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Priced as of 09 December 2021 unless otherwise stated.

Top Picks from Canaccord Genuity Research

We believe the race to maximum employment and an incomplete global restocking cycle remain the primary upward forces pulling world economic growth in 2022. Downward pulls are new variants of COVID-19 and market-based factors whereby a sharp rise in bond yields, oil prices and the US\$ could magnify the restrictive impact of rising policy rates. As supply chain disruptions ease, inflation should moderate in H1/22 before likely reaccelerating in H2/22. The transition from supply to demand and service-push inflation should prompt many central banks to initiate tightening cycles. Overall, global growth is expected to downshift in 2022, but at ~5%, according to the IMF, it remains well above the historical average of ~3.5%.

A tug-of-war between interest rates and earnings should lead to a choppy environment for stocks in 2022. We believe this is especially true considering that, in contrast with December last year, equity risk premiums (ERPs) have melted in many areas of the market. Also, net speculative positions in equity futures have risen to record highs, bond yields are on the rise and our earnings models have cratered owing to rising input/wage costs. We believe this means that either ERPs fall further in 2022, possibly setting in motion a large-cap growth mania, or there is a net rotation into small-cap, mid-cap and value stocks where ERPs are still reasonable. We assign higher probabilities to the latter but still recommend investors take on portfolio risk at the sector level by favouring cyclical vs. defensives through the early part of the year.

We believe a non-trivial risk later in 2022 is that the projected decline in inflation turns out to be transitory, prompting world central banks to push harder on the brakes. As such, investors should keep an eye on the US 10y-2y bond yield curve, since the last time it flattened below 50bps, in spring 2018, there was a net rotation away from cyclical into defensive sectors. We see such a shift as highly likely, given that entering 2022 positioning in cyclical stocks is getting stretched. Accordingly, we recommend investors gradually build positions in more defensive sectors throughout the year, as the first Fed hike has historically triggered a rotation from growth to defensive stocks.

- Martin Roberge, MSC, CFA

With the above considerations in mind, we have asked our fundamental research analysts to select their top picks. Our Quantitative/Technical Analyst, Javed Mirza, has also provided a Quantitative/Technical overlay to the stocks highlighted in the report.

Technical Review: The eight charts with the most constructive technical profiles are **SGMA, FRU, CS, BAM/A, ONEX, BMO, DCBO, and T**.

The four charts that suggest further downside risk are **AEM, AYR/A, FCR/UN, and HLS**.

Quantitative Review (see Appendix 1): Of the stocks we screened in this report that are modeled in our proprietary quantitative tool, Quest®, the five highest-ranked stocks are **FRU, SSRM, SGMA, BMO, and BDT**. **AEM** has the highest Value factor score (24). **CGY** has the highest Quality factor score (27). **SGMA** has the highest Momentum factor score (32).

The "Top Picks" in this report are made only as of the date of this publication. Canaccord Genuity and the authoring analyst(s) will not update this list, and do not undertake, and specifically disclaim any obligation, to do so, whether as a result of new information, future developments, or otherwise. In addition, the "Top Picks" included herein are made based upon the subjective views of the authoring research analyst(s), and are not made or ranked based on rating, target price, total expected return, or any other quantitative or fundamental metric(s). None of the author(s), Canaccord Genuity Corp., its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this note.

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For important information, please see the Important Disclosures beginning on page 54 of this document.

Figure 1

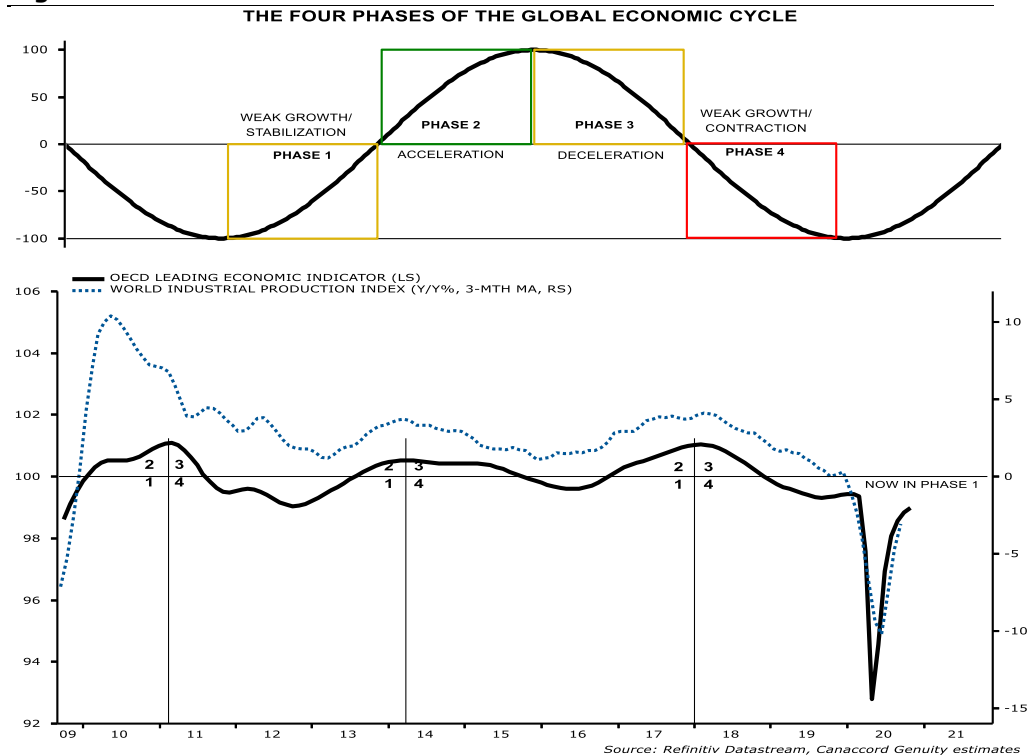


Figure 2

RELATIVE RANK 10 SECTORS	PHASE (RELATIVE AVERAGE MONTHLY TOTAL RETURN*)			
	1	2	3	4
1	Technology	Financials	Utilities	C.Staples
2	Health Care	Industrials	Comm. Services	Health Care
3	C. Discretionary	Basic Materials	Technology	Utilities
4	Oil & Gas	Technology	Industrials	C. Discretionary
5	C.Staples	C.Staples	C.Staples	Comm. Services
6	Industrials	Health Care	Health Care	Oil & Gas
7	Financials	Oil & Gas	Oil & Gas	Financials
8	Basic Materials	C. Discretionary	Financials	Basic Materials
9	Comm. Services	Comm. Services	C. Discretionary	Industrials
10	Utilities	Utilities	Basic Materials	Technology

RELATIVE RANK BY STYLE	PHASE			
	1	2	3	4
1	Early Cyclicals	Late Cyclicals	Defensives	Defensives
2	Late Cyclicals	Early Cyclicals	Late Cyclicals	Early Cyclicals
3	Defensives	Defensives	Early Cyclicals	Late Cyclicals

Early Cyclicals = C. Discretionary, Financials and Technology

Late Cyclicals = Oil & Gas, Basic Materials and Industrials

Defensives = C. Staples, Health Care, Comm. Services and Utilities

* 1983-2015

Source: Refinitiv Datastream, Canaccord Genuity estimates

Quantitative Review – Top Picks Stocks

Figure 3: Momentum and Quest® triAngle Scores

M-Score Data Updated: December 13, 2021

Each column's colour scale is independent of other columns

Company Name	Ticker	Quest® Quant Score				Momentum		
		triAngle (/100)	Value (/33)	Quality (/33)	Momentum (/33)	Quadrant (Monthly)	Quadrant (Weekly)	Quadrant (Daily)
Freehold Royalties Ltd.	FRU-CA	73	23	19	31	2	3	1
SSR Mining Inc	SSRM-CA	71	23	25	22	1	2	4
Sigma Lithium Corporation	SGML-CA	70	12	26	32	2	3	2
Bank of Montreal	BMO-CA	70	16	26	28	2	2	1
Bird Construction Inc.	BDT-CA	65	23	19	23	3	3	1
Artemis Gold Inc	ARTG-CA	63	19	15	29	n/a	2	1
Capstone Mining Corp.	CS-CA	63	17	21	25	3	2	3
AltaGas Ltd.	ALA-CA	62	20	19	23	3	1	1
Calian Group Ltd.	CGY-CA	57	13	27	17	3	4	1
Hamilton Thorne Ltd.	HTL-CA	57	11	23	23	2	2	1
TELUS Corporation	T-CA	55	15	19	21	2	2	3
Osisko Gold Royalties Ltd	OR-CA	54	19	17	18	3	2	1
Agnico Eagle Mines Limited	AEM-CA	53	24	19	9	4	4	1
Trulieve Cannabis Corp.	TRUL-CA	52	16	26	10	3	4	4
Cargojet Inc.	CJT-CA	48	12	23	13	3	4	1
HLS Therapeutics, Inc.	HLS-CA	45	16	15	15	3	4	1
NexGen Energy Ltd.	NXE-CA	44	13	9	22	3	3	1
Thinkific Labs, Inc.	THNC-CA					n/a	4	2
Docebo, Inc.	DCBO-US					n/a	4	1
First Capital Real Estate Investment Trust	FCR.UT-CA					2	3	4
Brookfield Asset Management Inc. Class A	BAM-US					2	3	1
Vintage Wine Estates Inc	VWE.USD-CA					n/a	n/a	2
VerticalScope Holdings, Inc.	FORA-CA					n/a	n/a	3
Onex Corporation	ONEX-CA					2	2	3
Ayr Wellness, Inc.	AYR.A-CA					n/a	4	1

Source: Source: Canaccord Genuity Research, Canaccord Genuity Quest®

Ayr Wellness Inc. Cannabis

Rating
BUY

Price Target
C\$62.00

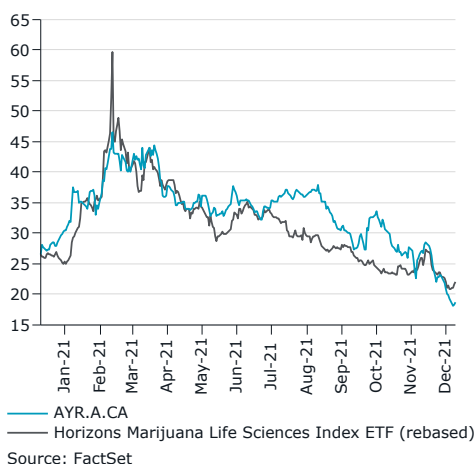
AYR.A-CSE
AYRWF-OTC

Price
C\$18.40

Market Data

52-Week Range (C\$) :	17.96 - 46.40
Avg Daily Vol (000s) :	162
Market Cap (C\$M) :	1,354.2
Shares Out., FD (M) :	73.7
Total Return to Target (%) :	237.0
Net Debt (Cash) (C\$M) :	242.5
Enterprise Value (C\$M) :	1,597

FYE Dec	2020A	2021E	2022E
Sales (US\$M)	155.1	351.9	772.8
EBITDA (US\$M)	56.2	98.6	258.1



Priced as of close of business 9 December 2021

AYR is a vertically integrated cannabis company with pro forma operations in Massachusetts and Nevada, Pennsylvania, Arizona, Ohio, New Jersey, Florida and Illinois.

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Solid execution, an acquisitive 2021 and overall market growth should lead to a banner 2022

Investment recommendation

Although valuations of US multi-state operators (MSOs) faced notable pressure for most of 2021, we believe the sector continues to see positive regulatory tailwinds (at both the state and federal level), strong underlying fundamentals from many of the leading operators, and anticipated attractive near-term sector growth as new US markets continue to legalize and implement new cannabis regimes. After what we consider to be strong execution in 2021, inclusive of a variety of strategic acquisitions that saw the company increase its national exposure to many of the leading US markets, we are introducing **Ayr Wellness** as our Top Pick. We reiterate our **C\$62 PT** and **BUY** rating.

With the sector down by ~25% YTD (and AYR.A off by ~39%), we believe Ayr Wellness could provide investors the benefit of upside from an overall sector re-rating (given strong underlying fundamentals) in addition to a re-rating within its MSO peer group as Ayr continues to trade at a sizable discount to other industry leaders (more below).

Investment Highlights

- **Execution and M&A provide Ayr with a compelling growth profile.** We believe Ayr has demonstrated strong operational performance since coming to market, as one of the top retailers in Nevada by revenue and as one of the leading wholesalers in Massachusetts (its core markets prior to its more recent M&A initiatives). However, with most of Ayr's 2021 announced deals now in the books (including NJ-based Garden State at the tail end of Q3/21), the company has seen its exposure increase to **eight markets** – MA, NV, PA, FL, AZ, OH, NJ and IL – which we believe will all be meaningful contributors to Ayr heading into 2022 (as evidence by the significant YoY growth implied by the 2022 guidance). To date, the company has **~67 active dispensaries** with branded product penetration into >350 total retail locations throughout the US.
- **Current financial performance.** In the most recent quarter, Ayr reported revenue of **~US\$96.2M**, as it remained active on the operational and M&A fronts (including opening six retail locations in Florida and closing its vertically integrated infrastructure in New Jersey). Below the top line, adj. gross profit was **~58.8%**, up >60bp QoQ (on increased automation and favourable product mix) and adj. EBITDA of **US\$26.0M**. Ayr ended the quarter with ~US\$94M cash. However, after raising ~US\$150M of debt after quarter-end – net of cash paid for the closing of its deal for PANM in Pennsylvania – the company currently has **~US\$209M** of cash on hand.
- **Q4/21 guidance and 2022 outlook.** The company expects Q4/21 revenues to increase by ~10% (to >US\$105M) as it continues to invest in many of its recently acquired growth markets, with adj. EBITDA expected to remain relatively flat at **~US\$26M** (as the company continues to integrate previously closed M&A). Looking ahead to 2022, Ayr anticipates achieving revenues **~US\$800M** (which would represent a YoY increase of **>125%**) with adj. EBITDA in the range of **US\$250M to US\$300M**.
- **Attractive valuation vs. MSO peers.** AYR.A currently trades at a compelling **~4.9x** 2022E EV/EBITDA, which represents a discount of ~38% vs. the overall MSO average of ~7.9x and a steeper ~50% discount to the leading MSOs in the space (by size and scale) of closer to ~10.0x. With strong execution since coming to market and a portfolio of assets set to see sizable growth in 2022 (most notably in New Jersey, which will kick off adult-use sales in the coming months), we believe AYR.A is due for a valuation re-rating and would continue being buyers at current levels.

Valuation: We value AYR.A using a SOTP analysis with discount rates ranging from 10% to 14% and a TGR of 2%. We are reiterating our C\$62 PT and BUY rating.

AYR Strategies Inc. (AYR.A)

Technical Overview – AYR.A

The technical profile of AYR.A is negative. The recent close below important support near 18.90 sees the next downside technical target near 13.72. This is where we would limit risk on new positions.

The following *three* technical negatives are in place: 1) Price Momentum is trending lower (see top panel), 2) Intermediate-term trend is down as the stock is trading below the 40-week moving average (see third panel), and 3) Volume is showing signs of selling pressure (see bottom panel).

Figure 4: AYR.A – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- Top Panel: Price Momentum (MACD) – The stock remains on a weekly “mechanical sell” signal, a technical negative (see red circle).
- Second Panel: Relative Strength (SCTR) – N/A
- Third Panel: Price – The stock is trading below the 40-week moving average (see thin blue line, currently ~32.36), confirming the intermediate-term trend is down, a strong technical negative. First resistance is near 18.90, followed by 27.80. Important resistance is near the 40-week moving average, currently at 32.36, followed by 44.25. First support is near 13.72. Important support is near 9.00 and where we would limit risk on new positions.
- Bottom Panel: Buying/Selling Pressure (OBV) – On-Balance-Volume is showing signs of selling pressure, another technical negative (see red circle).

Trulieve Cannabis Corp. Cannabis

Rating
BUY

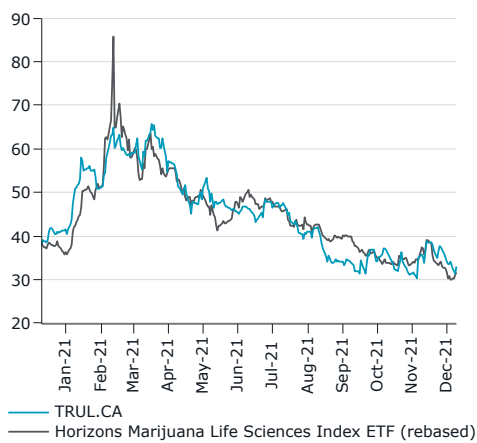
Price Target
C\$97.00

TRUL-CSE

Price
C\$32.70

Market Data

52-Week Range (C\$) :	29.57 - 67.45
Avg Daily Vol (000s) :	193
Market Cap (C\$M) :	6,140.5
Shares Out., FD (M) :	187.8
Total Return to Target (%) :	196.6
Net Debt (Cash) (C\$M) :	130.4
Enterprise Value (C\$M) :	6,271
Long-Term Debt (C\$) :	176.9
Net Debt/EBITDA :	(0.02)



Priced as of close of business 9 December 2021

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Positioned for healthy growth ahead with transformational acquisition in the rearview

We are re-introducing Trulieve as our Top Pick for 2022 and reiterating our \$97.00 target price. On a YTD basis, Trulieve returned -19%, vs. the broader US Cannabis Index which declined ~14%. 2021 marked a transformative year for the company with the acquisition of Harvest Health & Wellness, which helped increase the company's overall footprint to 11 states, in addition to retaining its status as the industry's profitability leader and maintaining a healthy balance sheet. Accordingly, we believe Trulieve is well positioned for healthy revenue and EBITDA growth in 2022.

Investment Highlights:

- **The profitability leader:** The company's dominant positioning in Florida, one of the most attractive cannabis markets in the US, allowed Trulieve to continue generating industry-leading EBITDA margins, despite being notably active on the acquisition front. While the entry into new states such as Pennsylvania and Arizona is likely to lower the margin profile modestly overall in 2022, given the wholesale component within these states, we believe Trulieve will remain the profitability leader within the space.
- **A bigger, better MSO heading into 2022:** Following the acquisition of Harvest Health and Wellness in Q4/21, Trulieve cemented itself as the largest player in the cannabis market in terms of dispensary count and cultivation footprint. Importantly, the addition of leading market share positions in Arizona, a state which transitioned to an adult-use market in 2021, and Pennsylvania, a highly attractive medical market, has positioned the company with leading market shares in some of the best states in the US. We believe the company may also look to go deeper within its current state footprint during 2022, through some tuck-in acquisition activity.
- **Healthy financial position:** At the end of Q3/21, Trulieve had a cash balance of \$214 million, and subsequent to quarter end, completed a \$350 million private placement of senior secured notes, leaving the company with what we estimate to be a pro forma cash balance of \$275 million. We believe this leaves Trulieve well-funded to accelerate growth within its existing markets through the roll-out of new dispensaries and incremental cultivation facilities, while providing the company optionality to pursue potential bolt-on M&A.
- **Macro trends support Trulieve's M&A strategy:** Looking at the sector from a top-down perspective, we believe there is increasing pressure on states to legalize cannabis, either medically or by transitioning medical markets to adult-use over the medium term. With these potential tailwinds, we believe Trulieve is well positioned for growth given two of its core markets, Florida and Pennsylvania, are currently medical-only states with strong potential to transition to adult-use over the course of our forecast period. In light of Trulieve's leadership position within these states, we believe the company is well positioned to capitalize on increased demand for cannabis if/when this transition occurs.

Valuation

We are reiterating our BUY rating and \$97.00 target price. Our target represents 22.4x our 2022 EBITDA estimate of \$645 million, which we convert to Canadian dollars to account for the company's CSE-listed shares. With Trulieve currently trading at ~8x our 2022 EBITDA estimate, and given Trulieve's dominant and growing position in the attractive Florida market, and exposure to the high-growth Pennsylvania and Massachusetts markets, we believe the shares are undervalued at current levels.

Trulieve Cannabis Corp. (TRUL)

Technical Overview – TRUL

An intermediate-term downtrend remains in place on TRUL as the stock is below the 40-week moving average, currently at 42.62 (see thin blue line, third panel), a technical negative. A close below important support near 25.18 would reinforce the current intermediate-term downtrend, with important support near 19.60.

Two early technical negatives are developing on TRUL: 1) Price Momentum is trending lower (see top panel) and 2) Intermediate-term trend is down as the stock is trading below the 40-week moving average (see third panel).

Figure 7: TRUL – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock recently triggered a new weekly “mechanical buy” signal, a technical positive (see blue circle). However, upward momentum is slowing, an early technical negative (see red arrow).
- **Second Panel: Relative Strength (SCTR)** – N/A
- **Third Panel: Price** – The stock is trading below the 40-week moving average (see thin blue line, currently ~ 42.62), confirming the intermediate-term trend is down, a strong technical negative. First resistance is near 33.61, followed by 41.88. Important resistance is near the 40-week moving average, currently at 42.62, then 62.90. First support is near 25.18. Important support is near 19.60 and where we would limit risk on new positions.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, a technical positive (see blue circle).

Vintage Wine Estates Beverages

13 December 2021

Rating
BUY

Price Target
US\$16.50

VWE.U-TSX
VWE-NASDAQ

Price
US\$10.65

Market Data

52-Week Range (US\$) :	8.88 - 13.48
Market Cap :	643.9
Shares Out. (M) :	60.5
Dividend /Shr (US\$) :	0.00
Dividend Yield (%) :	0.0
Implied Return to Target (%) :	54.9
Net Debt (Cash) :	179.7
Enterprise Value :	824
Net Debt/EBITDA :	1.53

FYE Jun	2021A	2022E	2023E
Revenue (US\$M)	220.7	267.2	294.9
EBITDA (US\$M)	39.2	64.6	78.7
EPS (US\$)	0.16	0.35	0.52
EV/EBITDA (x)	21.0	12.7	10.5
P/E (x)	65.8	30.0	20.3



Priced as of close of business 9 December 2021

Vintage Wine Estates (VWE) is a collection of wineries and wine & spirit brands based in Santa Rosa, California. Through its portfolio of companies, VWE is involved in the production, distribution and sale of wine & spirits and generates sales through three channels: Direct to Consumer (DTC), Business to Business (B2B) and Wholesale.

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E-commerce growth potential and M&A upside point to bright outlook ahead

For 2022, we are introducing Vintage Wine Estates as our Top Pick and reiterating our US\$16.50 price target. Since going public in June, VWE has returned -17%, compared to the larger consumer staples index which returned 8%. Vintage's first two quarters as a public company demonstrated strong growth for its Direct-to-Consumer (DTC) segment, and the company's ability to deliver on the M&A front with two acquisitions. Between outsized exposure to the higher-growth premium wine category, secular tailwinds for private label brand creation and an attractive acquisition environment, we believe VWE represents a compelling opportunity for investors.

