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Morning Need to Know

Getting you ready for your investing day

October 21, 2020

Written & curated by the Capital Ideas Media team



CANADIAN ANALYSTS' CALLS

Canadian Pacific Railway Limited (TSX:CP). RBC Dominion Securities analyst Walter Spacklin raised his target price on the stock to \$451 per share from \$439, while keeping an “Outperform” rating.

“The market appears to have largely shrugged off a weaker than expected Q3 report and instead is focusing (appropriately) on the positive tone and

upward guidance revision provided by management in its Q3 report,” he said.

“Based on the detail provided on the call regarding this outlook, we are encouraged by the opportunity set ahead of CP as we go into Q4 and 2021.”

Ely Gold Royalties Inc. (TSXV:ELY). Laurentian Bank Securities analyst Jacques Wortman initiated coverage of the company with a “Buy” rating and a \$2 per share target price, believing ELY has a “compelling valuation for a growth-focused gold royalty company.”

“ELY is a relatively new player in the precious metal royalty space and has been aggressively building its asset base over the last two (2) years,” the analyst wrote.

“With investor focus on the larger and intermediate royalty companies, we believe that there has been somewhat limited market awareness. As a result the stock trades well below its peers on the basis of P/NAV. In our view, this valuation delta will shrink as ELY continues to grow its asset base, as we believe the market will better recognize: 1) the quality and value of the current royalty portfolios, 2) the

strength of the operators that control the underlying assets on which ELY holds royalties, and 3) the upside potential that exists across the portfolio of underlying assets. Based on our conservative assumptions, ELY royalty revenue should trend higher from 2021–2024, with significant royalty revenue starting in 2025. We believe that any acquisition of a royalty that provides revenue sooner, although potentially expensive, could bolster near-term revenue and further increase market awareness.”



U.S. ANALYSTS' CALLS

Microsoft Corporation (NASDAQ:MSFT). Wedbush analyst Daniel Ives has an "Outperform" rating on Microsoft shares with a \$260 price target.

“Azure's cloud momentum is still in its early days of playing out within the company's massive installed base and the Office 365 transition for both consumer/enterprise is providing growth tailwinds over the next few years,” Mr. Ives said.

ManpowerGroup (NYSE:MAN). JP Morgan upgraded shares of the workforce solutions company to "Overweight" with an \$88 target price on the stock.



STOCKS THAT MAY MOVE

Canadian National Railway Company (TSX:CNR) shares are set to open lower Wednesday after the Company reported Q3 revenue and earnings per share that missed analyst expectations.

RioCan Real Estate Investment Trust (TSX:REI.UN) said its founder Edward Sonshine will retire as Chief Executive Officer of the Trust on March 31, 2021. He will be replaced by current President and Chief Operating Officer Jonathan Gitlin.

Cogeco Communications Inc. (TSX:CCA) announced that it has agreed to acquire DERYtelecom, the third-largest cable provider in the province of Quebec, for \$405 million.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a mixed open Wednesday as investors focus on U.S. stimulus talks.

CURRENCIES

The Canadian dollar is up 0.10 at 0.7627 (U.S.).

COMMODITIES

West Texas Intermediate crude oil fell 1.3% at \$41.15.

Gold gained 0.7% to \$1,928.20 an ounce.

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September 22, 2020

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



CANADIAN ANALYSTS' CALLS

H₂O 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

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

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.

CURRENCIES

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

COMMODITIES

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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