Volume 3 DECEMBER 2020

LAURENTIAN BANK SECURITIES

Preferred PICKS 2021

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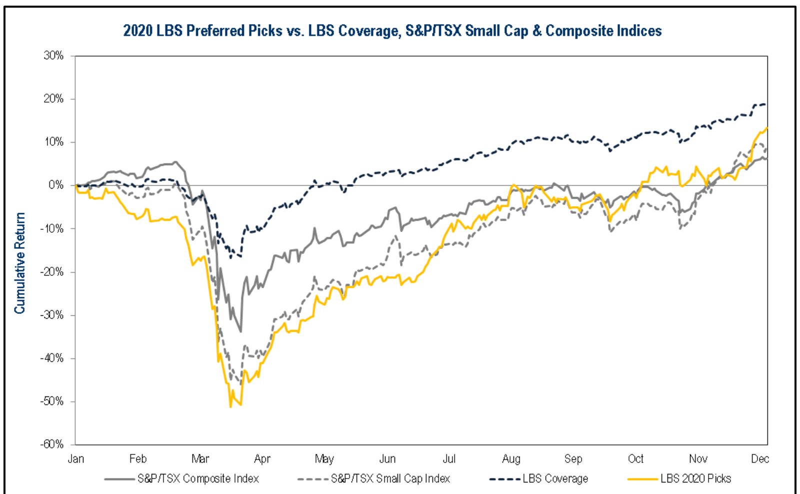
2021 LBS Top Picks

Our Annual Institutional Equity Preferred Picks report summarizes our best investment ideas for 2021 as well as our outlook for each sector in the Laurentian Bank Securities coverage universe.

Year to date, LBS' 2020 Preferred Picks returned 13.5% (equal-weighted), outperforming the TSX Composite and Small Cap indices by 7.1% and 4.2%, respectively, aided by a sharp recovery post-March and our exit from the Oil & Gas (O&G) sector in May. Our picks for 2020 were Altius Minerals Corporation (ALS-T), Argonaut Gold Inc. (AR-T), Aurora Cannabis Inc. (ACB-T), Boyd Group Income Fund (BYD-T), Extendicare Inc. (EXE-T), Marathon Gold Corporation (MOZ-T), PetroShale Inc. (PSH-V), TECSYS Inc. (TCS-T), TFI International Inc. (TFII-T) and Whitecap Resources Inc. (WCP-T). Among these, supply chain management (SCM) solution provider TECSYS generated the highest return (YTD total return of 118.2%) particularly buoyed by the increasing importance of SCM in a pandemic-induced environment, followed by Marathon Gold, which returned 65.8% YTD and strongly outperformed the S&P TSX Global Gold Index, which returned 19.5% over the comparable period. **Our coverage universe returned 19.3%, generating a positive alpha of 10.1% vs. the TSX Small Cap index.** Our Preferred Picks and coverage universe outperformance relative to the Small Cap index demonstrates our continued ability to build a basket of fundamentally strong and high-potential early stage companies. However, our Preferred Picks underperformed against our coverage universe by 5.9%, particularly due to our negative O&G exposure in 1H/20.



Note: LBS Coverage, S&P /TSX Composite and S&P/TSX Small Cap indices are capitalization-weighted and include dividends. LBS picks are equal weighted and include dividends. 'Top Pick' ratings are reported as 200% of returns plus dividends. 'Buy' ratings reported as 100% of returns plus dividends, 'Hold' ratings are not considered in the return calculation and 'Reduce' ratings reported as -100% of returns plus dividends; LBS coverage does not include discontinued companies.
Source: Thomson Reuters Eikon; LBS.

As we enter 2021 with the world still reeling from the effects of COVID-19, we are witnessing a "survival of the fittest", where businesses focusing on fundamentals and generating efficiencies are potentially witnessing further growth opportunities ahead as laggards lose out. Similarly, our basket of Preferred Picks is generally defined by companies with sound business models, healthy balance sheets (with M&A consolidation remaining a key catalyst) and positive organic growth.

Sector	Analyst	Company	Ticker	Rating	Risk Rating	Mkt Cap (M)	Price	Target	Div. Yield	1-yr RoR
Diversified	Nauman Satti	NFI Group Inc.	NFI-T	Buy	High	$1,442	$23.07	$26.00	3.7%	16.4%
Diversified Technology	Nick Agostino	mdf commerce inc.	MDF-T	Buy	High	$241	$10.60	$13.25	0.0%	25.0%
Industrials (Transportation and Infrastruture)	Mona Nazir	SNC-Lavalin Group Inc.	SNC-T	Buy	Medium	$3,983	$22.69	$31.50	0.4%	39.2%
Mining (Gold & Services)	Ryan Hanley	Major Drilling Group International Inc.	MDI-T	Buy	High	$518	$6.42	$9.00	0.0%	40.2%
Mining (Gold)	Barry Allan	Marathon Gold Corporation	MOZ-T	Buy	High	$586	$2.82	$5.75	0.0%	103.9%
Mining (Base & Precious Metals)	Jacques Wortman	Galway Metals Inc.	GWM-T	Buy	High	$187	$1.12	$2.25	0.0%	100.9%
Real Estate Investment Trusts	Yashwant Sankpal	InterRent REIT	IIP.UN-T	Buy	Medium	$1,960	$13.85	$17.25	2.4%	26.9%
Special Situations	Furaz Ahmad	Converge Technology Solutions	CTS-V	Buy	Medium	$490	$3.86	$5.75	0.0%	49.0%

T - Toronto Stock Exchange, V - TSX Venture Stock Exchange

Pricing as of December 10, 2020 unless otherwise indicated

Source: Thomson Reuters Eikon, LBS

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INSTITUTIONAL EQUITY

All pricing as of December 10, 2020 unless otherwise indicated.

DIVERSIFIED

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Our preferred pick is NFI Group Inc. (NFI-T). NFI is well-positioned to benefit from a secular shift towards electric vehicles from its zero-emission bus & coach offerings. Unlike most other EV plays that have a greater risk of execution, NFI offers downside protection from: 1) its well-established client relationships, and 2) its platform-agnostic offering of traditional internal combustion engine (ICE) vehicles alongside EVs. We believe NFI will continue to benefit from new policy initiatives around carbon-emissions which should accelerate the replacement cycle for transit buses. Furthermore, in our view, the company's EV opportunity is not fully reflected in the stock price.

Trend is Your Friend: Favorable Policy Initiatives for the Sector

We believe the entire supply chain involved in electric vehicle manufacturing should benefit from policy changes that are happening at government and shareholder levels. We highlight some of the key trends in this market:

- **Reducing carbon-emission top of political agenda.** Although buying decisions for transit buses and coaches are driven by "total cost of ownership", increasingly the focus is shifting to "benefits to the environment", which should drive legislation that will require zero-emission vehicles (ZEV) even at higher costs. We believe this has now become an important factor for political constituents which are translating to policy changes. In the U.S., 14 States have set a target for ZEV to be 30% of all new vehicle sales by 2030 and all new sales to be ZEV by 2025.

- **Government coffers incentivizing the change.** In the U.S., the government extended its previous US$25B CARES Act transit funding by another year to Dec. 2020, while introducing a draft legislation for a new "Invest in America Act" with US$494B of infrastructure spending, tilted towards green initiatives. In Canada, the Infrastructure Bank's growth plan has $1.5B of financing allocated to the adoption of electric buses and its related infrastructure. The Throne speech by the government also pushed for green initiatives and expects to bring forward legislation for Canada's 2030 climate goals with the ultimate goal of net-zero emissions by 2050. Furthermore, the Liberal party has pledged to work with provinces to fund 5,000 new zero-emission buses over the next five years, signaling a favorable policy for electric buses. In the U.K, the government has introduced a £5.1B funding plan for a National Bus Strategy. We believe these incentives should result in faster adoption of EVs.

- **Shareholders ask for ESG.** Recent market commentary especially from the largest money managers such as Black Rock highlights that a large number of investors are increasingly focused on climate change. We believe companies such as NFI which are helping in the transition should gather more attention from institutional flow of money.

Apart from EV players that have had a successful SPAC offering — such as Arrival (NASDAQ: NERV), Fisker (NYSE: Fisker), Lordstown Motors (NASDAQ: RIDE), Nikola (NASDAQ: NKLA), Green Power Motor Company (Canadian Ventures Exchange: GPV-V), and Lion Electric (NYSE: LEV) — we highlight below some of the industries/companies within the supply chain that will contemporaneously benefit from such a secular shift.

- **Auto-part manufacturers.** Firms such as Exro Technologies (Canadian Venture Exchange: EXRO-V) that provides inverter to electric vehicles or Exco Technologies (TSX: XTC) that provides innovative technologies for passenger vehicles should benefit from an acceleration in transition to electric vehicles.

- **Clean energy infrastructure.** One of the bottlenecks in the eco-system of electric vehicles remains charging and fuel infrastructure. NFI has introduced "Infrastructure Solutions" alongside its EV offerings to help transit agencies but we believe white space remains for battery, hydrogen, CNG, and RNG charging infrastructure which is being explored by some new players such as Greenlane Renewables (Canadian Venture Exchange: GRN-V).

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Nauman Satti, MBA, CFA | DIVERSIFIED

NFI Group Inc.
(NFI-T – $23.07)
Buy – Target Price: $26.00

Company Profile

NFI Group is a manufacturer of transit buses and motor coaches, based in Winnipeg, Manitoba, Canada. The company has also ventured into the electric bus market with its products being used by multiple transit agencies. NFI Group also provides aftermarket services to the bus and motor coach industry. The company operates under the following brands: New Flyer, Alexander Dennis, ARBOC, MCI, NFI Parts, Carfair, and Plaxton.