Investment Highlights:

- **Robust e-commerce platforms that augment healthy premium category organic growth:** Virtually all of the wines VWE produces and sells fall in the premium category, which is expected to witness ~6% annual organic growth over the next several years, outpacing the value segment, which is expected to be approximately flat. As well, the company boasts several e-commerce platforms designed to reach younger consumers, a differentiating factor relative to peers. We continue to believe VWE remains an attractive way for investors to gain exposure to the online wine space.
- **Partner of choice for private label:** VWE's extensive product portfolio and category expertise has helped it secure private label contracts with some of the largest retailers in the US. We believe private label is a long-term opportunity for these retailers, creating secular tailwinds for VWE's B2B segment.
- **Attractive environment for acquisitions...** Roughly half of the ~10,000 winery owners in the US are looking to sell their businesses over the next two years, creating a buyers' market for consolidators such as VWE. Importantly, VWE's "three-legged stool" (DTC, wholesale and B2B segments) provides an avenue for synergies not available to most industry consolidators. The company can not only generate additional revenue by introducing acquired companies' products in new sales channels across its business segments, but can also in-source bottling/warehousing to realize cost synergies. As a result, VWE pays ~8-12x EBITDA for acquisitions but can easily synergize down to ~5x.
- **...which suggests upside to current guidance:** Concurrent with its last quarter, VWE revamped its guidance, which in our view provides investors more clarity on its expectations for revenue and adjusted EBITDA for the year (\$265-\$275 million and \$63-\$65 million, respectively). Specifically, removing the "pro forma" qualifiers from these metrics clarifies the earnings potential of the base business (including recently announced acquisitions), while leaving out expected contributions from potential future transactions. That said, VWE still expects to undertake 3-4 acquisitions during fiscal 2022; having already done two in the fiscal YTD period, we see upside potential to VWE's current guidance.

Compelling valuation given organic and acquisitive growth prospects: Our target represents 18.2x our F2022 EBITDA estimate of \$65 million, which we note is approximately in line with US growth alcohol peers at 18.2x, but below key peer Duckhorn (NAPA-NYSE | Not rated) at 20.0x. We believe VWE shares are attractively valued at current levels, given (1) our target multiple is modestly above branded wines/spirits peers that offer a slower pace of revenue and EBITDA growth over the medium term, and (2) the company has outsized exposure to the e-commerce channel, a higher-margin segment, relative to peers.

Vintage Wine Estates (VWE.U)

Technical Overview - VWE.U

The technical profile of VWE.U is improving as the stock recently broke above the 40-week moving average, currently at 10.54, confirming the resumption of the intermediate-term uptrend, a strong technical positive. This now opens the door for a test of major resistance near 12.54.

The following two technical positives are in place: 1) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel) and 2) Volume and On-Balance-Volume are showing buying pressure (see bottom panel).

Figure 12: VWE.U – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock recently triggered a new weekly “mechanical buy” signal, a technical positive (see blue circle). However, upward momentum is slowing, an early technical negative (see red arrow).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is weakening, a technical negative (see red arrow).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~10.54), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 12.54. A close above this level sees the next technical upside target near 14.50 (not shown). First support is near 10.70, followed by the 40-week moving average, currently at 10.54. Important support is near 9.88, followed by 9.28.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume is showing signs of buying pressure, a technical positive (see blue arrow).

AltaGas Ltd.

Pipelines, Power and Utilities

Rating
BUY

Price Target
C\$32.00

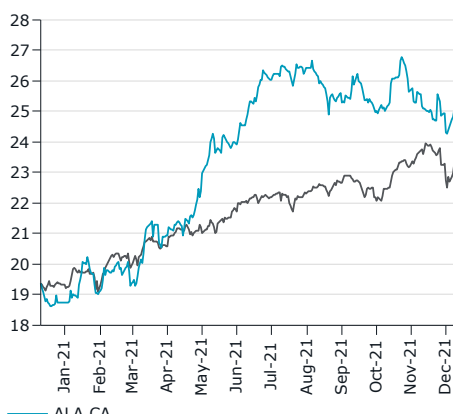
ALA-TSX

Price
C\$24.77

Market Data

52-Week Range (C\$) :	18.26 - 26.94
Avg Daily Vol (000s) :	1,293
Market Cap (C\$M) :	6,976.0
Dividend Yield (%) :	4.3
Shares Out., Basic (M) :	280.0

FYE Dec	2020A	2021E	2022E
EBITDA Adj (C\$M)	1,310	1,536	1,602



Source: FactSet

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Calgary based AltaGas operates regulated utilities in the US and midstream assets in the British Columbia Montney. The company enjoys first mover advantage as an exporter of propane on Canada's west coast and recently increased its ownership interest in Petrogas (a marketer of NGLs and crude oil). AltaGas continues to divest of non-core assets as it sharpens its strategic focus and strengthens its balance sheet.

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Strong organic growth visibility and continued deleveraging point to a solid 2022

We believe AltaGas provides investors with an attractive (and growing) dividend, along with compelling exposure to a commodity price recovery. In our view, the company should also benefit from ongoing deleveraging, which could be accelerated via divestiture. AltaGas generates ~50% of its EBITDA from its Utility segment, which we believe is positioned to realize high single-digit rate base growth through 2025 as the company works toward its allowable ROE thresholds. AltaGas' Midstream segment enjoys first-mover advantage in west coast NGL export, along with a strong core portfolio of processing assets in the heart of the BC Montney. We also believe this segment remains well positioned over the longer term as LNG Canada moves closer to commissioning. On December 15 AltaGas will host an investor day and unveil its 2022 outlook and capital plan. Based on the company's recent 6% dividend increase, we expect management to present a constructive outlook for the coming year. We note that YTD shares of AltaGas have delivered a total return of ~39%.

Highlights

- AltaGas retains strong growth visibility in its Utility segment through 2025, with more than \$1.0 billion in ARP spending opportunities that provide for accelerated returns and support high single-digit rate base growth. Management also remains focused on active rate case filings and cost management as the company works toward its allowable ROE thresholds. We believe the need to replace aging infrastructure through much of the US is supporting relatively attractive regulated returns in many jurisdictions.
- In our view, AltaGas remains well positioned for continued volume growth in the BC Montney with unused capacity in its core portfolio of gas processing and fractionation assets. We also believe the company is well positioned longer term as Coastal GasLink is placed into service in support of LNG Canada. AltaGas is also benefitting from ongoing E&P consolidation in western Canada, which is improving the relative creditworthiness and financial capacity of its counterparties.
- Continued deleveraging remains a priority for management, with the company targeting a sub-5x debt/EBITDA capital structure. We continue to believe this is an attainable goal in 2022E but note an MVP divestiture could accelerate this process and potentially represent a credit-positive event for the company.
- On December 15, AltaGas will host an investor day and unveil its 2022 outlook and capital plan. Ahead of this event, AltaGas recently announced a 6% common share dividend increase to (\$1.06/sh annually) along with the transition from a monthly to a quarterly payment schedule. We believe this dividend increase provides a positive preview for AltaGas' investor day while underscoring the company's ability to support high-quality dividend growth longer term.

Valuation and Recommendation

We rate AltaGas a BUY with a \$32 target, based on a DCF valuation that equates to a 10.5x EV/EBITDA multiple applied to our 2022 estimates.

AltaGas Ltd. (ALA)

Technical Overview - ALA

The technical profile of ALA is improving as the stock is holding above the 40/200-week moving averages (see thin blue and red line, third panel). This confirms the intermediate- and long-term trends are up, a strong technical positive. A close above important resistance near 26.69 would confirm a resumption of the longer-term uptrend, with next upside technical target near 29.50 (not shown).

The following *three* early technical positives are developing: 1) Relative Strength versus the TSX Composite is improving (see second panel), 2) Intermediate- and Long-term trends are up as the stock is trading above the 40/200-week moving averages (see third panel), and 3) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 3: ALA – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock remains on a weekly “mechanical sell” signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is improving, an early technical positive (see blue circle).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~24.30), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 26.69. A close above this level sees the next technical upside target near 29.50 (not shown). First support is near the 40-week moving average, currently at 24.30, then 23.45. Important support is near 20.32, followed by the 4-Year (200-week) moving average, currently at 18.47.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, a technical positive (see blue arrow).

Freehold Royalties Ltd.

Oil and Gas, Exploration and Production

Rating
BUY

Price Target
C\$15.00

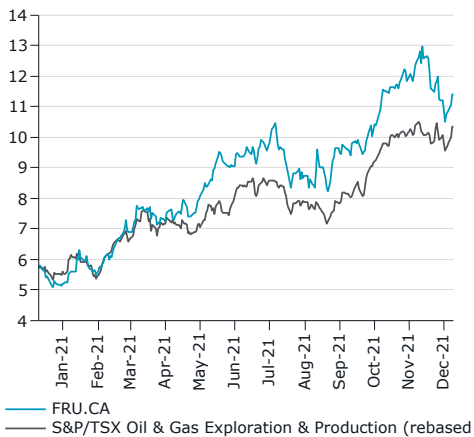
FRU-TSX

Price
C\$11.32

Market Data

52-Week Range (C\$) :	5.04 - 13.17
Avg Daily Vol (000s) :	795
Avg Daily Vol (M) :	0.7
Market Cap (C\$M) :	1,704.6
Dividend /Shr (C\$) :	0.72
Dividend Yield (%) :	6.4
Shares Out., Basic (M) :	150.6
Net Debt (Cash) (C\$M) :	69.0
Enterprise Value (C\$M) :	1,778
NAV /Shr (C\$) :	9.19

FYE Dec	2020A	2021E	2022E
Total Production (boe/d)	9,807	11,754	14,256
CFPS (C\$)	0.62	1.35	1.58
EV/BOEPD (C\$)	180,901	153,877	117,741
EV/DACF (x)	23.2	9.6	7.0



Priced as of close of business 9 December 2021

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Commodity exposure with a robust yield and reduced risk profile

Investment recommendation

Our top pick in the Canadian E&P space is Freehold Royalties Ltd. As a subsector, we believe the Canadian O&G royalty names allow investors to gain exposure to commodity prices and collect meaningful dividends, while reducing the inherent risk profile relative to traditional E&P companies. Looking at Freehold specifically, on the back of strength in commodity prices and a series of attractive acquisitions, the company has increased its dividend level ~300% since Q4/2020, and at current commodity prices, we believe there is the potential for further meaningful dividend increases in 2021.

FRU shares have increased ~118% YTD in 2021.

Investment highlights

- **Dividend and payout ratio attractive.** FRU's current dividend suggests a yield of ~6% and represents a payout ratio of 45% on our 2022 forecasts (@\$70WTI), still well below the company's targeted range of 60 to 80%. An increase in payout ratio to the 70% level would require another dividend increase of +50%, and put the yield north of 9%.
- **Additional acquisitions likely, in our view.** Freehold has been very active on its U.S. expansion strategy over the past two years, with the company adding 786K gross acres and production of ~4,900 boe/d in 2022E for a total of \$400M. We believe there is the potential for further accretive transactions, that would serve to boost FRU's cash flow, and ultimately its dividend level.
- **2022 poised for significant growth.** Freehold has announced its 2022 guidance, which includes expected production volumes of 13,750-14,750 boe/d, up from the company's previous forecast of 13,500-14,500 boe/d. On our numbers, Freehold's current guidance represents a 21% increase over 2021 volumes, which we expect to generate 2022 cash flow of ~\$240M, leaving the company with plenty of cash after its dividend payment of ~\$108M for additional dividend increases and acquisition opportunities.
- **Discounted valuation unwarranted.** FRU trades at a meaningful discount to its Canadian O&G royalty peers, with a 2022E EV/DACF of 6.7x vs peers at 9.5x. Given its active acquisition strategy, its move away from self-operated properties, and the active drilling profile of its most substantial counterparties, we view the discount as unwarranted and believe there is the potential for a re-rating in the market.

Valuation

For our valuation, we apply a discount rate of 8%, with a declining balance of 2%. Based on our 2022 WTI price assumption of US\$70.00/bbl, our cash flow assumptions suggest a price target of C\$15.00, which maps to a 2022E EV/DACF of 9.3x. FRU is currently trading at 7.0x, which is below the royalty peer average of 9.5x.

Freehold Royalties Ltd. (FRU)

Technical Overview - FRU

The technical profile of FRU remains in an intermediate-term uptrend, a strong technical positive and supportive of further upside. However, weakening Price Momentum (see red circle, top panel) and Volume (see red circle, bottom panel) suggests a near-term consolidation is likely, prior to the resumption of the uptrend.

The following two technical positives are in place: 1) Relative Strength versus the TSX Composite is reaccelerating (see second panel), and 2) Intermediate- and Long-term trends are up as the stock is trading above the 40/200-week moving averages (see third panel).

Figure 18: FRU – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly “mechanical sell” signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is reaccelerating, a technical positive (see blue arrow).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~9.37), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 12.51. A close above this level sees the next technical upside target near 15 (not shown). First support is near 10.01, followed by the 40-week moving average, currently at 9.37. Important support is near 7.95, followed by the 4-Year (200-week) moving average, currently at 7.14.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume is showing signs of selling pressure, another technical negative (see red circle).

Bank of Montreal

Canadian Banks

Rating
BUY

Price Target
C\$160.00

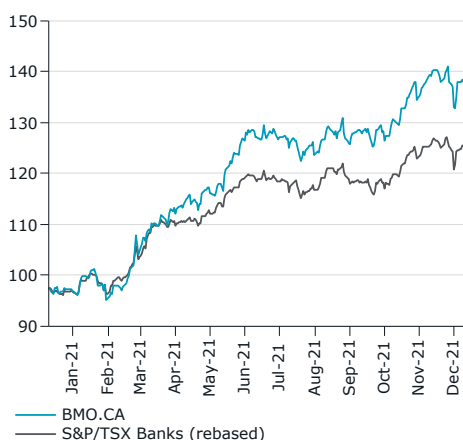
BMO-TSX
BMO-NYSE

Price
C\$137.83

Market Data

52-Week Range (C\$) :	94.76 - 141.00
Market Cap (C\$M) :	89,327.6
Shares Out. (M) :	648.1
Dividend / Shr (C\$) :	5.32
Dividend Yield (%) :	3.9
Total Return to Target (%) :	19.9
Book Value (C\$) :	80.18
Price/Book Value (x) :	1.7

FYE Oct	2020A	2021E	2022E	2023E
ROE (%) Adj	10.3	16.7	16.1	15.6
P/Adj. EPS (x) Adj&Dil	17.9	10.6	10.3	9.9
EPS Adj&Dil (C\$)	7.72	12.96	13.34	13.96



Priced as of close of business 9 December 2021

With over \$850 billion in assets, Bank of Montreal ("BMO"), together with its subsidiaries, provides a range of retail banking, wealth management, and investment banking products and solutions in North America and internationally. BMO operates over 1,450 bank branches and employs more than 45,500 full time employees globally.

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Sticking with position of strength into F2022E

Investment recommendation

BMO is one of our top picks within our Financials coverage space. YTD, BMO shares are up 48%, outpacing the TSX Composite and the TSX Financials Index at +23% and +33%, respectively. We believe near-term catalysts include (1) solid fundamentals in the P&C business (Canada and US); (2) well positioned for continued credit outperformance; and (3) attractive valuation with peer-leading capital deployment initiatives (i.e., dividends growth and NCIB).

Investment highlights

Well positioned for P&C rebound. In F2021, BMO reported better relative results in core P&C segments on both sides of the border. We expect momentum to continue into F2022E and potentially accelerate in the back half of the year. With a main focus on commercial loans, we believe the bank is well positioned to deliver above-average total loan growth. BMO has guided to F2022E US commercial loan growth (excl. PPP) of high single digits, and we can envision a similar growth rate in Canada. During the pandemic, BMO's margins have held up more than peers. In 2H/F22E, we forecast margin expansion that would benefit from potential rate hikes and product mix tailwind. In F2022E, BMO guided to low single-digit expense growth, which we believe sets the firm up well to deliver PTPP growth. On this metric, management guided to mid-single-digit F2022 PTPP growth (CGe: +5%) with our newly introduced F2023E PTPP/sh. growth forecast set at 9%.

Credit. BMO's credit performance has historically outperformed peers ([see link](#)). In F2021, the bank reported a total PCL ratio of 0 bps, driven by abnormally low impaired loans and releases on performing loans (similar to peers). On the latter, we note that releases in F2021 accounted for just 36% of the provisions built since the pandemic (low end of peers), suggesting the room for further performing loan releases in F2022E (also has larger weighing toward adverse scenario). Overall, bank credit (and low delinquency rates) is supported by a declining unemployment rate, deferrals at the beginning of the pandemic, government support programs and high liquidity. For BMO, we expect positive credit trends to persist for at least the next two quarters and afterwards see a gradual move back to pre-pandemic levels (i.e., high teens to low 20 bps). For F2022E / F2023E, we forecast total PCL ratio of 13 / 22 bps, respectively.

Solid capital position. At FYE, BMO had a CET1 ratio of 13.7% (+30 bps QoQ) that mainly benefited from strong internal capital generation (+44 bps), partially offset by higher RWA (-18 bps; above-average volume growth). With the close of its EMEA Asset Management business (Nov/21; [see link](#)), BMO's pro forma CET1 ratio is expected to be ~14.0% (placing it second behind TD). This places the firm with significant capital deployment flexibility to support organic growth, dividend raises, share repurchases through its NCIB, and potential M&A. Concurrent with FYE results, BMO announced peer-high dividend increase (+25%) and a buyback program under its NCIB (3.5% of outstanding). Going forward, we model above-average annualized dividend growth (+7%) with a F2022E payout ratio of 41% (low end of 40-50% medium-term target).

Attractive valuation. Currently, BMO trades at a P/E (NTM) of 10.3x (slightly below peers) and represents a 4% discount to its historical average (vs. Group premium at 1%). In F2021, BMO's EPS topped peers with 68% growth (vs. peer average of 50%) benefiting from solid Cdn. & US P&C, Capital markets and Wealth management results (all segments drove positive PTPP YoY growth in FQ4). However, the Group did benefit from abnormally low PCLs and is expected to be a headwind over the next few years. For F2022E / F2023E, we forecast BMO EPS growth of 3% / 5% (slightly above peers).

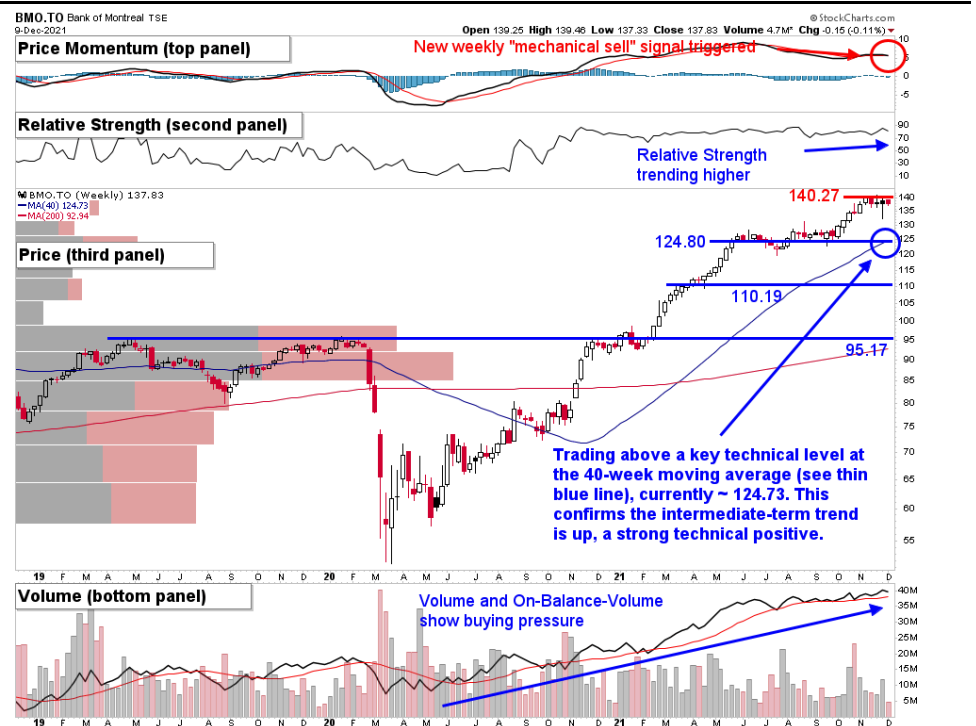
Valuation. Our target is based on 12.0x our F2022E EPS of \$13.34.

Bank of Montreal (BMO)

Technical Overview – BMO

The technical profile of BMO remains constructive as the stock remains in an intermediate-term uptrend, and the stock recently scored new 52-week price highs. All of these are technical positives and are supportive of further upside. However, weakening Price Momentum (see red circle, top panel) suggests a near-term consolidation is likely, prior to the resumption of the uptrend.

Figure 8: BMO – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly "mechanical sell" signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is reaccelerating, a technical positive (see blue arrow).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~124.73), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 140.27. A close above this level sees the next technical upside target near 160 (not shown). First support is near 124.80, followed by the 40-week moving averages, currently at 124.73. Important support is near 110.19, followed by 95.17.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, another technical positive (see blue arrow).

Onex Corp. Private Equity

Rating
BUY

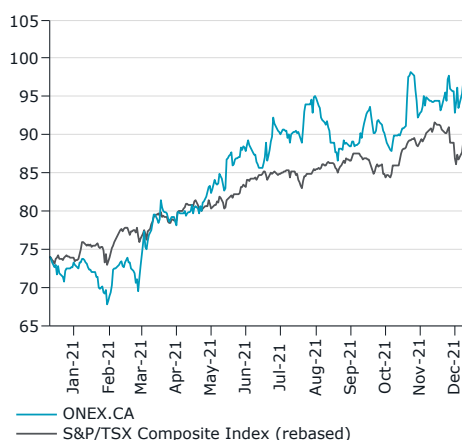
Price Target
C\$113.00

ONEX-TSX

Price
C\$96.23

Market Data

52-Week Range (C\$) :	98.58 - 67.57
Market Cap (C\$M) :	8,728.1
Dividend /Shr (C\$) :	0.40
Dividend Yield (%) :	0.4
Shares Out., FD (M) :	90.7
Total Return to Target (%) :	17.8
Discount to NAV (%) :	(24)
NAV /Shr (C\$) :	125.80



Priced as of close of business 9 December 2021

Onex Corporation is a private equity investor and alternative asset manager. As of Dec 2020, its businesses had assets under management of ~US \$44 billion, generating annual revenues of US \$22 billion, with ~147,000 employees worldwide. Onex has offices in Toronto, New York, New Jersey, Boston and London.

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Planning to double fee earning AUM medium term

Investment recommendation

Onex remains one of our top picks within our Financials coverage space. YTD, Onex shares are up 32%, outpacing the TSX composite at +23% and slightly lagging the TSX Financials Index at +33%. Currently, ONEX shares trade attractively at a 13% discount to their Q3/21 hard NAV vs. a slight historical premium of 2%. We believe near-term catalysts include (1) potential for continued carried interest; (2) deploying excess capital to support NAV growth; and (3) progression toward a new fee-related earnings medium-term target.

