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## Morning Need to Know

Getting you ready for your investing day

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Written & curated by the Capital Ideas Media team

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### CANADIAN ANALYSTS' CALLS

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**Constellation Software Inc. (TSX:CSU).** BMO analyst Thanos Moschopoulos raised his target price on the stock to \$1,800 per share from \$1,700 with an “Outperform” rating.

“CSU has filed the final prospectus for its spin-out of Topicus. We expect CSU to trade ex-dividend for the spin-out on Dec. 23rd, and for Topicus to start trading in late January,” he said.

“We’ve updated our preliminary valuation for Topicus based on new disclosure, and have raised our

estimates and target price for CSU (on both a pre-spin and post-spin basis), reflecting a robust level of M&A in the current quarter.”

**AltaGas Ltd. (TSX:ALA).** ATB Capital Markets analyst Nate Heywood initiated coverage on the stock with an “Outperform” rating and a \$22 per share target price.

“The utility assets offer a strategic growth program with immediate returns and rate regulated cash flows, while the Midstream space is underpinned by long-term contracts and a growth profile built around leveraging key export assets,” the analyst wrote.

“In concert with the stable cash flow profile and attractive growth outlook, the Company boasts an attractive dividend yield at 5.4 per cent.”



**U.S. ANALYSTS' CALLS**

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**Microsoft Corporation (NASDAQ:MSFT).** Citi analyst Walter Pritchard upgraded the stock to “Buy” from “Neutral,” while boosting his target price to US\$272 per share from US\$229, saying a “convergence of forces” are likely to benefit the tech giant in 2021.

“We note that relatively slow-moving enterprise IT is likely to accelerate cloud adoption, which we expect favors Azure over its peers (Azure = IT cloud, AWS/GCP = ‘builder’ cloud),” Mr. Pritchard said.

“Additionally, an increased reliance on digital prod/collab is likely to boost O365 [Office 365] premium SKU adoption, just as we are seeing units plateau (recent investor concern). We see this as especially true as customers focus in 2021 on rationalizing deployments after ‘hurry up’ adoption in 2020 (video a key area to watch).”

**ZoomInfo Technologies, Inc. (NASDAQ:ZI).** Stephens analyst Ryan MacWilliams initiated coverage on ZoomInfo with an “Overweight” rating and \$60 per share price target.

Given his expectation for more sales workflows to move to digital, he thinks consensus estimates for

ZoomInfo's FY21 revenue are “conservative.”

ZoomInfo's intent data is a “competitive differentiator,” he wrote, noting that about 80% of enterprise customers who leave ZoomInfo return within a year.



## STOCKS THAT MAY MOVE

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**CAE Inc. (TSX:CAE)** said it has acquired Merlot Aero Ltd., a flight crew management software company, in deal worth between US\$25 million and US\$35 million.

**Liberty Health Sciences Inc. (CSE:LHS)** announced that it has agreed to be acquired by Ayr Strategies Inc. (CSE:AYR.A) in an all-stock transaction valued at approximately \$372 million. Liberty Health shareholders will receive 0.03683 of an Ayr share for each Liberty share held.

## MARKETS

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S&P/TSX and U.S. equity futures are pointing to a mixed open Tuesday after the US Congress passed a COVID-19 relief and government spending package.

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## CURRENCIES

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The Canadian dollar is down 0.13 at 0.7764 (U.S.).

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## COMMODITIES

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West Texas Intermediate crude oil fell 1.4% at \$47.29.

Gold slipped 0.1% to \$1,880.90 an ounce.

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