Source: BigCharts.com

Market and Company Data

Ticker	NFI-T	**Shares O/S (M)**	62.5
Rating	Buy	**Market Cap (M)**	C$1,442
Risk	High	**Float O/S (M)**	54.6%
Price	C$23.07	**Float Value (M)**	C$787
1-Yr Target	C$26.00	**Avg Daily Volume**	325,979
Dividend	3.7%	**Enterprise Value (M)**	C$3,235
1-Yr ROR	16.4%		
52 Wk High-Low	C$9.12 - C$33.94	**Year-End**	Dec
BVPS	$9.63	**Net Debt/Cap**	65%
Valuation	8.0x EV/EBITDA (2022)	**Next Reporting**	Mar 2021

Adj. EPS (FD)

	Q1		Q2		Q3		Q4		Annual	P/E
2018A	$0.57	A	$0.82	A	$0.57	A	$0.70	A	$2.67	6.7x
2019A	$0.26	A	$0.42	A	$0.24	A	$0.72	A	$1.64	10.8x
2020E	($0.01)	A	($0.97)	A	$0.09	A	$0.18	E	($0.71)	N/A
2021E	$0.15	E	$0.01	E	$0.18	E	$0.21	E	$0.55	32.1x
2022E	$0.28	E	$0.44	E	$0.44	E	$0.93	E	$2.10	8.5x

Adjusted EBITDA ($M)

	Q1		Q2		Q3		Q4		Annual	EV/EBITDA
2018A	$74	A	$91	A	$70	A	$80	A	$315	7.9x
2019A	$60	A	$81	A	$77	A	$104	A	$322	7.7x
2020E	$56	A	($24)	A	$61	A	$63	E	$155	16.0x
2021E	$61	E	$44	E	$58	E	$60	E	$224	11.1x
2022E	$65	E	$76	E	$74	E	$118	E	$333	7.5x

*All numbers in US, unless otherwise stated

Source: Company reports; Eikon; LBS.

A Seat at the EV Table

Investment thesis and rationale — Downside protected

Despite the recent stock run-up (up 32% since our initiation in Sept.'20), we remain bullish on the story based on NFI's strong position within the transit bus market, secular tailwinds for its EV offerings, and potential cost synergies and geographic expansion opportunities from its Alexander Dennis (ADL) acquisition. Meanwhile, the downside remains protected with US$4.5B in backlog, which reflects 12+ months of revenue.

Key catalysts — Potential for further multiple re-rating

We highlight below some of the factors that can trigger a multiple re-rating for NFI in the short- and long-term:

- A potential stimulus package in the near-term should provide fiscal support to federal agencies that are the single largest clients for NFI Group.
- In the medium- to long-term, the focus on zero-emission should increase from the new government in the U.S., which should accelerate the replacement cycle of transit buses.
- We believe that NFI's electric buses opportunity is not fully reflected in its stock price, especially when compared to the valuations of other electric truck & bus manufacturers such as Lion Electric (recent SPAC values it at US$1.9B), with limited to no revenues. A potential realization of NFI's undervalued EV offering can trigger a further multiple re-rating.

Valuation — Undervalued relative to peers

Our valuation of NFI is based on 8.0x 2022 EV/EBITDA, which is in-line with traditional auto manufacturers but at a substantial discount to specialty EV manufacturers such as BYD Company (23x 2022 EBITDA) and GreenPower Motor (54x 2022 EBITDA). We believe that as EV contributions in NFI's backlog increase from the current ~10%, NFI stock can see further multiple re-rating, which is why we remain bullish despite the recent stock rally. The company will hold its virtual investor day on January 11, 2021, following which we will revisit our investment thesis.

Key risks

We highlight three key risks to our investment thesis: 1) lack of fiscal support by governments towards transit agencies can increase the replacement cycle for transit buses; 2) NFI is undertaking a cost-saving initiative plan of US$65M+ in savings by 2023; an unsuccessful execution can lead to cost overruns and potential margin contraction; and 3) delays in reducing the leverage can hamper growth; Q3/20 covenant ratio at 4.17x.

DIVERSIFIED TECHNOLOGY

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Our preferred pick is mdf Commerce Inc. (MDF-T). In picking MDF we note strong underlying fundamentals with e-commerce usage in the retail market increasing from 16% pre-COVID to ~30% ending 2020, with industry experts suggesting a 60% adoption over the next years. We see this momentum as a tailwind for MDF's Unified Commerce division and model in growing contributions from its top-10-global-grocer win, Aldi, announced on December 14, 2020, along with follow-on wins in this market niche. We look for MDF to grow its market share in Strategic Sourcing both through organic growth fueled by increased government spending and through M&A in the U.S. market. Adding to this, we anticipate a recovery in retail omni-channel spending through the course of 2021 as vaccinations are completed, benefitting MDF's Supply Chain solutions. We expect the improved financial performance driven by the above along with on-going M&A and new partner announcements to fuel further multiple expansion, as we expect the current discount with MDF trading at 2.6x NTM EV/Sales vs. peers at 3.5x to close over time upon successful execution. MDF remains well-funded with >$36M in net cash, has a renewed credit facility and de-levered balance sheet to carry out its M&A strategy, and has strong revenue visibility with >$64M in ARR along with solid double-digit YoY MRR growth.

Cloud Multiples to Normalize while the Pandemic-Driven Acceleration Remains Sticky

In 2020, the onslaught of the pandemic allowed many digital assets (including cloud-based, SaaS models) to prove their worth as they helped facilitate work-from-home requirements and saw the world become much more reliant on "e-markets" which included strong adoption in e-health (WELL Health Technologies Corp.: WELL-T), e-commerce (mdf Commerce: MDF-T), e-learning (Docebo Inc.: DCBO-T) as well as the underlying assets to help facilitate the flow of goods on a global scale (Kinaxis Inc.: KXS-T; TECSYS Inc.: TCS-T; Descartes Systems Group Inc.: DSG-T). All of these companies benefitted from a multiple expansion to reflect the earnings growth through and post the pandemic, leading to strong double-digit share price appreciation in 2020. While the pandemic shone a spotlight on these companies, and in some cases accelerated marketplace adoption (healthcare, omni-channel, learning), we believe these higher adoption levels are sticky as the service offered becomes an essential fabric of today's digital age. That said, with vaccines rolling out through 2021, we expect multiples for many of these companies to return to normalized levels and have reflected this in our valuation multiples.

M&A Remained Resilient in 2020 and Should Pick Up in 2021

M&A has been at the forefront of the technology industry over the last few years, fueled by favourable stock valuations, growth multiple expectations and business-scale aspirations, despite the pandemic impact the overall activity has remained steadfast with 145 1H/20 deals, flat vs. the 150 deals in the 2H/19, but saw a pick-up in activity in Q3/20 on re-opening economies. We expect M&A to be an ongoing theme in our coverage universe with the likes of WELL-T, and an anticipated acceleration of activity from DSG-T and MDF-T as they both seek out strategic opportunities, and possibly activity from TCS-T. We also expect 5N Plus Inc. (VNP-T) to be more activity in the deal-making market, in particular through joint venture partnerships. In some cases the pandemic impacted deal activity with some companies, hindering their ability to conduct requisite in-person due diligence, thereby slowing or nullifying their activity in 2020; we highlight Savaria Inc. (SIS-T) as a good example. With a vaccine rollout underway, we look for M&A activity to pick up with these companies. In all cases we note these companies have strengthened their balance sheets in 2020, allowing them to be more active in 2021.

Cash Flow Growth to Continue, but at a Slower Pace

During 2020, solid organic growth and on-going acquisition synergies allowed companies in our coverage universe to post strong double-digit YoY CF and FCF growth, the exceptions being WELL and DCBO that are in hyper-growth mode. For 2021, we look for strong FCF growth (ex. w/c) to continue led by KXS-T (52%), TCS-T (21%), VNP-T (14%), SIS-T (8%) and DSG-T (1%). We expect both WELL-T and DCBO-T to move into positive territory on both EBITDA and FCF generation through 2021 while continuing to aggressively invest in growth. Similarly we expect MDF-T to be roughly flat YoY as it increases its near-term opex to drive organic growth in its operations and accelerate its FCF growth in the subsequent years as it gains scale leverage.

INSTITUTIONAL EQUITY

Nick Agostino, CFA, MBA, P.ENG. | DIVERSIFIED TECHNOLOGY

mdf Commerce Inc.
(MDF-T – $10.60)
Buy – Target Price: $13.25

Company Profile

mdf Commerce Inc. is a Montreal-based operator of e-business networks and a provider of e-commerce solutions. Through numerous separately branded platforms, the company offers procurement/publishing solutions (targeting governments and private corporations), online marketplaces in many market verticals (automotive, IT/telecom, electronics, wine and spirits, and jewelry), as well as SaaS business solutions. The company employs 520 individuals situated in nine locations, namely in North America.

Source: BigCharts.com

Market and Company Data

Ticker	MDF-T	**Shares O/S (M)**	22.7
Rating	Buy	**Market Cap (M)**	$241.1
Risk	High	**Float O/S (M)**	19.3
Price	$10.60	**Float Value (M)**	$204.9
1-Yr Target	$13.25	**Avg Daily Volume (K)**	91.5
Dividend	$0.00	**Enterprise Value (M)**	$204.5
1-Yr ROR	25.0%	**Control Blocks:**	
52 Wk High-Low	$12.00 - $2.22	*Mgmt. % Dir*	15.0%
Valuation	2.75x EV/Sales (F2022/23E	*Institutional*	36.0%
BVPS	$5.96	**Net Debt/Cap**	-31.6%
Year End	Mar. 31	**Next Reporting**	Mar-21

Sales

	Q1		Q2		Q3		Q4		Annual	EV/Sales
F2019A	$21.1	A	$20.3	A	$20.9	A	$20.8	A	$83.1	2.5x
F2020A	$20.2	A	$18.2	A	$18.1	A	$18.3	A	$74.9	2.7x
F2021E	$20.5	A	$20.8	A	$21.1		$21.8		$84.1	2.4x
F2022E									$90.0	2.3x

Adjusted EBITDA ($M)

	Q1		Q2		Q3		Q4		Annual	EV/EBITDA
F2019A	$5.3	A	$6.7	A	$5.5	A	$5.0	A	$22.6	9.0x
F2020A	$4.1	A	$4.1	A	$2.2	A	($0.9)	A	$9.6	21.4x
F2021E	$1.9	A	$2.4	A	$2.1		$2.1		$8.5	24.0x
F2022E									$9.8	20.8x

Source: Company reports; ThomsonONE; LBS estimates.

Pricing as of Dec. 14, 2020 intra-day.

