Canaccord Genuity Capital Markets

Tax-Loss Selling

Canadian Equity Research

17 November 2020

Canadian Equity Research

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Tax-loss selling in a COVID-impacted year

A year of "haves" and "have-nots." The S&P/TSX composite index is down 2.3% YTD to November 15 after setting an all-time high in February. The number of material decliners YTD is high; we count 62 constituents down over 15% YTD. There is also a significant disparity among sectors: Information Technology, Materials and Industrials gained 56%, 23% and 15% YTD, respectively, while Energy, Healthcare and Real Estate were down 33%, 24% and 8% YTD, respectively.

Extracting alpha from this analysis. Figure 1 demonstrates that the notional basket of all 15% or more decliners YTD as of November 15 each year typically underperforms through December 15 (when liquidity begins to dry up for the holidays) and then outperforms through January 15. This trade broke down last year, due largely to a commodity rally that occurred during this timeframe. However, over the past nine years, material YTD decliners underperformed by an average of 2.6% during the tax-loss selling season and then outperformed by 2.2% over the subsequent month.

Figure 1: Historical tax-loss selling pressure and subsequent rebound analysis

			Equities Down >15% YTD		TSX Composite		Under/Outperformance of Sample			
Year	S&P/TSX Price Return YTD Nov-15*	# of Equities Down >15% YTD Nov-15	Perf. Nov-15 to Dec-15	Perf. Dec-15 to Jan-15	Perf. Nov-15 to Dec-15	Perf. Dec-15 to Jan-15	Rel Perf. Nov-15 to Dec-15	% Sample Underperf. Index	Rel Perf. Dec-15 to Jan-15	% Sample Outperf. Index
2020	(2.3%)	62								
2019	18.9%	36	6.5%	2.7%	(0.1%)	2.4%	6.6%	33.3%	0.2%	50.0%
2018	(6.6%)	101	(6.1%)	6.4%	(3.6%)	3.1%	(2.5%)	64.4%	3.3%	67.3%
2017	3.9%	47	(0.9%)	8.4%	1.0%	2.1%	(1.9%)	53.2%	6.3%	68.1%
2016	13.4%	22	8.4%	(1.2%)	3.1%	1.8%	5.3%	40.9%	(3.0%)	31.8%
2015	(10.6%)	103	(9.2%)	(9.4%)	(1.2%)	(6.5%)	(8.0%)	76.7%	(2.8%)	45.6%
2014	9.0%	44	(22.0%)	4.3%	(7.7%)	2.5%	(14.3%)	77.3%	1.8%	45.5%
2013	8.4%	45	(7.1%)	12.1%	(2.6%)	4.9%	(4.4%)	73.3%	7.1%	71.1%
2012	(1.2%)	64	4.7%	4.7%	4.1%	2.8%	0.6%	50.0%	1.9%	57.8%
2011	(9.0%)	82	(10.4%)	11.1%	(5.9%)	6.3%	(4.5%)	63.4%	4.7%	63.4%
						Average	**(2.6%)**	**59.2%**	**2.2%**	**55.6%**

Source: FactSet Research Systems, Canaccord Genuity

Our fundamental analysts add their views on how to play this theme. The research team has identified specific stocks (S&P composite or not) and provided ideas on how to navigate any tax-motivated movements; be it through taking advantage of further pressure in the coming months or trimming positions altogether in favour of better opportunities. The list of stocks we identified is included in the left-hand margin. We also review our 2019 selections, noting that our fundamental selections proved to be stronger tax-loss selling candidates than the broader basket, although not to the same degree as our 2018 and 2017 selections.

Quantitative/Technical Commentary. Our quantitative/technical analyst, Javed Mirza, has provided a Quantitative/Technical overlay to the stocks highlighted in this report. We incorporate momentum, relative strength, price, and volume to determine whether the stocks are good candidates for tax-loss selling from a technical perspective. In addition, we utilize our proprietary Quantitative tool, Quest®, in order to layer on a quantitative filter (see Appendix 1).

Technical Review – Intermediate-term (Weekly): The five charts with the most constructive technical profiles are: **DIV**, **FCR.UN**, **GIL, REI.UN,** and **TECK.B**. The five charts that suggest likely further downside are: **BNE, GUD, HLS, SJR.B,** and **SNC.**

Quantitative Review – Tax-loss Selling Stocks (see Appendix 1): Of the stocks we screened in this report using Quest®, the five highest-ranked stocks are: **TECK.B, CLS, CIX, GIL**, and then **TORC**. **TECK.B** and **SNC** are tied for the highest Value factor score (25). **CLS, CIX,** and **CHR** are tied for the highest Quality factor score (21). Finally, **TECK.B** has the highest Momentum factor score (25).

Potential tax-loss selling opportunities for stocks that are expected to recover:

Potential tax-loss selling opportunities where we recommend a switch:

Priced as of 12 November 2020 unless otherwise stated.

For important information, please see the Important Disclosures beginning on page 40 of this document.

Figure 2: S&P/TSX Composite Constituents Down >15% YTD (Price Return)

Name	Ticker	YTD Return 15-Nov-20	Name	Ticker	YTD Return 15-Nov-20
Vermilion Energy Inc.	VET-CA	(80.6%)	First Capital Real Estate Investment Trust	FCR.UT-CA	(28.8%)
Aurora Cannabis Inc.	ACB-CA	(72.3%)	SNC-Lavalin Group Inc.	SNC-CA	(28.8%)
Enerplus Corporation	ERF-CA	(70.5%)	Enbridge Inc.	ENB-CA	(27.6%)
Crescent Point Energy Corp.	CPG-CA	(65.5%)	Gibson Energy Inc.	GEI-CA	(27.1%)
MEG Energy Corp.	MEG-CA	(60.1%)	ARC Resources Ltd.	ARX-CA	(26.0%)
Air Canada	AC-CA	(60.0%)	Allied Properties Real Estate Investment Trust	AP.UT-CA	(25.5%)
Cenovus Energy Inc.	CVE-CA	(57.5%)	ATCO Ltd. Class I	ACO.X-CA	(23.4%)
Suncor Energy Inc.	SU-CA	(57.1%)	Genworth MI Canada Inc.	MIC-CA	(23.4%)
Husky Energy Inc.	HSE-CA	(56.8%)	CI Financial Corp.	CIX-CA	(23.1%)
Whitecap Resources Inc.	WCP-CA	(46.7%)	Corus Entertainment Inc. Class B	CJR.B-CA	(23.1%)
Inter Pipeline Ltd.	IPL-CA	(43.3%)	SmartCentres Real Estate Investment Trust	SRU.UT-CA	(22.1%)
Seven Generations Energy Ltd. Class A	VII-CA	(42.4%)	Spin Master Corp	TOY-CA	(21.2%)
H&R Real Estate Investment Trust	HR.UT-CA	(41.7%)	Manulife Financial Corporation	MFC-CA	(21.1%)
Keyera Corp.	KEY-CA	(41.1%)	Onex Corporation	ONEX-CA	(21.0%)
NFI Group Inc.	NFI-CA	(39.6%)	TC Energy Corporation	TRP-CA	(20.9%)
RioCan Real Estate Investment Trust	REI.UT-CA	(39.1%)	iA Financial Corporation Inc.	IAG-CA	(20.6%)
Cominar Real Estate Investment Trust	CUF.UT-CA	(39.0%)	Canadian Utilities Limited Class A	CU-CA	(20.1%)
Imperial Oil Limited	IMO-CA	(38.5%)	BlackBerry Limited	BB-CA	(19.5%)
Pembina Pipeline Corporation	PPL-CA	(38.4%)	Exchange Income Corporation	EIF-CA	(18.7%)
Parex Resources Inc.	PXT-CA	(38.3%)	Westshore Terminals Investment Corporation	WTE-CA	(18.4%)
PrairieSky Royalty Ltd	PSK-CA	(38.1%)	Chartwell Retirement Residences	CSH.UT-CA	(18.3%)
Canadian Natural Resources Limited	CNQ-CA	(37.3%)	Gildan Activewear Inc.	GIL-CA	(18.3%)
Laurentian Bank of Canada	LB-CA	(36.0%)	Brookfield Business Partners LP	BBU.UT-CA	(17.7%)
Dream Office Real Estate Investment Trust Class A	D.UT-CA	(34.8%)	CGI Inc. Class A	GIB.A-CA	(17.3%)
Bausch Health Companies Inc.	BHC-CA	(33.8%)	Parkland Corporation	PKI-CA	(17.2%)
Aurinia Pharmaceuticals Inc.	AUP-CA	(33.1%)	Bank of Nova Scotia	BNS-CA	(17.1%)
Boardwalk REIT	BEI.UT-CA	(32.0%)	Home Capital Group Inc.	HCG-CA	(16.9%)
Fairfax Financial Holdings Limited	FFH-CA	(31.7%)	Cogeco Communications Inc.	CCA-CA	(16.8%)
Sienna Senior Living Inc.	SIA-CA	(29.6%)	Power Corporation of Canada	POW-CA	(15.8%)
OceanaGold Corporation	OGC-CA	(29.4%)	Brookfield Property Partners LP	BPY.UT-CA	(15.5%)
Knight Therapeutics, Inc.	GUD-CA	(28.9%)	Canadian Western Bank	CWB-CA	(15.1%)

Source: FactSet

Post-mortem on our earlier picks

Figures 3, 4 and 5 show our selections from the prior three years. While our resource-based selections last year were impacted by commodity movements in 2019, we still observed a stronger trend in the names that we recommended selling (these names underperformed the market), though the prospective alpha generated on the resulting rebound was not the same as in previous years. Looking back further, our selections in 2018 and 2017 showed a stronger under / outperformance as they were not impacted by a sharp commodity movement.

Figure 3: Review of Canaccord Genuity's 2019 selections

2019 Fundamental Stock Selections		Price Return (%) Nov 15 - Dec 15	Price Return (%) Dec 15 - Jan 15	Relative Performance vs. TSX Comp. Nov 15 - Dec 15	Relative Performance vs. TSX Comp. Dec 15 - Jan 15
Recommendation: Buy Into Tax-Loss Selling Season					
Birchcliff Energy Ltd.	BIR-CA	9.2%	(8.0%)	9.3%	(10.4%)
Ovintiv Inc	OVV-CA	(3.5%)	(0.5%)	(3.3%)	(3.0%)
Peyto Exploration & Development Corp.	PEY-CA	18.8%	(4.2%)	18.9%	(6.6%)
SNC-Lavalin Group Inc.	SNC-CA	(14.3%)	35.2%	(14.2%)	32.8%
Lithium Americas Corp.	LAC-CA	3.3%	40.2%	3.5%	37.8%
Turquoise Hill Resources Ltd.	TRQ-CA	69.5%	(12.0%)	69.6%	(14.4%)
Corus Entertainment Inc. Class B	CJR.B-CA	(3.4%)	(0.4%)	(3.3%)	(2.8%)
Celestica Inc.	CLS-CA	0.0%	7.4%	0.1%	5.0%
Computer Modelling Group Ltd.	CMG-CA	(4.6%)	0.9%	(4.4%)	(1.6%)
Cresco Labs, Inc.	CL-CA	14.9%	(7.4%)	15.0%	(9.8%)
Curaleaf Holdings, Inc.	CURA-CA	2.8%	25.0%	2.9%	22.6%
Green Growth Brands, Inc.	GGB-CA	(26.9%)	(19.5%)	(26.7%)	(22.0%)
Harvest Health & Recreation, Inc.	HARV-CA	(16.9%)	34.5%	(16.7%)	32.1%
iAnthus Capital Holdings, Inc.	IAN-CA	(5.7%)	34.3%	(5.5%)	31.9%
MedMen Enterprises, Inc. Class B	MMEN-CA	(34.6%)	(12.9%)	(34.5%)	(15.4%)
CannaRoyalty Corp.	OH-CA	12.2%	11.3%	12.3%	8.9%
Trulieve Cannabis Corp.	TRUL-CA	4.3%	(14.6%)	4.4%	(17.0%)
Vireo Health International, Inc.	VREO-CA	(16.5%)	19.7%	(16.3%)	17.3%
	Median	(1.7%)	0.2%	(1.6%)	(2.2%)

2019 Fundamental Stock Selections		Price Return (%) Nov 15 - Dec 15	Price Return (%) Dec 15 - Jan 15	Relative Performance vs. TSX Comp. Nov 15 - Dec 15	Relative Performance vs. TSX Comp. Dec 15 - Jan 15
Recommendation: Sell Into Tax-Loss Selling Season					
Gildan Activewear Inc.	GIL-CA	5.2%	1.0%	5.4%	(1.4%)
Bonterra Energy Corp.	BNE-CA	14.8%	14.8%	14.9%	12.4%
Calfrac Well Services Ltd.	CFW-CA	(0.9%)	7.5%	(0.8%)	5.1%
	Median	5.2%	7.5%	5.4%	5.1%

Source: FactSet

Figure 4: Review of Canaccord Genuity's 2018 selections

2018 Fundamental Stock Selections		Price Return (%) Nov 15 - Dec 15	Price Return (%) Dec 15 - Jan 15	Relative Performance vs. TSX Nov 15 - Dec 15	Relative Performance vs. TSX Dec 15 - Jan 15
Recommendation: Buy Into Tax-Loss Selling Season					
Bird Construction Inc.	BDT-CA	(16.7%)	15.0%	(13.1%)	11.9%
Baytex Energy Corp.	BTE-CA	(3.3%)	13.5%	0.4%	10.4%
Cogeco Communications Inc.	CCA-CA	2.5%	12.9%	6.1%	9.8%
CI Financial Corp.	CIX-CA	(10.8%)	(1.3%)	(7.1%)	(4.4%)
Canadian Natural Resources Limited	CNQ-CA	(4.1%)	8.5%	(0.5%)	5.4%
Crescent Point Energy Corp.	CPG-CA	(16.3%)	3.3%	(12.7%)	0.2%
Crew Energy Inc.	CR-CA	(17.4%)	(5.0%)	(13.7%)	(8.1%)
Dollarama Inc.	DOL-CA	(7.1%)	6.1%	(3.4%)	3.0%
Goldcorp Inc.	G-CA	0.2%	10.8%	3.9%	7.7%
Hudbay Minerals Inc	HBM-CA	(8.7%)	15.3%	(5.1%)	12.2%
Ivanhoe Mines Ltd. Class A	IVN-CA	(7.0%)	2.9%	(3.4%)	(0.2%)
Kinaxis, Inc.	KXS-CA	(3.3%)	7.7%	0.3%	4.6%
Maxar Technologies, Inc.	MAXR-CA	(34.6%)	(55.9%)	(30.9%)	(59.0%)
Manulife Financial Corporation	MFC-CA	(10.5%)	5.9%	(6.9%)	2.9%
Pembina Pipeline Corporation	PPL-CA	(0.9%)	1.1%	2.7%	(2.0%)
Real Matters, Inc.	REAL-CA	14.0%	0.3%	17.7%	(2.8%)
Secure Energy Services Inc.	SES-CA	(11.1%)	11.2%	(7.5%)	8.1%
Stuart Olson Inc.	SOX-CA	(3.7%)	12.0%	(0.1%)	8.9%
Turquoise Hill Resources Ltd.	TRQ-CA	(12.8%)	(6.7%)	(9.2%)	(9.8%)
	Median	(7.1%)	6.1%	(3.4%)	3.0%