Investment highlights

Improved fund performance. In Q3/21, Onex continued its recent momentum, delivering NAV growth of 8% QoQ. Onex's NAV mainly benefited from the positive performance from the two recent IPOs (PowerSchool +37%; Ryan Specialty Group +44%), private equity (PE) investments (11% gross return), and higher-than-expected unrealized carried interest (+US\$60M QoQ). This resulted in solid returns at OPV and OPIV of +5%/+18%, respectively. With continued positive private equity fund performance (OPIV net IRR of 10%, OPV 15%), we believe there will be a meaningful source of carried interest for shareholders. Since inception, Onex has generated an average gross multiple on capital of 2.5x and IRR of 27% from its PE investments.

NAV growth tracking well toward year-end. We believe ONEX's NAV growth should be tracking positively in Q4/21E, benefiting from current market conditions. Onex's private companies are likely to benefit from equity market performance (Q4TD: S&P 500 +9%). Onex Credit Partners (particularly equity tranche investments in CLOs) should also benefit, with the Credit Suisse Leverage Loan Index up 0.4%. As a result, we suggest that ONEX's pro forma discount to NAV is larger than 13% (slightly offset by higher C\$). Recall, last quarter we incorporated average consensus target prices for Onex's publicly traded securities (e.g., PWSC, RYAN).

Asset Management. We believe that ONEX's share price does not attribute any value toward its Asset Management segment. In total, the firm has ~US \$47B in AUM, of which ~US\$7.9B is shareholder capital. We believe a main catalyst to the stock pertains to a transition toward a new fee-related earnings (FRE) medium-term target (typically US Alternative Manager peers trade at FRE multiples of 20-30x). During its [Investor day](#), Onex set out 5-year targets (2026) that included (1) doubling fee-generating AUM to US\$65B (\$US\$31.9B as of Q3/21); (2) 15% CAGR on management fee revenue; and (3) fee-related earnings (FRE) run-rate of US\$110-130M.

Solid cash position. Onex has a solid cash position with excess capital (no debt). Recall, Onex recently sold its remaining shares in JELD WEN (gross proceeds to ONEX ~US\$110M). We estimate the firm will have >US\$1.4B in cash (no debt) for deployment. We believe near-term cash deployment opportunities include (1) supporting Onex Credit product launches (e.g., Structured credit, Opportunistic credit, High yield); (2) private equity (in Q4/21 Onex announced the acquisitions of Fidelity Building Services Group and Tes Global for OPV); and (3) share repurchases through its NCIB. YTD, the firm has repurchased >3% of its stock, leaving it with ample capacity on its current NCIB. We believe Onex will continue to remain aggressive on share buybacks due to the 13% discount to Q3 hard NAV.

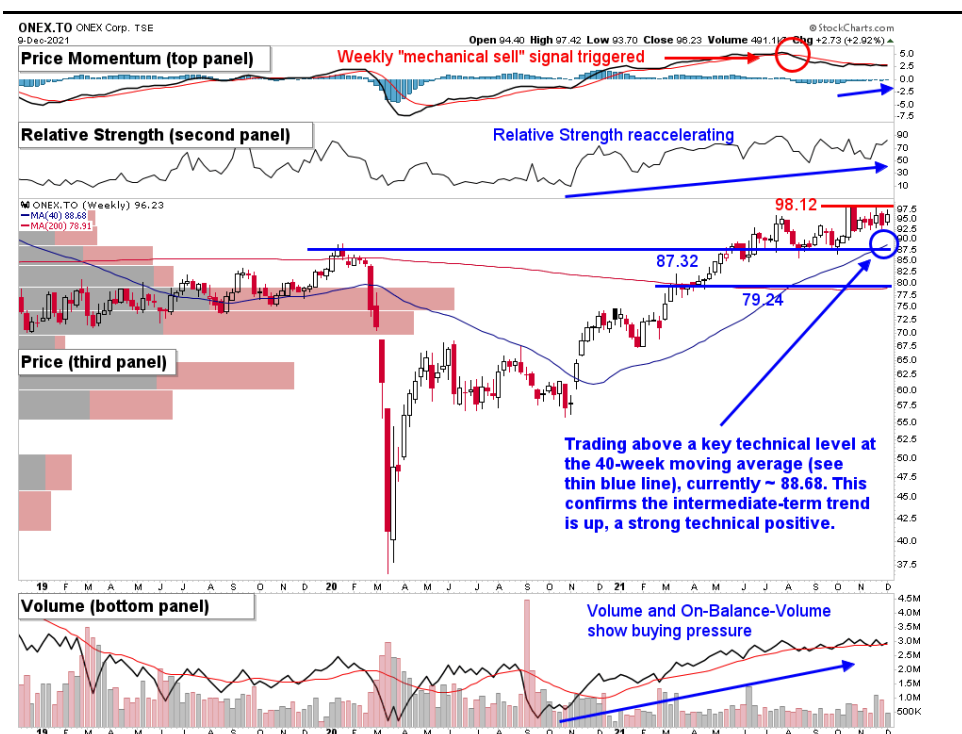
Valuation. Our target price is derived on a SOTP basis, driven mainly by a 10% discount to (1) our forward NAV calculation on Onex's proprietary investment capital; (2) a net cash position (no debt), unrealized carried interest and value of potential cash from management stock options; and (3) a 12x P/E multiple on our pro forma NI estimate applied to Onex's asset management business.

ONEX Corp. (ONEX)

Technical Overview – ONEX

ONEX has a strong technical profile as Price Momentum is improving (see top panel), Relative Strength is reaccelerating versus the TSX Composite (see second panel), and the Intermediate- and Long-term trends are up as the stock is trading above the 40/200-week moving averages (see third panel).

Figure 6: ONEX – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock remains on a weekly “mechanical sell” signal, a technical negative (see red circle). However, downward momentum is slowing, an early technical positive (see blue arrow).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is reaccelerating, a technical positive (see blue arrow).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~88.68), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 98.12. Important resistance is near the July 2017 closing highs ~102.03 (not shown). First support is near the 40-week moving average, currently at 88.68, followed by 87.32. Important support is near 79.24, then the 4-Year (200-week) moving average, currently at 78.91.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, another technical positive (see blue arrow).

Hamilton Thorne Ltd.

Biomedical Devices and Services

Rating
BUY

Price Target
C\$2.75

HTL-TSXV

Price
C\$2.07

Market Data

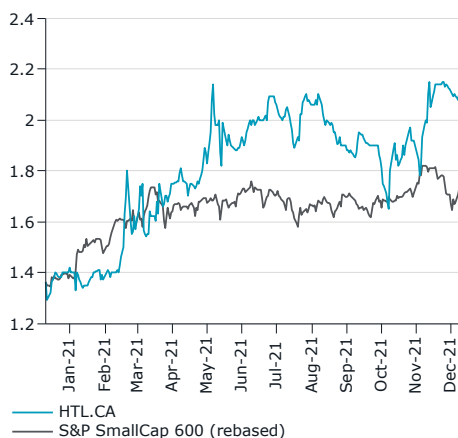
52-Week Range (C\$) :	1.29 - 2.20
Avg Daily Vol (000s) :	75
Market Cap (C\$M) :	294.2
Shares Out. (M) :	142.1
Implied Return to Target (%) :	32.9
Net Debt (Cash) (C\$M) :	(12.3)
Enterprise Value (C\$M) :	282

Note: Unless specified, all figures are in USD

FYE Dec	2020A	2021E	2022E
Sales (US\$M)	39.8	50.8	61.7
EBITDA Adj (US\$M)	6.6	9.6	12.6
EPS Dil (US\$)	0.01	0.02	0.03
EV/EBITDA (x)	33.6	23.0	16.8

Quarterly Sales	Q1	Q2	Q3	Q4
2020A	10.4	7.3	9.8	12.3
2021E	11.5A	12.5A	12.7A	14.1
2022E	14.9	15.3	15.5	16.1

Quarterly EBITDA Adj	Q1	Q2	Q3	Q4
2020A	1.8	0.6	1.7	2.5
2021E	2.3A	2.4A	2.0A	2.8
2022E	3.0	3.0	3.0	3.6



Priced as of close of business 9 December 2021

Hamilton Thorne Ltd. is a US-headquartered provider of premium laboratory instruments, consumables, software and services to the ART and developmental biology research markets. The firm services over 1,500 IVF clinics in 75 countries across the world.

Canaccord Genuity is the global capital markets group of Canaccord Genuity Group Inc. (CF : TSX)

The recommendations and opinions expressed in this research report accurately reflect the research analyst's personal, independent and objective views about any and all the companies and securities that are the subject of this report discussed herein.

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Industry headwinds present market opportunity

Investment recommendation

Following seven accretive acquisitions since 2015, HTL has evolved from a small, pure-play IVF equipment business into one of the 10 largest and most diversified IVF lab suppliers in the world. This is a burgeoning market, forecast to grow organically at a rate of 5-10% Y/Y. As management continues to build out the value chain and expand internationally via M&A, we believe HTL will emerge as a preeminent one-stop-shop solution for IVF clinics. The stock is up 48% YTD, we believe, thanks to management's effective navigation of the pandemic and the closing of two M&A deals. We expect HTL to benefit next year from pent-up volume demand and additional acquisition targets coming to market if and when the macro environment stabilizes. We have a C\$2.75/sh target on the stock and rate HTL as our Top Pick for 2022.

Investment highlights

Babies in demand: In the last 50 years, the global fertility rate has been cut in half, giving rise to a new and thriving industry known as Assisted Reproductive Technology (ART). Today, ~0.5M babies are born out of 2.4M ART cycles every year – yet global demand is forecast to be 11.9M cycles (*ESHRE*). Delayed childbearing, a ballooning middle class, improving IVF success rates, and expanded reimbursement should continue to support healthy industry growth. Thanks to its expanding product offering and geographical reach, HTL's organic sales growth has surpassed that of the broader market, up 10%+ Y/Y (constant currency) in all but three quarters (COVID-19 impacted) over the last four years.

Long runway for M&A: We estimate the top two IVF lab suppliers, Vitrolife AB (VITR-STO | Not Rated) and Cooper Companies (COO-NYSE | Not Rated), together represent up to 40% of the over \$1B addressable market. The next eight companies, including HTL, have sales of \$20-60M, and, we estimate, comprise about a quarter of the market. The remainder of the market is made up of 150 specialized suppliers with sales <\$20M. Management has historically targeted acquiring one of these smaller companies every 12-18 months but has recently witnessed more potential targets come up for sale. This is due to industry headwinds, including COVID-19 lockdowns, supply chain issues and regulatory changes, which unevenly affect smaller suppliers. HTL has historically paid 4.0x-8.0x trailing EV/EBITDA for targets, compared to its own stock trading at ~18.0x. As at Q3/21, it had \$9.7M of net cash on the balance sheet, making it well capitalized to continue executing on M&A.

Potential for margin expansion: In Q3/21, gross profit margin contracted from 50% to 47% Y/Y. This was, in part, caused by increased material costs and shipping expenses. To counteract margin compression, HTL intends to institute price increases across its entire product and service catalog effective January 1, 2022. In some cases, the planned price increases will enhance margins versus normal levels. Longer term, HTL stands to benefit from continuing to expand direct sales (i.e., pricing is 20-30% higher than wholesale distribution), moving consumables manufacturing in-house, and broadening its in-house product offering (i.e., 60%+ gross margin versus third-party products in the 30-50% range).

Valuation

Medical equipment and supplies peers trade at an average EV of ~26.0x 2022E EBITDA. This compares to VITR, the only other public pure-play IVF lab supplier, at ~49.0x. The market values HTL at only ~18.0x our 2022E adjusted EBITDA, a discount we believe is unsubstantiated given the company's superior organic growth and similar margin profile. We opt to value HTL conservatively, in line with the broader group instead of with VITR, and apply a 26.0x multiple to our 2022E adjusted EBITDA of \$12.6M.

Hamilton Thorne Ltd. (HTL)

Technical Overview – HTL

HTL remains in an intermediate-term uptrend and the stock recently scored new 52-week price highs. Both are technical positives and are supportive of further upside. However, weakening Price Momentum (see red arrow, top panel) suggests a near-term consolidation is likely, prior to the resumption of the intermediate-term uptrend.

The following two technical positives are in place: 1) Intermediate- and Long-term trends are up as the stock is trading above the 40/200-week moving averages (see third panel) and 2) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 11: HTL – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock recently triggered a new weekly "mechanical blue" signal, a technical positive (see blue circle). However, upward momentum is slowing, an early technical negative (see red arrow).
- **Second Panel: Relative Strength (SCTR)** – N/A
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~1.92), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 2.10. A close above this level sees the next technical upside target near 2.40 (not shown). First support is near the 40-week moving average, currently at 1.92, followed by 1.80. Important support is near 1.45, then the 4-Year (200-week) moving average, currently at 1.28.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, a technical positive (see blue arrow).

HLS Therapeutics Inc.

Specialty Pharmaceuticals

Rating
BUY

Price Target
C\$30.75

HLS-TSX

Price
C\$15.04

Market Data

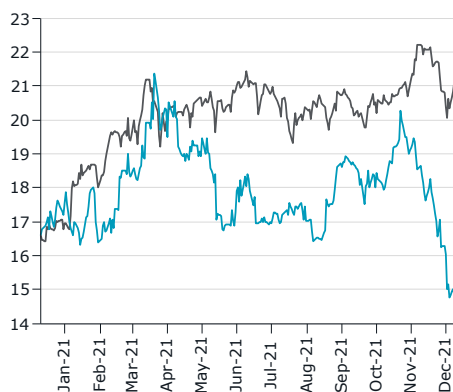
52-Week Range (C\$) :	14.50 - 21.76
Avg Daily Vol (000s) :	26
Market Cap (C\$M) :	488.1
Shares Out. (M) :	32.5
Dividend /Shr (C\$) :	0.20
Dividend Yield (%) :	1.3
Implied Return to Target (%) :	104.5
Net Debt (Cash) (C\$M) :	98.2
Enterprise Value (C\$M) :	586

Note: Unless specified, all figures are in USD

FYE Dec	2020A	2021E	2022E
Sales (US\$M)	56.1	60.1	102.4
EBITDA Adj (US\$M)	24.1	26.9	46.4
EPS Dil (US\$)	(0.48)	(0.36)	0.16
EV/EBITDA (x) Adj	19.1	17.1	9.9

Quarterly Sales	Q1	Q2	Q3	Q4
2020A	13.9	12.6	13.1	16.5
2021E	14.3A	14.9A	15.1A	15.8
2022E	17.5	22.3	28.6	33.9

Quarterly EBITDA Adj	Q1	Q2	Q3	Q4
2020A	6.1	4.8	4.5	8.7
2021E	6.7A	6.6A	6.9A	6.8
2022E	7.0	9.8	13.3	16.2



Source: FactSet

Priced as of close of business 9 December 2021

HLS is a Canada-based North America-focused specialty pharmaceutical company concentrated in the areas of specialty CNS disorders and CVD.

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Reopening and public access to bring the pulse back

Investment recommendation

HLS is a specialty pharma company focused on bringing innovative central nervous system (CNS) and cardiovascular (CVD) therapeutics to North America. We have a C \$30.75/sh target on the stock and HLS is our top pick. In February 2020, right before the pandemic hit, HLS launched anchor drug Vascepa as the first and only drug in Canada indicated to reduce the risk of cardiovascular events beyond cholesterol-lowering therapy. The stock is down 16% YTD, we believe due to the pandemic's prolonged impact on launch initiatives. We expect this to ameliorate next year as patients return to in-person care and upon Vascepa achieving public reimbursement. Based on guidance, we forecast Vascepa's net sales will peak at US\$240M by 2026, which equates to 9.5% patient penetration. In a blue-sky scenario, we believe it could win up to 25% of the market (similar to statins). We estimate this represents peak sales of over US\$600M and incremental value above our PT of ~C\$36.75/sh.

Investment highlights

Reopening thesis: We forecast 2021 net sales of \$6.4M. This is materially lower than the \$17.9M we were forecasting at this time last year. Evidently, the effects of the pandemic have weighed on the launch of Vascepa for much longer than initially expected. For instance, as recently as July 2021, only 56% of physician visits were happening in person. This is detrimental to a new drug's launch because physicians are 50% more comfortable initiating a new therapy with a patient in-person versus virtually (*MD Analytics*). For investors who believe the pandemic will finally be under control, it should follow that in-person care resumes and Vascepa's sales inflect next year (we model \$48.0M in net sales).

Public reimbursement: Vascepa has achieved over 90% private payer coverage. However, of the up to 2M Canadians in-label, management estimates ~50% are covered by the provincial plans. Since physicians don't normally know what kind of coverage a patient has, achieving broad reimbursement is a key driver of physician adoption and script growth. Public reimbursement typically comes within 18-24 months of a drug's launch. For Vascepa, this would be sometime before February 2022. As part of the initial launch, HLS hired 23 field personnel to target the ~2,500 high prescribing specialists in Canada. In preparation for public access, it recently engaged Pfizer to promote Vascepa to the nation's ~12,000 primary care physicians.

Methodical buildout: This is not management's first rodeo. HLS' founders were the key figures who spearheaded Biovail's turnaround. We believe this was the ideal team to build a specialty pharma company from scratch. HLS began by establishing a foundational cash flow by acquiring the commercial rights to Clozaril and the US royalty rights to Absorica. It then sought a pre-registration asset, which it could launch and grow organically. Vascepa fit this bill. The drug was already sold in the US to treat very high triglycerides, but Phase 3 results for the 10-fold larger cardiovascular protection market were still pending. The data turned out better than expected and Vascepa was approved in 2019. Finally, in true specialty pharma fashion, later additions to HLS' portfolio (i.e., Perseris, MyCare and Trinomia) are all expected to drive operating leverage by utilizing the existing CNS- and CVD-focused salesforce.

Valuation

HLS trades at ~10.0x our 2022 EBITDA estimate, a small premium to North American specialty pharma peers at ~9.0x. This is because 2022 represents only the third year in Vascepa's launch, which has thus far been constrained by the impacts of the pandemic. To capture our forecast growth, we value HLS using a five-year DCF (13% WACC). Our C \$30.75/sh PT represents ~19.0x 2022E adjusted EBITDA.

HLS Therapeutics Inc. (HLS)

Technical Overview - HLS

The technical profile of HLS is negative as the stock is trending lower within an intermediate-term downtrend. A close above 15.51 would be needed in order to confirm a new intermediate-term uptrend was in place.

The following two technical negatives are in place and are supportive of further downside: 1) Price Momentum is trending lower (see top panel) and 2) Intermediate- and Long-term trends are down, as the stock is trading below the 40/200-week moving averages (see third panel).

Figure 12: HLS – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly “mechanical sell” signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is improving, an early technical positive (see blue circle).
- **Third Panel: Price** – The stock is trading below the 40-week moving average (see thin blue line, currently ~17.96), confirming the intermediate-term trend is down, a strong technical negative. First resistance is near the 4-Year (200-week) moving average, currently at 15.48, followed by 15.51. Important resistance is near 17.74, followed by the 40-week moving average, currently at 17.96. Important support is near 13.18 and where we would limit risk on new positions.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume is showing signs of buying pressure, a technical positive (see blue arrow).

Bird Construction Inc.

Engineering and Construction



Rating
BUY

Price Target
C\$13.00

BDT-TSX

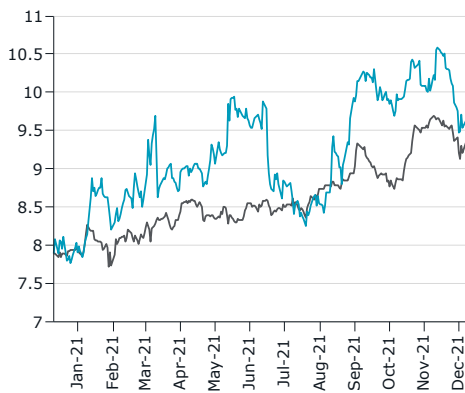
Price
C\$9.68

Market Data

52-Week Range (C\$) :	7.38 - 10.78
Avg Daily Vol (M) :	0.1
Market Cap (C\$M) :	519.8
Dividend /Shr (C\$) :	0.39
Dividend Yield (%) :	4.0
Enterprise Value (C\$M) :	530
Net Cash (C\$M) :	(10.7)
ROIC (%) :	14.6

FYE Dec	2020A	2021E	2022E	2023E
Sales (C\$M)	1,504	2,228	2,490	2,614
EBITDA (C\$M)	54.4	89.2	117.1	126.8
EV/EBITDA (x)	9.7	5.9	4.5	4.2
EPS Dil (C\$)	0.47	0.69	0.98	1.10
P/E (x) Adj	20.4	14.0	9.9	8.8

Quarterly EBITDA	Q1	Q2	Q3	Q4
2020A	7.6	12.3	16.2	18.3
2021E	9.8A	21.2A	28.6A	29.5
2022E	23.3	28.0	32.5	33.3
2023E	24.4	30.5	35.5	36.4



— BDT.CA
— S&P/TSX Capped / Industrials (rebased)

Source: FactSet

Priced as of close of business 9 December 2021

Bird Construction is one of Canada's largest general contractors.

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Ready to fly in 2022

Investment recommendation

We are reiterating our BUY rating and one-year target price of C\$13.00 on Bird Construction, our top pick. The stock performed well in 2021, increasing 21% YTD compared to the 17% YTD increase in the S&P/TSX Industrials Index, and we see further outperformance in 2022. Bird boasts compelling revenue visibility through its record backlog and enjoys improved margins through more consistent execution and a more diversified work program. Moreover, we believe the company is well positioned to deliver a host of environmentally friendly building solutions, such as mass timber and modular building, that should be increasingly in demand over the coming years. We think additional reasons to like the stock here include its 4.0% dividend yield, solid balance sheet, and strong management team.

Investment Highlights

The "new Bird" boasts higher margins on more diverse and lower-risk revenues. Bird has enhanced its margin profile on improved execution, a more balanced work program, and synergies from the Stuart Olson acquisition. Bird's TTM revenue is up 59% y/y with the proportion of it coming from lower-risk contracts, such as IPD, increased to 41% YTD from 25% YTD through Q3/2020. At the same time, TTM EBITDA margins of 3.6% (5.5% incl. CEWS) compared with 3.8% and 2.1% through Q3/2020 and Q3/2019, respectively. While Stuart Olson significantly increased Bird's scope and scale, Dagmar further diversifies it through access to the Ontario civil infrastructure market and self-perform work on complex projects, which should further boost margins. All told, we believe the combined entity is better positioned than ever to benefit from over \$350 billion expected in government expenditures in infrastructure and the strong commodity price environment.