2020 Was a Good Year for MDF; 2021 Should be Better

Investment thesis and rationale — Superior growth

With its focus on B2B (~82% of total sales), combining Unified Commerce (UC) and Strategic Sourcing, MDF targets a US$20.4B market growing at a combined ~11.5% CAGR over the next 3-5 years. 2020 was a transformative year with MDF strengthening its management team, revamping platforms, recapitalizing its balance sheet ($88M of liquidity), expanding its N.A. footprint and winning a competitive RFP in the U.K. to establish a European beachhead. With the pandemic as a tailwind, MDF enters 2021 with 14% quarterly sales growth, 11% MRR growth, a 76% recurring revenue stream with $64M in ARR. The company is also currently on-boarding two large wins, OTT HydroMet and a top 10 global European-based grocer, Aldi U.K. and Ireland, whose sizable contributions to MRR should start flowing through 2021.

Key catalysts — More deals and partnerships

Deals & Partnerships. In 2020, notable wins included NHS London Procurement (U.K.), The Canning Group (U.S.), and the Government of Newfoundland & Labrador. In UC, it won OTT HydroMet and a top-10 global grocer, Aldi U.K. and Ireland. We expect further wins in 2021 — especially in e-commerce — and additions to its partnership list (includes Logic, KPMG, Enavate). New/existing partners should aid sales growth.

M&A. Building off two successful transactions since new CEO Luc Filiatreault took the reins in Sept. 2019 (kCentric and Vendor Registry) and ongoing solid contributions from its earlier acquisition of Orckestra, we look for MDF to pursue more M&A in 2021 to bolt-on to its Strategic Sourcing platform, primarily targeting assets in the U.S., or possibly Europe (U.K.).

Valuation — Trades below peers

We value MDF shares based on 2.75x F2022/23 Sales. On a NTM EV/Sales, MDF trades at 2.6x, a discount to the peer blend of 3.5x. In Q2/F21, MDF posted adjusted organic growth (excl. B2C eMarketplace assets) of 13% vs. peer forward sales growth of 15%; similarly MDF posted LTM EBITDA margins of 7.2% vs. peers at 10.6%. We see further multiple expansion (to ~4x, aligning with peers) as MDF becomes a 40% sales growth + EBITDA margin performer.

Key risks

Economy. MDF relies on transactional activity within the omni-channel/e-commerce, retail and government procurement markets among other things, placing importance on a healthy economic environment.

M&A. As MDF targets sales of $250M over the next 4+ years, M&A will be a key contributor to this growth. As such, integration, accretion and market acceptance will be key factors in supporting its consolidation strategy.

MINING

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PRECIOUS METALS

Our preferred development pick is Marathon Gold Corp. (MOZ-T). Marathon is currently advancing its Valentine Gold project in west-central Newfoundland toward production. Given an unusually-high degree of asset quality, as well as its significant size, if the market does not recognize the underlying value of the project as near-term milestones are achieved, an established gold producer should.

Our preferred exploration pick is Galway Metals Inc. (GWM-V). A key thesis developed in 2020 was that the Jubilee, Richard, and George Murphy zones were part of one large mineralized system. An aggressive 2021 drill program is expected to further test these targets, culminating with a resource update. Given the exploration potential at Clarence Stream, GWM is a Preferred Pick for 2021.

MINING SERVICES

Our preferred mining services pick is Major Drilling Group International Inc. (MDI-T). Given our expectation that exploration spending should continue to increase due to depressed resource bases and increased levels of cash flow generation, along with the number & size of equity financings completed by exploration companies, we are adding MDI to our list of 2021 preferred picks. With its strong balance sheet & experienced management team, MDI remains well positioned to take advantage of increasing levels of demand for drilling services.

Precious Metals Have Been a Good Place to Be in 2020, Which Should Remain the Case Through 2021

2020 was a good year for bullion prices, and as a result, the entire sector enjoyed better valuations year-over-year as the gold price sought new highs. For 2021, we expect strong precious metal prices to prevail while the broader economy continues to struggle with the impact of a pandemic and the related low-interest rate environment which looks to further stimulate a recovery.

Strong Cash Flow Generation to Continue

A stronger gold price resulted in many non-producing companies being able to raise a significant amount of capital in order to fund exploration and development plans, while existing gold producers were able to generate record levels of free cash flow — all of which should combine to form a perfect storm of exploration activity in 2021, along with an opportunity for increased levels of M&A activity.

Good Capital Markets and Strong Cash Flow Generation is Putting Particular Pressure on Mining Services

Growing levels of cash flow generated by mining companies and an increase in the number & size of equity financings completed by exploration companies have both led to a rebound in exploration spending, particularly across Canada & the US. Unfortunately COVID-19 related restrictions resulted in some exploration programs being deferred in early 2020, and potentially through early 2021; however the emergence of a vaccine and what we expect will be loosening restrictions over the year ahead should lead to more aggressive exploration campaigns, particularly given the depressed reserve bases of both precious and base metal producers.

2020 a Strong Year for the Iron Ore Market, Despite COVID-19, and Ends with a Market 'Squeeze'

The P62 iron ore price is ending 2020 at 8-year highs, with a strong uptrend over the course of H2/20 coming as a result of continued strong demand for steel products in China, especially rebar. With Vale's new production guidance, Australian ports unable to complete maintenance activities until Q1/21, and concerns about additional cyclones, potential supply-side constraints contributed to the market squeeze and peak iron ore prices.

The Base Metal Complex has also Performed Very Well in 2020, Led by Copper

Higher base metal prices are associated with optimism regarding a global post-pandemic recovery. Copper recently reached a seven (7) year high, leading the entire base metal complex higher. That being said, we believe that current base metal prices are baking in a significant premium and could potentially pull back somewhat over the course of 2021 in order to better reflect underlying market fundamentals.

Marathon Gold Corporation
(MOZ-T – $2.82)
Buy – Target Price: $5.75

Company Profile

Marathon Gold Corp. is an advanced-staged development company focused on the 100% owned Valentine Lake Gold project located in west-central Newfoundland. The project consists of a very large land package of approximately 240 km^2 centered on 30 kms of strike length along the Valentine Lake Thrust Fault. In April 2020, a Pre-Feasibility Study (PFS) was released that illustrated a critical mass of gold resources in three separate gold deposit justifies advancing the project to a Feasibility Study (FS) level of assessment. An Environmental Impact Statement (EIS) was filed in September, 2020. There is a high probability that Marathon Gold's Valentine Gold Project grows further and becomes the largest gold mine in Atlantic Canada.

Source: BigCharts.com

Market and Company Data

Ticker	MOZ-T	**Shares-basic O/S (M)**	207.7
Rating	Buy	**Shares-FD (M)**	238.8
Risk	High	**Market Cap (C$M)**	$585.7
Price (C$)	$2.82	**Float O/S (M)**	207.7
1-Yr Target (C$)	$5.75	**Ave Daily Vol (K)**	263.8
Valuation Method	1.00 X NAVPS	**52-Wk High-Low (C$)**	$2.92-$0.71
NAVPS (C$)	$5.73	**Year-end**	December
Div. Yield	0.0%	**Next Reporting**	Feb, 2021
1-Yr ROR	103.9%	**Working Cap (C$M)**	$52.5

	2019	**2020E**	**2021E**	**2022E**
Gold Price (US$/oz)	$1,325	$1,725	$1,850	$1,850
Gold Prod'n (Koz)	0.0	0.0	0.0	0.0
Op. Cost (US$/oz)	$0	$0	$0	$0
EPS (C$/sh)	($0.03)	($0.03)	($0.03)	($0.03)
P/EPS	n.m.	n.m.	n.m.	n.m.
CFPS (C$/sh)	($0.03)	($0.02)	($0.03)	($0.03)
P/CFPS	n.m.	n.m.	n.m.	n.m.

Source: Company report; LBS estimates

About Building a Mine and Unlocking Value

Investment thesis and rationale — Unusually good quality

A high-quality asset in an excellent jurisdiction that should become Canada's next gold mine. The Valentine Gold Project is currently a 4.1 Moz resource in an established mining district of Newfoundland where a completed PFS indicates recovering 1.9 Moz over a 12-year mine life for an upfront capital cost of $272 million, generating an after-tax IRR of ~64% at the current gold price through the use of conventional open-pit mining and milling technology. Ongoing exploration continues to discover additional resources that could potentially add to the mine life. Marathon Gold is all about unlocking the value of an attractive gold asset.

Key catalysts — Near-term milestones

A number of near-term milestones are expected as the project is advanced to a production decision. A PFS was completed in April 2020, and in August 2020 a Feasibility Study was initiated for a targeted completion in H1/21, at which time a construction decision is expected. A 12-month permitting process was started in September 2020 with the filing of an Environmental Impact Statement (EIS), and ongoing exploration at site has continued – identifying additional mineralization outside of the defined resource base. In early 2021 an updated resource is expected, and by the middle of 2021 it is expected the true size and meaning of the Valentine Gold Project should be better established and understood.

Valuation — Expect a premium price

The Valentine Gold Project is of a size and quality that will have meaning for any established intermediate gold producer. Our valuation of the project is based on the project's net present value of discounted expected cash flow at a gold price of US$1,850/oz using input parameters of the PFS and the existing resource, and using a 6% discount rate. Given the low-risk jurisdiction and the excellent access to labour and services, **we believe the project should attract a premium valuation – either by capital markets and investors, and if not, by potential suitors with access to existing cash flow.**

Key risks — Risk of funding and building

The hurdles facing the project will be **the ability to fund the upfront capital costs to construct the mine, and the risks of actual construction**. However, given the project's quality, we anticipate the project will be built – if not by the existing management group who have the skill sets to do so, then by an existing gold producer. For a project at this stage of development, the Valentine Gold Project is in an enviable position compared to its peers given the project's size and location.

Major Drilling Group International Inc. (MDI-T – $6.42) Buy – Target Price: $9.00

Company Profile

Major Drilling International Ltd. is one of the world's largest drilling services companies, operating over 600 drill rigs which are primarily focused on the mining industry. The company maintains offices throughout North America, South America, Europe, Asia, and Africa, with its head office located in Moncton, New Brunswick. MDI was established in 1980 and has a wide array of experience not only geographically, but also in dealing with various drilling services which include both exploration and production drilling.

