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Today's new *Capital Ideas Digest* will focus on tech stocks nicely positioned for the current environment, one with as much as 140% upside.

And research on a REIT that has an "irreplaceable" footprint.

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## Morning Need to Know

Getting you ready for your investing day

May 5, 2020

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Capital Ideas Media

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## CANADIAN ANALYSTS' CALLS

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### INITIATIONS

**Microbix Biosystems (TSX:MBX)** gets started at Industrial Alliance Securities with a "speculative buy" rating and a price target of \$0.50 (Canadian), with the analyst saying the infectious disease specialist is:

*... "poised to gain global attention as a result of the COVID-19 pandemic where increased testing and the need for quality control will increase the demand for MBX's expertise to develop controls to test for the SARS-*

CoV-2 virus...

*...for more than 30 years, Microbix has offered an expansive library of royalty-free bacteria, host cells, and viruses to over 100 leading international diagnostic companies for infectious disease testing.”*

**\*\***

**Richards Packaging Income fund (TSX:RPI.UN).** We'll toot our horn on this one as Acumen Capital raises the price target to \$58 from \$50, implying 27% upside, hikes its EBITDA estimates for this year and next and maintains a "buy" after "very strong" earnings results.

**Richards was our Digest cover story on May 7 of last year after which the stock moved 28% higher and is still up 15% since then.**

Analyst Jim Byrne, on whose research we based our idea, said:

*“We believe the units are attractively valued given the company’s strong balance sheet, low payout ratio, and unique position in the healthcare packaging segment,” he said. “RPI is one of the few companies that has seen strong revenue growth during the pandemic, and we believe the units should be a core holding in investors’ portfolios.”*

**Kinaxis (TSX:KXS).** TD Securities hikes the target to \$165 from \$130 on its higher recurring revenue mix and potentially increased pipeline.

**Advantage Oil & Gas (TSX:AAV).** BMO Nesbitt Burns raises to "outperform" and hikes the target to \$3.50 from \$2.

**Alacer Gold (TSX:ASR).** RBC Dominion Securities lifts the target to \$8 from \$7 and maintains an "outperform".

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## U.S. ANALYSTS' CALLS

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### INITIATIONS

**DraftKings (NASDAQ:DKNG).** Canaccord Genuity starts coverage of the newly-public company with a "buy" and a target of \$25 (U.S.), saying the firm has a "*long runway for growth*" as Americans increasingly embrace legalized sports betting. The stock closed at \$20.99.

**Aurinia Pharmaceuticals (TSX:AUP)** gets started by Cowen & Co. with an "outperform" and a target of \$30 (Canadian).

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**Shake Shack (NYSE:SHAK)** gets its target raised to \$55 (U.S.) from \$44 by Piper Sandler as its same-store sales improve.

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### STOCKS THAT MAY MOVE

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**AirBoss of America (TSX:BOS).** I see Globe Investor has a positive piece today on this custom rubber company that recently struck a deal with FEMA for

nearly \$100 million to supply Powered Air Purifying Respirators.

**BOS was our Digest cover story on April 7 this year after which it gained about 35% before settling back.**

BOS also said its CFO Daniel Gagnon will be leaving to pursue other projects and to spend more time with his family.

**Americas Gold and Silver (TSX:USA) has arranged a \$25 million (Canadian) bought-deal offering with a syndicate of underwriters which will buy 8.93 million common shares for \$2.80 each. The stock closed at \$2.90 on Monday.**

The company said:

*"Strategic investors led by Pierre Lassonde and Eric Sprott have indicated that they intend to subscribe for such number of common shares from the offering totalling \$8.75 million."*

**Well Health Technologies (TSX:WELL) is taking advantage of its record high share price by raising \$12.5 million through a bought-deal financing with a syndicate of underwriters that will purchase 5.682 million common shares for \$2.20 each. The stock closed Monday at \$2.41.**

**Pfizer (NYSE:PFE) and BioNTech (NASDAQ:BNTX) will soon start human testing in the U.S. for their coronavirus vaccine.**

**Restaurant Brands Int'l (TSX:QSR;NYSE:QSR).  
Activist investor Bill Ackman has raised Pershing**

Square's stake in the company to just under 10% from 6.6%.

**Walgreens (NYSE:WGA) and AmerisourceBergen (NYSE:ABC)** are in talks for ABC to buy Walgreens wholesale pharmaceutical business for about \$6 billion (U.S.), according to Reuters. Walgreens own 27% of ABC.

**L Brands (NYSE:L)** shares are down after the company called off its \$525 million deal to have Sycamore Partners take majority control of Victoria's Secret.

**Quarterhill (TSX:QTRH)** has appointed Paul Hill as president and CEO of Quarterhill, effective June 1. Hill is currently CEO of Carta Worldwide, a global modern card issuing platform, and was CEO of DisclosureNet, which was acquired by Certent in 2016.

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## **MARKETS**

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**S&P/TSX and U.S. equity futures** are higher continuing the late day rally from Monday as investors await earnings from the likes of Suncor and Walt Disney.

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## **CURRENCIES**

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**The Canadian dollar** is up 0.3% at 0.7121 (U.S.).

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## **COMMODITIES**

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**West Texas Intermediate crude oil** is up for a fifth session, higher by 9.6% to nearly \$25 a barrel.

**Gold** is down 0.6% at \$1,702.10 an ounce.

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Please email questions, comments or concerns to:

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