Bird's record backlog provides enhanced revenue visibility. So far in Q4/2021, Bird has announced five contract wins for more than \$500 million combined, which we believe will drive bookings of ~\$900 million and backlog to a new record of \$3.1 billion by the end of 2021. Even if we exclude backlog acquired with Stuart Olson, backlog would be ~\$2.1 billion, well above the prior record of \$1.8 billion in 2015. This backlog supports our 12% revenue increase forecast for 2022—including a full-year of Dagmar—which combined with solid margins should drive EPS growth of 42% y/y to \$0.98.

Longer term, Bird is positioned to participate in several sustainable building trends. These include modular construction (through Bird's 50% interest in Stack Modular), mass timber, innovative trenching solutions, and smart building through virtual design construction and its Centre for Building Performance. These service offerings are well suited to meet the needs of clients who are increasingly seeking environmentally friendly building solutions. For example, modular construction reduces waste and delivers an energy-efficient product, mass timber makes use of a renewable material and boasts a \$1 billion opportunity set in Canada, and innovative trenching is 20x faster than conventional excavation, thereby reducing emissions.

Bird boasts the financial flexibility needed to continue pursuing organic and inorganic growth opportunities. At the end of Q3/2021, Bird's net debt sat at just \$10 million, despite closing the \$32 million acquisition of Dagmar on September 1, 2021. The company has liquidity of \$210 million.

Valuation

Bird trades at 10x our 2022 EPS estimate, materially behind the North American group at 18x and its 10-year average of 14x. Given the 42% EPS growth we forecast in 2022 for Bird is in line with the group, we feel the stock shouldn't trade at such a discount. We conservatively set a multiple of 12x on our 2023 EPS estimate to derive our C\$13.00 target, which implies a 38% total return.

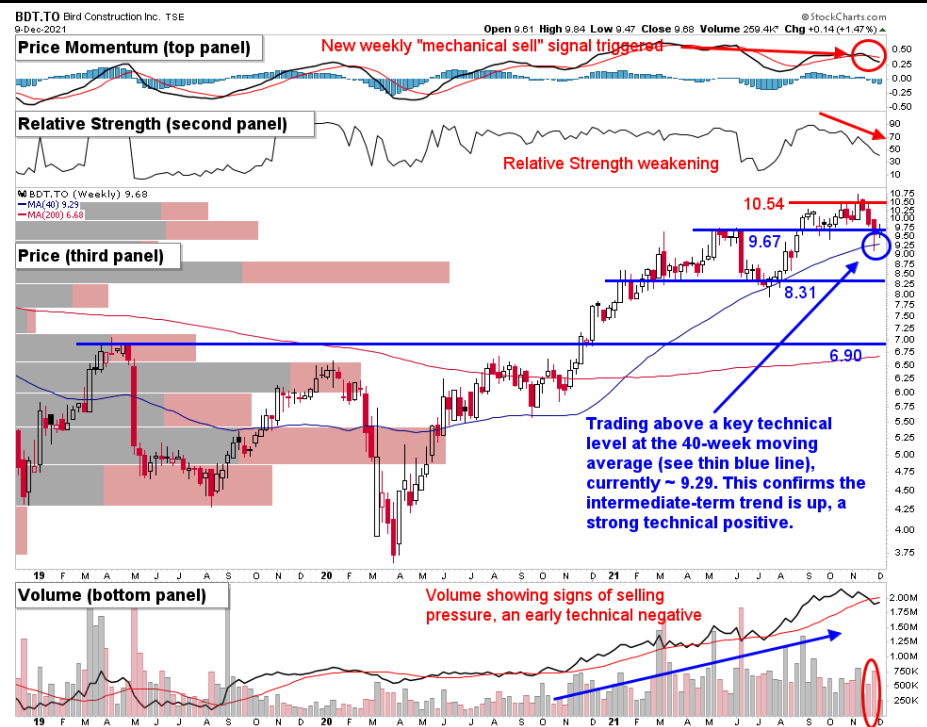
Bird Construction (BDT)

Technical Overview - BDT

The technical profile of BDT is stalling within an intermediate-term uptrend. A close above important resistance near 10.54 would be a strong technical positive, confirming the resumption of the intermediate-term uptrend and sees the next upside technical target near 12.50. However, a close below the 40-week moving average, currently at 9.29 (see thin blue line) would confirm a new intermediate-term downtrend was in place, a strong technical negative.

The following *three* technical negatives are in-place: 1) Price Momentum is weakening (see top panel), 2) Relative Strength trending lower versus the TSX Composite (see second panel), and 3) Volume is showing signs of selling pressure (see bottom panel).

Figure 15: BDT – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly "mechanical sell" signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is trending lower, another technical negative (see red arrow).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~9.29), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 10.54. A close above this level sees the next technical upside target near 12.50 (not shown). First support is near 9.67, followed by the 40-week moving average, currently at 9.29. Important support is near 8.31, followed by 6.90.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume is showing signs of selling pressure, another technical negative (see red circle).

Cargojet Inc.

Airlines and Aerospace



Rating
BUY

Price Target
C\$240.00

CJT-TSX

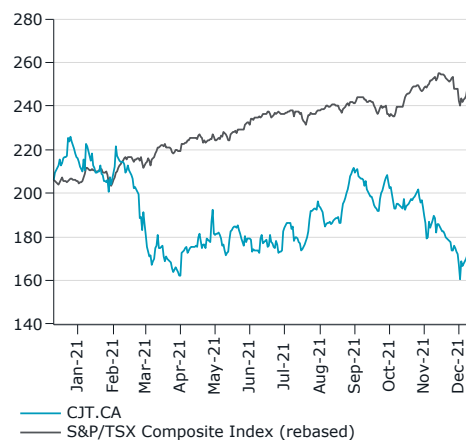
Price
C\$167.59

Market Data

52-Week Range (C\$) :	159.80 - 228.00
Avg Daily Vol (000s) :	80
Market Cap :	3,336.2
Shares Out. (M) :	19.9
Dividend /Shr (C\$) :	1.04
Dividend Yield (%) :	0.6
Total Return to Target (%) :	43.8
Net Debt (Cash) :	69.3
Enterprise Value :	3,445

Note: Our share count and net-debt includes the assumed exercise of the warrants issued to Amazon.

FYE Dec	2019A	2020A	2021E	2022E
Sales (C\$M)	486.6	668.5	719.2	771.1
EBITDA Adj (C\$M)	156.1	281.6	278.4	296.3
EPS Adj&Dil (C\$)	0.84	(5.63)	5.34	5.72
Free Cash Flow Adj (C\$M)	55.7	196.8	162.8	158.5
P/FCF (x)	59.9	17.0	20.5	21.0



Priced as of close of business 9 December 2021

Cargojet is a provider of overnight air cargo services, operating Canada's largest scheduled overnight domestic air freight network.

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Cargo flying high, you know how I feel

Investment Recommendation

In 2021, Cargojet performed in line with the Canadian airline industry, with shares falling ~22% YTD, largely driven by investor uncertainty around the stickiness of ecommerce post-COVID. On the air cargo front, we expect demand will remain elevated in the medium to long term, as data suggests the pandemic has induced a lasting impact on consumer spending habits. We remain confident that Cargojet is well positioned to benefit from the secular shift in consumer spending and ongoing penetration growth of Canadian ecommerce as it continues to execute operationally, build its fleet, and secure additional long-term contracts. We reiterate our BUY recommendation and highlight Cargojet as our top pick while maintaining our target of \$240.

Investment Highlights

- **Air cargo demand growing above elevated levels.** October IATA data supports our growth thesis as industry-wide cargo tonne-kilometres (CTKs) increased by 13.5% y/y off an already elevated 2020 and has remained robust over the past six months. In North America, cargo demand grew +7.8% y/y on +16.9% capacity growth, resulting in a ~45% load factor.
- **Ecommerce has growth runway beyond pandemic.** Covid-induced government lockdowns shifted consumers toward a hybrid shopping model and advanced the growth of ecommerce penetration, particularly in Canada. We believe the overarching shift in ecommerce and growing consumer demand for expeditious shipping will drive elevated cargo demand even as retailers reopen and supply chains recover.
- **CJT continues to execute operationally.** Despite the plethora of operational challenges faced by the aerospace industry, Cargojet continues to maintain its strong 98% on-time performance, which has become increasingly more relevant given consumers' preference for overnight shipping. We believe this positions CJT favorably to large-scale customers like DHL and Amazon, who service time-sensitive end markets and value the reliability of dedicated air cargo delivery.
- **Additional capacity expected to come online.** Management's capex guidance of \$280-290M for F22 reflects the addition of three 757-200s, three 767-300s, and the initial deposit for the company's 777s, which are expected to be delivered in F23. Collectively, these deliveries will add significant capacity to CJT's existing fleet of 31 aircrafts. Importantly, management has indicated it currently has sufficient demand to fill the additional capacity upon delivery, implying that these assets will become immediately revenue generating.
- **Recent pullback presents an attractive entry point.** Unlike its airline peers, CJT's underlying fundamentals proved resilient throughout the pandemic. We believe the shares' recent pullback presents an opportune entry point for investors seeking the expected upside from ecommerce adoption while benefiting from the added stability of contracted cargo demand.

Valuation

Cargojet currently trades at 11.6x NTM EBITDA on our estimates. Our \$240 target is based on ~15.5x NTM EBITDA, one year out (12 months ended September 2023). We believe that the company's positioning as a dedicated freighter combined with its increasingly valuable B2C contracts, growing fleet, and virtual monopoly in overnight shipping, justifies our target and multiple.

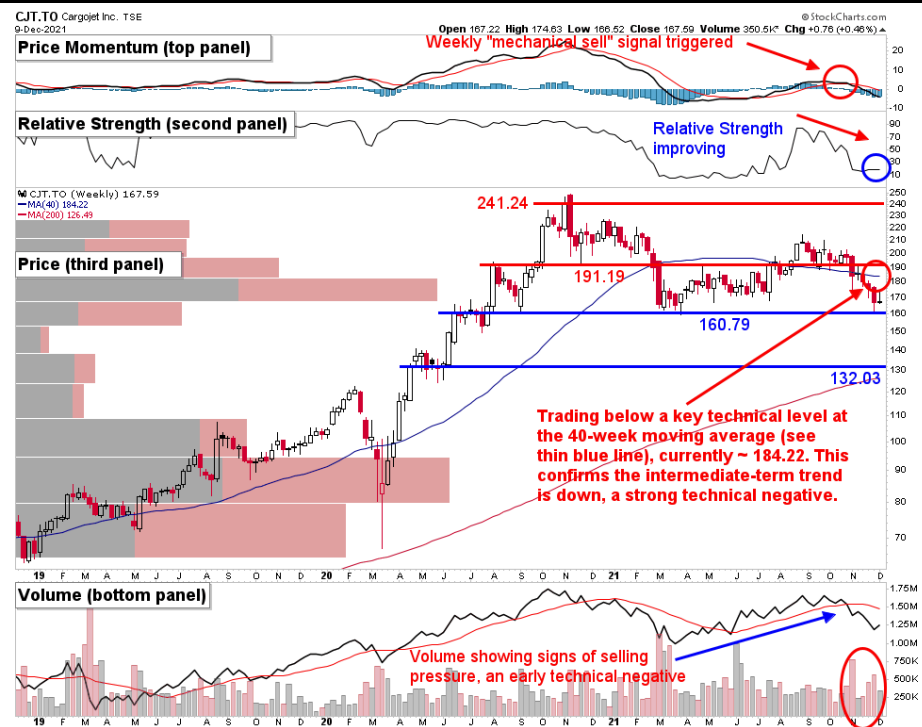
Cargojet Inc. (CJT)

Technical Overview - CJT

The technical profile of CJT is negative as the stock is trending lower within an intermediate-term downtrend. A close above the 40-week moving average, currently near ~184.22 (see thin blue line, third panel) would be needed in order to confirm a new intermediate-term uptrend was in place, a strong technical positive.

The following *three* technical negatives are taking hold: 1) Price Momentum is trending lower (see top panel), 2) Intermediate-term trend is down as the stock is trading below the 40-week moving average (see third panel), and 3) Volume is showing signs of selling pressure (see bottom panel).

Figure 14: CJT – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock recently triggered a new weekly “mechanical sell” signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is improving, an early technical positive (see blue circle).
- **Third Panel: Price** – The stock is trading below the 40-week moving average (see thin blue line, currently ~184.22), confirming the intermediate-term trend is down, a strong technical negative. First resistance is near the 40-week moving average, currently at 184.22, then 191.19. Important resistance is near 241.24. First support is near 160.79, followed by 132.03. Important support is near the 4-Year (200-week) moving average, currently at 126.49.

Bottom Panel: Buying/Selling Pressure (OBV) – On-Balance-Volume has been trending higher, a technical positive (see blue arrow). However, Volume is showing signs of selling pressure, another technical negative (see red circle).

Agnico Eagle Mines Limited

Precious Metals - Producer

Rating
BUY

Price Target
C\$88.00

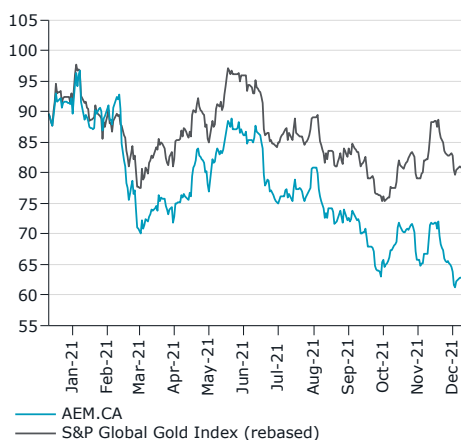
AEM-TSX
AEM-NYSE

Price
C\$60.65

Market Data

52-Week Range (C\$) :	60.27 - 97.21
Avg Daily Vol (000s) :	1
Market Cap (US\$M) :	21,650.9
Dividend /Shr (US\$) :	1.40
Dividend Yield (%) :	2.9
Shares Out., Basic (M) :	453.2
Enterprise Value (US\$M) :	22,170
Cash (US\$M) :	1,048.5
Long-Term Debt (US\$) :	1,567.1
NAV /Shr :	52.64
Net Debt/EBITDA :	0.28
P/NAV (x) (C\$) :	0.91
Total NAV 5 (US\$) :	23,906.2

FYE Dec	2020A	2021E	2022E	2023E
Gold Production (000oz)	1,752	2,112	3,534	3,628
Free Cash Flow (US\$M)	807.7	1,130	2,059	2,184
Net Debt (Cash) (US\$M)	1,163	519	(443)	(1,639)
Total Cash Cost By-Prod.(Gold) (US\$/oz)	764	757	704	608
EPS Adj&Dil (US\$)	1.86	2.58	2.61	2.67
P/E (x)	33.0	18.5	18.2	17.9
CFPS (US\$)	4.98	6.65	6.19	6.33
P/CFPS (x)	9.7	7.2	7.8	7.6
EBITDA (US\$M)	1,484	1,839	3,503	3,554



Priced as of close of business 10 December 2021

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Bigger, better, and ready to soar after Kirkland merger

Investment Recommendation

Agnico Eagle Mines is our top pick among the senior gold producers, with consistent operating performance, a solid balance sheet, and a proven strategy to grow profitable production in low-risk jurisdictions, all of which we believe will be strengthened with the Kirkland Lake Gold (KL-TSX: C\$48.67 | BUY, C\$70 target) merger, expected to close within weeks (see our merger note [here](#)). We assign a BUY rating and target of C\$88.

As usual, AEM has executed operationally in 2021, meeting or exceeding analyst production estimates each quarter, and is on track to achieve 2021 guidance of 2.05Moz gold at cash costs of \$700-750/oz, which excludes contributions from Hope Bay, acquired in February. In our view, Agnico's shares are attractive at current prices, which are low relative to historic valuations and down 31% YTD, underperforming the senior gold peers (-22% YTD), the TSX Global Gold Index (-13% YTD) and the gold price (-7% YTD).

Investment highlights:

- **High-quality, low-cost, low geopolitical risk portfolio.** AEM has been a go-to gold mining name for generalists looking for lower-risk gold exposure, and we believe the merger with Kirkland further solidifies this positioning with the addition of complementary high-quality assets, exploration potential in lower geopolitical risk jurisdictions, and with a stronger balance sheet. We note that 98% of our operating NAV for the pro-forma entity is based in Canada, Australia and Finland, all low geopolitical risk jurisdictions.
- **2022 outlook:** We forecast gold production of ~3.5Moz at cash costs of \$704/oz, reflecting the impact of the Kirkland merger (we assume the transaction is effective January 1, 2022) vs. 2021E Agnico standalone production of ~2.1Moz at cash costs of \$757/oz (incl. Hope Bay).
- **Strong balance sheet; capital allocation.** Post-merger, we estimate AEM will have \$1.05 billion in cash, net debt of \$0.5 billion, and generate \$1.6 billion in FCF on our price deck (2022E FCF yield 7.2%), giving the company ample capacity to raise dividends or buy back shares.
- **Growth potential.** We note the increasing optionality in AEM's portfolio from the growing Malartic underground project, upside potential from a reconfigured Hope Bay project, and other organic projects in the pipeline. Kirkland assets offer additional growth potential: Detour's production is expected to head toward 900koz/year (and potentially higher) from ~700koz/yr currently, with a new reserve/resource model and mine plan expected in 2022; the Macassa Shaft #4 project is on track for completion by the end of 2022 and is expected to see production reach ~400koz per year from ~250koz currently. We see additional upside potential from synergies (which we do not currently include in our forecasts) that management estimates at \$800 million (pre-tax) over five years and \$2 billion over 10 years.
- **Attractive valuation vs. historic multiples.** On 2022E, AEM is trading at 0.92x NAV and 6.3x EBITDA, which we view as attractive relative to its own historical multiples (last 3-year avg. 1.18x NAV and 8.9x EBITDA), and trades at a premium to senior gold peers (0.82x NAV and 5.1x EBITDA), which we believe is warranted given the strengths discussed above.

Valuation. Our target price is predicated on a weighted 50/50 split of a 1.3x multiple applied to our forward-curve derived operating NAV5% less net debt and other corporate adjustments, and 9.0x 2022E EBITDA.

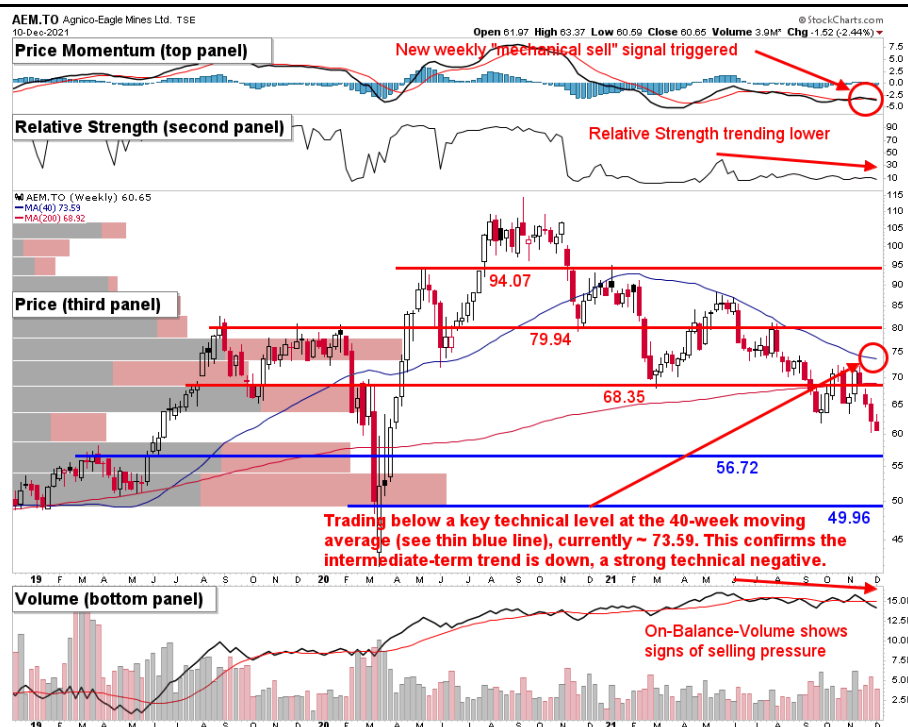
Agnico-Eagle Mines Ltd (AEM)

Technical Overview – AEM

The technical profile of AEM is negative as the stock is trending lower within an intermediate-term downtrend. A close above 68.35 would be needed to confirm a new intermediate-term uptrend was in place.

The following *four* technical negatives are in place: 1) Price momentum is trending lower (see top panel), 2) Relative Strength is trending lower versus the TSX Composite (see second panel), 3) Intermediate-term trend is down as the stock is trading below the 40-week moving average (see third panel), and 4) Volume is showing signs of selling pressure (see bottom panel).

Figure 2: AEM – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly “mechanical sell” signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative strength versus the TSX Composite is trending lower, another technical negative (see red arrow).
- **Third Panel: Price** – The stock is trading below the 40-week moving average (see thin blue line, currently ~ 73.59), confirming the intermediate-term trend is down, a strong technical negative. First resistance is near 68.35, followed by the 200/40-week moving averages, currently at 68.92 and 73.59, respectively. Important resistance is near 79.94, then 94.07. First support is near 56.72. Important support is near 49.96 and where we would limit risk on new positions.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – On-Balance-Volume is showing signs of selling pressure, another technical negative (see red arrow).

Artemis Gold Inc.

Precious Metals - Developer/Explorer

Rating
SPECULATIVE BUY

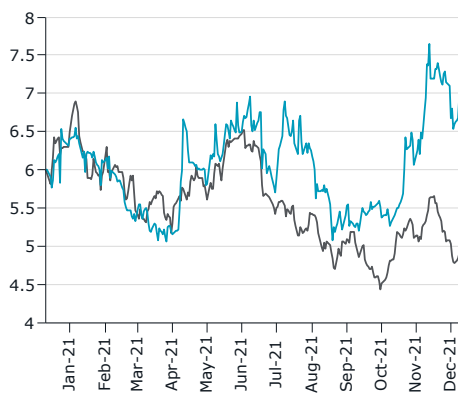
Price Target
C\$14.50

ARTG-TSXV

Price
C\$6.88

Market Data

52-Week Range (C\$) :	4.86 - 7.88
Avg Daily Vol (M) :	0.2
Market Cap (C\$M) :	1,056.0
Shares Out. (M) :	153.5
Enterprise Value (C\$M) :	912
Cash (C\$M) :	144.3
Long-Term Debt (C\$) :	0.0
NAV /Shr (C\$) :	14.53
NAV /Shr (5%) (C\$) :	16.22
P/NAV (x) (C\$) :	0.42



Source: FactSet

Priced as of close of business 9 December 2021

Artemis is a junior exploration/development company focused on advancing into production its 100%-owned Blackwater gold project located in central BC, Canada.

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A de-risked developer that checks all the boxes

We highlight Artemis Gold as our Top Pick amongst the precious metal developers within our coverage universe (+8.00% YTD). The company's flagship asset is its advanced-stage Blackwater gold project, located in central British Columbia. We rate Artemis as a SPECULATIVE BUY, with a current target price of \$14.50/sh.