Source: BigCharts.com

Market and Company Data

Ticker	MDI-T	**Shares-basic O/S (M)**	80.6
Rating	Buy	**Shares-FD (M)**	82.8
Risk	High	**Market Cap (M)**	$517.7
Price	C$6.42	**Ave Daily Vol (M)**	0.24
1-Yr Target	C$9.00	**52-Wk High-Low**	$7.54-$2.26
Valuation Method	10.0x NTM EV/EBITDA	**Year-end**	April
		Next Reporting	March
Div. Yield	n/a	**Working Cap ($M)**	$153.3
1-Yr ROR	40.2%	**EV ($M)**	$510.2

	F2019	**F2020**	**F2021E**	**F2022E**
Revenue ($M)	$384.8	$409.1	$403.2	$497.3
EBITDA ($M)	$39.2	$48.4	$51.0	$77.5
EV/EBITDA	13.0x	10.5x	10.0x	6.6x
EPS ($/sh)	($0.23)	($0.88)	$0.10	$0.44
P/EPS	n/a	n/a	65.9x	14.7x
CFPS ($/sh)	$0.48	$0.59	$0.58	$0.88
P/CFPS	13.3x	10.9x	11.1x	7.3x

*All Figures in C$ unless otherwise noted.
Source: Thomson Eikon, Company Reports

Major Increases in Global Exploration Spending Expected

Investment thesis and rationale — Robust demand for drilling

We expect that demand for drilling services will continue to grow as higher levels of cash flow are generated by gold producers with depressed resource bases, while the number & size of equity financings completed by gold explorers has increased significantly when compared to prior years. Additionally, the recent rebound in base metal prices from their March lows should lead to growing exploration budgets from base metal producers, while base metal explorers have now also started to raise capital.

Key catalysts — Increased demand from all geographic regions

Through FQ2/21 activity in Canada & the US returned to pre-COVID levels, with growth stemming from an influx of demand from junior exploration companies. While this is positive, we believe that longer-term revenue growth and further upside will come from a rebound in activity throughout other regions (i.e. Central & South America as well as Asia-Africa) as countries in these areas emerge from COVID-19 related lockdowns, allowing companies to undertake more aggressive drill campaigns. Although no formal budgets have been released, MDI has indicated that some gold producers have already forecasted higher budgets for calendar 2021, while gold explorers continue to raise capital.

Valuation — Room for upside, particularly if demand persists

Despite our belief that demand should rise sharply, particularly given the increased amount of activity from gold producers & explorers while base metal producers should also be generating significantly higher levels of cash flow given a 45% to 70% increase in base metal prices from their March lows, our forecast modestly calls for a ~24% y/y increase in F2022 revenue. Additionally, we are forecasting adjusted gross margins of 25% in F2022. Should demand continue to increase, we believe that there is still ample room for pricing, and therefore margins, to increase as well. As a point of reference, for the quarter ending October 31, 2007 (FQ2/08), MDI realized adjusted gross margins of 35% on revenue of over $156M.

MDI maintains a strong financial position with $7.6M in net cash and $87M in total liquidity. Our $9.00 target price is based on 10x our EV/EBITDA projections over the next twelve months.

Key risks — In our opinion, labour is now the largest challenge

Aside from a sharp decline in commodity prices which would result in reduced exploration budgets, we believe the largest risk is related to labour. Costs to retain experienced drillers, as well as costs related to the recruitment and training of new drillers could put pressure on margins, although we currently expect this to be offset by pricing increases.

INSTITUTIONAL EQUITY

Jacques Wortman, MBA | MINING

Galway Metals Inc.
(GWM-V – $1.12)
Buy – Target Price: $2.25

Company Profile

Galway Metals Inc. is a Canadian exploration and development company focused primarily on advancing its 100% owned Clarence Stream project located in New Brunswick. In addition, GWM also holds a 100% interest in the Estrades VMS project in Quebec, and we expect management will start to raise market awareness of this asset in 2021. With a cash balance of ~$18 mm post a Jun/20 financing, GWM is well positioned to continue its aggressive 75,000 metre, 5-drill-rig exploration drilling program at Clarence Stream through to the end of 2021.

Source: BigCharts.com

Market and Company Data

Ticker	GWM-V	Shares - basic O/S (mm)	167.1
Rating	BUY	Shares - FD (mm)	181.1
Risk	High	Market Cap ($ mm)	$187.2
Price ($)	$1.12	Float O/S (mm)	140.6
1-Yr. Target ($)	$2.25	Ave Daily Vol	267,272
Valuation Method	1.0x NAV	52-Wk High-Low ($)	$2.09-$0.29
NAVPS ($)	$2.22	Year-end	December
Div. Yield	0.00%	Next reporting	April
1-Yr ROR	100.9%	Working Cap ($ mm)	$15.2

	F2019A	F2020E	F2021E	F2022E
Gold Price (US$/oz)	$1,387	$1,775	$1,850	$1,850
Gold Prod'n (koz)	0.0	0.0	0.0	0.0
Op. Cost (US$/oz)	nm	nm	nm	nm
EPS (C$/sh)	($0.05)	($0.06)	($0.08)	($0.08)
P/E	nm	nm	nm	nm
CFPS (C$/sh)	($0.05)	($0.06)	($0.08)	($0.08)
P/CF	nm	nm	nm	nm

source: Company reports, Refinitiv, LBS estimates

Clarence Stream — A Growing Resource; Quality Targets

Investment thesis and rationale — A quality project

In our view, the most significant development in 2020 for GWM at Clarence Stream was the ability to demonstrate the continuity of gold mineralization and the key thesis that the Jubilee, Richard and George Murphy zones were part of one mineralizing system. In large part, this feature contributed to increased market awareness and the ability to participate in the junior gold bull market in Q2 and Q3. As a result, GWM was able to complete a significant $17.4 mm equity financing in Jun/20. This financing facilitated an increase in the H2/20 and 2021 drill program, to a 5-rig, 75,000 metre drill program by the end of 2021. In our view, the aggressive 2021 drill program will be important for several reasons: 1) it will complete the new Q1/21 resource estimate, 2) it will allow GWM to further explore the potential of the recent discoveries, and 3) it will allow GWM to test new regional targets (geochemical/geophysical) that have seen little to no drilling historically.

Key catalysts — Proof of a new gold district

In 2021, we expect the following key catalysts to continue to demonstrate that Clarence Stream represents an important new gold district:

- New resource estimate: in the five (5) known zones we estimate a new inventory of ~1.4 mm ounces,
- Drill results: 1) We expect the Richard–George Murphy gap to continue to demonstrate good continuity of gold mineralization, and 2) Clarence Stream is rich in terms of near-zone and regional targets, with a focus on results from the 4+km soil anomaly SW of Jubilee, the Oak Bay – Tower Hill areas, North Zone extensions, Otter Lake NE of the South Zone, and anomalies 7 km S of GMZ.

Valuation — Potential commands premium valuation

We apply a C$225/oz valuation target multiple to our 1.4 mm oz resource estimate to reflect our view that: 1) the ounce count will increase in the five (5) known zones, and 2) the numerous other targets with strong indicators consistent with past discoveries – soil and till anomalies, boulder assays, geophysics – have the potential to yield new discoveries. We value Estrades at US$0.015/lb ZnEq resource. Adjusting for balance sheet items our NAV is $2.22/sh and we apply a 1.0x target multiple to NAV.

Key risks — An early-stage project

The key risk in GWM story is the early-stage nature of the projects, the amount of drilling required to advance them, and the associated exploration risk. That said, the continuity of mineralization to date at Clarence Stream reduces this risk. GWM is well financed to the end of 2021.

INDUSTRIALS

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Our preferred pick is SNC-Lavalin Group Inc. (SNC-T). Significant undervaluation and a solid baseline business drive our selection this year, despite bearish investor sentiment. It would be an understatement to say that SNC has experienced a challenge or two over the last 24 months. When we initially picked up this name to add to our existing E&C coverage, one key selling point was the valuation upside. Fast forward 3 years+, the stock is down 60% and challenges experienced by the company were never part of our wildest forecasts: significant misses in financial performance, retraction of annual guidance, exit from LSTK contracts after wide-spread losses, impairment charges, delays in achieving targeted results (FCF), DPA agreement/ litigation risk, CEO/President departure, management changes and more recently restructuring of its Resources division and related provisions. While headwinds are expected to continue into H1/21, we believe that investor attention may turn back to this name on attractive valuation metrics and also given the recent appreciation and related multiples of Canadian peers including: WSP-T Global Inc. (WSP-T), Stantec Inc. (STN-T) and Aecon Group Inc. (ARE-T). SNC's E&C revenue is expected to level out at the ~$8B level (down from $9.8B in 2018) and when combined with the $2B 407 valuation and capital asset portfolio of $0.4B, we believe that the sum of the parts are greater than the $3.9B market cap. As the LSTK projects backlog runs-off and the Resources restructuring is complete, investors should see some consistency and improvement in financial performance and a business characterized by a seemingly lower risk profile.

COVID Challenges, What COVID Challenges?

In mid-March and early April as COVID numbers began to rise (10,000 level worldwide vs. 500,000+ level currently; daily case figures) and WFH began to take shape, investor concern was heightened and we saw stock prices across our universe fall drastically. In mid-March WSP was down 35% (from $95 to $61), Cargojet Inc. (CJT-T) was down 39% (from $122 to $75), TFI International Inc. (TFII-T) was down 50% (from $48 to $24) and uncertainty plagued update calls with management teams. TFII stated on its Q4 2019 conference call that over 80% of its business had revenue contraction from 20% to 40% in early April. The one key takeaway and surprise was how each and every management team, despite the different businesses: from Stella-Jones Inc. (SJ-T) to Héroux-Devtek (HRX-T) to Aecon to Stantec, re-shifted operations entirely, focused on business fundamentals and increased efficiencies so much so that stock prices are rebounding, in some cases significantly above pre-pandemic levels. We continue to highlight names with strong management teams and their related capabilities in steering the ship throughout the storm and we believe that is a newly appreciated and key focus area for investors across the board. Another key focus item for investors remains positive FCF and related FCF yield and Héroux-Devtek is a standout performer with 9.5% FCF yield YTD and 8%+ on an annualized basis while TFII remains in the top-tier with its double digit FCF yield.