2018 Fundamental Stock Selections		Price Return (%) Nov 15 - Dec 15	Price Return (%) Dec 15 - Jan 15	Relative Performance vs. TSX Nov 15 - Dec 15	Relative Performance vs. TSX Dec 15 - Jan 15
Recommendation: Sell Into Tax-Loss Selling Season					
AltaGas Ltd.	ALA-CA	(6.8%)	(4.1%)	(3.2%)	(7.2%)
Calfrac Well Services Ltd.	CFW-CA	(39.1%)	14.0%	(35.5%)	10.9%
	Median	(22.9%)	4.9%	(19.3%)	1.8%

Source: FactSet

Figure 5: Review of Canaccord Genuity's 2017 Selections

2017 Fundamental Stock Selections		Price Return (%)		Relative Performance vs. TSX	
		Nov 15 - Dec 15	Dec 15 - Jan 15	Nov 15 - Dec 15	Dec 15 - Jan 15
Recommendation: Buy Into Tax-Loss Selling Season					
Cenovus Energy Inc.	CVE-CA	(16.4%)	25.2%	(17.4%)	23.6%
Birchcliff Energy Ltd.	BIR-CA	(22.7%)	(8.0%)	(23.7%)	(9.6%)
Gear Energy Ltd.	GXE-CA	(3.7%)	25.3%	(4.7%)	23.7%
Crew Energy Inc.	CR-CA	(20.6%)	(16.8%)	(21.6%)	(18.4%)
Secure Energy Services Inc.	SES-CA	(6.8%)	28.1%	(7.8%)	26.4%
Gran Tierra Energy Inc.	GTE-CA	8.6%	27.1%	7.6%	25.5%
DealNet Capital Corp.	DLS-CA	(21.7%)	11.1%	(22.8%)	9.5%
ProMetic Life Sciences Inc.	PLI-CA	(5.3%)	23.8%	(6.3%)	22.1%
Newalta Corporation	NAL-CA	19.1%	82.7%	18.1%	81.1%
Tree Island Steel Ltd.	TSL-CA	7.9%	(2.8%)	6.8%	(4.5%)
Coeur Mining, Inc.	CDE-US	8.0%	12.6%	6.9%	11.0%
Fortuna Silver Mines Inc.	FVI-CA	17.3%	6.5%	16.3%	4.8%
Klondex Mines Ltd. (Acquired)	KDX-CA	7.1%	(16.0%)	6.0%	(17.7%)
Tahoe Resources Inc.	THO-CA	0.4%	9.2%	(0.7%)	7.6%
Torex Gold Resources Inc.	TXG-CA	(12.9%)	(2.4%)	(13.9%)	(4.1%)
Enbridge Inc.	ENB-CA	13.2%	(0.6%)	12.2%	(2.3%)
Celestica Inc.	CLS-US	(1.2%)	6.6%	(2.3%)	5.0%
UrtheCast Corp.	UR-CA	26.7%	(15.8%)	25.6%	(17.4%)
	Median	**(0.4%)**	**7.9%**	**(1.5%)**	**6.3%**
2017 Fundamental Stock Selections		**Price Return (%)**		**Relative Performance vs. TSX**	
		Nov 15 - Dec 15	**Dec 15 - Jan 15**	**Nov 15 - Dec 15**	**Dec 15 - Jan 15**
Recommendation: Sell Into Tax-Loss Selling Season					
Hudson's Bay Company	HBC-CA	(6.8%)	10.8%	(7.9%)	9.1%
Alaris Royalty Corp.	AD-CA	4.5%	6.3%	3.5%	4.6%
Eldorado Gold Corporation	ELD-CA	10.9%	(1.8%)	9.9%	(3.5%)
	Median	**4.5%**	**6.3%**	**3.5%**	**4.6%**

Source: FactSet

Gildan Activewear Inc.

Consumer Products

Rating	Price Target
HOLD	**US$23.00**
GIL-NYSE GIL-TSX	Price **US$23.77**

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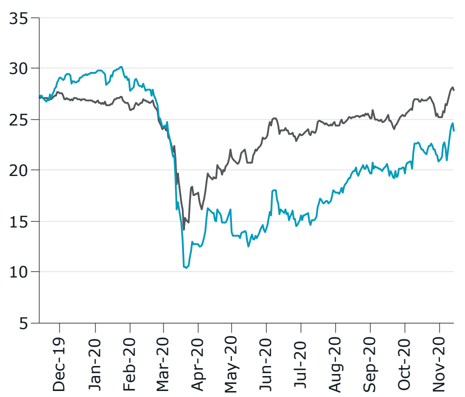
Opportunity to capture losses amidst improving fundamentals

Market Data

52-Week Range (US$) :	9.42 - 30.29
Market Cap (US$M) :	4,713.7
Shares Out. (M) :	198.3
Dividend /Shr (US$) :	0.00
Dividend Yield (%) :	0.0
Implied Return to Target (%) :	(3.2)
Net Debt (Cash) (US$M) :	850.4
Enterprise Value (US$M) :	5,564
Net Debt/EBITDA :	1.92

FYE Dec	2019A	2020E	2021E
Revenue (US$M)	2,823.9	1,885.9	2,324.6
EBITDA (US$M)	543.7	106.9	481.6
Net Income (US$M)	259.8	(254.5)	284.7
EPS (US$)	1.65	(0.44)	1.44
EV/EBITDA (x)	9.5	48.6	10.8
P/E (x)	13.3	(49.2)	15.2



GIL
S&P TSX Consumer Discretionary index (rebased)

Source: FactSet

Priced as of close of business 12 November 2020

Gildan is a premier vertically integrated apparel manufacturer. In North America, the company has a 70% market share of the wholesale channel and a fast-growing retail business.

Recent Share Performance:

Down ~18% YTD, down ~40% from 3-year high

Investment Thesis Recap:

- COVID-19 has wrought havoc across most of our coverage universe, with Gildan in particular affected by closures of non-essential business as well as cancellations/ postponements of events that are attended by large groups of people, such as concerts and live sports, areas where Gildan's imprintable business has ~65% exposure.
- That said, point of sale (POS) data that measures sell-through of Gildan products at the distributor level has been steadily improving, with average POS down ~10% in the US in October and ~25% internationally. Distributors will likely resume a more normal reordering pattern over the medium term in order to replenish stock sold over the course of the year.
- Our target represents 16.0x our 2021 EPS estimate of $1.44. While the fundamentals and outlook have improved significantly, at current valuations we believe the risk-reward profile remains unfavourable, leading us to remain on the sidelines.

Upcoming Potential Catalysts:

A core element of Gildan's growth strategy is to secure private label program contracts with mass merchant retailers. The company has seen recent success with its latest private label men's underwear program, offsetting lost sales from the imprintable channel. We believe the procurement of another private label contract would be rewarded by shareholders through a higher multiple.

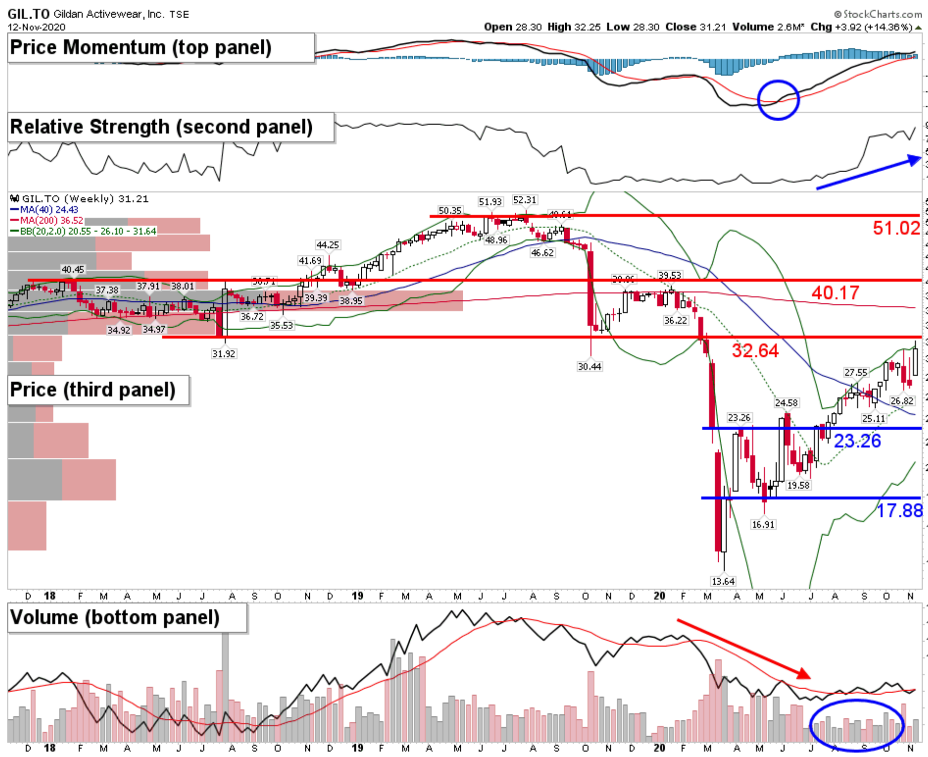
Near-term Trade Opportunity

Gildan could see further pressure through year-end from tax-motivated selling. In the discretionary space, we continue to prefer Aritzia (ATZ-TSX: $23.88 | BUY, C$26.00 target) for its e-commerce exposure and ample growth opportunity in the US.

Technical Overview - GIL

The technical profile of **GIL** suggests the stock is a good candidate for tax-loss buying as the following four early technical positives are taking hold which are supportive of further upside: 1) strengthening Price Momentum (see top panel); 2) Relative Strength versus the TSX Composite is reaccelerating (see second panel); 3) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel); and 4) Volume is showing signs of accumulation (see bottom panel).

Figure 1: GIL - 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).
- Second Panel: Relative Strength (SCTR) – Relative strength versus the TSX Composite is reaccelerating, another technical positive (see blue arrow).
- Third Panel: Price – First resistance is near 32.64, followed by the 4-year (200-week) moving average, currently at 36.52. Important resistance is near 40.17, followed by 51.02. First support is near the 40-week moving average, currently at 24.43, then 23.26. Important support is near 17.88 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. However, Volume is showing signs of accumulation, an early technical positive (see blue circle).

Canaccord Genuity Capital Markets

Tax-Loss Selling

Bonterra Energy Corp.

Oil and Gas, Exploration and Production

Canadian Equity Research
16 November 2020

Rating	Price Target
HOLD	**C$1.20**
BNE-TSX	Price **C$1.48**

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Pressure could continue with tax-loss selling

Recent Share Performance

Down 63% YTD; down 93% from three-year high.

Investment Thesis Recap:

Bonterra came under significant pressure in 2020, along with the broader Canadian E&P space, due to pressure on oil prices and a general reduction in trading multiples. The company benefits from low-decline assets, which enables it to spend a relatively minimal amount on capex and still maintain production levels. Bonterra suspended its dividend in Q1/20 (previously $0.12 annually) in response to the weakness in commodity prices. Despite its low-decline assets and suspension of its dividend, the company has an above-average debt level, which continues to weigh on the stock. We are forecasting a 2021E D/CF of 5.2x, above the peer group at 3.8x.

Upcoming Potential Catalysts:

We do not believe there are significant upcoming catalysts for BNE prior to year-end. If oil pricing shows strength, we believe BNE will look to strengthen the balance sheet before reinstating its dividend.

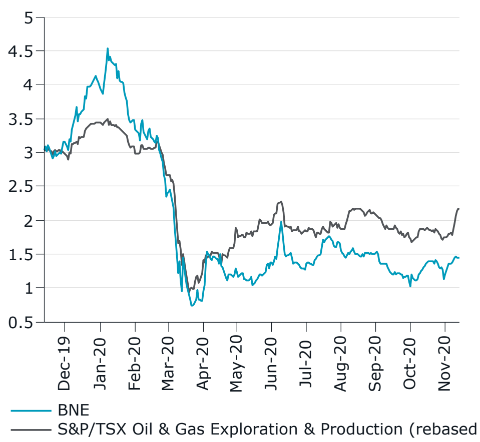
Near-term Trade Opportunity:

BNE could see further pressure through year-end from tax-motivated selling. We believe there are other oil-weighted names – such as Freehold Royalties (FRU-TSX: $4.40 | BUY, $6.50 TP), TORC Oil & Gas (TOG-TSX: $1.63 | BUY, $2.50 TP), and Whitecap Resources (WCP-TSX: $2.86 | BUY, $3.00 TP) – that provide investors with exposure to the space while employing less debt.

Market Data

52-Week Range (C$) :	0.64 - 4.65
Avg Daily Vol (M) :	0.04
Market Cap (C$M) :	49.4
Dividend /Shr (C$) :	0.00
Dividend Yield (%) :	0.0
Shares Out., Basic (M) :	33.4
Net Debt (Cash) (C$M) :	295.2
Enterprise Value (C$M) :	345
NAV /Shr (C$) :	2.06

FYE Dec	2019A	2020E	2021E
EV/BOEPD (C$)	27,812	32,609	32,192
Total Production (boe/d)	12,305	10,446	9,814
CFPS (C$)	2.95	1.11	1.49
EV/DACF (x)	3.0	6.8	5.2



Source: FactSet

Priced as of close of business 12 November 2020

Bonterra Energy is an intermediate E&P company with operations in Western Canada primarily focused on the Pembina Cardium.

Technical Overview - BNE

The technical profile of **BNE** suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. However, the following three technical positives are attempting to take hold: 1) strengthening Price Momentum (see top panel); 2) Relative Strength is trending higher versus the TSX Composite (see second panel); and 3) Volume is showing signs of accumulation (see bottom panel).

