



INVEST LIKE A PRO, WITH THE PROS!





Valens GroWorks CEO Tyler Robson

Remember to access the new [Capital Ideas Digest](#) which examines a company that deserves a second look as it emerges from scandal with more than 50% upside.

I went to a meeting and a podcast broke out.

Yesterday I met with the head of an investment company. I told him I wanted to interview him at some point. He went to his office and started assembling a very cool recording setup and we recorded a podcast on the spot.

The transcription of the podcast will be the basis of next week's Digest because this entrepreneur owns 20% of a publicly-listed tech real estate company he's very excited about and will tell you why.

He's also weeks away from bringing public another investment company that he says will change the way smaller companies are financed.

Look out for this interview and intriguing small cap idea early next week.

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Morning Need to Know

Getting you ready for your investing day

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CANADIAN ANALYSTS' CALLS

INITIATIONS

Desjardins Securities has started coverage of **three cannabis extraction companies** including **Valens GroWorks**, which it says is *"setting the gold standard for extraction and beyond"*.

Valens GroWorks (TSXV:VGW). Desjardins rates a “buy” with an \$8 (Canadian) target. The stock closed at \$3.01.

“With a growing focus on testing, formulations and product development, the company is looking to be a partner with its customers in the CPG world.

As a result, it has partnered with industry-leading players to build a unique and diverse portfolio of IP and technology that, along with its expertise with multiple extraction methods, can be leveraged into product development and white labelling service.”

Neptune Wellness Solutions (TSX:NEPT) also gets a “buy” rating and \$10 target.

Heritage Cannabis Holdings (CSE:CANN) gets rated a “buy” with a 90 cent target. The stock

closed at 24 cents. I own CANN shares.

**

WSP Global (TSX:WSP). National Bank hikes the price target to \$92 from \$84 and maintains "outperform", while CIBC boosts the target to \$89 from \$84 and reiterates "outperformer" after the company's "*strong*" Q3 earnings results.

CIBC cites several factors:

1) Robust backlog levels (organic ~5% growth vs. a year ago).

2) Positive outlook for most regions (Canadian growth should eventually pick up as the robust infra pipeline rolls out).

3) Plenty of "dry powder" for further M&A.

4) Further margin expansion as per the WSP 2019-2021 strategic plan, and we believe WSP is gaining market share.

Industrial Alliance & Financial Services (TSX:IAG). CIBC moves the target to \$78 from \$67, increases its EPS forecast, and reiterates "outperformer". Canaccord Genuity lifts the target to \$73 from \$66.

Intact Financial (TSX:IFC). Desjardins Securities hikes the target to \$138 from \$132.

Granite REIT (TSX:GRT.UN). BMO Nesbitt Burns upgrades to "outperform" and moves the target to \$71.25 from \$69.50. CIBC ups the target to \$72 from \$70 and maintains "outperformer".

Killam Apartment REIT (TSX:KMP.UN). Industrial Alliance upgrades to "buy" and moves the target to \$22 from \$21.50.

Morneau Shepell (TSX:MSI) upgraded to "buy" by TD Securities with a \$36 target.

Chemtrade Logistics Income Fund (TSX:CHE.UN). Desjardins upgrades to "buy" and lifts the target to \$12 from \$11.50.

Jamieson Wellness (TSX:JWEL). CIBC hikes the target to \$29 from \$27 and reiterates "outperformer".

U.S. ANALYSTS' CALLS

Qualcomm (NASDAQ:QCOM). Canaccord Genuity ups the target to \$101 (U.S.) from \$87, saying a ramp up in 5G chips will produce strong growth and margin expansion.

STOCKS THAT MAY MOVE

Canadian Natural Resources (TSX:CNQ)

reported quarterly EPS of \$1.04 (Canadian) versus the 77 cent estimate and said production rose 11% from last year at the same time.

Canopy Growth (TSX:WEED;NYSE:CGC) has announced a joint venture with the rapper Drake called MoreLife Growth which will produce and distribute cannabis in Toronto.

Vireo Health (CSE:VREO). Speaking of Canopy, its former CEO Bruce Linton has been named executive chairman of this company.

Canadian Tire (TSX:CTC.A)

The retailer missed analysts estimates with its earnings as higher e-commerce costs weighed on the numbers.

Telus (TSX:T) reported lower profit from a year ago and raised its dividend, which the company does on a regular basis.

ArcelorMittal (NYSE:MT). The world's largest steel company had stronger than expected Q3 profit but cut its forecast for demand in the U.S. and Europe.

Roku (NYSE:ROKU). The streaming media device maker is down about 15% after taking a wider loss than last year but it was less than forecast with revenue up 50% and expenses climbing 60%.

GoDaddy (NYSE:GDDY) is up 10% after reporting revenue rose 12% from a year ago, and a \$500 million share buyback.

MARKETS

S&P/TSX and U.S. equity indices have started higher and European stock indices are at four year highs after China said Beijing and Washington have agreed to gradually cancel tariff increases as trade talks continue.

CURRENCIES

The Canadian dollar is inching higher at \$0.7587 (U.S.).

COMMODITIES

West Texas Intermediate is up 1.7% to \$57.29 a barrel on the tariff news which is offsetting a U.S. government inventory report that showed a build of nine million barrels in the last week compared to a forecast of 1.5 million.

Gold is down 0.5% at \$1,486.10 an ounce.

DAILY UPDATE

TSXV:MDP



[Click here](#) to watch the 30-second advertisement Capital Ideas Media produced for Medexus Pharmaceuticals (TSXV:MDP) that started running this week on BNN Bloomberg for the next month.

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