Investors Gravitating Towards Names that Offer Greater M&A Growth

Of the names that have showcased greatest stock price appreciation or rebound, with the exception of Cargojet, Exchange Income Corp. (EIF-T), WSP, TFII, STN and IBI Group Inc. (IBG-T) have announced acquisition activity. From the mid-March selloff, names that have exhibited the highest appreciation include EIF which is up 202% (from $12.57 to $37.73), WSP which is up 97% and TFII which is up 183%. One common denominator between these names is the fact that they leaned on the acquisition lever and investors are ultimately rewarding companies willing to step back into this arena. Despite initially announcing an M&A pause due to COVID-19, TFII was the first company in our universe to return to acquisition activity. The company has made 10 acquisitions YTD with a combined purchase price in the ~$1B range. Turning to WSP Global, the market had anticipated a large acquisition over the last 10 months and the company delivered in early December with the $1.5B purchase of Golder (20% margin profile following full synergy extraction). Looking into 2021, we believe that WSP and TFII have the potential to continue with acquisition activity with both companies have strong FCF generation in and around the $600M mark and dry powder for each remains around ~$1B of availability. We also highlight that EIF could take advantage of the current Aerospace downturn (YTD RPK down 70% YoY) and look to make some asset purchases on the Regional One or PAL side. Stantec is expected to continue with acquisition activity; however we can expect "small to medium size" targets (under 1,000 employees), continuing trends seen this year (three acquisitions; 435 employees added). Net/ net we continue to believe that investors are paying close attention to companies that have the ability to grow via acquisition activity and a proven track record, which has directly resulted in expansion of related valuation multiples.

SNC-Lavalin Group Inc.
(SNC-T – $22.69)
Buy – Target Price: $31.50

Company Profile

SNC-Lavalin (SNC) is one of the leading engineering and construction companies in the world and the largest E&C firm in Canada. The company provides engineering and construction expertise, operations and maintenance services, as well as investments in infrastructure concessions.

Source: BigCharts.com

Market and Company Data

Ticker	SNC-T	**Shares O/S (M)**	176
Rating	Buy	**Market Cap (M)**	3,983
Risk	Medium	**Float O/S (M)**	175
Price	$22.69	**Float Value (M)**	3,981
1-Yr Target	$31.50	**Avg Daily Volume (K)**	786
Dividend	$0.08	**Enterprise Value (M)**	5,106
1-Yr ROR	39.2%	**Control Blocks:**	
52 Wk High-Low	$34.36- $17.50	**Manag & Dir**	0.1%
BVPS	$19.42	**Next Reporting**	Feb-21
Valuation	Sum-of-the-Parts	**Year End**	Dec. 31

PS&PM EPS	**Q1**		**Q2**		**Q3**		**Q4**		**Annual**	
2019A	($0.08)	A	($1.71)	A	$0.41	A	$0.45	A	($0.93)	
2020E	($0.02)	A	($0.22)	A	($0.33)	A	$0.29	E	($0.28)	
2021E	$0.28	E	$0.33	E	$0.39	E	$0.50	E	$1.50	
2022E									$1.84	
PS&PM Adjusted EBITDA ($M)										
2019A	$79	A	($152)	A	$185	A	$167	A	$279	
2020E	$85	A	$40	A	$73	A	$145	E	$343	
2021E	$141	E	$151	E	$166	E	$190	E	$649	
2022E									$721	
Cons. EPS	**Q1**		**Q2**		**Q3**		**Q4**		**Annual**	**P/E**
2019A	$0.34	A	($1.34)	A	$0.71	A	$0.56	A	$0.28	82.3x
2020E	$0.15	A	($0.18)	A	($0.19)	A	$0.36	E	$0.13	168.8x
2021E	$0.34	E	$0.39	E	$0.51	E	$0.58	E	$1.83	12.4x
2022E									$2.28	10.0x
Adjusted EBITDA ($M)										**EV/EBITDA**
2019A	$137	A	($89)	A	$225	A	$193	A	$465	11.0x
2020E	$120	A	$51	A	$103	A	$158	E	$432	11.8x
2021E	$153	E	$164	E	$190	E	$206	E	$714	7.2x
2022E									$808	6.3x

Source: Company reports; Bloomberg; LBS.

Seemingly-Low Valuation Should Attract Greater Attention

Investment thesis and rationale — Light at the end of the tunnel

Challenges plaguing the SNC story are not over, as of yet; however, the current stock price and valuation gap, is glaringly obvious. We believe that, as the story continues to de-risk, greater attention is warranted. After exiting LSTK projects (backlog run-off continues) and with the Resources restructuring we believe that SNC's operations are not only valuable but strong. The company continues to be part of the infrastructure build-out and expertise remains. Looking at the Canadian landscape simplistically, WSP and STN's market caps are 62% and 24% above current net revenue levels and while their margin profiles are superior to SNC's we believe SNC's inherent valuation gap cannot be ignored (50% discount). We believe as SNC resurfaces with a lower risk profile, and greater financial profitability and consistency it is well positioned for a multiple re-rating.

Key catalysts — Operational focus

- Stronger financial performance and lower losses stemming from the SNCL Projects division (turn to profitability in all segments);
- Completion of the Resources restructuring;
- Completion of the LSTK backlog run-off;
- Certainty that provisions and litigation matters, of meaningful size, are in the past.

Valuation — SNC continues to lag behind peers

Our $31.50/share target price is based on a sum-of-the-parts valuation methodology. For its core E&C business we have applied a 6x EV/ EBITDA multiple. Our 407 valuation of $12.50 is based on a DCF analysis which aligns with CPPIB's recent purchase of a 10% stake. The capital assets are valued at 1.5x book value, equating to $3.23. It is conceivable as investors regain confidence in the story, profitability increases and restructuring yields results, that we could see significant stock price appreciation from the current level. WSP trades at 12x 2021 EBITDA while STN's multiple is 9x and the industry average is 8.5x.

Key risks — It's in management's hands

Some delays in restructuring of the Resources division, the run-off of the LSTK backlog and future provisions. Also lack of consistency in financial performance as project profitability ebbs and flows linked to the nature of its business.

REITS

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Our preferred pick is InterRent REIT (IIP.UN-T). InterRent is one of the largest apartment landlords in Canada, with 11,000 suites located in primarily in Montreal, Ottawa, the GTA and the Niagara Hamilton region. While the REIT typically trades at a 15-25% premium to NAV, the pandemic meltdown in the stock market and the subsequent negative press about the sector (rise in vacancy and bad debt, government restrictions on rent increases / evictions in some markets) has brought down IIP's valuation down along with the rest of the REIT sector. IIP has recovered some of the losses, but still trades at par with our NAV estimate. As we explain on the next page, this consistent value creator should be trading at a 15-20% premium to NAV.

Winners and Losers from the Pandemic

While the pandemic has created temporary headwinds for some real estate segments (Apartments and Seniors Living), it has also caused structural changes in a few segments (Retail, and Office). The Industrial segment has actually seen improving fundamentals during the pandemic thanks do the growth in demand for eCommerce. In the Retail segment, fashion-oriented, enclosed, and downtown retail properties are struggling because of involuntary lockdowns, and the negative impact of the increased eCommerce traffic.

We believe the Office sector, especially downtown Office, has seen a paradigm shift for the worst as the pandemic has changed our society's outlook on telecommuting. It appears that this mass telecommuting model is not only here to stay but is likely to grow in proportion as time passes, somewhat akin to what eCommerce has done to the brick-and-mortar Retail industry. Also a trend of businesses moving from downtown locations to suburban, to follow their employees, is beginning emerge. All these factors are pointing to rising vacancies and falling rents in the downtown office sector. On the other hand, if the trend of young professional moving to suburbs continues to sustain and grow, it could also have negative consequences for downtown Apartments and Retail properties.

Having said all that, we highlight that it is still early days to have a strong conviction on these trends and many of them may not materialize.

Low Interest Rates Beneficial for the Entire Sector

Since the beginning of 2020, the Canadian 10-year bond yield dropped more than 100bps to as low as 45bps in July 2020. The Bank of Canada expects to leave the benchmark rate near zero until 2023. Given the higher proportion of leverage used by the REITs, these low rates mean significant interest savings for the REIT sector and should translate into meaningful FFO/unit and dividend growth.

Expect V-Shaped Recovery in the Apartment Sector

Due to the pandemic, very few new immigrants, foreign students or business travellers are entering into Canada, creating a large demand gap for the Apartment sector and the short-term rental / Hotel industry. However, the government of Canada plans to bring in 1.2MM new immigrants between 2021 and 2023. This wave of renters is going be very positive for the Canadian Apartment sector that is currently experiencing somewhat soft fundamentals. As a result, we think the Apartment sector's cash flows and valuations are likely to see a V-shaped recovery once Canada opens international travel.

Yashwant Sankpal, MBA | REITS

InterRent REIT
(IIP.UN-T – C$13.85)
Buy – Target Price: C$17.25

Company Profile

InterRent is a growth-oriented REIT focused in Ontario and Quebec, and owns ~11,000 suites. The National Capital Region accounts for 30% of the suites, followed by Montreal (27%), and Hamilton/Niagara (19%).