Figure 1: BNE - Weekly (3 Years)

Source: StockCharts.com, Canaccord Genuity Research

- <u>Top Panel: Price Momentum (MACD)</u> – The stock just triggered a new weekly "mechanical buy" signal, a technical positive (see blue circle).
- <u>Second Panel: Relative Strength (SCTR)</u> – Relative strength versus the TSX Composite is trending higher, another technical positive (see blue arrow).
- <u>Third Panel: Price</u> – First resistance is near the 40-week moving average, currently at 1.46, followed by 1.87. Important resistance is near 2.89, then 5.22. Important support is near 0.74 and this is where we would limit risk on new positions.
- <u>Bottom Panel: Buying/Selling Pressure (OBV)</u> – On-Balance-Volume has been trending lower, a technical negative (see red arrow). However, Volume is showing signs of accumulation, an early technical positive (see blue circle).

Canaccord Genuity Capital Markets

Canadian Equity Research

Tax-Loss Selling

Secure Energy Services Inc.

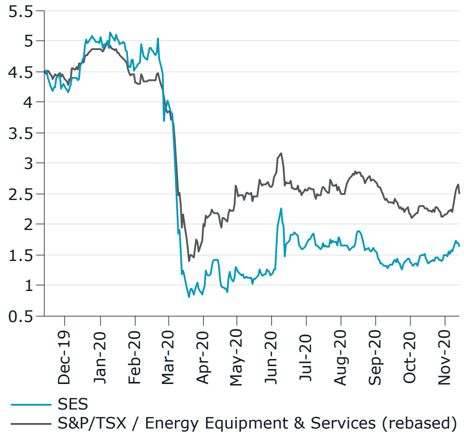
Oilfield Services

Rating	Price Target
BUY	C$2.50
SES-TSX	Price C$1.63

Market Data

52-Week Range (C$) :	0.64 - 5.20
Avg Daily Vol (M) :	1.1
Market Cap (C$M) :	219.6
Dividend /Shr (C$) :	0.03
Dividend Yield (%) :	1.8
Shares Out., Basic (M) :	158.6

FYE Dec	2019A	2020E	2021E
Sales (C$M)	632.4	446.6	443.0
EBITDA (C$M)	175.9	132.3	123.0
EPS Adj&Dil (C$)	0.00	(0.35)	(0.19)



Source: FactSet

Priced as of close of business 12 November 2020

Secure is a Calgary-based provider of oilfield waste and related services with more than 50 facilities in western Canada and North Dakota. The company processes, recycles and disposes of solid and liquid oilfield waste streams and provides ancillary value-added services that include crude oil terminalling and marketing.

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Secure an attractive means of gaining energy exposure this tax loss season

Recent Share Performance: Down 64% YTD; down 83% from three-year high.

Investment Thesis Recap:

We believe Secure Energy Services is a relatively attractive vehicle for investors to add energy exposure through this tax-loss season. The company derives ~75% of its EBITDA from production volumes and related services in several of the most attractive plays in the WCSB (including the Montney and Duvernay). We also note that Secure's core Midstream Infrastructure segment derives ~30% of its business from contracted water and oil volumes across its asset base. Secure exited Q3/20 with net debt of 3.6x 2020E EBITDA, and the company remains committed to its 2020 capital program of $60 million and (annualized) cost reduction program of $40 million. Secure has also introduced a modest preliminary 2021 capital program of $15 million that we believe should allow it to remain within its debt covenants through our forecast horizon. Despite ongoing headwinds on WCSB drilling and completion activity, we expect Secure's free cash flow to support debt reduction, a modest dividend (currently yielding ~1.8%) and opportunistic share re-purchases. Based on our 2021 estimates, Secure trades at an EV/EBITDA multiple of 5.5x, which represents a discount to the domestic OFS sector average of ~7.0x.

Upcoming Potential Catalyst:

We believe Secure's ability to execute on its (previously announced) prospective non-core asset divestiture could be viewed positively by the market.

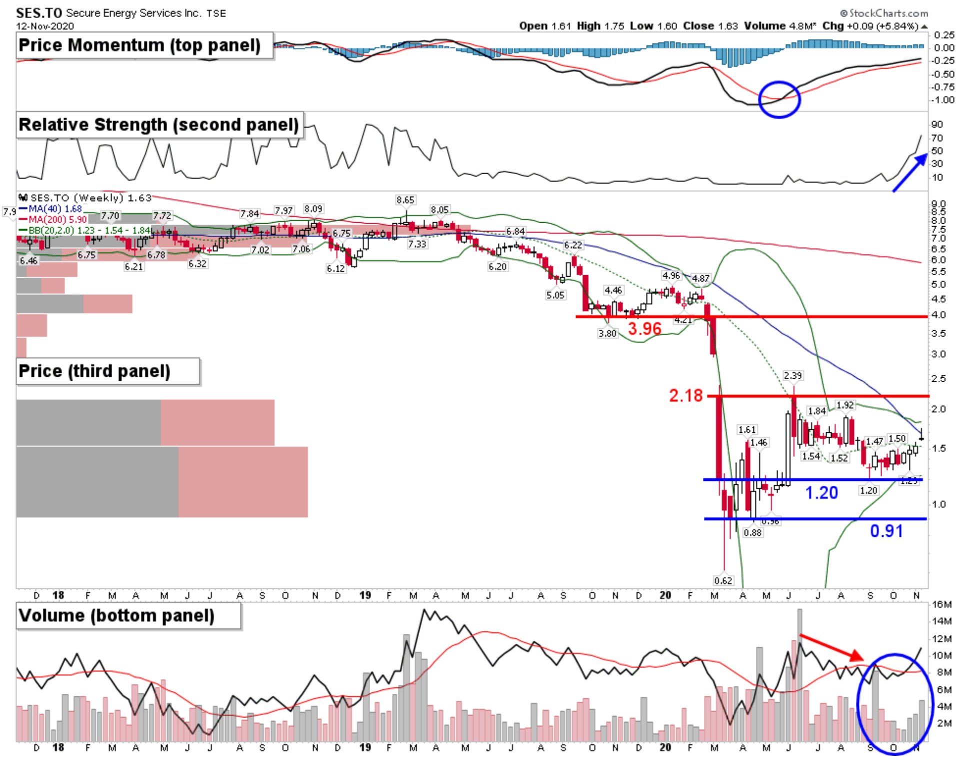
Near-term Trade Opportunity:

We continue to view Secure favourably on a fundamental basis and believe the company is a relatively attractive vehicle for investors to add energy exposure through this tax-loss season.

Technical Overview - SES

The technical profile of **SES** suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. However, three technical positives are in place: 1) strengthening Price Momentum (see top panel); 2) Relative Strength versus the TSX Composite is reaccelerating (see second panel); and 3) Volume is showing signs of accumulation (see bottom panel).

Figure 1: SES - 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).
- Second Panel: Relative Strength (SCTR) – Relative strength versus the TSX Composite is reaccelerating, another technical positive (see blue arrow).
- Third Panel: Price – First resistance is near the 40-week moving average, currently at 1.68, then 2.18. Important resistance is near 3.96, followed by the 4-year (200-week) moving average, currently at 5.90. First support is near 1.20. Important support is near 0.91 and this is where we would limit any 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 accumulation, an early technical positive (see blue circle).

Canaccord Genuity Capital Markets

Canadian Equity Research

Tax-Loss Selling

TORC Oil & Gas Ltd.

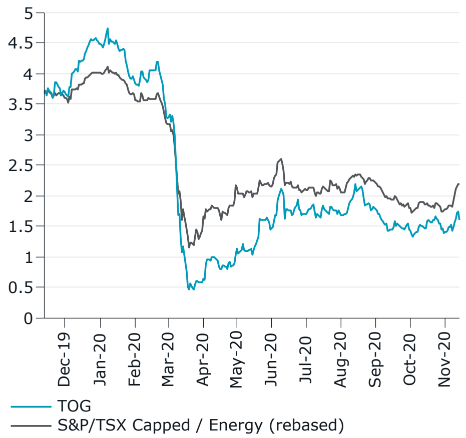
Oil and Gas, Exploration and Production

Rating	Price Target
BUY	C$2.50
TOG-TSX	Price C$1.63

Market Data

52-Week Range (C$) :	0.41 - 4.78
Avg Daily Vol (M) :	1.0
Market Cap (C$M) :	362.9
Dividend /Shr (C$) :	0.00
Dividend Yield (%) :	0.0
Shares Out., Basic (M) :	222.6
Net Debt (Cash) (C$M) :	335.1
Enterprise Value (C$M) :	698
NAV /Shr (C$) :	1.77

FYE Dec	2019A	2020E	2021E
Total Production (boe/d)	28,327	25,823	25,005
EV/BOEPD (C$)	25,154	27,029	26,253
CFPS (C$)	1.37	0.55	0.70
EV/DACF (x)	2.2	5.1	3.9



Source: FactSet

Priced as of close of business 12 November 2020

TORC is a dividend paying junior oil & gas company with assets in Alberta and Saskatchewan.

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Pullback could provide opportunity

Recent Share Performance

Down 63% YTD; down 80% from three-year high.

Investment Thesis Recap:

We continue to highlight TOG as a compelling way to play a rebound in oil prices. With low declines and higher netbacks than most peers, we believe TOG is positioned well to ride out pressure on the oil price. Conversely, if we see oil prices rise to US$50WTI, our modeling suggests cashflow of $230M in 2021. Applying a 3.5x EV/DACF multiple at that level yields a share price of $2.75 (~69% implied return).

Upcoming Potential Catalysts:

We expect TOG will look to release its 2021 guidance in December. Our current expectations are for the company to keep production flat at 25,000 boe/d on spending of $115M, which assumes a corporate decline rate of ~20%. Using US$42WTI, our modeling suggests cashflow of $156M, or FCF of $41M for 2021, which the company could use to further reduce its debt or potentially reinstate a dividend.

Near-term Trade Opportunity:

With the significant fall in share price in 2020, TOG is a potential candidate for tax-loss selling. In our view, near-term pressure on the stock could provide a buying opportunity, ahead of what we believe could be a rebound year for the company.

Technical Overview - TOG

The technical profile of **TOG** suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. However, the following three technical positives that are supportive of further upside are taking hold: 1) strengthening Price Momentum (see top panel); 2) Relative Strength versus the TSX Composite is reaccelerating (see second panel); and 3) Volume is showing signs of buying pressure (see bottom panel).

Figure 1: TOG – 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).
- Second Panel: Relative Strength (SCTR) – Relative strength versus the TSX Composite is reaccelerating, another technical positive (see blue arrow).
- Third Panel: Price – First resistance is near the 40-week moving average, currently at 1.66, followed by 1.97. Important resistance is near 3.05, followed by the 4-year (200-week) moving average, currently at 4.30. First support is near 1.15. Important support is near 0.53 and this is where we would limit any risks 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 accumulation, an early technical positive (see blue circle).

Canaccord Genuity Capital Markets

Canadian Equity Research

Tax-Loss Selling

CI Financial Corp.

Asset Managers

Rating	Price Target
BUY	**C$23.00**
CIX-TSX	Price **C$16.57**

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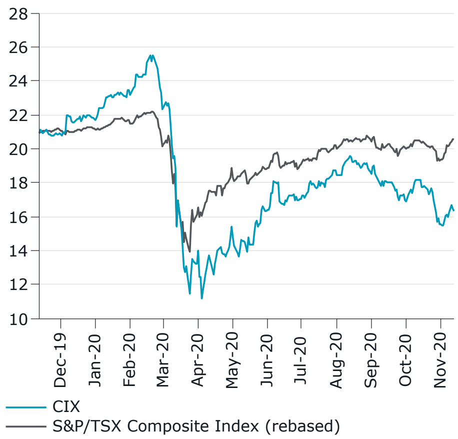
Market Data

52-Week Range (C$) :	10.53 - 25.81
Market Cap (C$M) :	3,502.0
Shares Out. (M) :	211.3
Dividend /Shr (C$) :	0.72
Dividend Yield (%) :	4.3
Total Return to Target (%) :	43.2
Net Debt (Cash) (C$M) :	1,630.0

FYE Dec	2018A	2019A	2020E	2021E
EPS (C$)	2.38	2.42	2.41	2.61
P/E (x)	7.0	6.8	6.9	6.4



Source: FactSet

Priced as of close of business 12 November 2020

CI Financial Corp. manages $125 billion in retail and institutional client AUM and has $58 billion in AUA. CI Financial is headquartered in Toronto, ON.

Fastest-growing US RIA platform

Recent share performance: CIX shares are down 24% YTD; down 45% from three-year high.

Investment Thesis Recap: CI is a diversified global wealth management firm, and one of Canada's largest independent fund companies. As of Oct/20, the company managed $202B in total assets, split between >$125B in AUM and $77B in AUA through North American Wealth Management. This year, CI became one of the industry's fastest-growing RIA platforms with the adoption of its new US RIA expansion strategy. YTD, CI has announced nine direct acquisitions, along with three additional acquisitions through its affiliates (12 in total). When all outstanding transactions close, CI will have ~US $16.5B in US RIA assets. Going forward, the firm will continue to focus on expanding its wealth management platform through organic and inorganic growth (main focus on US RIA market).

Upcoming Potential Catalyst: Upon closing on recent transactions (>$31B of AUA onboarded YTD), CI's Wealth management EBITDA run rate should increase to $73M (from $15M), which does not include potential synergies (e.g., costs, business model improvements, and asset management product sales). We believe this will have a positive impact on the firm as wealth management entities are typically valued at higher multiples vs. asset management. Furthermore, we expect to see improved net flow traction next year. CI has been on a recent quarterly run rate of ~$2B of total net outflows. However, we believe there is large opportunity to convert AUA to AUM (e.g. from onboarded assets), both in Canada and particularly in the US.

Near-term Trade Opportunities: We continue to view CIX shares favourably on a fundamental basis, although potential market headwinds, management fee compression (CI attempting to offset through SG&A efficiencies, particularly within Asset Management) and softer mutual fund sales industry-wide are impacting asset managers. We would view any near-term pressure on CIX shares as a buying opportunity. We note the following favourable attributes:

- **US RIA momentum:** As mentioned, CI has been involved in the acquisition of 12 RIAs this year. These acquisitions support the firm's strategic initiatives of globalizing, expanding the wealth management platform, and modernizing the asset management business. With the acceleration of transactions over the past quarter, we believe the pipeline remains solid for the upcoming year.
- **Capital allocation strategy:** CI has continued to be active in buying back shares. In Q3/20, the firm bought back 4.3M shares through its NCIB for $78M. We would expect CI to remain aggressive on its NCIB to take advantage of its historically low discounted valuation.
- **Current valuation at historical lows:** Currently, CIX shares trade at a depressed P/E (2021E) of 6.4x vs. its historical average of ~15x. We believe net flow improvements, positive equity markets, EPS growth, and continued execution on its US RIA strategy are the key potential catalysts for a valuation re-rating.