Investment Highlights

- **Top-tier jurisdiction.** British Columbia has long been recognized as one of the safest and most established mining jurisdictions within the industry. The province hosts a number of comparably sized open-pit mines to that being developed at Blackwater and continues to be a preferred jurisdiction in terms of M&A activity.
- **A sizable project.** The Blackwater project has an average gold production profile of ~340,000oz/yr over 22 years. While its average annual production places it at the top end of its peer group, the 22-year mine life, in our view, is the clear differentiator (peers 10-15 years).
- **Robust economics.** The 2021 Feasibility Study highlights an after-tax NPV_{5%} of C \$2,151M, an IRR of 32%, and a LOM AISC of US\$672/oz (at Base Case US\$1,600/oz).
- **Clear path to production.** Final permits/authorizations to commence construction are expected in H1/22, and with a two-year build schedule, first gold is expected in H2/24. Of importance, we also note that Participation Agreements with the three primary First Nations groups within the region have been signed.
- **Significantly de-risked.** Artemis expects to announce final fixed price EPC agreements for the **processing facility** and **powerline** in late Q4/21. These agreements will serve to insulate ~50% of the project's initial CAPEX from cost/schedule overruns. In addition, with \$144M in cash (Q3/21), and a pending **\$360M in debt** and **\$176M silver stream**, Artemis is well positioned to fund the project's \$645M initial CAPEX.
- **Proven management team.** Artemis, led by Chairman and CEO Steven Dean, is backed predominantly by the same management team that discovered, constructed, and operated Atlantic Gold's Touquoy mine/greater Consolidated Moss River project, prior to selling it to St Barbara in 2019 for C\$802M (+1,100% over 4.5 years). We note that management and the Board hold a collective 41% interest in Artemis.
- **Near-term milestones/potential catalysts.** Finalize fixed price EPC agreements and project financing (Q4/21-Q1/22), project permits (H1/22), start of construction (mid-2022).

Outlook. We view Blackwater to be the most de-risked, late-stage development project amongst the Big 5 Canadian developer comp group. Given the project's Tier 1 jurisdiction, sizable production profile and robust economics, Blackwater, in our view, is a clear acquisition target for an established mid-tier to senior producer.

Valuation. Our risk-adjusted valuation of Artemis is rooted in a C\$2,458M valuation of the Blackwater project on a fully financed basis. Applying non-operating and face-value asset/liability adjustments, we derive a corporate NAV of C\$14.54/sh. We rate Artemis a SPECULATIVE BUY to reflect the risks associated with a non-revenue-generating company and the development risk associated with a pre-production asset.

Artemis Gold (ARTG)

Technical Overview - ARTG

The technical profile of ARTG remains in intermediate-term uptrend, a strong technical positive and is supportive of further upside. However, weakening Price Momentum (see red arrow, top panel) suggests a near-term consolidation is likely, prior to the resumption of the uptrend.

The following two technical positives are developing: 1) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel) and 2) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 16: ARTG – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock remains on a weekly “mechanical buy” signal, a technical positive (see blue circle). However, upward momentum is slowing, an early technical negative (see red arrow).
- **Second Panel: Relative Strength (SCTR)** – N/A
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~6.05), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 7.39. A close above this level sees the next technical upside target near 9 (not shown). First support is near the 40-week moving average, currently at 6.05, followed by 5.07. Important support is near 3.09 and where we would limit risk on new positions.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – On-Balance-Volume has been trending lower, a technical negative (see red arrow). However, Volume is showing signs of buying pressure, a technical positive (see blue circle).

Capstone Mining Corp.

Base Metals - Producer

Rating
BUY

Price Target
C\$9.00

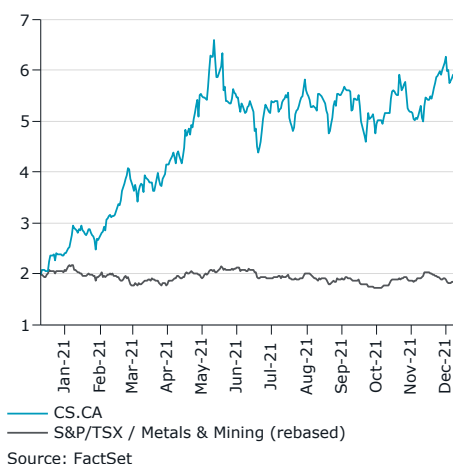
CS-TSX
CSFFF-OTC

Price
C\$5.82

Market Data

52-Week Range (C\$) :	1.94 - 6.64
Avg Daily Vol (000s) :	1,400
Market Cap (C\$M) :	3,959.6
Shares Out. (M) :	680.3
Net Debt (Cash) (US\$M) :	(206.1)
Enterprise Value (C\$M) :	2,175
NAV / Shr (US\$) :	8.40
P/NAV (x) (C\$) :	0.69

FYE Dec	2021E	2022E	2023E
Copper production (000t)	84	203	235
Sales (US\$M)	805.4	1,823	1,997
EBITDA (US\$M)	451.7	744.8	879.7
Operating Cash Flow / Shr CFPS (US\$)	1.89	0.93	1.01



Priced as of close of business 9 December 2021

Capstone Mining has 100% interests in Pinto Valley in Arizona and Cozamin in Mexico and is advancing the 70%-owned Santo Domingo project in Chile.

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The "Full Mantos" in 2022

Investment Recommendation

CS was one of the stars of 2021, with the company's shares returning 145% vs. the base metal producer group average of 26%. The company benefited from its leverage to copper prices and a number of positive operational and strategic updates, culminating in a transformational merger agreement with private company Mantos Copper (please see our note [here](#)).

We expect 2022 to be the "year of adolescence" for CS, over which it finally grows into a true mid-cap producer beginning in 2023. We expect the Mantos merger to close at the end of Q1 2022. With the addition of Mantoverde and Mantos Blancos into the fold, we forecast CS's copper production to increase to ~200kt in 2022 vs. just 84kt in 2021. However, we expect higher AISC over the year, as the Mantos assets are currently going through their high-cost phase. We expect investors to pay less attention to the company's actual 2022 production and cost, but instead focus more on the progress of the growth projects – MVDP, PV4, Cozamin Impact 23, and Mantos Blancos Phase II. In addition, we expect the company's shares to significantly re-rate in 2022 as the market begins to better understand the Mantos assets, look ahead to the completion of MVDP in 2023, and understand the scope and economics of PV4.

Investment highlights

- **Copper focus:** Copper represents ~97% of CS's 2022 revenue stream on a pro forma basis, vs. 60-80% for its closest peers.
- **Significant growth profile:** Versus 2021, we expect copper production to grow by 13% in 2022, 32% in 2023 and 66% in 2024. We note that this growth is fully funded, and believe is low risk from a technical perspective.
- **Leverage to copper:** We forecast a 23% change in our 2022 EBITDA estimate and a 25% change in our NAV for a 10% change in our copper price deck. We note that our long-term copper price of \$3.30/lb is well below the current spot price of ~\$4.35/lb.
- **Portfolio diversity:** Following the completion of the merger with Mantos Copper, the company will have four operating mines across three countries in the Americas (Chile, Mexico and USA).
- **Attractive relative valuation:** CS trades at a significant discount to peers as the market has yet to digest the acquisition of Mantos Copper, a private company about which little is known. The company trades at 3.7x 2022E EBITDA and 0.69x NAV, vs. the peer group averages of 4.8x and 0.79x, respectively.
- **Upcoming potential catalysts:**
 - Closing of the Mantos Copper acquisition and new consolidated guidance - Q1 2022
 - Quantification of the synergies between Mantoverde and Santo Domingo - Q3 2022
 - A revised mining taxation and royalty regime in Chile
 - PV4 technical report - Q4 2022

Valuation

We reiterate our BUY rating and our C\$9.00/sh target price on CS, which remains based on an equal weighting of 6.0x our NTM EBITDA forecast and 1.0x our NAVPS estimate, both measured as at October 1, 2022. Our multiples reflect our thesis that the combined entity will trade at a premium to peer group averages.

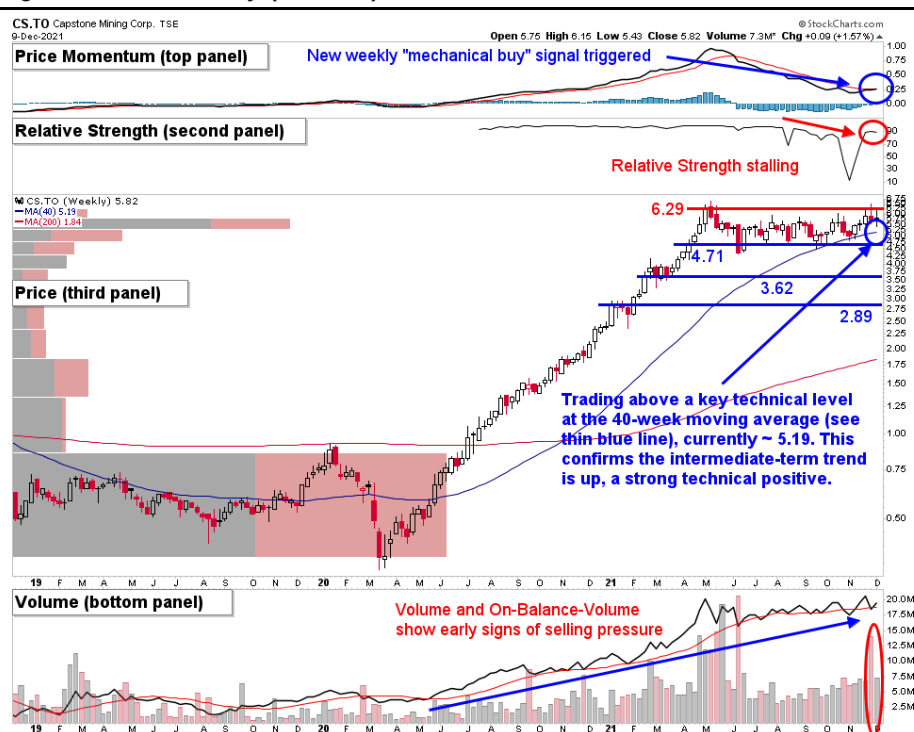
Capstone Mining Corp. (CS)

Technical Overview - CS

The technical profile of CS is improving, as the stock just triggered a new **weekly "mechanical buy" signal** and is above the 40-week moving average, currently at ~5.19, confirming an intermediate-term uptrend, both strong technical positives.

The following *two* technical positives are in place: 1) Price Momentum is trending higher (see top panel) and 2) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel).

Figure 2: CS – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly "mechanical buy" signal, a technical positive (see blue circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is stalling, an early technical negative (see red circle).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~5.19), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 6.29. A close above this level sees the next technical upside target near 8 (not shown). First support is near the 40-week moving average, currently at 5.19, followed by 4.71. Important support is near 3.62, followed by 2.89.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of selling pressure, another early technical negative (see red circle).

NexGen Energy Ltd.

Specialty Minerals and Metals

Rating
SPECULATIVE BUY

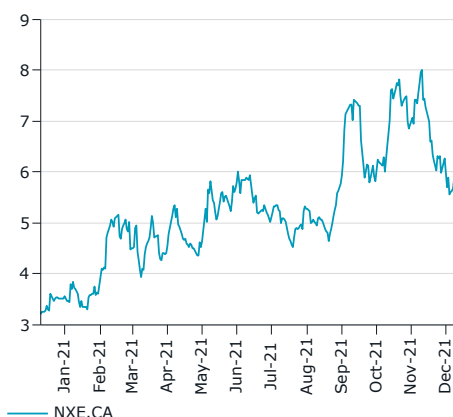
Price Target
C\$10.00

NXE-TSX
NXE-NYSE

Price
C\$5.67

Market Data

52-Week Range (C\$) :	2.12 - 7.81
Avg Daily Vol (000s) :	1,785
Market Cap :	2,803.7
Shares Out. (M) :	469.3
Enterprise Value :	2,640
NAV / Shr :	7.75
P/NAV (x) :	0.73



Priced as of close of business 9 December 2021

NexGen Energy Ltd. is a uranium exploration and development company, with a portfolio of high-grade uranium projects located in the Athabasca Basin in Saskatchewan. Its principal property is the Rook I Project.

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An attractive entry point

Investment recommendation:

NXE shares have returned 62% YTD, below the uranium developer peer average of 141%. The company started off 2021 strong with the release of the results of a Definitive Feasibility Study in February. As the year progressed, improving uranium market sentiment and a rapid rise in spot prices related to the entrance of the Sprott Physical Uranium Trust ("SPUT", U.UN-TSX: \$13.99 | Katie Lachapelle | BUY | C\$21 PT) pushed NexGen shares to an all-time high, peaking at C\$8.09 per share in November.

Having since declined 30%, we believe that the recent pullback in the shares provides an attractive entry point to a world-class uranium asset with strong leverage to rising prices. We expect 2022 to be another strong year for uranium equities and pricing. We believe a number of market-specific catalysts are on deck, including SPUT's US listing, the potential inclusion of nuclear power in the EU's sustainable taxonomy, and an increase in term contracting (on and off market). In our view, NXE remains one of the best (and most liquid) ways to play uranium.

Investment highlights:

- **A world-class asset:** NXE's Feasibility Study outlined a very robust project, with a base case after-tax NPV8% of C\$3.5 billion, an IRR of 52.4%, and a payback period of only 0.9 years. At our long-term price of US\$65/lb U₃O₈, the Arrow project would generate >\$1.3 billion in free cash flow per year during its first five years of production. Once in production, it is expected to be the world's largest and lowest cost producer – making it a highly strategic asset and a clear takeover target, in our view.
- **Attractive relative valuation:** Despite owning what we view as the world's best undeveloped uranium asset, NexGen currently trades at just 0.73x NAV, well below the peer group average of 1.12x (and its 2021 average of 0.9x). Recent underperformance provides a very attractive entry point, in our view.
- **From definition to execution:** In 2022, we expect a shift away from project definition to project execution. NexGen expects to commence early works construction on the project site mid-year (road expansions, air strip, etc). In our view, the start of early works construction will provide a clear signal to the market that it is NexGen's intention to build this project.
- **Strong balance sheet:** With ~\$164 million in net cash, NXE has one of the best balance sheets among its peers, and remains fully funded for early works construction (~C\$158m).

Upcoming potential catalysts:

- Final Environmental Impact Statement submission (Q1 2022) and completion of the public comment period (by mid-2022)
- Results of regional exploration program, including the "Arrow 2.0 Target" (H1 2022)
- Signing of Impact Benefit Agreements (two remaining) - the successful completion of IBAs with all four First Nations communities would be a positive indicator for permitting
- Initiation of construction early works (H2 2022)
- Positive developments in the uranium market

Valuation: We maintain our SPEC BUY rating and C\$10.00/sh target price. Our SPECULATIVE qualifier reflects the fact that NexGen currently does not have any operating assets and therefore poses a higher-than-normal risk profile.

NexGen Energy Ltd. (NXE)

Technical Overview - NXE

The technical profile of NXE is neutral as the stock is weakening within an intermediate-term uptrend, an early technical negative. A close below the 40-week moving average, currently at 5.65, would confirm a new intermediate-term downtrend was taking hold, a strong technical negative.

The following two technical positives are in-place: 1) Relative Strength is improving (see second panel) and 2) Intermediate- and Long-term trends are up as the stock is trading above the 40/200-week moving averages (see third panel).

Figure 12: NXE – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock recently triggered a new weekly “mechanical sell” signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is improving, an early technical positive (see blue circle).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~ 5.65), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 5.92. Important resistance is near 7.44. First support is near the 40-week moving average, currently at 5.65, followed by 4.71. Important support is near 3.24, followed by the 4-Year (200-week) moving average, currently at 2.96.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – On-Balance-Volume is showing signs of selling pressure, another technical negative (see red circle).

Osisko Gold Royalties Ltd. Mining Royalties

Rating
BUY

Price Target
C\$23.00

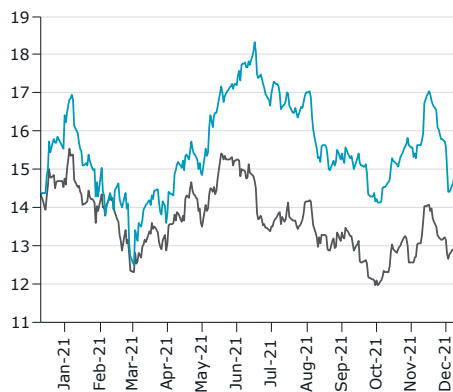
OR-TSX
OR-NYSE

Price
C\$14.57

Market Data

52-Week Range (C\$) :	12.39 - 18.40
Avg Daily Vol (M) :	0.4
Market Cap (C\$M) :	2,421.8
Shares Out. (M) :	166.2
Dividend /Shr (C\$) :	0.22
Dividend Yield (%) :	1.5
Enterprise Value (C\$M) :	2,638
Cash (C\$M) :	151.9
Long-Term Debt (C\$) :	405.3
NAV /Shr :	14.26
Net Debt/EBITDA :	1.48
P/NAV (x) (C\$) :	1.03
Total NAV 5 (C\$) :	1,911.3

FYE Dec	2020E	2021E	2022E	2023E
Gold Production (000oz)	66	82	92	106
EBITDA (C\$M)	113.6	147.6	173.5	194.8
EV/EBITDA (x)	22.2	18.0	14.6	12.4
Net Debt/EBITDA (x)	0.9	1.6	0.7	(0.1)
Free Cash Flow (C\$M)	34.4	(0.4)	159.4	164.5
Net Debt (Cash) (C\$M)	98	239	116	(12)
EPS Adj&Dil (C\$)	0.25	0.54	0.49	0.58
CFPS (C\$)	0.65	0.86	0.96	0.99



Source: FactSet

Priced as of close of business 9 December 2021

Osisko Gold Royalties is an intermediate precious metals streaming and royalty company with over 130 royalties, streams and offtake agreements globally, with a focus on North America. The company also holds an equity portfolio of junior precious metal miners. In 2018, the company's GEO sales totaled 80 thousand ounces.

Canaccord Genuity is the global capital markets group of Canaccord Genuity Group Inc. (CF : TSX)

The recommendations and opinions expressed in this research report accurately reflect the research analyst's personal, independent and objective views about any and all the companies and securities that are the subject of this report discussed herein.

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A compelling mix of growth and value

Osisko Gold Royalties is our top pick in the precious metals streaming and royalty space due to its strong growth profile, several potential upcoming catalysts, and attractive valuation. We reiterate our BUY rating and our target price of C\$23.00.

OR has executed well in 2021, setting several quarterly records including production in Q1, revenue in both Q1 and Q2, and subsequent EBITDA records in every quarter year-to-date. So far in 2021, the company has produced gold equivalent ounces (GEOs) of 60.4 koz at an operating margin of 94% (best among covered peers) and an EBITDA margin of 75%, and is on track to achieve its revised 2021 guidance of 78-82 koz. In 2021, OR shares (-8% YTD) have slightly outperformed the streaming/royalty peers under coverage (-9% YTD) and the TSX Global Gold Index (-11% YTD), while gold has declined slightly (-6% YTD).

Investment highlights:

- We forecast 13% y/y GEO growth in 2022 and longer term we see OR's GEOs increasing ~55% by 2025 from 2019; we see this growth in stream/royalty GEOs as being the best among the mid/large-cap royalty companies. Our growth forecasts exclude additions from potential transactions, and we note that OR ended Q3 with C\$110 million in cash and has over C\$600 million in available liquidity to fund new deals (~C\$2.4 billion total NAV).
- In addition, we expect to see continued resource/reserve growth (most notably at the Canadian Malartic underground deposit) and an advancing pipeline of projects. In our view, there are several potential catalysts on the horizon for OR that could provide upside to our model, including the upcoming Windfall FS, Hermosa PFS, as well as advances in Cariboo project.
- OR is trading at 1.01x NAV and 9.4% 2022E FCF yield (excluding its equity investments), which we view as compelling vs. both its own historical multiples and peers that are trading at 1.42x NAV and 7.1% 2022E FCF yield. Further, we believe there is potential for OR to re-rate as it sells down/dilutes its 70% equity stake in Osisko Development Corp. (ODV-TSX: C\$4.34 | BUY, C\$12.00 TP | Kevin Mackenzie), which currently comprises 22% of OR's total NAV at market value.

Valuation. Our target price is predicated on a weighted 50/50 split of a 1.80x NAV multiple on the company's royalty/streaming assets less net debt and other corporate adjustments, and an 18.0x multiple applied to 2022E EBITDA.

Canaccord Genuity Corp. acted as Joint Lead Manager in the offering of shares in Osisko Development, a spin-off of various Osisko Gold Royalty assets.

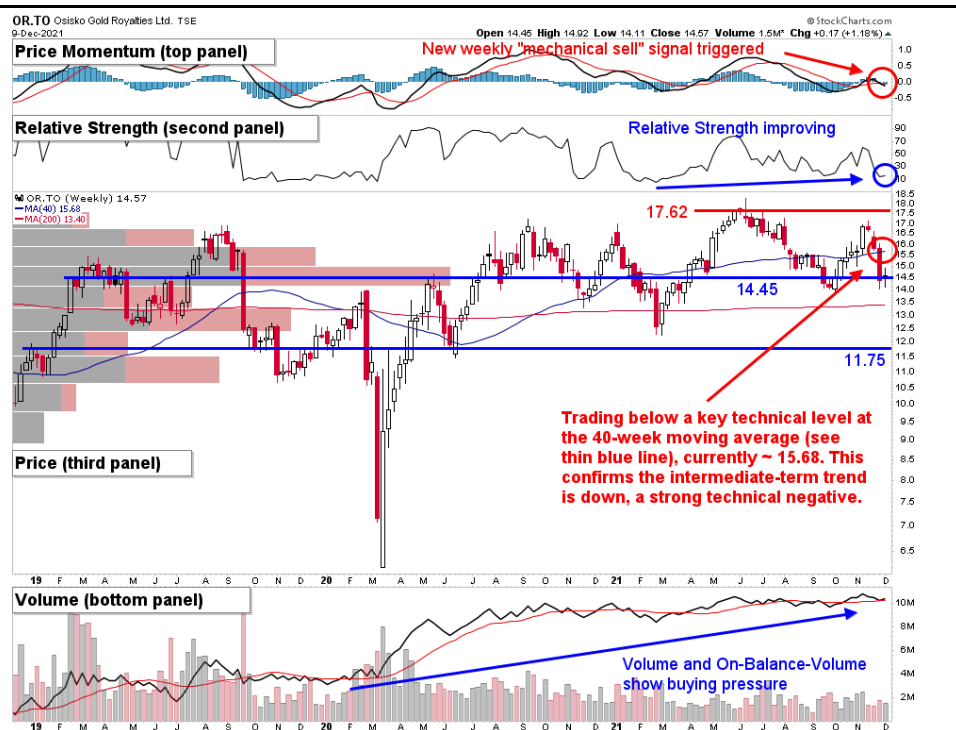
Osisko Gold Royalties (OR)

Technical Overview - OR

The technical profile of OR is neutral where a close above the 40-week moving average, currently near ~15.68 (see thin blue line, third panel) would confirm a new intermediate-term uptrend was in place, a strong technical positive. However, a close below 14.45 would confirm a new intermediate-term downtrend was in place, a strong technical negative.