Source: BigCharts.com

Market and Company Data

Ticker	IIP.UN-T	**Units O/S (M)**	142
Rating	Buy	**Market Cap (M)**	$1,960
Risk	Medium	**Debt (M)**	$961
Price	$13.85	**Enterprise Value (M)**	$2,921
1-Yr Target	$17.25	**Avg. Daily Volume (K)**	520
Dividend	$0.33	**2021 AFFO Payout Ratio**	69%
Div. Yield	2.4%	**2020 Debt to EBITDA**	9.5x
1-Yr ROR	26.9%	**Debt to GBV**	31%
52 Wk Hi-Lo	$19.05-10.39	**NAV**	$13.80
Year End	Dec-31	**Cap Rate**	4.3%
Next Reporting	Mar-'21	**Price / NAV**	100%
Valuation	20% Premium to NAV, 5-yr DCF		

Funds From Operations (FFO) per Unit

	Q1	Q2	Q3	Q4	Annual	P/FFO
2019A	$0.11 A	$0.12 A	$0.13 A	$0.13 A	$0.48 A	28.8x
2020E	$0.12 A	$0.12 A	$0.12 A	$0.12	$0.48 A	29.1x
2021E	$0.11	$0.14	$0.15	$0.14	$0.54	25.8x

Adjusted Funds From Operations (AFFO) per Unit

	Q1	Q2	Q3	Q4	Annual	P/AFFO
2019A	$0.09 A	$0.10 A	$0.11 A	$0.11 A	$0.41 A	33.9x
2020E	$0.10 A	$0.10 A	$0.10 A	$0.11	$0.41	34.1x
2021E	$0.10	$0.12	$0.13	$0.12	$0.47	29.5x

All figures in Canadian dollars unless specified otherwise

Opportunity to Buy a Consistent Value Creator at NAV

Investment thesis and rationale — High Quality

We believe IIP is one of the best managed REITs in Canada and has been a consistent value creator for its unitholders (grown its FFO/unit at a CAGR of 7% for the last five years). IIP's ability to apply its re-positioning formula effectively has been and will remain its core strength. Such a high quality company trading at par with our NAV estimate is an attractive investment opportunity. See our recent quarterly update dated Nov 10, 2020.

Key catalysts — V-shaped recovery

Recovery in occupancy. Since the onset of the pandemic, IIP's occupancy has declined 320bps to 92% as the demand from new immigrants and students declined and rental supply increased as many short-term rental suites (B&B) switched to long-term rentals. When Canada opens its doors for new immigrants and universities begin regular classes, IIP's occupancy should quickly recover to its historical 95-96% range, and should boost its FFO/unit by 15-20%.

Resumption of the repositioning program. the main driver behind IIP's superior FFO/unit growth is its ability to reposition its acquisitions. IIP renovates underperforming buildings and rent them at market rents. A repositioned suite experiences on average a 25% increase in NOI. Currently, only 70% of IIP's 11,000 suites are repositioned. The pandemic has slowed down the pace of repositioning.

Valuation — Trades at NAV

Attractive opportunity to buy a high quality business at NAV. While IIP may appear to be trading at sector-high FFO & AFFO multiples, it can be partly explained by the fact that: 30% of its suites are non-repositioned (i.e. its cash flow is understated), that IIP has the lowest leverage in its peer group, and by its track record of above average FFO/unit growth. Given these factors, IIP should trade at a 15-20% premium to NAV.

Key risks

A prolonged pandemic. If the recently discovered vaccines do not prove effective against the virus or the distribution of the vaccines is not uniform across the world, the pandemic and the related restrictions could last for a longer period, impacting the resumption of international travel.

Adverse policy changes. Since the start of the pandemic, we saw a few instances where government bodies made adverse policy changes without consulting the Apartment industry (rent freeze, eviction bans, etc.). While these changes were short term, a long-term change could impact the profitability of the sector permanently. Having said that, we see a very low chance of such a change.

SPECIAL SITUATIONS

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Our preferred pick is Converge Technology Solutions Corp. (CTS-V). While CTS's stock has increased over 170% in 2020, we believe there is still material upside potential over the next 12 months and see a number of catalysts that may drive the stock higher. Given the highly fragmented nature of the IT Solution Providers (ITSP) industry, with ~80k ITSPs competing for market share, and the largest player only accounting for <5% of the overall industry, we believe acquisitions will continue to be a focal point for growth, and a key catalyst as CTS continues to implement its roll-up strategy and expand coverage geographically to all NFL host cities in the U.S. Our 2021 forecast calls for top-line growth of ~30%, with organic growth of ~10% complementing CTS's acquisition growth strategy.

Additionally, we expect margin growth to be a key focal point for management over the next several years as the company focuses on private cloud and managed services to drive margins higher. Gross margins on private cloud and managed services continue to be significantly higher than the rest of the business, climbing to >40% recently (vs. consolidated gross margins of 27.6% in Q3/20), with the company expecting to increase gross margins for these services to 55-60% over the next 2 years.

M&A Remains a Focal Point for Growth

Acquisitions are expected to be a key driver of growth for our small cap diversified coverage universe in 2021. Given the challenges created by COVID-19, many small to mid-size companies are facing financial distress. This should lead to significant M&A in 2021 as larger, better capitalized players in the market have an opportunity to consolidate fragmented industries. Additionally, private equity sponsors, who have ample capital to deploy, are also expected to be active, which is expected to drive up acquisition multiples, particularly in industries that generate significant free cash flow. While larger sell-side-led acquisition processes tend to demand higher prices and more private equity interest, we believe there continues to be opportunity to pursue small-scale tuck-in acquisitions at more measured valuation multiples.

Within our coverage universe the following companies are expected to be active on the M&A front in 2021: Boyd Group Services Inc. (BYD-T), Calian Group Ltd. (CGY-T), Converge Technology Solutions Corp. (CTS-V), CCL Industries Inc. (CCL.B-T), and K-Bro Linen Inc. (KBL-T).

COVID-19 Recovery

Many of the companies in our coverage universe were significantly impacted by COVID-19 in 2020, and while the recovery is expected to be gradual, we expect a relatively normalized operating environment starting in H2/2021. COVID-19 negatively impacted the following companies in our coverage universe: Boyd Group Services Inc. (BYD-T), Uni-Select Inc. (UNS-T), Currency Exchange International Corp. (CXI-T), and K-Bro Linen Inc. (KBL-T). As vaccines get distributed in the U.S., Canada, and the U.K., we expect a recovery in the travel and hospitality industry, as well as vehicle miles traveled, which should ultimately be a tailwind for the companies mentioned above on a y/y basis.

INSTITUTIONAL EQUITY

Furaz Ahmad, CFA, CPA, CMA | SPECIAL SITUATIONS

Converge Technology Solutions Corp. (CTS-V – $3.86) Buy – Target Price: $5.75

Company Profile

Converge Technology Solutions Corp. is a North American IT Solution Provider focused on delivering industry leading solutions and services. Converge offers advanced analytics, cloud, cybersecurity, and managed services offerings to clients across various industries. The Company supports these solutions with talent expertise and digital infrastructure offerings across all major IT vendors in the marketplace.

Source: BigCharts.com

Market and Company Data

Ticker	CTS-V	**Year End**	Dec. 31
Rating	Buy	**FD Shares O/S (M)**	126.2
Risk	Medium	**Market Cap (fd) (M)**	$487
Price	$3.86	**Float O/S (M)**	105.3
1-Yr Target	$5.75	**Float Value (M)**	$407
Dividend	N/A	**Avg Daily Volume (k)**	165.3
1-Yr ROR	49.0%	**Enterprise Value (M)**	$543
52 Wk High-Low	$4.33-$0.75	**Net Debt/EBITDA**	2.3x
Valuation	6.0x 2022E EBITDA	**Next Reporting**	Mar-21

Adjusted EPS FD

	Q1	Q2	Q3	Q4	Annual	P/E
2018	($4.00) A	$0.02 A	($0.06) A	$0.01 A	$0.03 A	127.5x
2019	$0.03 A	($0.02) A	($0.03) A	($0.00) A	($0.03) A	N/A
2020E	($0.01) A	($0.01) A	$0.03 A	$0.07 E	$0.10 E	38.3x
2021E	$0.07 E	$0.07 E	$0.07 E	$0.12 E	$0.33 E	11.5x
2022E	$0.11 E	$0.11 E	$0.12 E	$0.18 E	$0.51 E	7.6x

Adj. EBITDA ($M)

	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2018	$5.6 A	$5.3 A	($0.2) A	$5.8 A	$16.5 A	3.1x
2019	$8.5 A	$5.5 A	$5.8 A	$11.8 A	$31.6 A	10.1x
2020E	$11.0 A	$11.7 A	$14.6 A	$20.1 E	$57.4 E	7.9x
2021E	$20.9 E	$19.7 A	$20.0 E	$30.0 E	$90.5 E	6.2x
2022E	$28.2 E	$27.6 E	$28.0 E	$40.2 E	$124.0 E	3.9x

Source: Company reports; Thomson; Bloomberg; LBS estimates.

The Growth Story Continues in 2021

Investment thesis and rationale — Robust growth outlook

We believe Converge Technology Solutions Corp. (Converge) is still in the early innings of consolidating the fragmented ITSP industry. Converge is well positioned to continue to grow both organically and via acquisitions.

Key catalysts — M&A to lead the way

M&A will be a key theme for 2021, as the company has an ample balance sheet to achieve its target of acquiring 4-6 companies per year that generate a combined $400 million of revenue on an annual basis. We estimate Converge has over $120 million available to deploy for additional acquisitions. On top of its plan to acquire ITSP's, Converge is also looking to add tuck-ins, focused on expanding its expertise in North America in analytics, hybrid IT and software. Converge has a pipeline of ~150 ITSP's that they have reviewed, so there is a long runway for M&A-led growth.

Managed Services increasing. The expansion of Managed Services is a key piece of the company's growth over the next several years. A significant area of growth in 2021 will be the company's capabilities in the hosting of existing i-Series IBM platform applications. Converge is one of 2 main providers of i-Series platforms in N.A and has the potential to host AS400 applications on the company's own i-Series apps, while moving the data and the rest of the apps onto public cloud providers.

Potential for further margin expansion. Gross margins have been steadily increasing over the last several periods in large part due to the increased mix of Managed Services, which generates a much higher gross margin than the rest of the business. Gross margins for Managed Services are now over 40%, and are expected to increase to 50%+ in 2021, and 55-60% in three years. This underpins Converge's goal of reaching a corporate EBITDA margin of ~10% over the next several years.

Valuation – Continues to be attractive

Our target price of $5.75 is based on target valuation multiple of 6.0x 2022 EV/EBITDA. Converge currently trades at 3.9x, vs. the peer group median of 9.9x. It is our view that the valuation multiple will increase as Converge focuses on increasing EBITDA margins to the high-single digits.

Key risks

Integration risk. Converge's business model is heavily reliant on growth through acquisitions and the successful integration of acquired ITSPs. An inability to realize integration benefits may negatively impact results.

Level of competition. CTS competes in a fragmented market, facing significant price competition from its competitors.