Valuation:

- Our target price is based on a P/E multiple of 9.0x applied to our 2021 adj. EPS FD estimate of $2.61.

Technical Overview - CIX

The technical profile of **CIX** suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. However, the following three early technical positives are developing: 1) Improving Price Momentum (see top panel); 2) Relative Strength is turning up versus the TSX Composite (see second panel); and 3) Volume is showing signs of accumulation (see bottom panel).

Figure 1: CIX - 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). However, downward momentum is slowing, an early technical positive (see blue arrow).
- Second Panel: Relative Strength (SCTR) – Relative strength versus the TSX Composite is turning up, another early technical positive (see blue circle).
- Third Panel: Price – First resistance is near the 40-week moving average, currently at 16.98, followed by 17.33. Important resistance is near 19.52, followed by the 4-year (200-week) moving average, currently at 20.43. First support is near 15.73. Important support is near 12.63 and this is where we would limit any risks 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 accumulation, another early technical positive (see blue circle).

Diversified Royalty Corp.

Private Equity

Rating	Price Target
BUY	C$2.75
DIV-TSX	Price C$2.02

Market Data

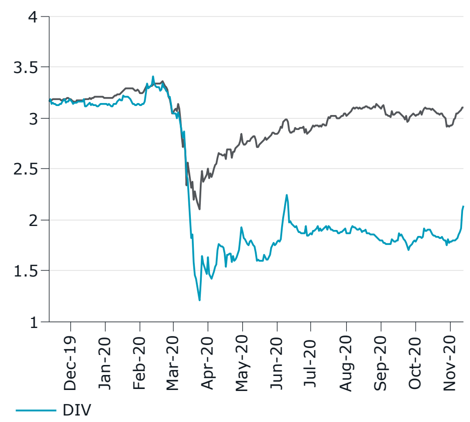
52-Week Range (C$) :	1.17 - 3.44
Avg Daily Vol (000s) :	128
Market Cap (C$M) :	244.1
Dividend /Shr (C$) :	0.20
Dividend Yield (%) :	9.9
Shares Out., Basic (M) :	120.8
Implied Return to Target (%) :	46.0
Net Debt (Cash) (C$M) :	145.9
Enterprise Value (C$M) :	390

FYE Dec	2019A	2020E	2021E
EBITDA Adj (C$M)	28.4	32.4	39.5
Free Cash Flow[1] (C$M)	22.3	25.3	28.0
EV/EBITDA (x)	13.7	12.0	9.9
FCF Yield (%)	10.2	10.7	11.5
Payout Ratio (%)[2]	108.6	96.2	90.8

1 : Used distributable cash as proxy for free cash flow

2 : Payout ratio is dividends paid / distributable cash (Normalized EBITDA - Interest - Cash Taxes)

Quarterly EBITDA Adj	Q1	Q2	Q3	Q4
2019A	5.8	6.8	7.5	8.3
2020E	7.8	6.8	8.6	9.2
2021E	8.3	9.9	10.1	11.2



Source: FactSet

Priced as of close of business 12 November 2020

DIV's royalty agreements offer businesses a fixed dollar amount to receive a percentage of the operating company's revenues in perpetuity.

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With partner performance recovering, valuation appears unwarranted

Recent Share Performance: Down 36% YTD; down 48% from three-year high.

Diversified Royalties Corp (DIV) shares are down 36% YTD, which is lower than any point in the last five years. The decline was largely due to the expectation that the company would have to make two dividend cuts throughout F20 as a response to COVID-19. However, given management's prudent cost management efforts, the company needed only one, with the $0.20 dividend currently quite comfortable.

Investment Thesis Recap: DIV currently offers investors a double-digit dividend and FCF yield, which we believe is attractive given the improving trajectories of the company's revenue streams and solid FCF. We believe that DIV's royalty partners are seeing very strong recoveries, with all but Mr. Mikes and Oxford Learning largely returning to run-rate royalty payments. As a result, FCF for the firm was solid in Q3 and the payout ratio declined below 100%.

Upcoming Potential Catalysts: While we do not expect any catalysts to occur by the end of F20, we believe that DIV is well positioned to see solid growth in F21 with its expanded Mr. Lube partnership and the recovery of Mr. Mikes and Oxford Learning. Even with a conservative ramp, we expect DIV to generate $39.5M in revenue for F21, which translates into 22% y/y growth.

Improving payout ratio could signal dividend growth. Given our forecast of $28M in FCF for F21, we believe that management may look at restoring its dividend growth policy throughout the year. Based on our estimates, DIV's payout ratio should drop to 90% by Q2, which would set the stage for a moderate increase in the second half of the year. We believe that this will help revitalize investor confidence in the company and reinforce the viability of DIV's strategy.

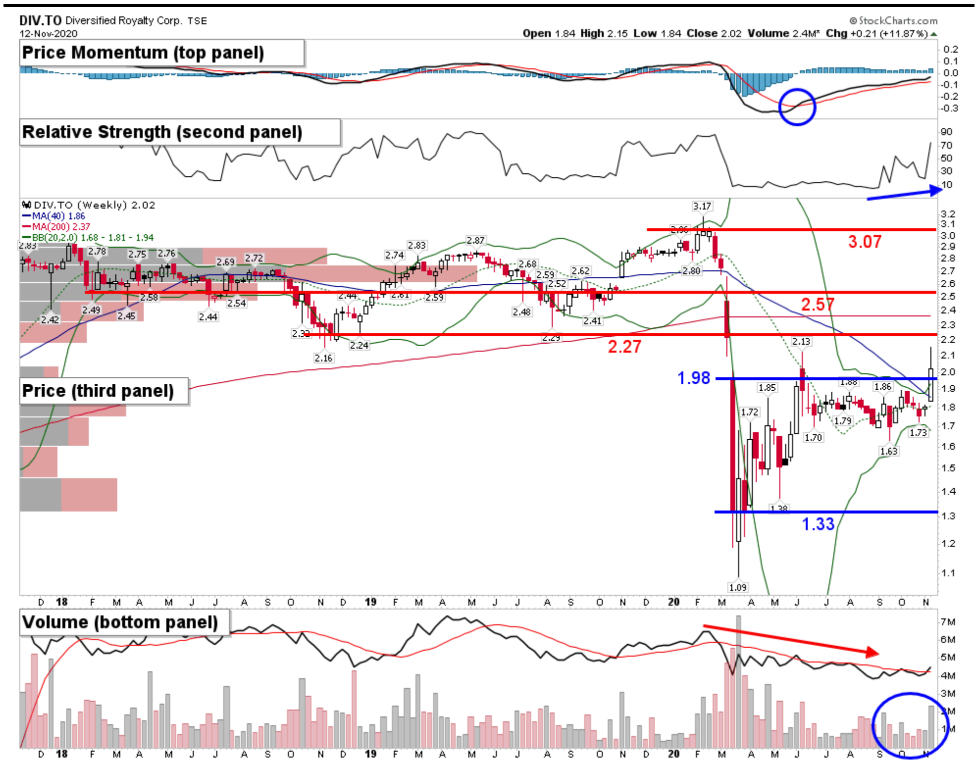
Near-term Trade Opportunity: We continue to view DIV favourably on a fundamental basis and see several positive catalysts in F21. We would view any near-term pressure on the shares as a buying opportunity.

We reiterate our BUY rating and $2.75 target. Our $2.75 target for DIV is based on our DCF valuation.

Technical Overview - DIV

The technical profile of **DIV** suggests the stock is a good candidate for tax-loss buying as the following four technical positives are in-place: 1) Price Momentum is trending higher (see top panel); 2) Relative Strength versus the TSX Composite is reaccelerating (see second panel); 3) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel); and 4) Volume is showing signs of accumulation (see bottom panel).

Figure 1: DIV - Weekly (3-Years)



Source: StockCharts.com, Canaccord Genuity Research

- <u>Top Panel: Price Momentum (MACD)</u> – The stock remains on a weekly "mechanical buy" signal, a technical positive (see blue circle).
- <u>Second Panel: Relative Strength (SCTR)</u> – Relative strength versus the TSX Composite is reaccelerating, another technical positive (see blue arrow).
- <u>Third Panel: Price</u> – First resistance is near 2.27, followed by the 4-year (200-week) moving average, currently at 2.37. Important resistance is near 2.57, then 3.07. First support is near 1.98, followed by the 40-week moving average, currently at 1.86. Important support is near 1.33 and this is where we would limit any risk on new positions.
- <u>Bottom Panel: Buying/Selling Pressure (OBV)</u> – On-Balance-Volume has been trending lower, a technical negative (see red arrow). However, Volume is showing signs of accumulation, an early technical positive (see blue circle).

Canaccord Genuity Capital Markets

Canadian Equity Research

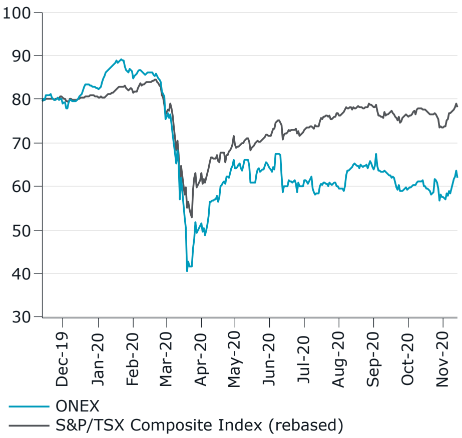
Tax-Loss Selling

Onex Corp.
Private Equity

Rating	Price Target
BUY	C$84.00
ONEX-TSX	Price C$64.89

Market Data

52-Week Range (C$) :	89.92 - 37.00
Market Cap (C$M) :	5,858.4
Dividend /Shr (C$) :	0.40
Dividend Yield (%) :	0.6
Shares Out., FD (M) :	90.3
Total Return to Target (%) :	30.1
Discount to NAV (%) :	(34)
NAV /Shr (C$) :	98.28



Source: FactSet

Priced as of close of business 12 November 2020

Onex Corporation is a private equity investor and alternative asset manager. As of Dec 2019, its businesses had assets under management of ~US $38 billion, generating annual revenues of US$28 billion, with ~171,000 employees worldwide. Onex has offices in Toronto, New York, New Jersey and London.

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Trading at significant discount to NAV

Recent share performance: Onex shares are down 25% YTD; down 38% from three-year high.

Investment Thesis Recap: Onex invests and manages capital on behalf of its shareholders, institutional investors and high net worth clients. At Sept/20, Onex's AUM totaled ~$37B, of which ~$7B is shareholder capital. The firm's platforms mainly include Onex Partners and ONCAP (private equity), Gluskin Sheff (wealth management) and Onex Credit. The firm's credit business has grown its AUM from $380M in 2007 to $12.3B (as of Sept/20), generating a CAGR of >30% (primarily from new CLO issuances).

Upcoming Potential Catalysts: Currently, Onex trades at a 32% discount to its Q3/20 NAV vs. a 4% historical premium. We believe near-term potential catalysts revolve around: (1) deploying excess capital (e.g., expanding credit platform through new strategies such as structured credit, high yield strategy, opportunistic credit); (2) potential improvement in Fund performance (e.g., from private companies impacted by COVID-19 such as WestJet), thereby improving carried interest visiblity; and (3) better Asset management profitability in order to surface value within this segment. We believe the market currently ascribes zero value to this business (vs. CG at >$7/sh.).

Near-term Trade Opportunities: We continue to view Onex shares favourably on a fundamental basis. We would view any near-term pressure on the shares as a buying opportunity. We note the following favourable attributes:

- **Capital allocation strategy:** At Q3/20, Onex had $2.1B in excess cash (no debt). We believe the main near-term deployment opportunities include: (1) private equity investments at OPV (pipeline improvement recently); (2) providing capital to seed new credit funds; and 3) share repurchases through its NCIB (e.g., repurchased 9.8M shares YTD; as of Oct/20). Under current program (expires Apr/21), Onex has ~600k shares remaining. After that point, we expect ONEX to renew its NCIB and commence active share buyback activity.
- **Pipeline:** We continue to view Onex's pipeline positively, with the introduction of its new credit products alongside its improved private equity pipeline. Recently, Onex made a ~US$200M equity investment in OneDigital (see link) through Onex Partners V.
- **Current valuation at historical lows:** ONEX trades at a 32% discount to its Q3/20 NAV, vs. a 4% historical premium. Over the past five years, Onex's NAV growth (US$) has averaged 3%, 6% in CDN$ (due to lower CDN$). Going forward, we suggest that excess capital and improvement in Fund performance can help support improved NAV growth.

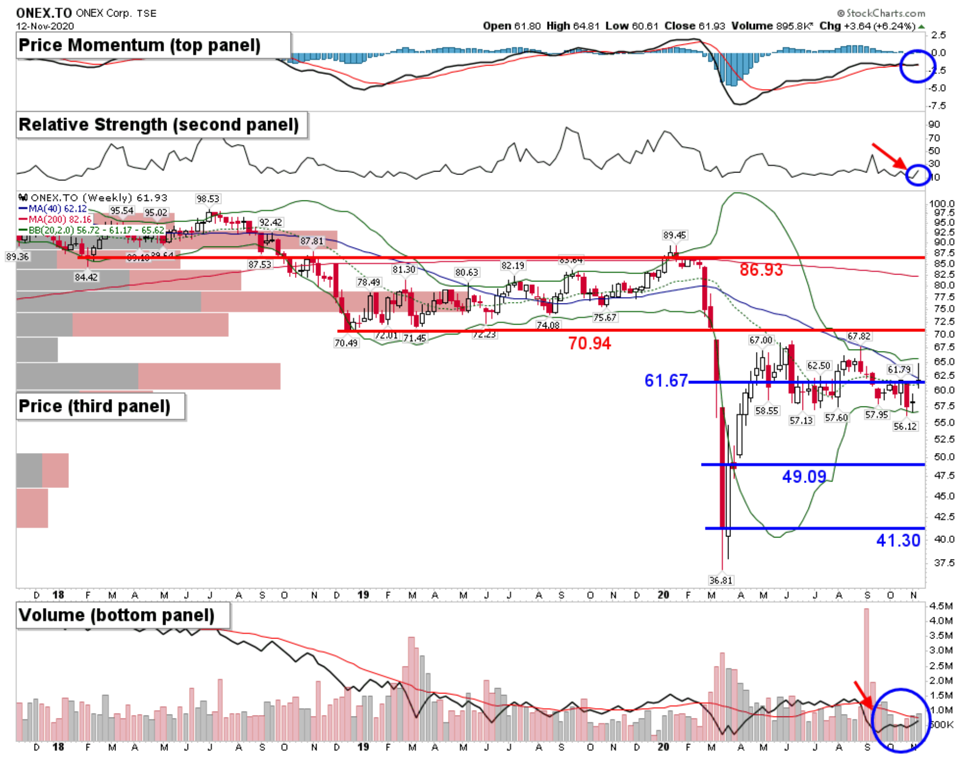
Valuation:

- Our target price is derived on an SOTP basis, driven mainly by a 15% 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.