The following *three* technical positives are developing: 1) Relative Strength versus the TSX Composite is improving (see second panel), 2) Long-term trend is up as the stock is trading above the 4-Year (200-week) moving average (see third panel), and 3) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 17: OR – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly "mechanical sell" signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is improving, an early technical positive (see blue circle).
- **Third Panel: Price** – **The stock is trading below the 40-week moving average (see thin blue line, currently ~15.68), confirming the intermediate-term trend is down, a strong technical negative.** First resistance is near the 40-week moving average, currently at 15.68, followed by 17.62. A close above this level sees the next technical upside target near 20 (not shown). First support is near 14.45, followed by the 4-Year (200-week) moving average, currently at 13.40. Important support is near 11.75 and where we would limit risk on new positions.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, a technical positive (see blue arrow).

Sigma Lithium Resources Corp

EV Materials

Rating
SPECULATIVE BUY

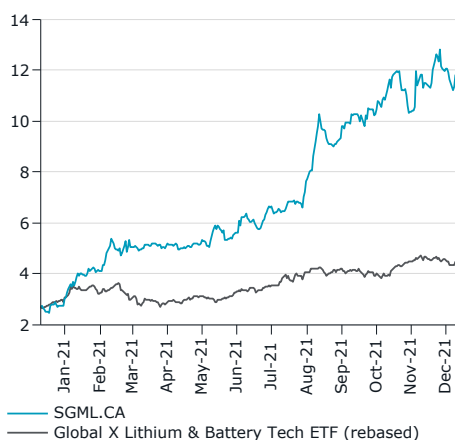
Price Target
C\$14.00

SGML-TSXV

Price
C\$12.40

Market Data

52-Week Range (C\$) :	2.05 - 10.64
Avg Daily Vol (000s) :	42
Market Cap (C\$M) :	993.0
Shares Out. (M) :	87.4
Enterprise Value (C\$M) :	958
NAV /Shr (C\$) :	8.47
P/NAV (x) (C\$) :	1.40



Source: FactSet

Priced as of close of business 9 December 2021

Sigma Lithium is developing a group of pegmatite lithium properties in northeast Minas Gerais State Brazil. Its flagship project, Grota do Cirilo, is targeting Phase 1 production of 220ktpa of battery-grade lithium concentrate commencing in late 2022, doubling shortly thereafter to 440ktpa in Phase 2.

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In pole position

Investment recommendation:

Sigma Lithium performed extremely well in 2021, returning 295% YTD. Share price performance was relatively in line with lithium developer peers, which on average returned 276% as lithium equities rallied on the back of an improved demand outlook and a substantial recovery in pricing. Lithium carbonate prices are up 313% YTD to ~\$33k/t, lithium hydroxide prices are up 296% to ~\$29k/t, and spodumene concentrate (SC6) prices are up 470%, to \$2,310/t. Despite higher pricing, we anticipate only a modest supply-side response in 2022 and expect tight market conditions to persist for ~2-3 years, keeping prices elevated in the near term.

In our view, Sigma Lithium is uniquely positioned to capitalize on higher prices, as one of few developers that can actually reach production in 2022. Its Phase 1 project is fully funded and on track for first production in late 2022. We continue to believe that Sigma has “flown under the radar” of many investors, despite the quality of its flagship project, its level of advancement, and the substantial exploration upside we see on its property.

Investment highlights:

- **A large near-term producer of low-cost, high-quality lithium concentrate:** Sigma's flagship project, Grota do Cirilo, is host to the largest hard rock lithium deposit in the Americas. With exceptional scale (52Mt), high grades (1.43% Li₂O) and low levels of impurities, Sigma is expected to produce high-quality lithium concentrate at a first quartile cash cost of ~\$342/t (vs. spot SC6 \$2,310/t). Phase 1 of its project is already well advanced, with funding fully secured, two offtake agreements in hand, and civil works construction underway.
- **Strong growth profile:** Sigma recently completed a PEA, envisioning a doubling of production from 220ktpa in Phase 1 to 440ktpa in Phase 2. This production profile would rank Grota do Cirilo among the world's largest spodumene operations. In our view, the Phase 2 expansion is already well-supported by existing offtake agreements with LG Energy and Mitsui. Additional financing and offtake agreements are currently under negotiation. We look forward to the results of a PFS in Q1 2022.
- **Substantial exploration upside:** Going forward, Sigma's property will be targeted for additional growth via drilling; a substantial portion of the property remains unexplored. SGML is currently completing an 11,537m drill program with the goal of increasing mineral resources by at least 50%. If we were to model a “Phase 3” mine life extension so that production is sustained at a rate of >400ktpa for an additional five years, our NAVPS would increase by 37%.
- **Leverage to lithium:** Our (conservative) base case price deck delivers a project NAV10.5% of C\$792 million, IRR of 100% and payback of only 1.2 years. At US \$1,000/t, our NAV increases to C\$1.04 billion, and at spot SC6, our NAV increases to C\$4.04 billion.

Key potential catalysts in 2022:

- Pre-Feasibility Study – Phase 2 expansion (Q1 2022)
- Results of 11,537m exploration program (H1 2022)
- Additional financing and/or offtake agreements for Phase 2

Valuation: We maintain our SPEC BUY rating and C\$14.00/sh target price. Our SPECULATIVE qualifier reflects the fact that Sigma currently does not have any operating assets and therefore poses a higher-than-normal risk profile. Sigma currently trades at 1.4x NAV, slightly above North America listed peers. We expect a further re-rate as Sigma defines additional resources on its property and transitions from a developer to a producer generating free cash flow.

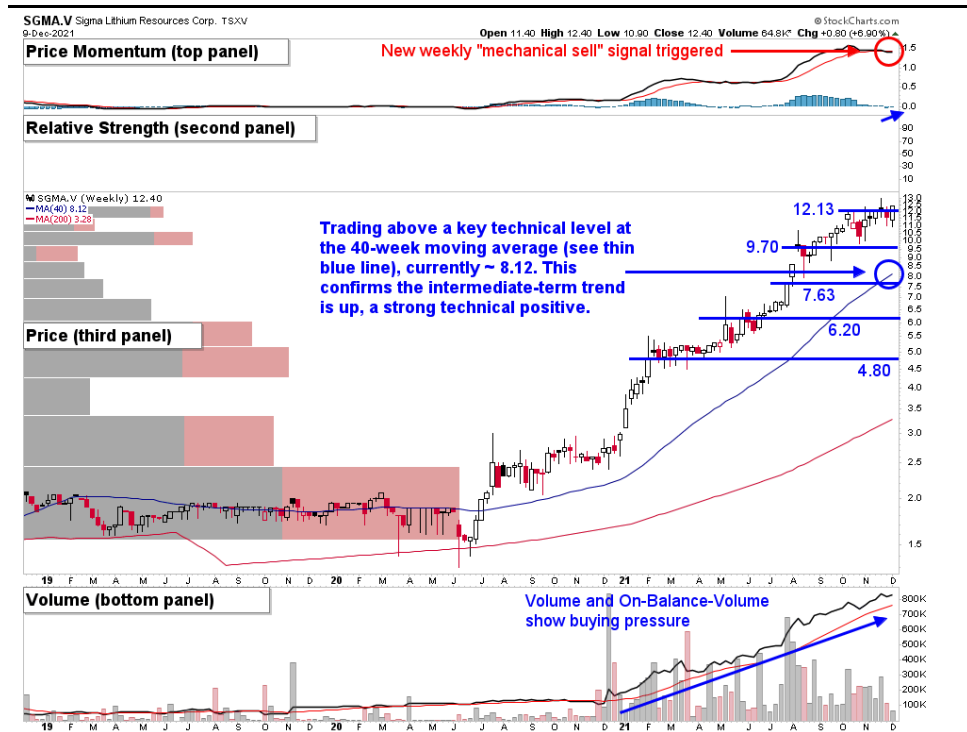
Sigma Lithium Resources Corp. (SGMA)

Technical Overview – SGMA

The technical profile of SGMA is strong as the stock is reaccelerating within an intermediate-term uptrend and recently scored new all-time price highs, both of which are strong technical positives and are supportive of further upside, in our view. The next upside technical target is near 14 (not shown).

The following *three* technical positives are developing: 1) Price Momentum is improving (see top panel), 2) Intermediate- and Long-term trends are up as the stock is trading above the 40/200-week moving averages (see third panel) and 3) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 13: SGMA – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly "mechanical sell" signal, a technical negative (see red circle). However, downward momentum is slowing, an early technical positive (see blue arrow).
- **Second Panel: Relative Strength (SCTR)** – N/A
- **Third Panel: Price** – **The stock is trading above the 40-week moving average (see thin blue line, currently ~ 8.12), confirming the intermediate-term trend is up, a strong technical positive.** First resistance and the next technical upside target is near 14 (not shown). First support is near 12.13, followed by 9.70. Important support is near the 40-week moving average, currently at 8.12, followed by 7.63.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, a technical positive (see blue arrow).

SSR Mining Inc.

Precious Metals - Producer

Rating
BUY

Price Target
C\$28.00

SSRM-TSX
SSRM-NASDAQ

Price
C\$21.86

Market Data

52-Week Range (C\$) :	17.29 - 27.79
Avg Daily Vol (000s) :	573
Market Cap (C\$M) :	4,630.1
Shares Out. (M) :	211.8
Net Debt (Cash) (US\$M) :	(519.7)
Enterprise Value (C\$M) :	5,017
NAV /Shr (C\$) :	25.85
P/NAV (x) (C\$) :	0.85

FYE Dec	2021E	2022E	2023E
Gold Production (000oz)	681	650	652
Silver Production (000oz)	8,103	8,099	8,024
Sales (US\$M)	1,456	1,369	1,368
EBITDA (US\$M)	805.9	743.0	721.7
FCF /Shr (US\$)	2.00	2.49	2.63



Source: FactSet

Priced as of close of business 9 December 2021

SSR Mining Inc. is an Americas-focused intermediate precious metals producer that operates four mines (Marigold - USA, Copler - Turkey, Seabee Complex - Canada, Pirquitas - Argentina) and owns several exploration/development projects.

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Masterful Planning in 2022

Investment Recommendation

SSRM shares have declined 14% YTD, a better-than-average performance in a dismal year for the precious metals producers where the average decline is 22%. Despite the commodity and macro headwinds, the company continued to deliver on its core mandates - solid operating performance and cash flow generation, investing in exploration and development, and returning capital to shareholders. We note that somewhat unfairly, SSRM's share price movement seems to be more correlated with silver pricing than the 13% of its revenue stream would warrant.

We continue to like SSRM for its operating prowess, emerging value at each of the assets, strong balance sheet and capital return program, capable management team and attractive relative valuation. Looking out into 2022, we see numerous potential catalysts (listed below) that we believe could drive relative outperformance vs. the precious metal producer peer group. We also believe that the company's strong balance sheet and FCF yield positions the company as a defensive play in the event of a meaningful downturn in precious metal pricing.

Investment highlights

- Scale and margins:** We forecast consolidated production of between 700-800koz AuEq at least through 2025, at AISC <\$1,000/oz.
- Emerging latent value at each of the assets:** SSRM has substantial brownfield exploration programs ongoing at each of the assets, which are expected to culminate in updated "Master Plans" for each asset in 2022.
- Capital returns:** SSRM is on track to return ~\$200 million to shareholders in 2021 via a combination of dividends and share buybacks; we estimate a total yield of 5.5% at the current share price. We estimate a total cash balance of \$1.02 billion as at year-end 2021, and with no major capital programs on the horizon we could see further improvements to the company's capital return program in 2022.
- FCF Yield:** SSRM boasts amongst the highest FCF yields of the precious metal producers. We estimate a FCF yield of 14% for 2022 and 15% for 2023, vs. the peer group averages of 4% and 7%, respectively.
- Attractive relative valuation:** SSRM trades at just 3.4x our 2022 EBITDA estimate, vs. the peer group average of 5.0x. On a NAV basis, the company trades at 0.80x NAV, in line with the peer group average despite its many positive investment attributes.
- Upcoming potential catalysts:**
 - Initial 3-year guidance - Q1 2022
 - Copler Master Plan - updated technical report that will include a maiden Ardich reserve and the C2 Cu-Au porphyry as a PEA scenario - Q1 2022
 - Marigold and Seabee - updated "Master Plan" technical reports - H1 2022
 - Further incremental capital return initiatives - ongoing

Valuation

We reiterate our BUY rating and our C\$28.00/sh target price on SSRM. Our target price remains based on an equal weighting of 5.0x NTM EBITDA and 1.0x NAVPS, measured as at October 1, 2022.

Our multiples reflect potential upside from the catalysts listed above that are currently not reflected in our estimates, as well as the company's planned migration to SEC issuer status from Foreign Private Issuer status as of January 1, 2022 (which should make the company an investable option to a broader US audience).

SSR Mining Inc. (SSRM)

Technical Overview – SSRM

The technical profile of SSRM remains in an intermediate-term uptrend, a strong technical positive and is supportive of further upside. Weakening Price Momentum (see red arrow, top panel) and Relative Strength (see red circle, second panel) suggest a near-term consolidation is likely, prior to the resumption of the uptrend.

Two technical positives are in place on **SSRM**: 1) Intermediate- and Long-term trends are up, as the stock is trading above the 40/200-week moving average (see third panel); and 2) Volume is showing signs of buying pressure (see bottom panel).

Figure 2: SSRM – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock recently triggered a new weekly “mechanical buy” signal, a technical positive (see blue circle). However, upward momentum is slowing, an early technical negative (see red arrow).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is deteriorating, a technical negative (see red circle).
- **Third Panel: Price** – **The stock is trading above the 40-week moving average (see thin blue line, currently ~20.40), confirming the intermediate-term trend is up, a strong technical positive.** First support is near the 40/200-week moving averages, currently at 20.40 and 19.29, respectively. Important support is near 17.85, and this is where we would limit risk on new positions. First resistance is near 24.10. Important resistance is near 31.75.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, a technical positive (see blue arrow).

Brookfield Asset Management Inc.

Asset Managers

Rating
BUY

Price Target
US\$69.00

BAM-NYSE
BAM.A-TSX

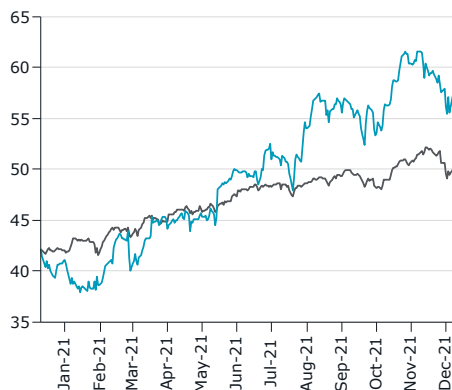
Price
US\$57.89

Market Data

52-Week Range (US\$) :	37.64 - 62.20
Avg Daily Vol (000s) :	2,030
Market Cap (US\$M) :	95,535.9
Shares Out. (M) :	1,650.3
Dividend /Shr (US\$) :	0.52
Dividend Yield (%) :	0.9
Implied Return to Target (%) :	20.1
NAV /Shr (US\$) :	57.48
Prem (Disc)/NAV (%) :	0.7

FYE Dec	2020A	2021E	2022E	2023E
P/FFO (x)	17.7	13.3	21.1	19.2
Recurring FFO / Shr (US\$)	2.03	2.12	2.37	2.52

Quarterly Recurring FFO /Shr	Q1	Q2	Q3	Q4
2020A	0.44	0.40	0.53	0.66
2021E	0.48A	0.50A	0.56A	0.59
2022E	0.58	0.59	0.59	0.60
2023E	0.62	0.63	0.63	0.64



Source: FactSet

Priced as of close of business 9 December 2021

Brookfield Asset Management is a global asset manager and operator, specializing in property, renewable power, and infrastructure assets.

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Premier asset manager well positioned for continued strong growth

Investment recommendation

Brookfield Asset Management (BAM) is a global alternative asset manager with a focus on property, renewable energy, infrastructure, and private equity. In addition, BAM meaningfully expanded its credit platform through the acquisition of Oaktree in 2019. More recently, Brookfield has added new areas of focus including insurance, growth investing (technology), transition funds and secondaries. Raising larger funds has led to substantial growth in management fees, carried interest, and cash flow. Along with the new areas of focus, we expect continued growth in both assets under management and cash flow.

Recent fundraising should drive continued management fee growth. Brookfield continues to raise larger flagship funds, and the current round of fundraising should exceed \$100 billion, up from \$57 billion in the prior round. In total, fee-bearing capital has risen from \$108 billion in 2016 to \$325 billion currently, and is poised to rise materially over the next few years. We note that 77% of this capital is in long-term or perpetual strategies.

Investment highlights

New products provide additional growth opportunities. Along with growing its flagship business lines, credit and insurance are, in our view, the two areas which provide the greatest opportunity for growth. Management believes that the 'insurance' business could exceed \$200 billion within five years, up from \$50 billion currently. BAM's growth investing platform, which is largely focused on technology investments, is projected to exceed \$100 billion, while transition funds that focus on the transition to a net-zero carbon economy could also exceed \$200 billion.

Growing management fees drive cash flow growth. Growth in fee-bearing capital has led to a dramatic increase in management fees, particularly when including carried interest. Fee-related earnings are now \$1.8 billion annually (\$1.09 per share), up 19% from \$1.4 billion a year ago, while net carried interest is now \$2.0 billion (\$1.21 per share) annually. Carry eligible capital is now above \$159 billion, and gross accumulated carried interest is now approaching \$6 billion (\$3.64 per share). We expect this number to continue to rise as the large amount of recently raised capital is invested.

Of note, Insurance Solutions is an exciting avenue for growth, as in a low-interest-rate environment, the ability to match real estate and infrastructure assets against liabilities provides the opportunity for highly accretive returns as the insurance business grows. Management believes that the insurance business could generate almost \$500 million (\$0.30 per share) in fees annually by 2026.

Valuation

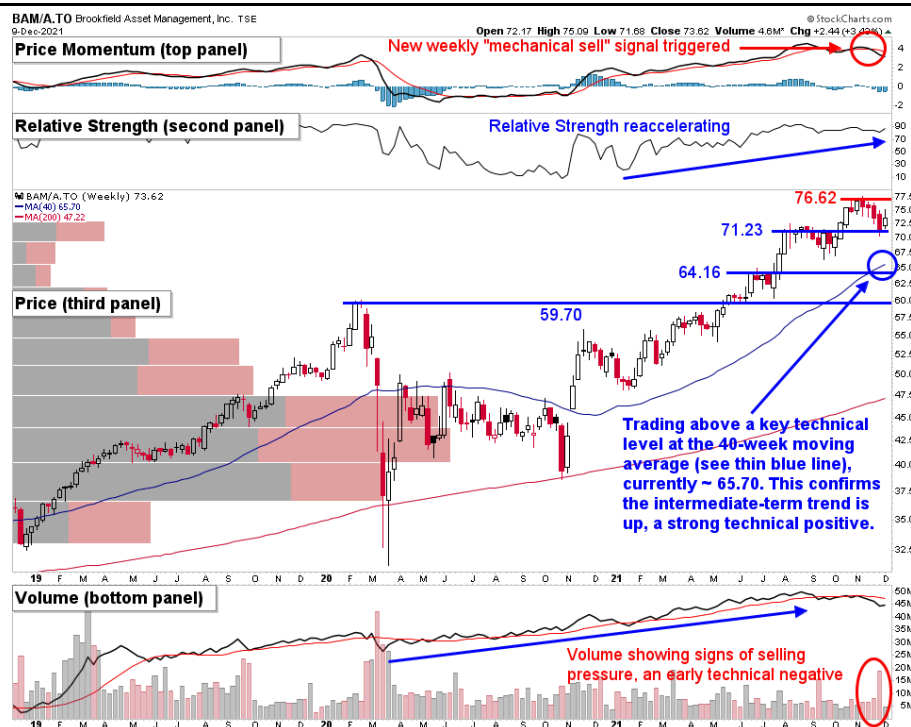
Year to date, BAM's shares have returned 49.1%, including dividends. The shares currently trade at a 1% premium to our current estimate of BAM's NAV (US\$57.48), and a 14-41% discount to the most recently disclosed 'Plan Value' of US\$67-83, provided at the most recent investor day in September. Our target price of US\$69.00 equates to a 20% premium to our NAV estimate, and is at the low end of management's estimate of fair value. We note that based on the current business plan presented at the investor day, 'Plan Value' would rise to in excess of US\$150 per share by 2026.

Brookfield Asset Management (BAM.A)

Technical Overview – BAM.A

The technical profile of BAM.A remains in an intermediate-term uptrend, a strong technical positive and is supportive of further upside. However, weakening Price Momentum (see red circle, top panel) and Volume (see red circle, bottom panel) suggests a near-term consolidation is likely, prior to the resumption of the uptrend.

Figure 19: BAM.A – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly “mechanical sell” signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is reaccelerating, a technical positive (see blue arrow).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~65.70), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 76.62. A close above this level sees the next technical upside target near 80 (not shown). First support is near 71.23, followed by the 40-week moving average, currently at 65.70. Important support is near 64.16, then 59.70.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – On-Balance-Volume has been trending higher, a technical positive (see blue arrow). However, Volume is showing signs of selling pressure, an early technical negative (see red circle).