INSTITUTIONAL EQUITY

Appendix I — Coverage Universe

Research Analyst	Coverage	Ticker	Rating	Risk Rating	Mkt Cap ($M)	Price	Target	Div. Yield	1-Yr RoR
Nick Agostino, MBA, CFA, P.Eng.	5N Plus Inc.	VNP-T	Buy	High	$190.8	$2.36	$3.00	na	27.1%
Diversified Technology	The Descartes Systems Group Inc.	DSG-T	Hold	High	US$4,744.4	US$56.14	US$61.00	na	8.7%
AgostinoN@LB-Securities.ca	Docebo Inc.	DCBO-T	Buy	High	$4,744.4	$56.14	$80.00	na	42.5%
(416) 865-5967	Kinaxis Inc.	KXS-T	Buy	High	$4,849.9	$175.00	$255.00	na	45.7%
	Liberty Defense Holdings Ltd.	SCAN-V	Restricted	Restricted	$3.3	$0.05	Restricted	na	
	mdf Commerce Inc.	MDF-T	Buy	High	$241.1	$10.60	$13.25	na	25.0%
	Savaria Corporation	SIS-T	Buy	Medium	$688.4	$13.60	$17.00	3.53%	28.5%
	TECSYS Inc.	TCS-T	Buy	High	$676.7	$46.25	$47.00	0.56%	2.2%
	WELL Health Technologies Corp.	WELL-T	Buy	High	$1,115.2	$6.95	$10.75	na	54.7%
Furaz Ahmad, CPA, CMA, CFA	Boyd Group Services Inc.	BYD-T	Buy	Medium	$4,730.3	$220.39	$250.00	0.25%	13.7%
Special Situations	Calian Group Ltd.	CGY-T	Buy	Medium	$586.4	$60.03	$73.00	1.9%	23.5%
AhmadF@LB-Securities.ca	CCL Industries Inc.	CCL.B-T	Buy	Medium	$10,556.3	$59.80	$56.00	1.20%	-5.2%
(416) 865-5982	Converge Technology Solutions Corp.	CTS-V	Buy	Medium	$411.8	$3.86	$5.75	na	49.0%
	Currency Exchange International Corp.	CXI-T	Hold	Medium	$60.3	$9.40	$13.00	na	38.3%
	Guru Organic Energy Corp.	GURU-T	Hold	High	$409.3	$15.31	$15.00	na	-2.0%
	K-Bro Linen Inc.	KBL-T	Buy	Medium	$403.1	$37.24	$40.00	3.22%	10.6%
	Uni-Select Inc.	UNS-T	Buy	High	$323.8	$7.75	$12.00	na	54.8%
Barry Allan, MBA	Americas Gold and Silver Corporation	USA-T	Buy	High	$407.0	$3.45	$8.65	na	150.7%
Mining	Fury Gold Mines Limited	FURY-T	Buy	High	$212.5	$1.76	$3.35	na	90.3%
AllanB@LB-Securities.ca	Jaguar Mining Inc.	JAG-T	Hold	High	$548.4	$7.49	$7.50	4.27%	4.4%
(416) 865-5798	Marathon Gold Corporation	MOZ-T	Buy	High	$584.8	$2.82	$5.75	na	103.9%
	Probe Metals Inc.	PRB-V	Buy	High	$210.7	$1.74	$3.80	na	118.4%
	Quebec Precious Metals Corporation	QPM-V	Spec Buy	High	$14.2	$0.22	$1.45	na	559.1%
	TMAC Resources Inc.	TMR-T	Reduce	High	$169.4	$1.30	Under Review	na	
	Wesdome Gold Mines	WDO-T	Buy	High	$1,433.9	$10.38	$15.75	na	51.7%
Ryan Hanley	Alamos Gold Inc.	AGI-T	Buy	High	$4,571.0	$11.58	$20.50	0.88%	77.9%
Mining	Amex Exploration Inc.	AMX-V	Spec Buy	High	$249.1	$3.06	$5.25	na	71.6%
HanleyR@LB-Securities.ca	Argonaut Gold Inc.	AR-T	Buy	High	$720.8	$2.59	$6.25	na	141.3%
(647) 252-5607	Ascendant Resources Inc.	ASND-T	Under Review	High	$11.3	$0.13	Under Review	na	
	Battle North Gold Corp.	BNAU-T	Buy	High	$236.5	$1.87	$4.00	na	113.9%
	Major Drilling International Ltd.	MDI-T	Buy	High	$524.2	$6.42	$8.00	na	40.2%
	New Gold Inc.	NGD-T	Buy	High	$1,845.5	$2.84	$3.00	na	5.6%
	Radisson Mining Resources Inc.	RDS-V	Spec. Buy	High	$75.8	$0.34	$0.55	na	61.8%
	Superior Gold Inc.	SGI-V	Buy	High	$75.5	$0.62	$1.25	na	101.6%
Mona Nazir, MBA	Aecon Group Inc.	ARE-T	Buy	Medium	$992.2	$16.55	$20.00	3.87%	24.7%
Industrials	CargoJet Inc.	CJT-T	Buy	Medium	$3,200.5	$206.29	$310.00	0.45%	50.7%
NazirM@LB-Securities.ca	Exchange Income Corp.	EIF-T	Buy	Medium	$1,337.4	$37.73	$36.00	6.04%	1.5%
(514) 350-2964	Hydro One Ltd.	H-T	Hold	Low	$17,371.0	$28.80	$28.00	3.52%	0.7%
	Heroux Devtek Inc.	HRX-T	Buy	Medium	$531.8	$14.34	$18.00	na	25.5%
	IBI Group Inc.	IBG-T	Buy	Medium	$254.7	$8.14	$10.00	na	22.9%
	Russel Metals Inc.	RUS-T	Buy	Medium	$1,320.2	$21.69	$22.00	7.01%	8.4%
	SNC-Lavalin Group Inc.	SNC-T	Buy	Medium	$4,055.3	$22.69	$31.50	0.35%	39.2%
	Stantec Inc.	STN-T	Hold	Medium	$4,645.6	$41.68	$42.00	1.49%	2.3%
	Stella-Jones Inc.	SJ-T	Buy	Medium	$2,988.9	$44.15	$52.00	1.36%	19.1%
	Transat A.T. Inc.	TRZ-T	Tender	High	$229.1	$6.04	$5.00	na	-17.2%
	TFI International Inc.	TFII-T	Buy	Medium	$6,355.5	$68.13	$75.00	1.53%	11.6%
	WSP Global Inc.	WSP-T	Buy	Medium	$13,202.8	$120.73	$123.00	1.24%	3.1%
Nauman Satti, MBA, CFA	NFI Group Inc.	NFI-T	Buy	High	$1,431.2	$23.07	$26.00	3.68%	16.4%
Diversified									
SattiN@LB-Securities.ca									
(647) 252-5602									
Yashwant Sankpal, MBA	Boardwalk REIT	BEI.UN-T	Buy	Medium	$1,603.1	$34.97	$43.00	2.86%	25.8%
REITs	BSR REIT	HOM.U-T	Buy	Medium	US$515.0	US$10.50	$12.50	4.77%	23.8%
SankpalY@LB-Securities.ca	BTB REIT	BTB.UN-T	Hold	Medium	$231.9	$3.67	$3.25	8.17%	-3.3%
(416) 865-5941	Extendicare Inc.	EXE-T	Hold	Medium	$598.1	$6.73	$6.00	7.13%	-3.7%
	Firm Capital Property Trust	FCD.UN-V	Buy	Medium	$182.0	$6.30	$6.50	7.94%	11.1%
	Fronsac REIT	FRO.UN-V	Buy	Medium	$118.3	$6.80	$7.75	3.76%	17.7%
	InterRent REIT	IIP.UN-T	Buy	Medium	$1,880.8	$13.83	$17.25	2.40%	24.7%
	Killam Apartment REIT	KMP.UN-T	Buy	Medium	$1,769.1	$17.39	$21.50	3.91%	27.5%
	Mainstreet Equity Corp.	MEQ-T	Buy	Medium	$678.1	$72.50	$93.00	na	28.3%
	Morguard North American REIT	MRG.UN-T	Buy	Medium	$623.4	$16.11	$21.00	4.34%	34.7%
	PROREIT	PRV.UN-T	Buy	Medium	$226.4	$6.00	$6.50	7.50%	15.8%
	Sienna Senior Living Inc.	SIA-T	Hold	Medium	$888.9	$13.44	$13.00	6.96%	3.7%
	True North Commercial REIT	TNT.UN-T	Buy	Medium	$542.6	$6.37	$7.25	9.32%	23.1%
Jacques Wortman, MBA	Adventus Mining Corp.	ADZN-V	Buy	High	$116.7	$0.90	$1.70	na	88.9%
Mining	Altius Minerals Corporation	ALS-T	Buy	High	$513.7	$12.36	$15.25	1.62%	25.0%
WortmanJ@LB-Securities.ca	Atico Mining Corporation	ATY-V	Buy	High	$69.0	$0.59	$1.10	na	86.4%
(416) 941-7701	Champion Iron Ltd.	CIA-T	Buy	High	$2,252.0	$4.90	$6.00	na	22.4%
	Ely Gold Royalties Inc.	ELY-V	Buy	High	$180.7	$1.11	$2.00	na	80.2%
	Fortuna Silver Mines Inc.	FVI-T	Buy	High	$1,558.3	$8.48	$11.00	na	29.7%
	Galway Metals Inc.	GWM-V	Buy	High	$185.9	$1.12	$2.25	na	100.9%
	Troilus Gold Corp.	TLG-T	Buy	High	$139.5	$1.11	$3.80	na	242.3%

Pricing as of December 10, 2020 except mdf Commerce Inc. (priced Dec. 14 intraday)