Technical Overview - ONEX

The technical profile of **ONEX** suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. However, the following three early technical positives are attempting to take hold: 1) strengthening Price Momentum (see top panel); 2) Relative Strength is turning up versus the TSX Composite (see second panel); and 3) Volume is showing signs of accumulation (see bottom panel).

Figure 1: ONEX - 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 turning up, an early technical positive (see blue circle).
- Third Panel: Price – First resistance is near the 40-week moving average, currently at 62.12, then 70.94. Important resistance is near the 4-year (200-week) moving average, currently at 82.16, followed by 86.93. First support is near 61.67, followed by 49.09. Important support is near 41.30 and this is where we would limit any risks 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 accumulation, another early technical positive (see blue circle).

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Company	Rating	Price	Target
ATE-TSX	Spec Buy	C$0.42	C$1.50
HLS-TSX	Buy	C$15.40	C$30.50
GUD-TSX	Buy	C$5.37	C$7.00

Priced as of close of business 12 November 2020

2020 a tough year for some non-COVID drug companies

Antibe Therapeutics Inc. (ATE-TSX)

Recent Share Performance: Down 7% YTD; down 53% from three-year high

Investment Thesis Recap:

Antibe is a biotechnology company developing novel H_2S-releasing nonsteroidal anti-inflammatory drugs (NSAIDs). We believe it is on the brink of solving the 50-year-old problem around gastrointestinal (GI) safety of NSAIDs. Data from Phase 2 trials of lead drug otenaproxesul suggest it is both more efficacious at reducing pain and safer than existing NSAIDs that produce GI side effects in ~25% of users. Antibe plans to begin a two-year Phase 3 trial in spring 2021. We expect this to coincide with an out-licensing deal for one or more large markets.

Upcoming Potential Catalyst:

Potential catalysts include a successful capital infusion, via either equity raise or the announcement of a strategic partner. However, we do not expect partnership discussions to accelerate until next fall when otenaproxesul's lowest effective dose is determined.

Near-term Trade Opportunity:

We continue to view ATE favourably on a fundamental basis. We would view any near-term pressure on the shares as a buying opportunity.

HLS Therapeutics Inc. (HLS-TSX)

Recent Share Performance: Down 40% YTD; down 41% from three-year high

Investment Thesis Recap:

Anchor drug Vascepa won approval in December 2019 as the first and only drug in Canada indicated to reduce the risk of cardiovascular events beyond cholesterol-lowering therapy. We forecast net sales peaking at ~$300.0M by 2025 (midpoint of guidance). This equates to 9.5% penetration of our forecast addressable market. In a blue sky scenario, however, we believe Vascepa could win up to 40-50% of the market (similar to statins), which equates to peak sales of $1.0B+ ($100+/share of incremental value).

Upcoming Potential Catalyst:

Potential catalysts include continued traction with private and public payers to increase insurance coverage of Vascepa in Canada. Once social distancing measures begin to ease and normal-course Vascepa launch efforts resume (e.g., face-to-face sales meeting with physicians), we will be looking for acceleration of script numbers and resultant sales.

Near-term Trade Opportunity:

We view HLS favourably on a fundamental basis. We would view any near-term pressure on the shares as a buying opportunity.

Knight Therapeutics Inc. (GUD-TSX)

Recent Share Performance: Down 29% YTD; down 41% from three-year high

Investment Thesis Recap:

In August, Knight completed the acquisition of Latin American biopharmaceutical company Grupo Biotoscana. In our opinion, this was the transaction shareholders had been patiently waiting for over the previous five years. It adds a footprint across almost the entire LATAM region (10 countries) and an established portfolio of over 150 commercial molecules indicated in oncology, hematology and infectious disease. As Knight grows sales both in LATAM and at home in Canada via the launch of new drugs, we expect it to emerge as a leading global specialty pharmacy company.

Near-term Trade Opportunity:

GUD could see further pressure through year-end from tax-motivated selling. We prefer HLS; this is given the near-term upside once sales of Vascepa begin to accelerate, as well as the fact that HLS is not exposed to the highly volatile LATAM region.

Technical Overview - ATE

The technical profile of **ATE** is improving and the following three technical positives are taking hold: 1) strengthening Price Momentum (see top 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 is showing signs of accumulation (see bottom panel).

Figure 1: ATE - 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) – N/A
- Third Panel: Price – First resistance is near 0.49, followed by the 40-week moving average, currently at 0.50. Important resistance is near 0.77. First support is near the 4-year (200-week) moving average, currently at 0.32, then 0.29. Important support is near 0.20 and this is where we would limit any 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 accumulation, an early technical positive (see blue circle).

Technical Overview - HLS

The technical profile of **HLS** suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. In addition, the following two technical negatives are in place: 1) Relative Strength is tending lower versus the TSX Composite (see second panel) and 2) On-Balance-Volume is trending lower since March (see bottom panel) indicating there have been more sellers than buyers.

Figure 2: HLS - 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 trending lower, a technical negative (see red arrow).
- Third Panel: Price – First resistance is near the 40-week moving average, currently at 17.39, followed by 17.94. Important resistance is near 23.97. First support is near 13.48, then the 4-year (200-week) moving average, currently at 11.27. Important support is near 11.19, and this is where we would limit any 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 accumulation, an early technical positive (see blue circle).

Technical Overview - GUD

The technical profile of **GUD** suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. In addition, the following three technical negatives suggest further downside risks remain: 1) Relative Strength is trending lower versus the TSX Composite (see second panel); 2) Intermediate- and Long-term trends are down as the stock is trading below the 40/200-week moving averages (see third panel); and 3) Volume and On-Balance-Volume are showing signs of selling pressure (see bottom panel).

Figure 3: GUD - 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 trending lower, a technical negative (see red arrow).
- Third Panel: Price – First resistance is near 5.90, followed by the 40-week moving average, currently at 6.60. Important resistance is near 6.67, followed by 7.23. First support is near 5.38. Important support is near 5.03.
- Bottom Panel: Buying/Selling Pressure (OBV) – Volume and On-Balance-Volume are showing signs of selling pressure, another technical negative (see red arrow).

Chorus Aviation Inc.

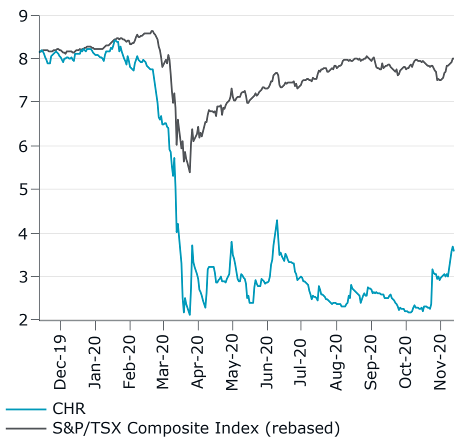
Airlines

Rating	Price Target
BUY	C$5.00
CHR-TSX	Price C$3.58

Market Data

52-Week Range (C$) :	1.80 - 8.45
Avg Daily Vol (000s) :	864
Market Cap (C$M) :	586.6
Shares Out. (M) :	163.9
Dividend /Shr (C$) :	0.00
Dividend Yield (%) :	0.0
Total Return to Target (%) :	39.7
Net Debt (Cash) (C$M) :	1,772.7
Enterprise Value (C$M) :	2,359

FYE Dec	2018A	2019A	2020E	2021E
Revenue (C$M)	1,451.2	1,366.4	938.0	1,068.0
EBITDA (C$M)	342.7	341.7	352.3	379.7
EPS Adj&Dil (C$)	0.87	0.64	0.44	0.46
EV/EBITDA (x)	6.9	6.9	6.7	6.2
P/E (x)	4.1	5.6	8.2	7.8



Source: FactSet

Priced as of close of business 12 November 2020

Chorus Aviation is Canada's largest regional carrier, operating an extensive network of destinations across Canada and the US with a fleet of >170 aircraft.

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Nearing the end of a turbulent 2020

Recent Share Performance: Down 58.5% YTD; down 65.7% from three-year high

Investment Thesis Recap:

Chorus' shares remain well below year-ago levels following the onset of COVID-19, despite its CPA with Air Canada (AC-TSX: C$18.57 | BUY, C$25.00) holding steady and its leasing portfolio showing signs of stabilization. Following its Q3 results, which featured EBITDA that was broadly in line with expectations but with higher interest costs as it shores up near-term liquidity, we see the company's cash flow improving into 2021, which should help re-inflate the stock. We see the current timing as ideal for investors to consider tax-optimized selling of Chorus shares – which include a substantial amount of retail ownership – and to rebuild their positions leading into the new year as the medium-term outlook for regional and domestic aviation outshines international-focused peers. We rate Chorus a BUY as we believe the company's stabilizing liquidity, improving cash flow, growth opportunities with Air Canada, and leasing business for narrow-body jets suggest potential to outperform its mainline peers. Our $5.00 target price reflects ~8x EPS on our NTM estimates, one year out (September 2022).

Upcoming Potential Catalysts:

We view the following items as catalysts for CHR shares:

1. **Improving cash flow.** After undertaking several measures to manage its near-term liquidity since March, the company currently holds $218M in liquidity and expects only limited, equity-based net investment in new aircraft. In addition, the company's working capital build is expected to reverse after CPA and lease deferrals begin to collect over the coming months, and the company is forecasting much lower 2021 capex over 2020 levels.
2. **CPA with Air Canada remains solid.** As the biggest share of the company's cash flow, the CPA with Air Canada has been a key watch item as the mainline carrier has recently cut routes and closed certain airports and stations among its cost-saving measures during the pandemic. The CPA remains largely unchanged through the pandemic, and the company expects to add leasing revenue from six new aircraft entering the fleet, offsetting the contractual decrease in fixed-margin payments in 2021.
3. **Stabilization in lease portfolio.** To date, three lessees accounting for 13 aircraft have cancelled their leases and returned affected aircraft. However, since Q2 no new carriers have filed for creditor protection, and the company is seeing improved collections on existing leases (~50% in Q3 and 58% in October vs. 28% in Q2). The company sees Q3 as a baseline, assuming no other lessees face bankruptcy, and we expect improving cash flow as it gradually collects from its deferred leases, along with additional profitability through its three new A220s arriving by end of 2020.

Near-term Trade Opportunity:

While the company's shares have posted a recent rally driven by speculation on a potential acquisition and hopes for a COVID-19 vaccine, we could see investors take advantage of the tax-loss selling before re-building positions in the stock after what is expected to be a quiet holiday travel season. As the aviation sector finds its footing, we see domestic and regional-focused carriers recovering ahead of their mainline peers.

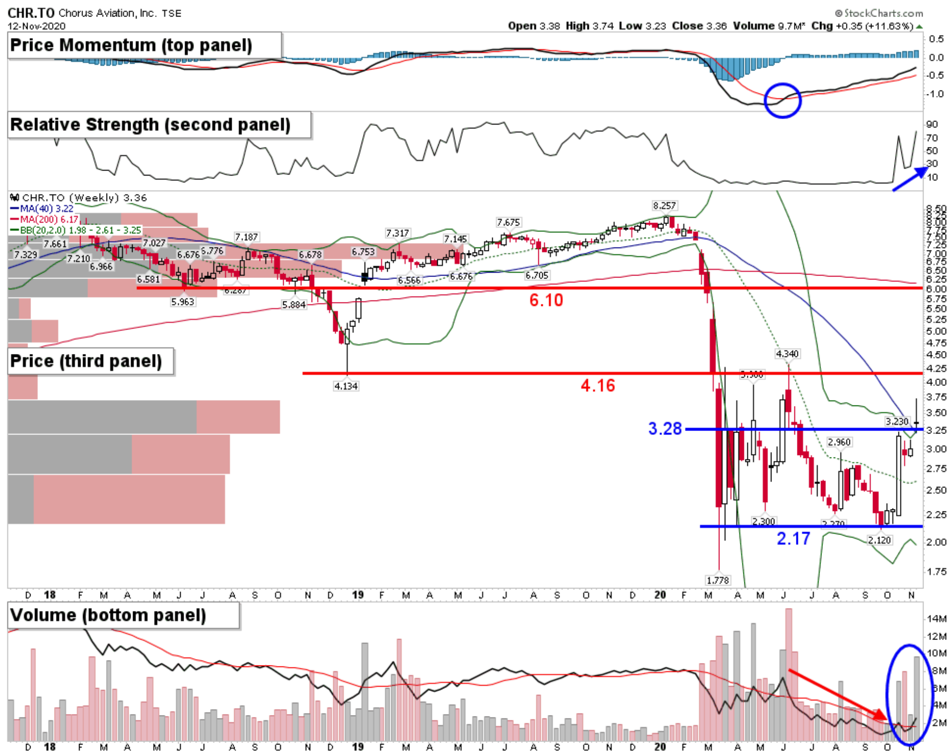
Valuation

Chorus trades at 5.6x NTM consensus EPS, with leasing companies currently at 10.5x and MRO comps trading at >42x.

Technical Overview - CHR

The technical profile of **CHR** suggests the stock is a good candidate for tax-loss buying as the following four technical positives are developing which are supportive of further upside: 1) strengthening Price Momentum (see top panel); 2) Relative Strength versus the TSX Composite is reaccelerating (see second panel); 3) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel); and 4) Volume is showing signs of accumulation (see bottom panel).

