S. for its future growth in the energy sector and the **Canada Pension Plan Investment Board**, or CPPIB, is doing the same by buying renewable energy company Pattern Energy for **\$6.1 billion in cash, including \$3.47 billion in debt, or \$26.75 per share, a nearly 15% premium** to the last trading day prior to market speculation about the possible deal. Pattern shares are higher by 49% this year.

**Cargojet (TSX:CJT)** said Q3 revenue rose nearly 3% from last year to \$117.4 million (Canadian), slightly below analysts' estimates. Adjusted EBITDA jumped 24% to \$39.1 million.

**McDonald's (NYSE:MCD)** CEO Steve Easterbrook has stepped down for having a consensual romantic relationship with an employee, which is against company policy.

**Berkshire Hathaway (NYSE:BRK.A;BRK.B)** said Q3 operating income rose 14% to \$7.86 billion, ahead of estimates, with net income falling 11%, reflecting fewer gains from Berkshire's investments.

**Under Armor (NYSE:UAA)** is down 16% in premarket trading after the company cut its revenue forecast and said it's under investigation by U.S. federal authorities over its accounting practices.

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## **MARKETS**

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**S&P/TSX and U.S. equity futures** are higher partly due to China's foreign ministry saying that the country's President XI Jinping and U.S. President Donald Trump are in continuous contact by various means about a trade deal.

Global stocks, based on the MSCI world equity index, hit a 21-month high with the major European indices all higher by more than 1%.

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# CURRENCIES

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The Canadian dollar is slightly lower at \$0.7603 (U.S.).

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# COMMODITIES

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West Texas Intermediate is up 1% to \$56.77 a barrel.

Gold is modestly higher at \$1,512.30 an ounce.

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

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