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Morning Need to Know

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Written & curated by Sean Mason, Associate
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CANADIAN ANALYSTS' CALLS

Algonquin Power & Utilities

Corp. (TSX:AQN). Industrial Alliance Securities analyst Naji Baydoun has a “Buy” rating on the stock and a \$21 per share target price, seeing the Company's hybrid utility and power business offering multiple platforms for expansion.

“AQN offers investors a well-balanced mix of growth and income, with (1) a diversified business model (regulated utilities & non-regulated power), (2) robust medium-term growth (8-10 per cent per year EPS and FCF/share growth through 2024), (3)

attractive dividend growth (10 per cent per year through 2021), and (4) upside from additional growth initiatives (including M&A; not included in our estimates/valuation),” he said.

Uni-Select Inc. (TSX:UNS). Desjardins Securities analyst Benoit Poirier upgraded the stock to “Buy” from “Hold,” while trimming his target price to \$9 per share from \$9.25, in response to better-than-anticipated operational results that highlighted improving market conditions as well as a recent pullback in share price.

“Following 2Q20 results, we became more constructive on the story although we preferred to wait for further confirmation of the sales trends before revisiting our investment thesis,” the analyst wrote.

“While we acknowledge that UNS’s balance sheet remains fragile, we believe the faster-than-expected recovery and recent share price pullback offer an attractive entry point for long-term investors.”



U.S. ANALYSTS' CALLS

SailPoint Technologies Holdings Inc. (NYSE:SAIL). Morgan Stanley Analyst Hamza Fodderwala upgraded the stock from "Equal Weight" to "Overweight," while boosting the price target from \$23 to \$50 per share, saying an “increasingly cloud-based and remote workforce is driving a shift in security demand towards Identity Management,” an area where SAIL is a “key beneficiary.”

Amazon.com Inc. (NASDAQ:AMZN). Pivotal Research raised its price target on the stock to \$4,500 per share from \$3,925.



STOCKS THAT MAY MOVE

Park Lawn Corporation (TSX:PLC) announced that it has acquired the assets of Bowers Funeral Service Ltd., a three-location funeral home business in British Columbia.

Canadian Utilities Limited (TSX:CU) said its ATCO

Ltd. (TSX:ACO.X) subsidiary has agreed to acquire the Pioneer Pipeline from Tidewater Midstream & Infrastructure Ltd. and its partner TransAlta Corporation for a purchase price of C\$255 million.

Fosterville South Exploration Ltd. (TSXV:FSX) reported drill results from its Golden Mountain Project in Victoria, Australia, which included 28 metres of 10.2 grams per tonne gold.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a sharply higher open Thursday on U.S. stimulus hopes and better-than-expected U.S. weekly jobless claims.

CURRENCIES

The Canadian dollar is up 0.17 at 0.7524 (U.S.).

COMMODITIES

West Texas Intermediate crude oil fell 1.4% at \$39.65 on reports of increased oil production from Libya and Iran.

Gold gained 0.9% to \$1,912.40 an ounce.

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customercare@capitalideasresearch.com

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Sean Mason
Associate Publisher,
Capital Ideas Media

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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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Sean Mason
Associate Publisher,
Capital Ideas Media

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