Figure 1: CHR - Weekly (3-Years)



Source: StockCharts.com, Canaccord Genuity Research

- <u>Top Panel: Price Momentum (MACD)</u> – The stock remains on a weekly "mechanical buy" signal, a technical positive (see blue circle).
- <u>Second Panel: Relative Strength (SCTR)</u> – Relative strength versus the TSX Composite is reaccelerating, another technical positive (see blue arrow).
- <u>Third Panel: Price</u> – First resistance is near 4.16, followed by 6.10. Important resistance is near the 4-year (200-week) moving average, currently at 6.17. First support is near 3.28, followed by the 40-week moving average, currently at 3.22. Important support is near 2.17 and this is where we would limit any risks on new positions.
- <u>Bottom Panel: Buying/Selling Pressure (OBV)</u> – On-Balance-Volume has been trending lower, a technical negative (see red arrow). However, Volume is showing signs of accumulation, an early technical positive (see blue circle).

Canaccord Genuity Capital Markets

Canadian Equity Research

Tax-Loss Selling

SNC-Lavalin Group Inc.

Engineering and Construction

Rating	Price Target
BUY	C$40.00
SNC-TSX	Price C$20.65

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Tax-loss selling could surface more attractive entry point

Recent Share Performance: Down 31.05% YTD; down 66.05% from three-year high.

Investment Thesis Recap: SNC is winding down its troubled lump-sum turnkey (LSTK) backlog. The projects that have caused the most volatility in results are scheduled for completion by Q2/2020, with the remaining three LSTK projects expected to be breakeven through completion in 2023. At that point, SNC will be a focused engineering services and project management company, expected to have a lower risk profile, better margins, and more predictable and growing FCF.

Upcoming Potential Catalyst: We do not see any potential catalysts before Q4/2020 is reported in March 2021.

Near-term Trade Opportunity: We believe SNC is a classic tax-loss selling candidate, which could push its already compressed 2.9x P/E (2021E) multiple even lower. We recommend that investors with a longer-term time horizon buy any ensuing share price weakness with an eye toward a potential 2021 earnings recovery catalyzing SNC shares.

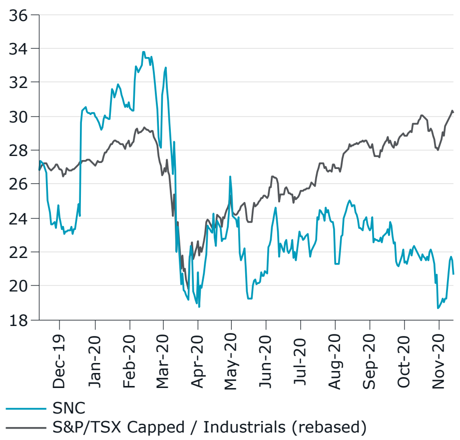
Market Data

52-Week Range (C$) :	17.50 - 34.36
Avg Daily Vol (M) :	583.7
Market Cap (C$M) :	3,625.2
Dividend /Shr (C$) :	0.08
Dividend Yield (%) :	0.4
Enterprise Value (C$M) :	3,942
Net Cash (C$M) :	(706.9)
ROIC (%) :	6.2

Note: The following table excludes Capital

FYE Dec	2019A	2020E	2021E	2022E
Sales (C$M)	9,253	8,116	8,000	7,866
EBITDA (C$M)	278.4	287.3	702.9	770.6
EPS (C$)	(0.87)	(0.23)	1.60	1.89
P/E (x)	(7.6)	(29.2)	4.2	3.5

Quarterly EPS	Q1	Q2	Q3	Q4
2019A	(0.08)	(1.71)	0.47	0.45
2020E	(0.02)A	(0.22)A	(0.03)A	0.04
2021E	0.32	0.33	0.44	0.51
2022E	0.43	0.41	0.48	0.57



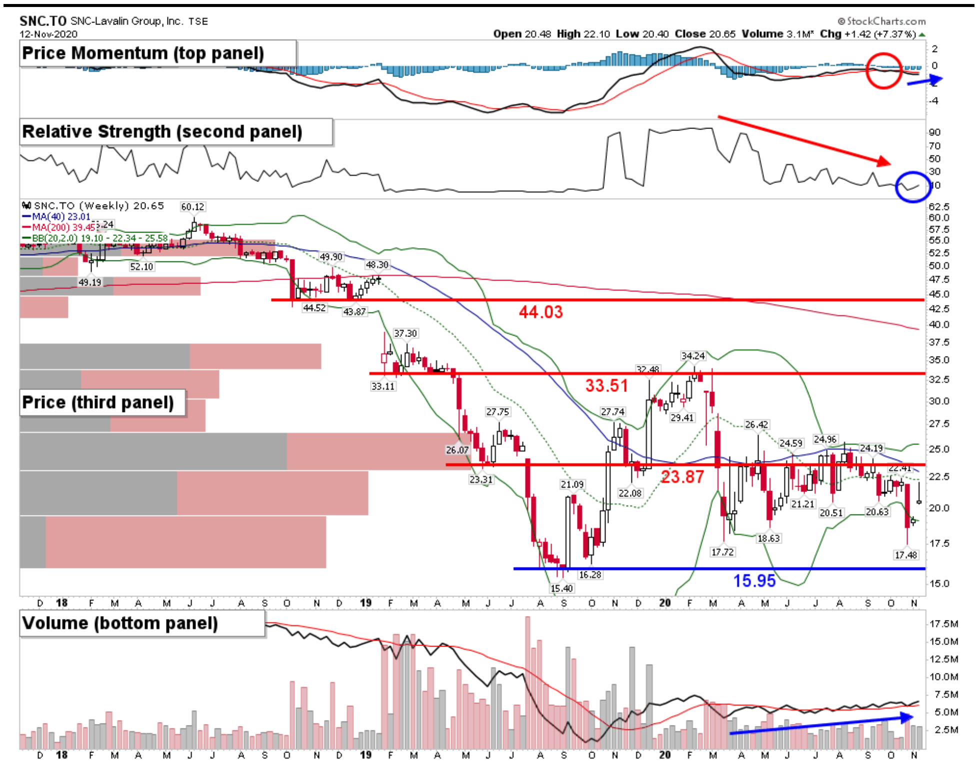
Source: FactSet

Priced as of close of business 12 November 2020

Technical Overview - SNC

The technical profile of **SNC** suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. However, the following three early technical positives are attempting to take hold: 1) Price Momentum is improving (see top panel); 2) Relative Strength versus the TSX Composite is turning up (see second panel); and 3) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 1: SNC - Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- <u>Top Panel: Price Momentum (MACD)</u> – The stock recently 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).
- <u>Second Panel: Relative Strength (SCTR)</u> – Relative strength versus the TSX Composite is turning up, another early technical positive (see blue circle).
- <u>Third Panel: Price</u> – First resistance is near the 40-week moving average, currently at 23.01, followed by 23.87. Important resistance is near 33.51, followed by the 4-year (200-week) moving average, currently at 39.45. First support is near 15.95, and this is where we would limit any risk on new positions.
- <u>Bottom Panel: Buying/Selling Pressure (OBV)</u> – Volume and On-Balance-Volume are showing signs of buying pressure, a technical positive (see blue arrow).

Canaccord Genuity Capital Markets

Tax-Loss Selling

Canadian Equity Research

Teck Resources Limited

Diversifieds

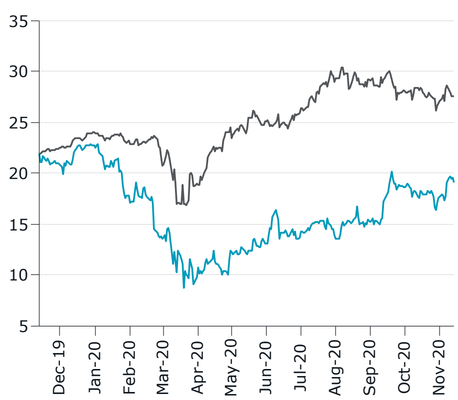
Rating	Price Target
BUY	**C$22.00**

	Price
TECK.B-TSX **TECK-NYSE**	**C$19.04**

Market Data

52-Week Range (C$) :	8.15 - 23.20
Avg Daily Vol (000s) :	2,565
Market Cap (C$M) :	8,943.7
Shares Out. (M) :	531.1
Net Debt (Cash) (C$M) :	5,458.0
Enterprise Value (C$M) :	16,531
Debt/Capitalization (%) :	18
NAV /Shr (C$) :	33.08
Net Debt/EBITDA :	1.29
P/NAV (x) (C$) :	0.51

FYE Dec	2020E	2021E	2022E
Coking Coal Production (000t)	21,200	26,300	26,700
Copper production (000t)	276	313	308
Zinc Production (000t)	577	605	605
Sales (C$M)	8,898	11,103	11,449
EBITDA (C$M)	2,434	3,964	4,221
Operating Cash Flow /Shr CFPS (C$)	2.46	5.74	5.56



TECK.B
S&P/TSX Global Mining Index (rebased)

Source: FactSet

Priced as of close of business 12 November 2020

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Coal-fired momentum creates a buying opportunity

Recent share price performance: Down 15% YTD; down 51% from three-year high.

Investment thesis recap: TECK struggled this year, weighed down by depressed coking coal and bitumen pricing, operating challenges in its largest business unit (Coal), and the suspension of construction at its large QB2 copper project in Chile. However, we believe all these factors are now reversing and that TECK is gaining operating momentum into year-end.

- The Coal segment should see margin improvement as structural operating changes coincide with what we expect to be an improving pricing environment.
- The cornerstone QB2 project is ramping up to a "new normal" (although the cost has been significant, at up to US$445 million).
- Copper production should improve in Q4 as the operating issues from Q3 are resolved, and
- Fort Hills should hit its stride in December as provincial production restrictions are removed.

As such, we believe TECK will report strong year-end results in February.

Upcoming potential catalyst:

Other than movements in the coking coal price, we do not expect any potential catalysts before year-end.

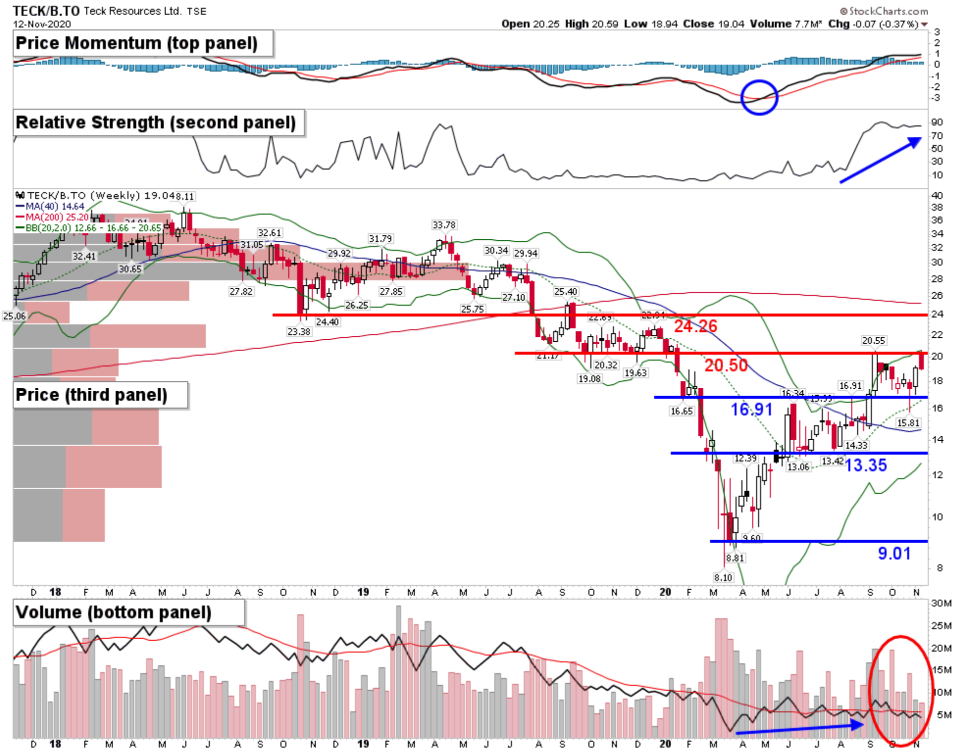
Near-term trade opportunity:

Despite the challenges in 2020, we continue to like TECK for its scale, commodity diversity, strong balance sheet and reasonable relative valuation. Our C$22.00/sh target price (based on an equal weighting of 5.5x ntm EBITDA and 0.50x NAV, both as at Oct 1, 2021) represents a 16% implied return over the next 12 months. We view any near-term pressure on the shares as a buying opportunity.

Technical Overview – TECK.B

The technical profile of **TECK.B** suggests the stock is a good candidate for tax-loss buying as the following three technical positives are developing: 1) strengthening Price Momentum (see top panel); 2) Relative Strength versus the TSX Composite remains in a strong uptrend (see second panel); and 3) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel).

Figure 1: TECK.B – Weekly (3-Years)



Source: Company Reports, Canaccord Genuity estimates

- Top Panel: Price Momentum (MACD) – The stock remains on a 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 – First resistance is near 20.50, followed by 24.26. Important resistance is near the 4-year (200-week) moving average, currently at 25.20. First support is near 16.91, followed by the 40-week moving average, currently at 14.64. Important support is near 13.35, then 9.01 and this is where we would limit any risk on new positions.
- 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 distribution, an early technical negative (see red circle).

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Company	Rating	Price	Target
Real Estate Investment Trusts			
AP.UN-TSX	Buy	C$38.79	C$45.00
D.UN-TSX	Buy	C$20.29	C$26.00
FCR.UN-TSX	Buy	C$14.71	C$16.00
REI.UN-TSX	Buy	C$16.30	C$17.50

Priced as of close of business 12 November 2020

YTD decline in REIT unit prices creates switch-trade opportunities to capture tax losses

RioCan REIT and First Capital REIT

- **Recent unit performance (RioCan REIT):** Down 40% YTD; down 42% from three-year high
- **Recent unit performance (First Capital REIT):** Down 29% YTD; down 34% from three-year high
- **Investment Thesis Recap:** Both First Capital and RioCan own high-quality retail portfolios. While FCR is largely grocery-anchored, RioCan also owns a number of power centres, with some exposure to enclosed malls (10% of revenue). In addition, both REITs have large (re)development pipelines, which we expect will drive growth in NAV and cash flow per unit over the long term. However, with significant exposure to categories of retail tenants that have been negatively impacted by lockdowns, including gyms, sit-down restaurants and movie theatres, there is risk that cash flow will decline over the next year if these tenants cannot return to profitability.
- **Upcoming Potential Catalyst:** As COVID-19 numbers decline, and there is an improvement in business conditions for challenged tenants, we expect investor sentiment toward retail properties should improve. While it is obviously difficult to confidently quantify the timing or magnitude, we believe there could be a material recovery in unit prices over the next 12-18 months.
- **Near-term Trade Opportunity:** RioCan and FCR provide investors with a relatively similar level of exposure to retail properties in Canada’s largest markets. Therefore, investors can realize a tax loss by selling units in either REIT while maintaining exposure to high-quality retail properties through acquiring units in the other REIT.