First Capital REIT

Real Estate Investment Trusts

Rating
BUY

Price Target
C\$21.00

FCR.UN-TSX

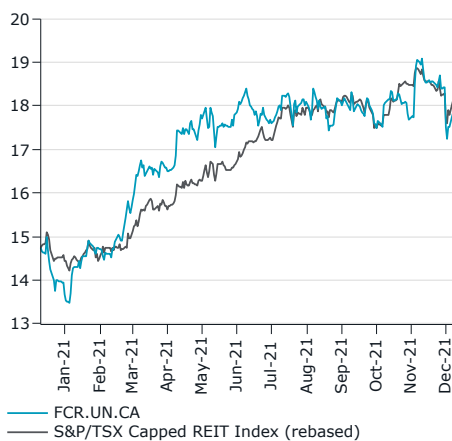
Price
C\$17.57

Market Data

52-Week Range (C\$) :	13.39 - 19.19
Avg Daily Vol (000s) :	481
Market Cap (C\$M) :	3,857.1
Implied Return to Target (%) :	22.0
Debt/GBV (%) :	44.9
Distribution /Unit :	0.43
Distribution Yield (%) :	2.5
NAV /Unit (C\$) :	20.73
Prem (Disc)/NAV (%) :	15.0
Units Out. (M) :	219.5
Implied Cap Rate (%) :	5.6
Utilized Cap Rate (%) :	5.0

FYE Dec	2020A	2021E	2022E	2023E
FFO (C\$)	1.01	1.14	1.12	1.16
P/FFO (x)	17.5	15.4	15.7	15.1
AFFO (C\$)	0.89	1.03	1.01	1.05
P/AFFO (x)	19.7	17.1	17.4	16.7

Quarterly FFO	Q1	Q2	Q3	Q4
2020A	0.24	0.22	0.26	0.28
2021E	0.25A	0.35A	0.27A	0.28
2022E	0.27	0.28	0.28	0.29
2023E	0.28	0.29	0.29	0.30



Priced as of close of business 9 December 2021

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High-quality, defensive retail portfolio at attractive valuation

First Capital owns and operates a portfolio of high-quality, primarily grocery-anchored, retail assets. The 19.9 million sf portfolio is largely concentrated in Canada's largest markets with particular focus on the GTA (54% of fair value), Montreal, Calgary, and Vancouver. Among Canadian retail REITs, FCR's portfolio has the greatest exposure to well-located properties in densely populated locations, many of which have the potential for significant additional density.

Recycling capital to increase focus on urban centres. Though FCR has focused on well-located properties for many years, over the past few years management has improved this focus through a capital recycling strategy. Over the past three years, the REIT has sold more than \$1.5 billion of non-core properties with the proceeds utilized to fund development and acquisitions and to reduce leverage. We note that the properties acquired are located in markets with more attractive demographics than those of the properties sold.

Defensive portfolio and tenant base supports healthy operating performance. Currently, the majority of FCR's portfolio consists of necessity-based retail that provides essential products or services. The top tenants in the REIT's portfolio represent Canada's largest grocers, including Loblaw's, Sobeys and Metro. Though many of the REIT's tenants were forced to close during the pandemic, occupancy has remained relatively stable and is now 95.9%, in line with the REIT's long-term average. Leasing spreads on renewals were a solid 8.8% in Q3/21, slightly above the rate achieved in the first half of the year. In our view, these spreads, which were above the peers', provide evidence that tenant demand for space at FCR's properties remains strong and that organic cash flow growth should continue over the next few years.

Large development pipeline another source of NAV growth. FCR's development pipeline comprises almost 24 million sf of additional density, which would more than double the REIT's current GLA. Creating value through developing residential space on excess land has become a more important theme for most retail REITs, including FCR. Though almost all retail REITs have large development pipelines, FCR's portfolio demographics are notably stronger than peers, and we believe there is potential for material value creation as these projects are advanced.

Valuation

Year to date, FCR's units have returned 33.5% including distributions. The REIT currently trades at an implied cap rate of 5.6%, or a 15% discount to our NAV per unit estimate of \$20.73. This compares to a 5% discount for its closest peers. We believe that consistent same-property NOI growth will lead to steady increases in NAV per unit, while also highlighting the attractiveness of the REIT's current valuation. FCR reduced its distribution by 50% for 2021, and we expect the distribution to be increased materially in late 2022, possibly back to the prior annual amount of \$0.86 per unit.

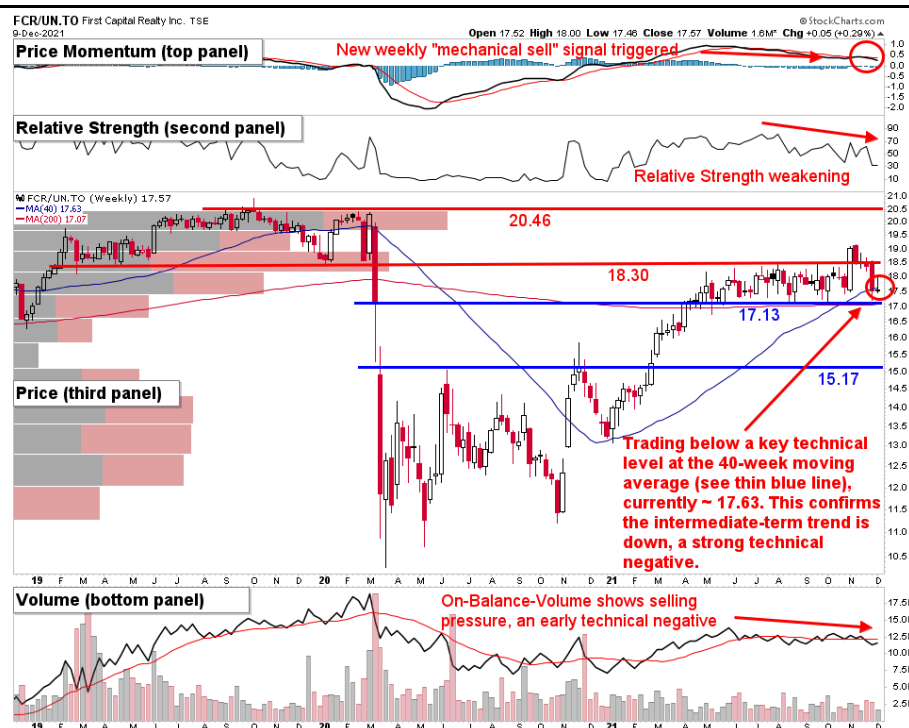
First Capital REIT (FCR.UN)

Technical Overview – FCR.UN

The technical profile of FCR.UN is weakening as the stock remains in a sideways trading range, bounded by 18.30 to the upside and 17.13 to the downside. The stock just closed below the 40-week moving average, currently at 17.63 (see thin blue line) confirming a new intermediate-term downtrend is in place, a strong technical negative.

The following *four* technical negatives are in-place: 1) Price Momentum is trending lower (see top panel), 2) Relative Strength versus the TSX Composite is trending lower (see second panel), 3) Intermediate-term trend is down as the stock is below the 40-week moving average (see third panel), and 4) Volume and On-Balance-Volume are showing signs of selling pressure (see bottom panel).

Figure 20: FCR.UN – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly “mechanical sell” signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is weakening, another technical negative (see red arrow).
- **Third Panel: Price** – The stock is trading below the 40-week moving average (see thin blue line, currently ~17.63), confirming the intermediate-term trend is down, a strong technical negative. First resistance is near the 40-week moving average, currently at 17.63, followed by 18.30. Important resistance is near 20.46. First support is near 17.13, followed by the 4-Year (200-week) moving average, currently at 17.07. Important support is near 15.17 and where we would limit risk on new positions.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of selling pressure, another technical negative (see red arrow).

Calian Group Ltd.

Aerospace Technology

Rating
BUY

Price Target
C\$77.00

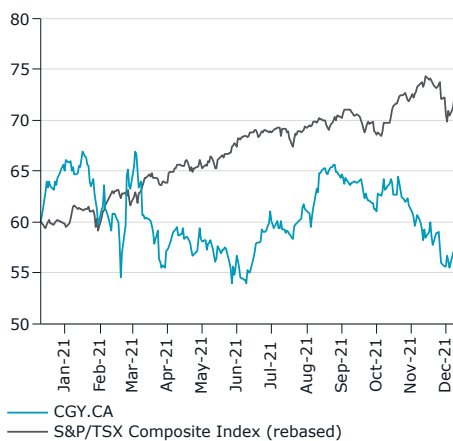
CGY-TSX

Price
C\$57.73

Market Data

52-Week Range (C\$) :	53.35 - 67.58
Avg Daily Vol (000s) :	12
Market Cap (C\$M) :	677.9
Shares Out. (M) :	11.7
Dividend /Shr (C\$) :	1.12
Dividend Yield (%) :	1.9
Total Return to Target (%) :	35.3
Net Debt (Cash) (C\$M) :	(12.1)
Enterprise Value (C\$M) :	666

FYE Sep	2020A	2021A	2022E	2023E
Revenue (C\$M)	432.3	518.4	569.9	602.3
EBITDA Adj (C\$M)	36.8	51.9	59.0	64.0
EPS Adj&Dil (C\$)	2.58	3.49	3.61	3.83
FCF /Shr Adj (C\$)	2.37	2.95	3.80	4.16
EV/Sales (x)	1.5	1.3	1.2	1.1
EV/EBITDA (x) Adj	18.1	12.8	11.3	10.4
P/E (x) Adj&Dil	22.4	16.6	16.0	15.1
P/FCF (x) Adj	24.3	19.6	15.2	13.9



Priced as of close of business 9 December 2021

Calian is a diversified service provider with operations in healthcare, IT, training, engineering and manufacturing.

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An undervalued combination of growth and profitability with an M&A kicker

Investment Recommendation

In the wake of the initial COVID-imposed lockdowns in 2020, Calian demonstrated the resilience of its diversified business model as benefits to health units offset impacts elsewhere. In recent months, however, the focus has shifted toward the post-pandemic outlook which has led to a pullback in the stock (-12.2% YTD). Following an in-line Q4 print in later November, Calian provided its annual outlook for F2022, targeting 6 – 14% revenue growth with stable margins. In our view, this confirms Calian's ability to maintain momentum as we transition to the next stage of the pandemic. Against these fundamentals, we believe the current valuation, at 11.3x F2022E EBITDA, is attractive and leaves upside as the company continues to deploy slack balance sheet capacity on M&A. Our \$77 price target equates to ~13 – 14x on our EV/EBITDA estimates one year out, vs. peers trading at 11.8x. We rate Calian BUY.

Investment Highlights

- **F2022 guidance confirms growth trajectory.** Calian's Q4/21 recent results were in line with expectations (view note [here](#)). More significantly, the company provided F2022 guidance calling for 6 – 14% top-line growth on stable EBITDA margins. Coming off a year in which Calian benefited from its large US customer ground station build and substantial COVID-driven health work, we believe sustained growth at these levels showcases the resilience of the company's diversified operations and ability to backfill its pipeline.
- **As Health cools off, other segments are expected to pace growth.** With a significant portion of the company's large ground station contract in the rear-view mirror, Calian has managed to replenish its backlog with a higher volume of smaller projects that should sustain growth in the Advanced Technologies segment in F2022. The Learning segment, including contributions from the recent SimFront acquisition, is expected to rebound as a "massive" backlog of work has accumulated throughout COVID and opens new doors in end-to-end training. Meanwhile, its Dapasoft/iSecurity acquisitions in the increasingly relevant healthcare/cybersecurity spaces has transformed IT and Cyber into a mid-to-high-teen EBITDA margin business.
- **A strong balance sheet suggests high accretion for ongoing M&A.** Calian holds ~\$180M in liquidity, inclusive of an undrawn \$120M credit facility with improved FCF expectations in F2022 as recent working capital investments unwind. Following the SimFront acquisition, management has reiterated its strategy of pursuing tuck-in M&A at reasonable multiples (4 – 8x EBITDA), particularly in the Advanced Technology and IT and Cyber segments. In our view, continued M&A is a welcome catalyst to the stock as Calian has proven its ability to integrate and drive synergies from its recent deal flow. We do not build any unannounced M&A into our forecasts.
- **Estimates summary:** We raised our forecast with the Q4 results, reflecting management's initial F2022 guidance. For F2022, we forecast revenue of \$570M (Street \$567.1M), \$59.0M in EBITDA (Street \$58.5M), and adj. EPS of \$3.61 (Street \$3.64). For F2023, we forecast revenue of \$602.3M with EBITDA of \$64M and adj. EPS of \$3.83.

Valuation

Calian trades at 11.3x EV/NTM EBITDA on our estimates vs. peers at 11.8x. Our \$77 target price is based on ~13 – 14x EV/EBITDA applied to our forward estimates, one year out (September 2023).

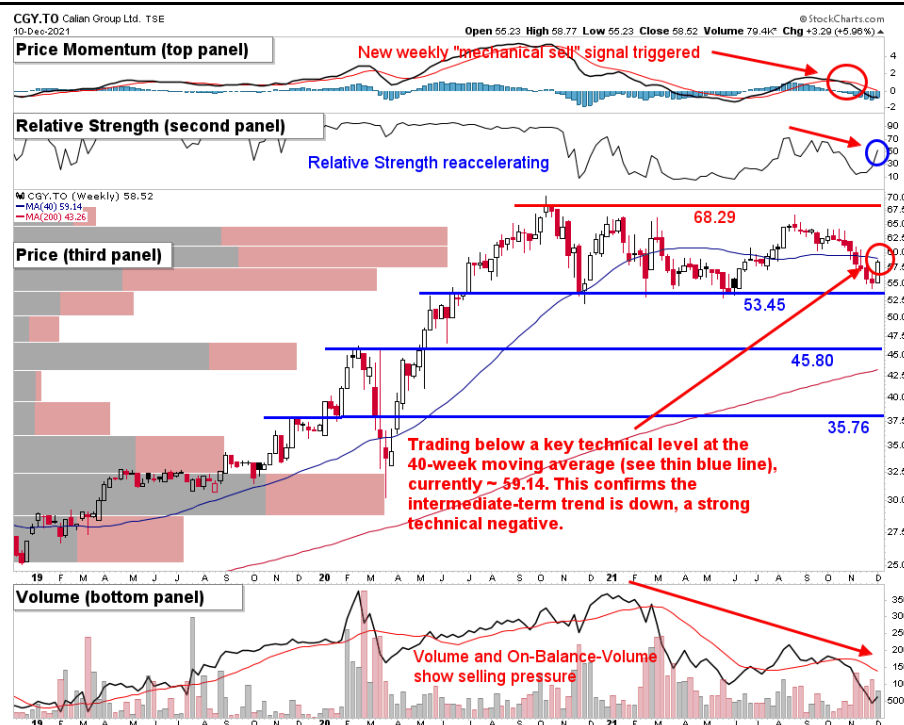
Calian Group Ltd. (CGY)

Technical Overview - CGY

An intermediate-term downtrend remains in place on CGY as the stock is below the 40-week moving average, currently at 59.14 (see thin blue line, third panel), a technical negative. A close above the 40-week moving average would be needed to confirm a new intermediate-term uptrend was taking hold.

Three technical negatives are developing on CGY: 1) Price momentum is trending lower (see top panel), 2) Intermediate-term trend is down as the stock is trading below the 40-week moving average (see third panel), and 3) Volume and On-Balance-Volume are showing signs of selling pressure (see bottom panel).

Figure 1: CGY – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock recently triggered a new weekly “mechanical sell” signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative strength versus the TSX Composite is reaccelerating, a technical positive (see blue circle).
- **Third Panel: Price** – The stock is trading below the 40-week moving average (see thin blue line, currently ~\$9.14) confirming the intermediate-term trend is down, a strong technical negative. First resistance is near the 40-week moving average, currently at 59.14. Important resistance is near 68.29. First support is near 53.45, followed by 45.80. Important support is near the 4-Year (200-week) moving average, currently at 43.26, then 35.76.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of selling pressure, another technical negative (see red arrow).

Docebo Inc.

Enterprise Software - Software as a Service

Rating
BUY

Price Target
US\$95.00

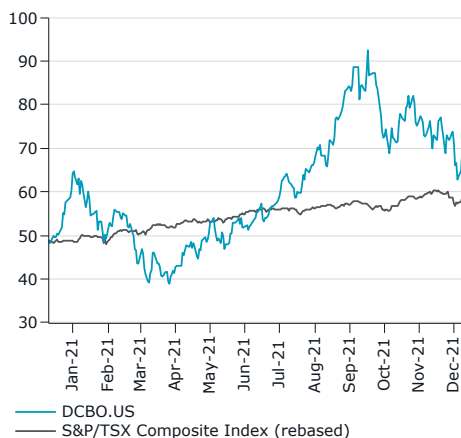
DCBO-NASDAQ
DCBO-TSX

Price
US\$66.26

Market Data

52-Week Range (US\$) :	37.21 - 92.75
Avg Daily Vol (000s) :	89
Market Cap (US\$M) :	2,264.4
Shares Out., Basic + Dil. (M) :	34.2
Total Return to Target (%) :	43.4
Enterprise Value (US\$M) :	2,047
Net Cash (US\$M) :	215.5
Net Cash / Shtr (US\$) :	6.31

FYE Dec	2020A	2021E	2022E	2023E
Sales (US\$M)	62.9	103.5	147.9	197.2
EBITDA (US\$M)	(2.2)	(8.4)	(1.4)	15.0
EPS Dil (US\$)	(0.26)	(0.48)	(0.24)	0.16
EV/Sales (x)	32.5	19.8	13.8	10.4



Priced as of close of business 9 December 2021

Docebo is a cloud vendor of enterprise employee, partner and customer training software. Docebo supports multiple forms of learning including social, collaborative and on-the-job learning. The software provides robust tools for administration, and Docebo is early in leveraging AI and machine learning to improve outcomes in corporate learning.

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Poised to maintain growth trajectory in 2022

Investment recommendation

Docebo's growth has accelerated in 2021 with ARR growth of 60%+, driven by strong adoption by enterprise clients and strong upsell/cross-sell, underscoring the strength of its LMS suite. Having invested heavily in its sales & marketing and R&D capabilities, we believe Docebo is just scratching the surface of capturing larger enterprise customers, with notable reference wins with Walmart, AWS, Zoom Video and Lululemon. Several of these have led to expansions, underscoring positive execution. Relative to the growth, we believe management has been prudent in its investment, with FCF burn of \$4.2M YTD compared to \$29.5M in incremental ARR, much of which is on multi-year contracts. We see a catalyst-rich 2022 with continued announcement of medium/large enterprise customer wins and expansions, higher adoption of the Docebo Learning Suite, and expansion of the OEM and partner channel. Docebo's shares are up 7.2% YTD and down ~25% from its recent secondary despite outperforming expectations across the board. We believe Docebo is a strong BUY at these levels with a price target of US\$95 based on 15x 2023E EV/sales.

Investment highlights

- **ARR growth trajectory poised to continue** - Q3 was Docebo's third consecutive quarter with 60%+ growth. In 2021, YoY growth expanded in each quarter despite worry on a slowdown post a pandemic tailwind. We attribute this to strong demand within the largest enterprise cohort. We expect strong results in Q4 driven by end of year seasonality, and model incremental ARR of \$12.5M. Docebo is seeing strong traction among enterprise customers with ACV north of \$100k and diversified across sectors. We believe cross-sell and line-of-business expansion is another strong driver. This is evidenced by expansions with Walmart, Amazon/AWS and RBI in 2021.
- **Expect new product adoption to increase** - Docebo recently launched a new learning suite with an expansion beyond LMS. We have seen early wins with Flow, Impact and Shape and expect momentum to continue in 2022. We also expect that this new product cycle will benefit from the expansion of sales and channel support.
- **Upskill a key differentiator in global war for talent** - Having witnessed a wave of resignations and labor shortages, companies are increasingly viewing upskill/reskill as a way to retain employees and allow them the opportunity to climb the corporate ladder. We believe Docebo is a prime beneficiary of this trend, particularly considering its extended enterprise capabilities.
- **Ample runway to grow partner channel and tap OEM opportunity** - Docebo has added at least five new partner partners in 2021 and expanded OEM agreements with MHR and Bluewater, which diversifies its revenue stream. Docebo's Learning Suite is designed to easily embed into third parties, and we believe the company will continue to add to its partner channel in 2022.
- **Robust balance sheet to chase growth** - Docebo exited Q3 with \$215.5M of cash, which provides ample dry powder to invest internally and make acquisitions. A point worth noting is that Docebo's cash burn is minimal at a three-quarter average burn of \$1.4M, which is impressive considering the blistering pace at which its ARR is growing. In a potential environment where interest rates may skew upward and investors refocus on profitability, we believe that Docebo has flexibility to reduce discretionary cash burn quickly.

Valuation - Docebo currently trades at 10.4x EV/2023E sales, compared to LMS SaaS peers at 8.5x, and high-growth US SaaS peers at 15.7x. When we consider SaaS peers growing at 30%+, their valuation of 20x+ EV/2023E sales is nearly 2x that of Docebo's, an anomaly considering Docebo's growth is nearly double that of its peers.

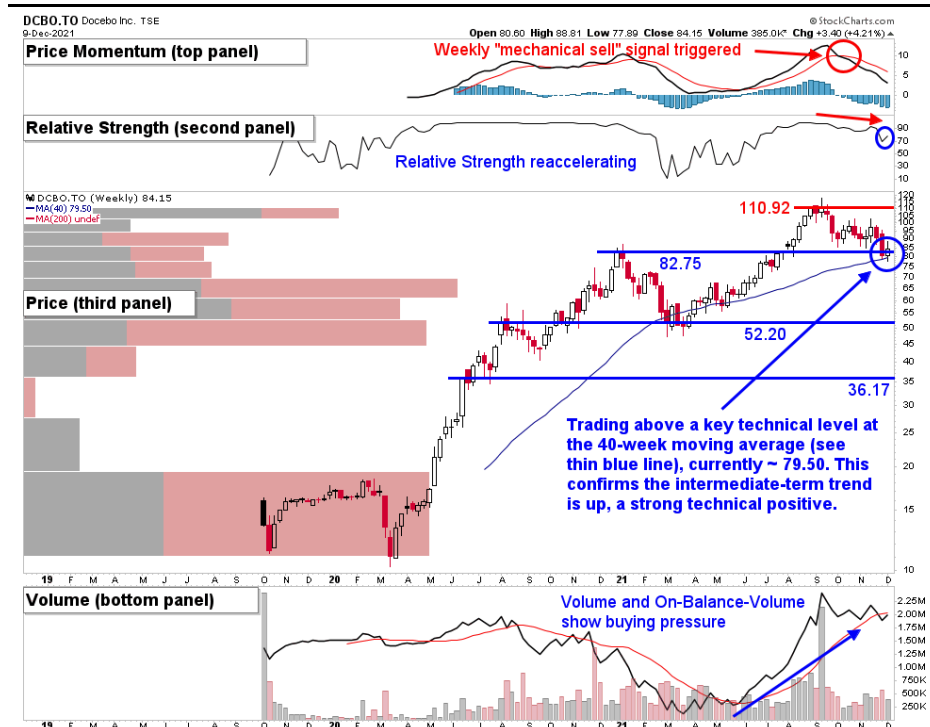
Docebo Inc. (DCBO)

Technical Overview - DCBO

The technical profile of DCBO remains constructive as the stock remains in an intermediate-term uptrend, a strong technical positive. However, weakening Price Momentum (see red circle, top panel) suggests a near-term consolidation is likely, prior to the resumption of the uptrend.

The following *three* technical positives are in place: 1) Relative Strength is reaccelerating versus the TSX Composite (see second panel), 2) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel), and 3) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 22: DCBO – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock remains on a weekly "mechanical sell" signal, a technical negative (see red circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is reaccelerating, a technical positive (see blue circle).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~79.50), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near 110.92. A close above this level sees the next technical upside target near 150 (not shown). First support is near 82.75, followed by the 40-week moving average, currently at 79.50. Important support is near 52.20. followed by 36.17.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, another technical positive (see blue arrow).