Source: EIKON, LBS estimates

INSTITUTIONAL EQUITY

Appendix II — Important Disclosures

Company	Research Analyst	Ticker	Disclosure*
5N Plus Inc.	Nick Agostino (Diversified Technology)	VNP-T	V
Adventus Mining Corp.	Jacques Wortman (Mining)	ADZN-V	U, V, P
Aecon Group Inc.	Mona Nazir (Industrials)	ARE-T	D
Alamos Gold Inc.	Ryan Hanley (Mining)	AGI-T	V, P
Altius Minerals Corporation	Jacques Wortman (Mining)	ALS-T	N/A
Americas Gold and Silver Corporation	Barry Allan (Mining)	USA-T	U, V, P
Amex Exploration Inc.	Ryan Hanley (Mining)	AMX-V	U, V, P
Argonaut Gold Inc.	Ryan Hanley (Mining)	AR-T	U, V, P
Ascendant Resources Inc.	Ryan Hanley (Mining)	ASND-T	V, P
Atico Mining Corporation	Jacques Wortman (Mining)	ATY-V	U, V, P
Battle North Gold Corp.	Ryan Hanley (Mining)	BNAU-T	U, V, P
Boardwalk REIT	Yashwant Sankpal (REITs)	BEI.UN-T	V
Boyd Group Services Inc.	Furaz Ahmad (Special Situations)	BYD-T	U, V
BSR REIT	Yashwant Sankpal (REITs)	HOM.U-T	U, V
BTB REIT	Yashwant Sankpal (REITs)	BTB.UN-T	U, V
Calian Group Ltd.	Furaz Ahmad (Special Situations)	CGY-T	N/A
CargoJet Inc.	Mona Nazir (Industrials)	CJT-T	U, V
CCL Industries Inc.	Furaz Ahmad (Special Situations)	CCL.B-T	V
Champion Iron Ltd.	Jacques Wortman (Mining)	CIA-T	V
Converge Technology Solutions Corp.	Furaz Ahmad (Special Situations)	CTS-V	U
Currency Exchange International Corp.	Furaz Ahmad (Special Situations)	CXI-T	N/A
Docebo Inc.	Nick Agostino (Diversified Technology)	DCBO-T	U
Ely Gold Royalties Inc.	Jacques Wortman (Mining)	ELY-V	N/A
Exchange Income Corp.	Mona Nazir (Industrials)	EIF-T	U, V
Extendicare Inc.	Yashwant Sankpal (REITs)	EXE-T	A, V
Firm Capital Property Trust	Yashwant Sankpal (REITs)	FCD.UN-V	U, V
Fortuna Silver Mines Inc.	Jacques Wortman (Mining)	FVI-T	N/A
Fronsac REIT	Yashwant Sankpal (REITs)	FRO.UN-V	U, V
Fury Gold Mines Limited	Barry Allan (Mining)	FURY-T	U, V
Galway Metals Inc.	Jacques Wortman (Mining)	GWM-V	U, V
Guru Organic Energy Corp.	Furaz Ahmad (Special Situations)	GURU-T	U
Heroux Devtek Inc.	Mona Nazir (Industrials)	HRX-T	V
Hydro One Ltd.	Mona Nazir (Industrials)	H-T	D
IBI Group Inc.	Mona Nazir (Industrials)	IBG-T	U, V
InterRent REIT	Yashwant Sankpal (REITs)	IIP.UN-T	U, V
Jaguar Mining Inc.	Barry Allan (Mining)	JAG-T	N/A
K-Bro Linen Inc.	Furaz Ahmad (Special Situations)	KBL-T	N/A
Killam Apartment REIT	Yashwant Sankpal (REITs)	KMP.UN-T	U, V
Kinaxis Inc.	Nick Agostino (Diversified Technology)	KXS-T	N/A
Liberty Defense Holdings Ltd.	Nick Agostino (Diversified Technology)	SCAN-V	U, V
Mainstreet Equity Corp.	Yashwant Sankpal (REITs)	MEQ-T	A, V
Major Drilling International Ltd.	Ryan Hanley (Mining)	MDI-T	N/A
Marathon Gold Corporation	Barry Allan (Mining)	MOZ-T	U, V
mdf Commerce Inc.	Nick Agostino (Diversified Technology)	MDF-T	U, V
Morguard North American REIT	Yashwant Sankpal (REITs)	MRG.UN-T	U, V
New Gold Inc.	Ryan Hanley (Mining)	NGD-T	U, V, P
NFI Group Inc.	Nauman Satti (Diversified)	NFI-T	N/A
Probe Metals Inc.	Barry Allan (Mining)	PRB-V	U
PROREIT	Yashwant Sankpal (REITs)	PRV.UN-T	U, V
Quebec Precious Metals Corporation	Barry Allan (Mining)	QPM-V	U
Radisson Mining Resources Inc.	Ryan Hanley (Mining)	RDS-V	U, V, P
Russel Metals Inc.	Mona Nazir (Industrials)	RUS-T	U
Savaria Corporation	Nick Agostino (Diversified Technology)	SIS-T	U, V
Sienna Senior Living Inc.	Yashwant Sankpal (REITs)	SIA-T	V
SNC-Lavalin Group Inc.	Mona Nazir (Industrials)	SNC-T	V
Stantec Inc.	Mona Nazir (Industrials)	STN-T	N/A
Stella-Jones Inc.	Mona Nazir (Industrials)	SJ-T	U
Superior Gold Inc.	Ryan Hanley (Mining)	SGI-V	U
TECSYS Inc.	Nick Agostino (Diversified Technology)	TCS-T	U, V
TFI International Inc.	Mona Nazir (Industrials)	TFII-T	N/A
The Descartes Systems Group Inc.	Nick Agostino (Diversified Technology)	DSG-T	V
TMAC Resources Inc.	Barry Allan (Mining)	TMR-T	V, P
Transat A.T. Inc.	Mona Nazir (Industrials)	TRZ-T	D, V
Troilus Gold Corp.	Jacques Wortman (Mining)	TLG-T	U, V, P
True North Commercial REIT	Yashwant Sankpal (REITs)	TNT.UN-T	U, V
Uni-Select Inc.	Furaz Ahmad (Special Situations)	UNS-T	N/A
WELL Health Technologies Corp.	Nick Agostino (Diversified Technology)	WELL-T	U
Wesdome Gold Mines	Barry Allan (Mining)	WDO-T	V, P
WSP Global Inc.	Mona Nazir (Industrials)	WSP-T	U, V

10-Dec-20

Source: LBS

*See the final pages of this document for disclosure information.

Appendix II — Important Disclosures (Cont'd)

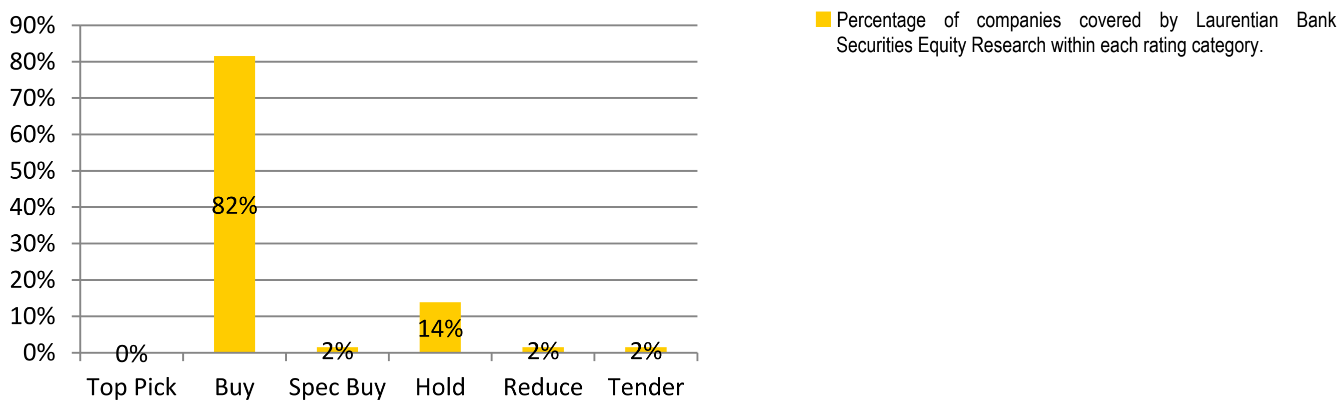
The analyst(s) certify that (1) the views expressed in this report in connection with securities or issuers they analyze accurately reflect their personal views and (2) no part of their compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by them in this report.

The Research Analyst's compensation is based on various performance and market criteria and is charged as an expense to certain departments of Laurentian Bank Securities (LBS), including investment banking.

*Legend

A	The Analyst/Associate, in his/her own account or in a related account, owns securities of this issuer.
D	A member of the Board of directors of LBS sits on the Board of directors of this issuer.
L	LBS collectively beneficially owns in excess of 1% of one or more classes of the issued and outstanding equity securities of this issuer.
O	The Director of Equity Research, in his/her own account or in a related account, owns securities of this issuer.
U	Within the last 24 months, LBS has undertaken an underwriting liability with respect to equity securities of, or has provided advice for a fee with respect to, this issuer.
V	The Analyst has visited material operations of this issuer.
P	This issuer paid a portion of the travel-related expenses incurred by the Analyst to visit material operations of this issuer.

Laurentian Bank Securities Equity Research Ratings Distribution



Source: Laurentian Bank Securities

Terminology	LBS (Laurentian Bank Securities) recommendation/risk terminology is as follows:	
Recommendation	**Top Pick**	Our best investment idea, the greatest potential value appreciation.
	Buy	The stock is expected to generate significant risk-adjusted returns over the next 12 months.
	Hold	The stock is expected to generate modest risk-adjusted returns over the next 12 months.
	Reduce	The stock is expected to generate negative risk-adjusted returns over the next 12 months.
	Tender	Analyst is recommending that investors tender to a specific offering for the stock.
	Our ratings may be followed by "(S)" which denotes that the investment is speculative and has a higher degree of risk associated with it. Additionally, our target prices are based on a 12-month investment horizon.	
Risk Ratings	**Low**	Low financial/operational risk, high predictability of financial performance, low stock volatility.
	Medium	Moderate financial/operational risk, moderate predictability of financial performance, moderate stock volatility.
	High	High financial/operational risk, low predictability of financial performance, high stock volatility.

"Laurentian Bank Securities Equity Research" is a trade name used by the Equity Research sector of Laurentian Bank Securities Inc. To access Laurentian Bank Securities' regulatory disclosures, please click or press on the hyperlink – http://www.vmbl.ca/portal/disclosure

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