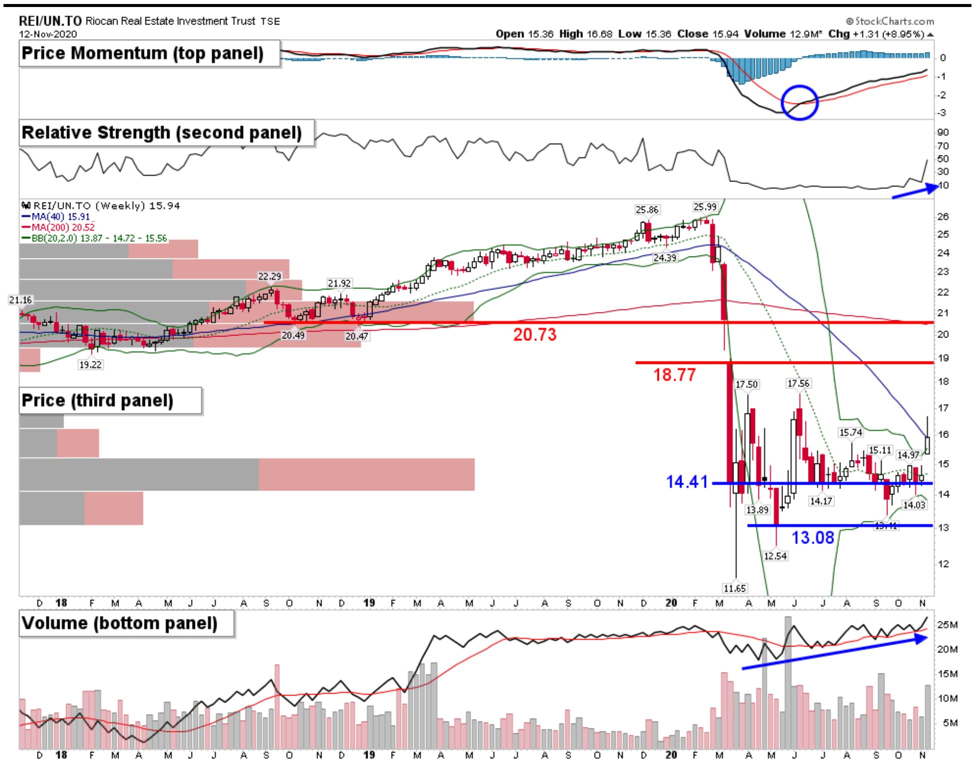
Dream Office REIT and Allied Properties REIT

- **Recent unit performance (Dream Office REIT):** Down 36% YTD and down 41% from its three-year high.
- **Recent unit performance (Allied Properties REIT):** Down 25% YTD and down 36% from its three-year high.
- **Investment Thesis Recap:** Dream Office owns a portfolio of office properties located largely in downtown Toronto, making it a near pure-play downtown Toronto office REIT (85% of fair value is located in this market). Allied Properties also owns a portfolio of high-quality office properties, but with greater geographic diversification. Its greatest exposure is to Toronto and Montreal, which collectively (along with, and to a much lesser extent, Kitchener and Ottawa) represent ~70% of NOI.
- **Upcoming Potential Catalyst:** We believe investors are assuming a significantly greater impact of ‘work from home’ than is likely over the medium term. Also, while vacancy rates will most likely increase further, Canadian office market fundamentals were quite strong heading into 2020 and are not likely to deteriorate significantly, in our view, even if the economy remains weak through 2021. However, neither of these issues is likely to be resolved in the near term. Therefore, we do not anticipate a dramatic near-term rally in office REIT unit prices.
- **Near-term Trade Opportunity:** Both Dream Office and Allied provide investors with exposure to office properties in Canada’s major urban centres. While Allied is more geographically diversified than Dream Office, it also benefits from lower leverage and a large development pipeline, as well as exposure to the data centre business, which is currently quite strong. Therefore, investors can realize a tax loss by selling units in either REIT while maintaining exposure to the highest-quality Canadian office REITs through acquiring units in the other.

Technical Overview – REI.UN

The technical profile of **REI.UN** suggests the stock is a good candidate for tax-loss buying as the following four technical positives, which are supportive of further upside, are taking hold: 1) strengthening Price Momentum (see top panel); 2) Relative Strength versus the TSX Composite is reaccelerating (see second panel); 3) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel), and 4) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 1: REI.UN - Weekly (3 Years)



Source: StockCharts.com, Canaccord Genuity Research

- <u>Top Panel: Price Momentum (MACD)</u> – The stock remains on a weekly "mechanical buy" signal, a technical positive (see blue circle).
- <u>Second Panel: Relative Strength (SCTR)</u> – Relative strength versus the TSX Composite is trending higher, another technical positive (see blue arrow).
- <u>Third Panel: Price</u> – First resistance is near 18.77, followed by the 4-year (200-week) moving average, currently at 20.52. Important resistance is near 20.73. First support is near the 40-week moving average, currently at 15.91, followed by 14.41. Important support is near 13.08 and this is where we would limit risk on new positions.
- <u>Bottom Panel: Buying/Selling Pressure (OBV)</u> – Volume and On-Balance-Volume are showing signs of buying pressure, another technical positive (see blue arrow).

Technical Overview – FCR.UN

The technical profile of FCR.UN supports further upside, given the following four technical positives are developing: 1) strengthening Price Momentum (see top panel); 2) Relative Strength is reaccelerating versus the TSX Composite (see second panel); 3) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel), and 4) Volume is showing signs of accumulation (see bottom panel).

Figure 2: FCR.UN - Weekly (3 Years)

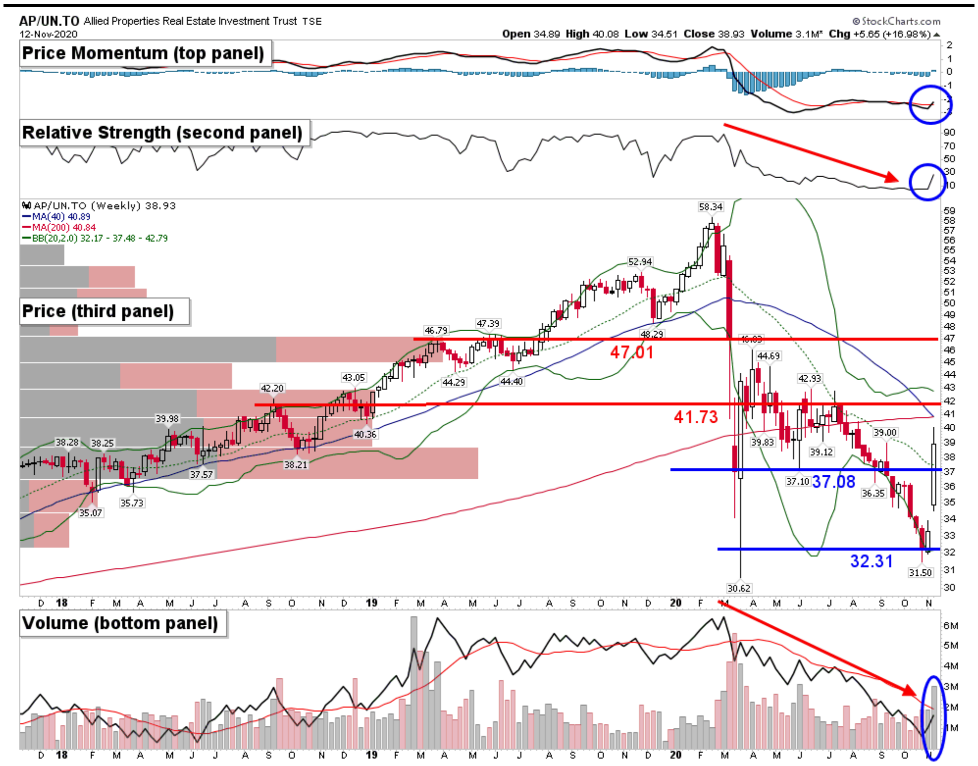
Source: StockCharts.com, Canaccord Genuity Research

- 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 – First resistance is near 15.41, followed by 17.04. Important resistance is near the 4-year (200-week) moving average, currently at 17.71, then 18.98. First support is near the 40-week moving average, currently at 14.11. Important support is near 11.65 and this is where we would limit any 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, an early technical positive (see blue circle).

Technical Overview – AP.UN

The technical profile of AP.UN suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. However, the following three technical positives are taking hold: 1) strengthening Price Momentum (see top panel); 2) Relative Strength is turning up versus the TSX Composite (see second panel); and 3) Volume is showing signs of buying pressure (see bottom panel).

Figure 3: AP.UN - Weekly (3 Years)



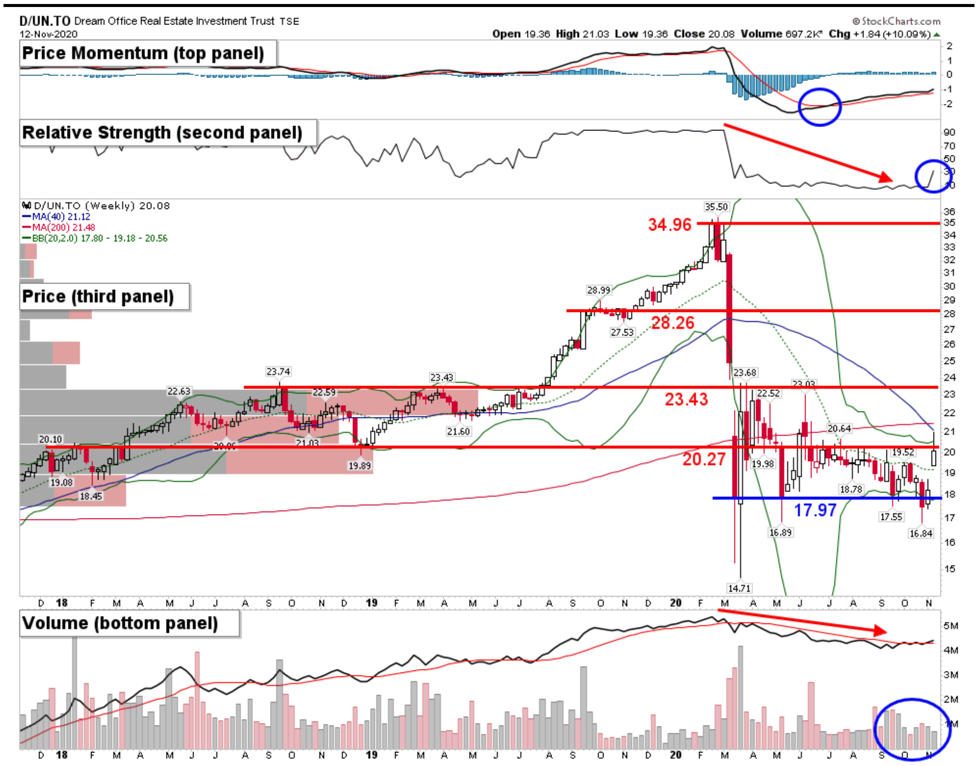
Source: StockCharts.com, Canaccord Genuity Research

- 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 turning up, an early technical positive (see blue circle).
- Third Panel: Price – First resistance is near the 200/40-week moving averages, currently at 40.84 and 40.89, respectively, followed by 41.73. Important resistance is near 47.01. First support is near 37.08. Important support is near 32.31 and this is where we would limit any 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, an early technical positive (see blue circle).

Technical Overview – D.UN

The technical profile of **D.UN** suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. However, the following three technical positives are attempting to take hold: 1) strengthening Price Momentum (see top panel); 2) Relative Strength versus the TSX Composite is turning up (see second panel); and 3) Volume is showings signs of accumulation (see bottom panel).

Figure 4: D.UN - 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).
- Second Panel: Relative Strength (SCTR) – Relative strength versus the TSX Composite is turning up, an early technical positive (see blue circle).
- Third Panel: Price – First resistance is near 20.27, followed by the 40/200-week moving averages, currently at 21.12 and 21.48, respectively. Important resistance is near 23.43, then 28.26. Important support is near 17.97 and where we would limit any 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, another early technical positive (see blue circle).

Celestica Inc.

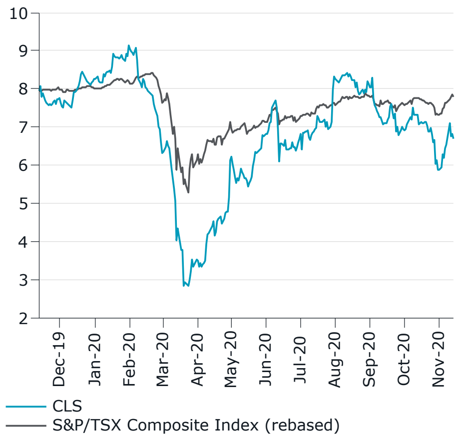
Manufacturing Services

Rating	Price Target
BUY	US$10.00
CLS-NYSE CLS-TSX	Price US$6.70

Market Data

52-Week Range (US$) :	2.63 - 9.29
Avg Daily Vol (000s) :	962
Market Cap (US$M) :	865.6
Shares Out. (M) :	129.2
Total Return to Target (%) :	65.6
Enterprise Value (US$M) :	917
Net Cash (US$M) :	(127.9)
Net Cash /Shr (US$) :	0.00

FYE Dec	2019A	2020E	2021E
Sales (US$M)	5,888	5,768	5,526
EBITDA (US$M)	268.9	299.7	274.4
EPS Adj&Dil (US$)	0.55	0.97	0.91
EV/Sales (x)	0.2	0.2	0.2
EV/EBITDA (x)	3.0	2.7	2.9
P/E (x)	11.1	6.2	6.7



Source: FactSet

Priced as of close of business 12 November 2020

Celestica is a Tier-1 Electronics Manufacturing Services provider to OEM customers in various sectors such as enterprise, industrial, and communications.