TELUS Corporation

Telecommunications

Rating
BUY

Price Target
C\$31.00

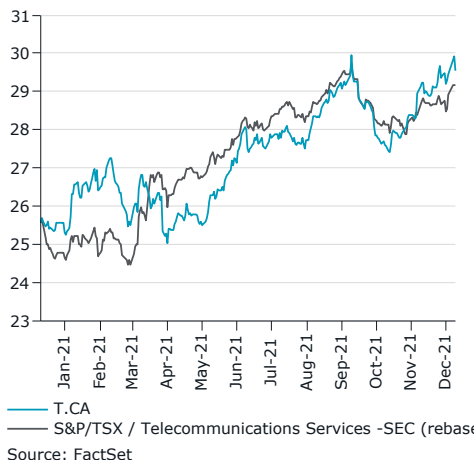
T-TSX
TU-NYSE

Price
C\$29.06

Market Data

52-Week Range (C\$) :	24.93 - 30.04
Avg Daily Vol (M) :	2.1
Market Cap (C\$M) :	37,719.9
Dividend /Shr (C\$) :	1.31
Dividend Yield (%) :	4.5
Shares Out., Basic (M) :	1,298.0
Total Return to Target (%) :	11.2

FYE Dec	2020A	2021E	2022E
EBITDA Adj (C\$M)	5,701	6,084	6,645
EPS Adj (C\$)	1.07	1.08	1.31
Recurring FCF / Shr (C\$)	1.13	0.66	1.11
EV/EBITDA (x) Adj	10.8	10.7	9.9
P/E (x)	27.2	27.0	22.1
FCF Yield (%)	3.9	2.3	3.8



Priced as of close of business 9 December 2021

TELUS is a national wireless operator and the incumbent telco in Western Canada and parts of Eastern Quebec. It also offers business telecom services across Canada.

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A balanced combination of growth and yield

We like TELUS for its well-balanced combination of growth and yield. The company has long maintained an attractive and transparent dividend growth profile, with management providing three-year guidance on dividend growth (presently guiding to 7-10% for the 2019-2022 period). This, coupled with its 5% dividend yield, rounds out a sector-leading shareholder returns profile. On the earnings growth front, we see a multiplicity of drivers in both its core Telecom operations and its higher growth segments (TELUS International, TELUS Health, TAG) that can translate to high single-digit EBITDA growth in 2022. We also believe that as its high-growth entities represent more and more of its EV over time, through organic growth and M&A, there is room for continued multiple expansion, as we have been seeing in recent times. We note TELUS had a solid 2021 with the stock up 15% YTD (20% total return).

Strong recent quarterly results corroborate wireless outlook: TELUS' wireless performance has been strong in recent quarters, with Q3 posting 3.7% service revenue growth y/y. It should be mentioned that TELUS had a far shallower trough on account of the pandemic, with wireless service revenues falling only 2.9% in Q3/20 (vs 4.3% for BCE and 9% for RCI.b). Against that backdrop, TELUS wireless returns are particularly attractive. Importantly, management noted that roaming is still just under 50% of pre-pandemic levels (2019), which suggests meaningful upside to service revenues in the upcoming quarters as travel moves toward normality. Sub trends, aided by robust gross loading and continued churn reduction, have also been a tailwind.

TTECH margin upside is a central component of thesis: We have consistently stated that there is upside to TTECH segment margins, particularly going into 2022. The more than 100bp extension in margins in Q3 itself, in our view, ratifies this thesis, with a number of drivers ahead of us. In particular, we note incremental upside from likely improvement to wireless margins as roaming returns; recall, this is a high-margin stream. Furthermore, equipment margins are also extending, supported by increased takeup of BYOD plans. On the wireline front, TELUS continues to deliver elevated sub growth (particularly in internet) which, coupled with the prospect of strengthening ARPA due to the manageable competitive/pricing backdrop in the West, can deliver strong returns. Additionally, management remains positive on B2B trends. Finally, we believe that over time there can be meaningful upside to margins from Health and Ag-Tech as well, as growth components move toward a degree of maturity. To account for this, our forecasts indicate a 140bp extension to 2022 margins, which translates to 7.9% EBITDA growth for TTECH in that year. Post 2022, copper decommissioning could also be a driver.

DLCX (TELUS International) outlook remains solid: TELUS International adds another dimension to the growth story, having performed strongly since the IPO. Recent results indicated organic revenue growth (ex F/X) of 14% and EBITDA growth of over 20%.

Valuation not inexpensive but justified by growth: Although TELUS now trades at 10.7x EV/EBITDA 2021E and 9.9x 2022E, by no means cheap for a Telco, we would argue that on account of the aforementioned drivers there is enough growth to justify the multiple. Our 2022 estimates suggest high single-digit EBITDA growth yet again, with FCF expected to tick up towards the \$1.80/sh level post 2022, as capex steps down. We value the stock using 9.6x 2022E EV/EBITDA for TTECH. This is based on a blend of 9.25x for wireless, 8x for wireline (including Ag-Tech) and \$1.9B for TELUS Health (~17.5x). We value TELUS' interest in TI based on fair market value, which currently translates to 17.0x EV/EBITDA 2022E.

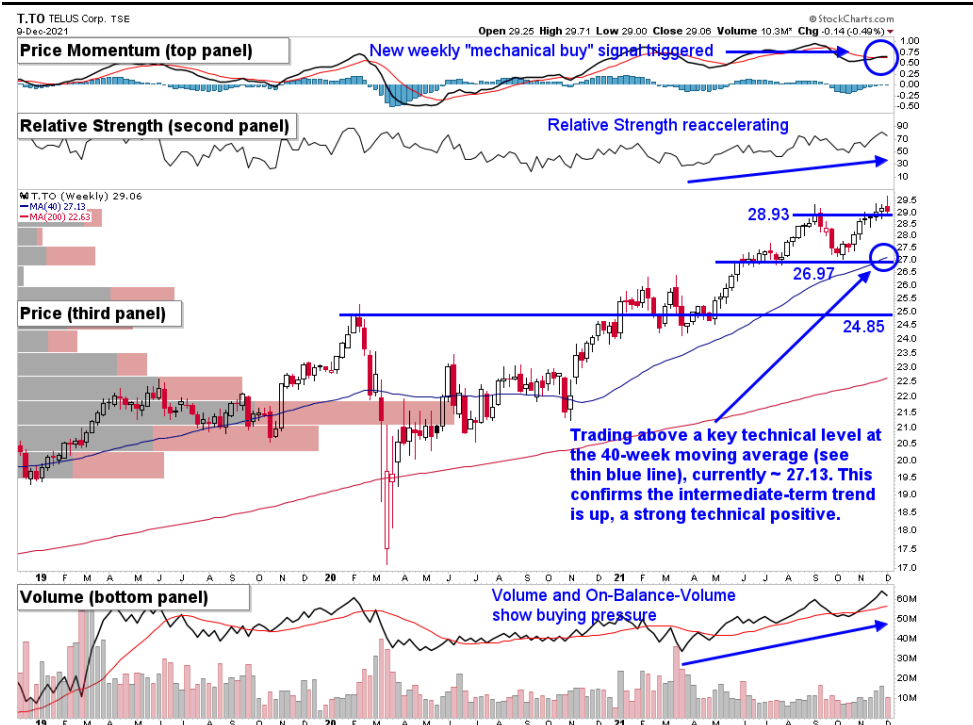
TELUS Corporation (T)

Technical Overview – T

The technical profile of T remains strong and is our favourite chart in the TSX Composite.

The following *four* technical positives are in place and are supportive of further upside: 1) Price Momentum is trending higher (see top panel), 2) Relative Strength versus the TSX Composite is reaccelerating (see second panel), 3) Intermediate- and Long-term trends are up as the stock is trading above the 40/200-week moving averages (see third panel), and 4) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 9: T – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- **Top Panel: Price Momentum (MACD)** – The stock just triggered a new weekly “mechanical buy” signal, a technical positive (see blue circle).
- **Second Panel: Relative Strength (SCTR)** – Relative Strength versus the TSX Composite is reaccelerating, another technical positive (see blue arrow).
- **Third Panel: Price** – The stock is trading above the 40-week moving average (see thin blue line, currently ~27.13), confirming the intermediate-term trend is up, a strong technical positive. First resistance is near the all-time highs near ~29.62 (not shown). A close above this level sees the next upside technical target near 31.50 (not shown). First support is near 28.93, followed by the 40-week moving average, currently at 27.13. Important support is near 26.97, followed by 24.85.
- **Bottom Panel: Buying/Selling Pressure (OBV)** – Volume and On-Balance-Volume are showing signs of buying pressure, a technical positive (see blue arrow).

13 December 2021

Thinkific Labs Inc.

Enterprise Software - Software as a Service

Rating
BUY

Price Target
C\$16.00

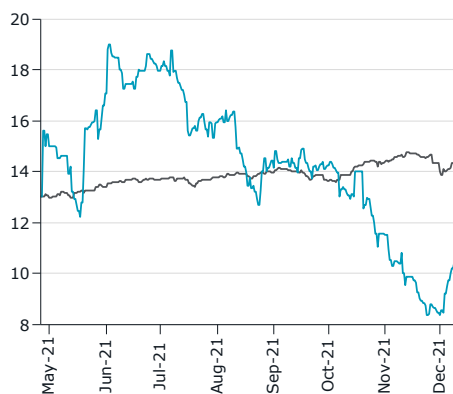
THNC-TSX

Price
C\$10.13

Market Data

52-Week Range (C\$) :	8.10 - 19.47
Avg Daily Vol (000s) :	57
Market Cap (C\$M) :	846.8
Shares Out., Basic + Dil. (M) :	83.6
Total Return to Target (%) :	57.9
Enterprise Value (C\$M) :	653
Net Cash (US\$M) :	132.6
Net Cash / Shtr (US\$) :	1.59

FYE Dec	2020A	2021E	2022E	2023E
EV/Sales (x)	24.8	13.8	9.0	-



— THNC-CA
— S&P/TSX Composite Index (rebased)

Source: FactSet

Priced as of close of business 9 December 2021

Thinkific Labs is a provider of cloud-based e-learning SaaS that enables course creators to create, market, and sell custom online course products. It generates revenue through monthly/annual subscription plans that are tiered based on customer segmentation. Thinkific is headquartered in Vancouver.

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Disconnect between growth and valuation implies strong upside

Investment recommendation

Thinkific is a provider of cloud-based courseware development and marketing software that helps entrepreneurs and businesses generate revenue from online courses and other learning products. Although Thinkific saw ARR growth of 100%+ at the onset of the COVID-19 pandemic, the e-learning and upskill market has been seeing steady growth, driving Thinkific's ARR CAGR of 150%+ since 2015. Post its \$184M IPO in April, Thinkific has invested heavily in R&D and sales and support capabilities to capture a large whitespace opportunity at the intersection of eLearning and ecommerce. Management expects growth to stabilize back at pre-pandemic 60-65% levels in 2022-23, which if achieved, implies that Thinkific is trading at a 9.0x EV/2022E Sales multiple, a steep discount to high growth software names (growth rate above 30%+) valued at >20x EV/2022E Sales on average. We believe Thinkific's shares may have bottomed out at these levels (down 35% since IPO) and believe the valuation-growth disconnect provides a strong buying opportunity in the near term. We are BUY rated with a C\$16.00 price target based on a 16x EV/2022E Sales multiple (or 10x EV/2023E Sales), a low multiple considering we expect 50%+ ARR growth.

Investment highlights

- **Expect growth to re-accelerate** - Thinkific management expects a return to 60-65% YoY growth in 2022 from current 40%+ levels as it laps record Q4/20 and Q1/21 (146% and 152% growth, respectively). Management expects the growth will be driven by incremental paid customers, customers moving up the pricing tier and using incremental features, attracting enterprise level creators to its highest tier Plus platform and taking a piece of the growing GMV with Thinkific Payments. Management indicated that customer growth reaccelerated in August and September with unpaid customer adds returning to near record levels. Thinkific highlighted continued strength over BFCM with student enrollments double over last year.
- **Customer retention consistent** - Thinkific does not provide churn metrics but noted that retention in 2020 and 2021 cohorts is consistent with pre-pandemic metrics. We believe churn is low on customers who begin to generate revenue.
- **Thinkific Payments and new feature adds expected to drive ARPU** - Thinkific fully launched its payfac feature on November 8, well before the year-end timeline. This allows the company to capture a share (60-70bps initially on customers who choose Thinkific payments which is expected grow steadily over to towards 30%) of growing GMV, and tighter integration into the software allows course creators to manage transaction, reporting, and payment data analytics in-house, adding a layer of convenience. Management intends to capture Thinkific's sustained investment in new features, including Communities and the Plus portal, supports ongoing success of course creators, while accelerating LT growth.
- **Balance sheet has ample liquidity** - Thinkific exited Q2 with \$132.6M in cash and equivalents and very few obligations on the balance sheet in large part due to its IPO. Thinkific has ample liquidity to continue to grow organically by funding investments into its platform for course creators. Management is open to M&A opportunities to expand its product and feature capabilities rather than buying out competition.

Valuation - Thinkific currently trades at 9.0x EV/2022E Sales (5.6x 2023E Sales) versus e-learning software peers at 6.9x and ecommerce software peers at 13.4x. Our 16x multiple on F2022E is supported by Thinkific's 54% estimated forward growth profile (well below its 60-65% target), which is ~2x the peer group growth rate even after significant deceleration from torrid growth in 2020.

Thinkific Labs Inc. (THNC)

Technical Overview - THNC

THNC appears to be forging an intermediate-term price low as Relative Strength is improving and Volume is showing signs of buying pressure (see second and bottom panel). We would limit risk on new positions at important support at 8.70. A close above 11.55 would be needed in order to confirm a new intermediate-term uptrend was taking hold.

The following two early technical positives are developing: 1) Relative Strength is improving versus the TSX Composite (see second panel) and 2) Volume is showing signs of buying pressure (see bottom panel).

Figure 22: THNC – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- Top Panel: Price Momentum (MACD) – N/A
- Second Panel: Relative Strength (SCTR) – **Relative Strength versus the TSX Composite is improving, an early technical positive (see blue circle).**
- Third Panel: Price – First resistance is near 11.55, followed by 15.00. Important resistance is near 18.50. Important support is near 8.70 and where we would limit risk on new positions.
- Bottom Panel: Buying/Selling Pressure (OBV) – **Volume is showing signs of buying pressure, another early technical positive (see blue circle).**

VerticalScope Holdings Inc. Media

13 December 2021

Rating
BUY

Price Target
C\$32.00

FORA-TSX

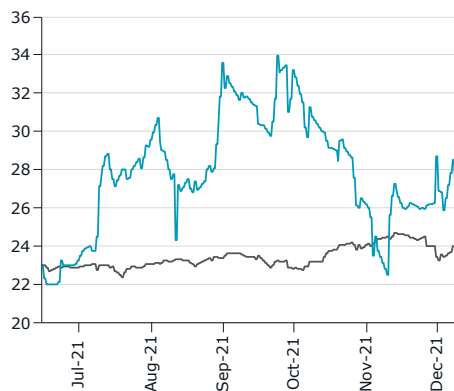
Price
C\$27.00

Market Data

52-Week Range (C\$) :	21.70 - 34.00
Avg Daily Vol (000s) :	10
Market Cap (C\$M) :	555.6
Shares Out. (M) :	20.6
Dividend /Shr (C\$) :	0.00
Dividend Yield (%) :	0.0
Shares Out., FD (M) :	21.4
Net Debt (Cash) (US\$M) :	(20.2)

Note: Market capitalization is based on fully diluted shares

FYE Dec	2020A	2021E	2022E
Sales (US\$M)	56.9	67.2	104.2
EBITDA (US\$M)	26.6	29.9	48.0
EV/EBITDA (x)	14.1	14.9	10.1
FCF /Shr Adj (US\$)	0.63	0.69	1.12
FCF Yield (%) Adj	3.0	3.2	5.2
EPS Adj (US\$)	(0.11)	0.05	0.82



Source: FactSet

Priced as of close of business 9 December 2021

VerticalScope is an operator/consolidator of digital platforms, with over 1,200 online enthusiast communities and over 55M registered community members. Each community is composed of forums, marketplaces, and brand review websites that focus on a specific niche interest.

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M&A execution and new initiatives to drive 2022

We have installed VerticalScope as our pick in the Media sector owing to its attractive mix of growth, profitability and upside from M&A, combined with what we see as a very manageable risk profile. The company is very much at the intersection of two high-growth spaces - digital advertising and eCommerce. This facilitates organic growth, which would be enhanced by acquisitions. An attractive element of the thesis is its high EBITDA margins. VerticalScope has always enjoyed high EBITDA margins, even during its more challenged phases, as in 2019, margins were comfortably above 40%. This is due to (1) management's historic emphasis on not overinvesting (including spending to buy traffic) to a point of margin degradation and (2) the absence of any meaningful content costs, as much of the content is really driven by the audiences themselves (i.e., user-generated content). The stock has performed well in 2021 despite the sell-off in tech-oriented growth names in the second half of the year, up 23% from the IPO in June. Nonetheless, the stock remains attractively valued at 10.1x EV/EBITDA 2022E, vs its closest comp - FUTR-LON at 13.9x and the broader comp group at a median of 12.7x.

Notable uptick on M&A execution: Management's recent public comments suggest an active M&A pipeline with more material transactions occurring over the next couple of quarters. Founder/CEO Rob Laidlaw has expressed high conviction in the company's ability to deploy all its net IPO proceeds (C\$135M) within one year of its IPO date. Recall, the company provided an update in mid-October on its acquisitions up to that point, announcing that it had completed 11 acquisitions for a total of ~\$10M. This was followed by the three transactions announced last month, which amounted to \$80M before earnouts (an additional \$37M in earn-outs). We highlight that our forecasts indicate leverage of 0.7x (net debt/LTM EBITDA) as of the end of F2022, leaving ample room for future acquisition activity, off the balance sheet.

Supply chain issues likely to remain a factor near term: Despite VerticalScope reporting robust top-line results, management comments suggest that the business continues to see deferrals of ad revenue within the automotive and powersports verticals due to ongoing global supply chain issues and chip shortages, and notable pressure on eCommerce revenues as well. Recall that the automotive and powersports categories comprise ~25% of the company's total revenues. We suspect that these headwinds could persist through Q4/21 and into early 2022, impacting both eCommerce revenues and ad strength. With that said, we still expect the ad component to remain in double-digit organic growth territory. In fact, we note that both programmatic (+29% y/y) and direct ad sales (+24% y/y) rose strongly in Q3 despite the conditions.

2022 can benefit from new initiatives: Our discussions with management suggest a series of initiatives that are currently being rolled out or in beta, that would come into full effect in 2022. This includes Sponsored Marketplaces, which can further drive eCommerce revenues, the vendor self-serve (VSS) product that is mainly aimed at SMEs, and the much-awaited rollout of its mobile app. Furthermore, the newly acquired Threadloom can serve to notably improve audience growth and monetization.

Target at \$32, BUY rated: We value the stock using 12x (2022e EV/EBITDA). We note, however, that our estimates remain conservative, given they do not factor in any material synergies from the aforementioned recent acquisitions. Our target is also supported by robust FCF generation; the stock currently yields 5.2% in terms of FCF.

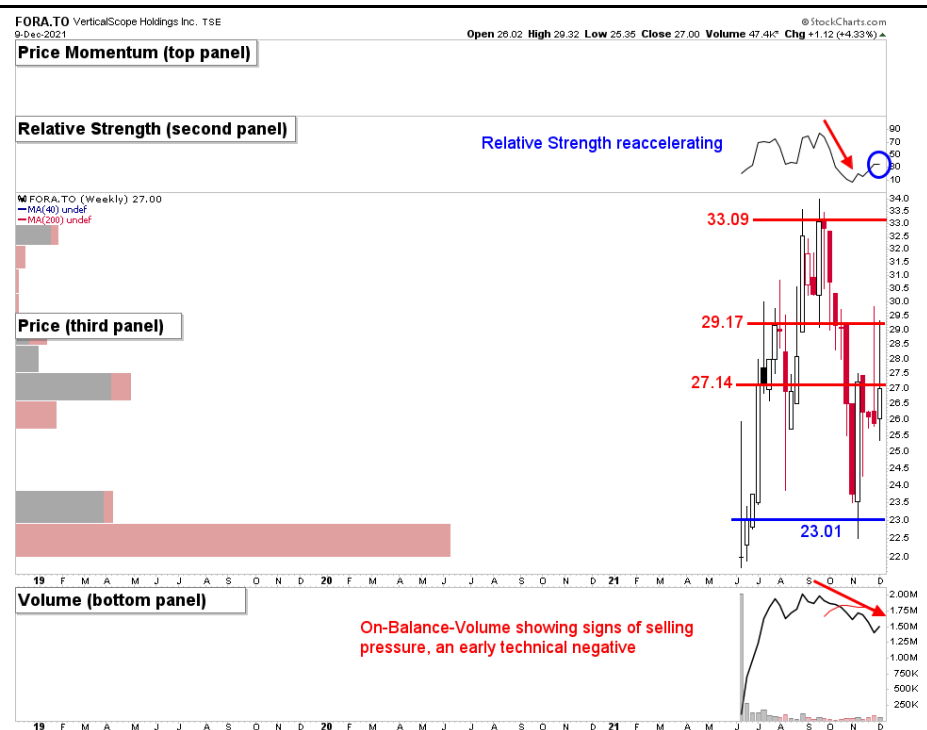
VerticalScope Holdings Inc (FORA)

Technical Overview - FORA

The lack of long-term price data makes the analysis of the longer-term technical outlook for FORA challenging. However, a close below important support near 23.01 would confirm a new intermediate-term downtrend was developing, a strong technical negative. We would limit risk on new positions near this level.

The following technical negative is in-place: 1) Volume and On-Balance-Volume are showing signs of selling pressure (see bottom panel).

Figure 10: FORA – Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- Top Panel: Price Momentum (MACD) – N/A
- Second Panel: Relative Strength (SCTR) – **Relative Strength versus the TSX Composite is reaccelerating, a technical positive (see blue circle).**
- Third Panel: Price – First resistance is near 27.14, followed by 29.17. Important resistance is near 33.09. Important support is near 23.01 and where we would limit risk on new positions.
- Bottom Panel: Buying/Selling Pressure (OBV) – Volume and On-Balance-Volume are showing signs of selling pressure, a technical negative (see red arrow).

Appendix: Important Disclosures

Analyst Certification

Each authoring analyst of Canaccord Genuity whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research, and (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer.

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Sector Coverage

Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

Investment Recommendation

Date and time of first dissemination: December 14, 2021, 00:10 ET

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Compendium Report

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Rating	Coverage Universe		IB Clients
	#	%	%
Buy	658	68.97%	45.74%
Hold	138	14.47%	25.36%
Sell	9	0.94%	33.33%
Speculative Buy	144	15.09%	60.42%
	954*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

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