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## Morning Need to Know

Getting you ready for your investing day

September 23, 2020

Written & curated by Sean Mason, Associate  
Publisher, Capital Ideas Media

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### CANADIAN ANALYSTS' CALLS

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**CN Railway (TSX:CNR).** RBC Dominion Securities analyst Walter Spracklin has a “Sector Perform” rating on the stock, increasing his target price to \$145 per share from \$125.

“We are bringing up our Q3 estimates due to higher Grain volumes but expect this to be partly offset by the strike at the Port of Montreal and increased employee count, both of which we believe will unfavorably affect margins,” he said.

**Nomad Royalty Company Ltd. (TSX:NSR).** Industrial Alliance Securities analyst Puneet Singh initiated coverage on the precious metals royalty company with a “Buy” rating and a target price of \$2.30 per share, calling Nomad “one to buy in the early days.”

“Over the summer, Nomad announced three deals including a 1-per-cent NSR [net smelter return] on the Troilus Mine (PEA stage) in Quebec, a 1-3-per-cent NSR on the Moss Gold mine (operating) in Nevada, and a 1.00-2.25-per-cent NSR on the Robertson deposit (development, satellite to Cortez mine in Nevada),” the analyst wrote.

“We would expect Nomad to continue to remain active trying to source new deals. The Company recently added a \$75-million credit facility and will generate \$30-50-million in FCF p.a. [free cash flow per annum] starting in 2021.”



**U.S. ANALYSTS' CALLS**

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**Tesla Inc. (NASDAQ:TSLA).** Oppenheimer analyst Colin Rusch reiterated his "Outperform" rating on the stock while keeping his price target at \$451 per share, saying Tesla outlined a "robust reimagining of battery design, manufacturing and performance," including targeting a \$25,000 vehicle in three years and a 20-times capacity increase by 2030, while also noting that Tesla's 30% to 40% delivery growth guidance for 2020 is above consensus estimates.

"We are impressed with the ambition of the endeavor and believe this roadmap charts ongoing technology and cost leadership for [Tesla] enabling sales into the entire LDV market," Mr. Rusch said.

"While limited details may weigh on shares, we would be buyers on any near-term weakness."

**ZoomInfo (NASDAQ:ZI).** Wells Fargo analyst Michael Turrin upgraded the stock from "Equal Weight" to "Overweight" with a \$46 per share price target, believing the current premium valuation is "warranted given ZI's best-in-class operating profits."



## STOCKS THAT MAY MOVE

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**Fortis Inc. (TSX:FTS)** said it is extending its average annual dividend growth guidance of 6% until 2025.

**WildBrain Ltd. (TSX:WILD)** reported fourth-quarter revenue of \$92.9 million, better than the \$91.8 million expected by analysts, while swinging to a profit of \$0.02 per share from a loss of \$0.47 per share a year earlier.

**Calian Group Ltd. (TSX:CGY)** announced that it has been selected by the Department of National Defence to provide as and when requested Science and Technology research capabilities. The contract has a term of up to five years and is valued at approximately \$18 million.

## MARKETS

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**S&P/TSX and U.S. equity futures** are pointing to a mixed open on Wednesday following better-than-expected results from Nike Inc.

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## CURRENCIES

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The Canadian dollar is down 0.24 at 0.7492 (U.S.).

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## COMMODITIES

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West Texas Intermediate crude oil rose 0.3% at \$39.91 even as the American Petroleum Institute said crude inventories increased by 691,000 barrels last week.

Gold slipped 1.4% to \$1,881.30 an ounce.

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*[customercare@capitalideasresearch.com](mailto:customercare@capitalideasresearch.com)*

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Sean Mason  
Associate Publisher,  
Capital Ideas Media

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## CANADIAN ANALYSTS' CALLS

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**H<sub>2</sub>O Innovation Inc. (TSXV:HEO).** Desjardins Securities analyst Frederic Tremblay initiated coverage on the stock with a “Buy” rating and a \$2 per share target price, as he sees “massive” spending on water and wastewater treatment systems due to challenges to clean water availability, the regulatory environment and the “poor shape” of infrastructure.

“We believe HEO’s expertise in membrane-based products and services positions the company to capture growth opportunities,” he said.

“The U.S. (where HEO generates 70 per cent of revenue) has 65,000 water and wastewater systems, most of which are small local entities with aging workforces and are seeking know-how and customized solutions that an experienced partner like HEO can offer. The company can also tap into opportunities, including desalination, outside of the U.S., thanks in part to its global network of distributors for specialty products.”



**Canadian Apartment Properties Real Estate Investment Trust (TSX:CAR.UN).** Raymond James analyst Brad Sturges resumed coverage on the REIT with an “Outperform” rating and \$55.50 per share target price.

“Although the Ontario Government’s expected plan to freeze rents for existing tenants in 2021, we believe that CAPREIT is positioned to capture higher AMRs [average monthly rents] realized upon suite turnover, and to execute on Canadian multifamily sector consolidation prospects due to its financial position,” the analyst wrote.

“CAPREIT’s affordable rental portfolio segment may experience resilient leasing demand fundamentals during the pandemic, supporting its future organic growth profile.”



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

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**Amazon.com Inc. (NASDAQ:AMZN).** Bernstein analyst Mark Shmulik upgraded the stock to “Outperform” from “Market Perform” with a

US\$3,400 per share target price.

“Amazon is positioned to increase their dominant share position when the return to physical stores occurs. Amazon has also quietly made substantial inroads into grocery and ‘shopping’ verticals,” Mr. Shmulik said.

“Amid COVID, Amazon has executed incredibly well, pivoting its operations and inventory to in-demand verticals – with flexibility and speed we didn’t expect.”

He added that he believes the Company can make further gains in other “revenue pools” like advertising and cloud services.

**Teladoc Health Inc. (NYSE:TDOC).** DA Davidson initiated coverage on shares of the virtual healthcare provider with a "Buy" rating and a \$250 per share price target.



**STOCKS THAT MAY MOVE**

**Dye & Durham Limited (TSX:DND)** reported that its Fiscal 2020 revenue rose 49% to \$65.5 million, while its Adjusted EBITDA for the year increased 39% to \$36.7 million.

**Great Bear Resources Ltd. (TSXV:GBR)** provided an update on metallurgical testing underway at its 100% owned Dixie Project in the Red Lake district of Ontario. CEO Chris Taylor commented that “in more than 99% of observed instances, gold occurs freely or on the edges of sulphide grains, suggesting potential for very high metallurgical recoveries, as has been observed at other free gold hosting deposits in the Red Lake district.”

**Neptune Wellness Solutions, Inc. (TSX:NEPT)** announced that it has agreed to an import and stocking distribution partnership with a global consumer goods company for professional beauty, personal care and hygiene product lines, which the two companies project will generate revenue of between US\$65 million and US\$137 million over the next 18 months.

## MARKETS

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S&P/TSX and U.S. equity futures are pointing to a mixed open Tuesday as investors look ready to start buying some beaten-down tech stocks south of the border.

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## CURRENCIES

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The Canadian dollar is down 0.01 at 0.7514 (U.S.).

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## COMMODITIES

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West Texas Intermediate crude oil rose 0.7% at \$39.60 as the latest storm in the Gulf of Mexico lost strength.

Gold gained 0.3% to \$1,916.40 an ounce.

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