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Buying opportunity as JDM emerges

Recent Share Performance: Down 19.4% YTD; down 46% from three-year high

Investment Thesis Recap:

Celestica is an Electronics Manufacturing Services (EMS) provider to leading Original Equipment Manufacturing (OEM) customers globally. The company services high-complexity customers in communications, networking, aerospace, capital equipment, healthcare and industrial end markets. The higher-margin ATS segment has faced headwinds from the industrial segment and a challenged aerospace market in 2020, which is expected to carry through 2021. These headwinds compound a previously announced planned disengagement with Cisco, which is expected to drive revenue declines in 2021. We recently upgraded Celestica shares to BUY, given our view of improving margins as these factors roll off in 2021 and as a nascent JDM segment emerges. Revenue from the JDM business grew 90% YoY in the most recent quarter, with $600M revenue YTD. The JDM business is a sticky, high-margin offering that allows Celestica to go direct to larger buyers of white-label networking equipment such as hyperscalers. We expect the JDM business to become a more prominent element of quarterly reporting going forward. While we expect some growth will taper in 2021, given WFH tailwinds relenting, we see a sticky, growing, high-margin business in the mix, now accounting for 15% of revenue.

Upcoming Potential Catalyst:

We do not anticipate any catalysts between now and the new year. Celestica will report Q4 results in Feb/Mar. Celestica has highlighted the preference for debt paydown in the near term as a key cash priority; however, we do not rule out the possibility for smaller M&A transactions through to the end of the year.

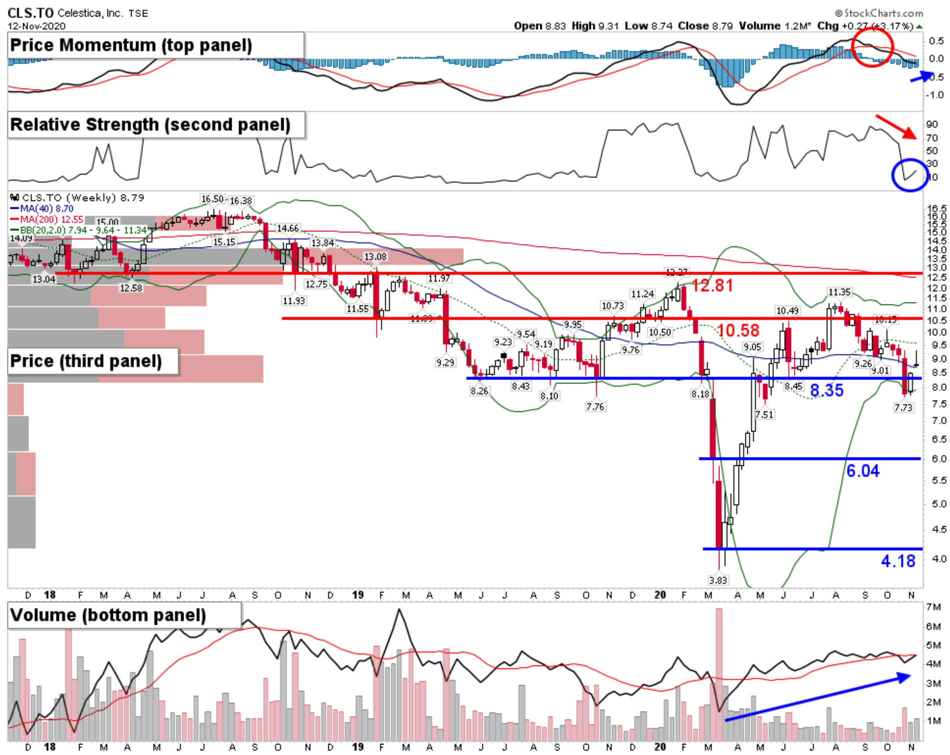
Near-term Trade Opportunity:

In the absence of any near-term catalysts and with revenue declines in 2021 as the company laps the disengagement with Cisco, we could see further pressure through year-end from tax-motivated selling. We believe the stock may have already bottomed. We continue to view Celestica shares favourably on a fundamental basis and highlight the current stock price below Tangible Book Value, which we estimate is $7.49. We would view any near-term pressure on the shares as a buying opportunity.

Technical Overview - CLS

The technical profile of **CLS** suggests the stock is a good candidate for tax-loss buying as the following four technical positives support an improving technical profile: 1) Price momentum is improving (see top panel); 2) Relative strength is attempting to turn up versus the TSX Composite (see second panel); 3) Intermediate-term trend is up as the stock is trading above the 40-week moving average (see third panel); and 4) Volume and On-Balance-Volume are showing signs of buying pressure (see bottom panel).

Figure 1: CLS - 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 turning up, another early technical positive (see blue circle).
- Third Panel: Price – First resistance is near 10.58, followed by the 4-year (200-week) moving average, currently at 12.55. Important resistance is near 12.81. First support is near the 40-week moving average, currently at 8.70, then 8.35. Important support is near 6.04, followed by 4.18 and this is where we would limit any 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).

Canaccord Genuity Capital Markets

Canadian Equity Research

Tax-Loss Selling

Shaw Communications Inc.

Telecommunications

Rating	Price Target
BUY	C$28.50
SJR.B-TSX SJR-NYSE	Price C$22.71

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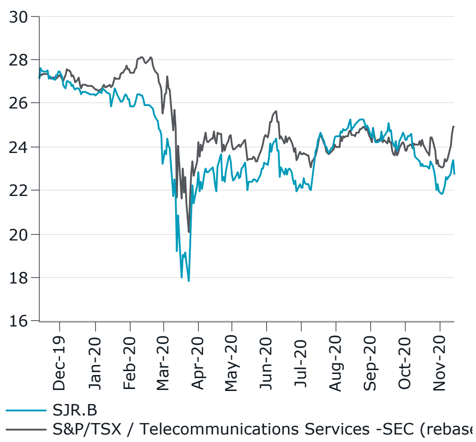
Upside in wireless and H2/21 recovery in wireline can re-strengthen stock

Market Data

52-Week Range (C$) :	17.77 - 27.69
Avg Daily Vol (000s) :	1,082
Market Cap (C$M) :	13,666.2
Dividend /Shr (C$) :	1.19
Dividend Yield (%) :	5.2
Shares Out., Basic (M) :	513.0
Total Return to Target (%) :	30.7

FYE Aug	2020A	2021E	2022E
EBITDA[1] (C$M)	2,391	2,402	2,482
EV/EBITDA (x)	7.2	7.0	6.6
Recurring EPS Basic (C$)	1.32	1.27	1.43
P/E (x)	17.2	17.9	15.8
FCF /Shr (C$)	1.45	1.55	1.56
FCF Yield (%)	6.4	6.8	6.9

[1] : Pro forma ex-ViaWest and Shaw Tracking



Source: FactSet

Priced as of close of business 12 November 2020

Shaw is a Western Canadian based cable operator and wireless carrier in the provinces of BC, AB and ON. It also provides national satellite TV services.

Recent share price performance: Shaw's share price is down 14% YTD; 25% down from its three-year high.

Investment thesis recap: We are constructive on Shaw due to a) the longer-term upside in wireless, particularly as Shaw Mobile ramps up; and b) the prospect of better wireline metrics later in F2021. In addition, the company has a strong balance sheet with an attractive dividend yield on rising FCF levels.

- **Wireless strength should emerge as promotional intensity eases:** Although the near-term visibility remains blurry, we remain bullish on Shaw's wireless business longer-term, particularly given the value proposition in the West under Shaw Mobile. However, the still heavy promotional environment does threaten to create near term volatility in both subs and pricing. Longer-term, we expect Shaw to win an increasing share of the Western wireless market, driving sustained double-digit EBITDA growth and improving FCF.
- **Wireline trends likely to recover in H2:** The material weakness in cable sub trends, in particular internet, remains the key negative in the Shaw investment thesis, and a primary reason for the underperformance of the stock in 2020. However, with the recent signs of easing promotional activity in wireline in the West and Shaw's bundling efforts through Shaw Mobile, we believe that some positive trends would start to emerge in H2/21. From our perspective, a return to 25-30% share would be a major positive for the stock, one that can potentially re-rate SJR.b upwards materially.
- **FCF another positive:** With FCF consistently beating expectations in recent years, we are now calling for a further 7.6% y/y increase off the 39% increase in F2020. With the company seemingly comfortable with the current capex envelope, which has decreased from $1.4B in F2018 to $1.1B by F2020, and now guided to be $1B in F2021, we believe FCF will emerge as a strong element of the Shaw thesis. This is particularly the case given the balance sheet at 2.3x net debt/EBITDA.

Potential Catalyst for the stock: While concerns around wireless sub trends would likely result in continued pressure through early 2021, we expect to see a recovery in the stock later in the year, driven by stabilizing wireline and a renewed growth wave in wireless sub growth. A possible return to dividend growth, which we think is a genuine possibility late in 2021, could further improve sentiment around the stock.

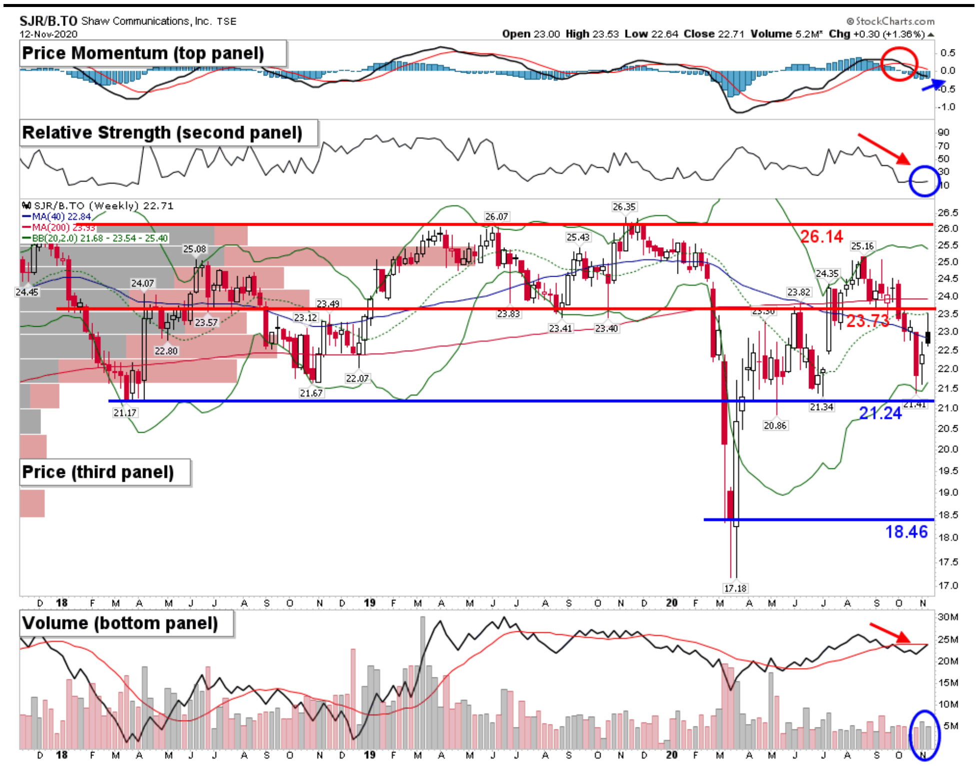
Near-term trading opportunity: While we do expect a recovery in wireline later in F2021, and wireless strength should also pick up in H2, it is possible that its January quarter (Q2/21) could see further weakness in terms of internet sub trends. We believe this can create an opportunity from a buying perspective.

Target at $28.50, representing ~31% upside: Our target represents a blended multiple of 7.8x EV/EBITDA 2022E, with wireless translating to 14.2x 2022E (through a DCF) and 6.5x for cable.

Technical Overview – SJR.B

The technical profile of SJR.B suggests the stock is a good candidate for tax-loss selling as the stock remains below the 40-week (200-day) moving average, confirming the intermediate-term price trend is down, a strong technical negative. However, the following three technical positives are attempting to take hold: 1) improving Price Momentum (see top panel); 2) Relative Strength attempting to turn up versus the TSX Composite (see second panel); 3) Volume is showing signs of accumulation (see bottom panel).

Figure 1: SJR.B - Weekly (3 Years)



Source: Source: StockCharts.com, Canaccord Genuity Research

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- Second Panel: Relative Strength (SCTR) – Relative strength versus the TSX Composite is turning up, another early technical positive (see blue circle).
- Third Panel: Price – First resistance is near the 50-day moving average, currently at 22.84, then 23.73. Important resistance is near the 4-year (200-week) moving average, currently at 23.98, followed by 26.14. First support is near 21.24. Important support is near 18.46 and this is where we would limit any risks 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 accumulation, another early technical positive (see blue circle).

Appendix 1: Quantitative Review – Tax-loss selling stocks

Figure: Momentum and Quest® triAngle Scores

M-Score Data Updated: November 13, 2020

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)
Teck Resources Limited Class B	TECK.B-CA	69	25	19	25	1	2	2
Celestica Inc.	CLS-CA	56	18	21	17	4	4	1
CI Financial Corp.	CIX-CA	55	23	21	11	4	4	1
Gildan Activewear Inc.	GIL-CA	54	15	16	23	1	2	2
TORC Oil & Gas Ltd.	TOG-CA	53	23	19	11	4	1	1
SNC-Lavalin Group Inc.	SNC-CA	51	25	19	8	1	4	1
Knight Therapeutics, Inc.	GUD-CA	51	19	20	13	4	1	4
Secure Energy Services Inc.	SES-CA	49	24	12	13	1	1	2
Chorus Aviation Inc.	CHR-CA	48	16	21	11	4	2	2
Antibe Therapeutics, Inc.	ATE-CA	45	19	16	11	3	1	2
Diversified Royalty Corp.	DIV-CA	45	18	13	14	1	2	2
Shaw Communications Inc. Class B	SJR.B-CA	45	17	16	11	1	4	1
Bonterra Energy Corp.	BNE-CA	45	22	13	11	1	1	2
HLS Therapeutics, Inc.	HLS-CA	43	16	17	10	3	1	3
First Capital Real Estate Investment Trust	FCR.UT-CA					1	1	2
Dream Office Real Estate Investment Trust Class A	D.UT-CA					4	1	2
Onex Corporation	ONEX-CA					4	1	2
RioCan Real Estate Investment Trust	REI.UT-CA					4	1	2
Allied Properties Real Estate Investment Trust	AP.UT-CA					4	1	2

Source: Canaccord Genuity Research, Canaccord Genuity Quest®

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Investment Recommendation

Date and time of first dissemination: November 16, 2020, 21:48 ET

Date and time of production: November 16, 2020, 21:48 ET

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Rating	Coverage Universe		IB Clients
	#	%	%
Buy	547	62.51%	55.76%
Hold	163	18.63%	39.26%
Sell	9	1.03%	33.33%
Speculative Buy	135	15.43%	79.26%
	875*	100.0%	

*Total includes stocks that are Under Review

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