



Canaccord Genuity Wealth Management
Morning Coffee

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Thursday April 6, 2017

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|------------------------|---------|----------|
| S&P/TSX Composite | -26.08 | 15642.99 |
| Dow Jones | -41.43 | 20647.81 |
| S&P 500 | -7.31 | 2352.85 |
| NASDAQ | -26.77 | 5871.83 |
| S&P/TSX Venture | -1.38 | 820.30 |
| Crude Oil (US\$/brrl) | -0.09 | 50.94 |
| Gas (US\$/mmbtu) | -0.02 | 3.28 |
| Copper (US\$/lb) | 0.07 | 2.68 |
| Gold (US\$/oz) | -0.60 | 1257.80 |
| Nickel (US\$/lb) | 0.06 | 4.47 |
| Palladium (US\$/oz) | 0.80 | 807.75 |
| Platinum (US\$/oz) | -4.70 | 956.50 |
| Silver (US\$/oz) | -0.02 | 18.30 |
| Uranium (US\$/lb) | 0.00 | 23.50 |
| Canadian Dollar | -0.0013 | 0.7447 |
| 10-Year Canada | | 1.37 |
| 10-Year U.S. | | 2.34 |
| Volatility Index (VIX) | 0.77 | 12.56 |

This Week in Crayons...



For decades, when perfectionist colourers have been faced with a need for a colour that's not quite yellow, but also not as brilliant as the bright Crayola Goldenrod, they have been able to reach for Dandelion.

No longer. According to Crayola, the floral colour is about to be retired, blowing away into the wind like an actual dandelion gone to seed.

Children – and adults – trying to colour in suns and pots of gold will have to look elsewhere. From May onwards, the colour moves into retirement after 27 years of active service. The company has yet to reveal which colour will replace Dandelion in its iconic 24-packs, considered the pinnacle of the crayon set by many colourers.

The replacement colour is likely to be promoted from the roster of up-and-coming colours available in larger boxes. Crayola has said it will be a new shade of blue.

CANADA

The S&P/TSX Composite pared back early gains on Wednesday, as oil prices fluctuated after the release of U.S. inventory data, while lower gold prices weighed on some mining shares. Retailer **Hudson's Bay (HBC)** suffered a loss of \$152M in its crucial Q4 holiday season, as the department-store retailer took a \$116M writedown tied to its struggling Saks OFF 5th and Gilt.com discounters and moved to revamp operations.

Osisko Mining (OSK) released positive results from an additional three drill holes from its 100%-owned Windfall/Urban Barry project located in Quebec. The drill results are part of Osisko's ongoing 400,000m drill program, which is designed to infill/extend the Windfall deposit. Rare earths and metals miner **Critical Elements (CRE)** announced that it has successfully completed its pilot plant trials in Quebec. CRE says the program confirmed the suitability and robustness of the beneficiation plant design. The outstanding results yielded lithium concentrate grades of up to 6.56% and recoveries of up to 83.4%.

Ag Growth (AFN) has acquired Global Industries for US\$100M. Global is a diversified manufacturer of grain storage bins, portable and stationary grain handling equipment, grain drying and aeration equipment, structural components, and steel buildings. **K-Bro Linen (KBL)** announced a \$50M bought-deal equity offering. The net proceeds from the offering will be used to fund the build out of K-Bro's facilities in Toronto and Vancouver, to pay down indebtedness and for general corporate purposes.

UNITED STATES

Stocks turned negative on Wednesday after Fed meeting minutes showed that the Federal Reserve sees a change in its bond investment policy later this year, which reversed a rally after a strong jobs report earlier in the day.

Drugstore chain operator **Walgreens Boots Alliance (WBA)** reported a surprise drop in quarterly sales, citing challenging market conditions in continental Europe, and as a strong U.S. dollar reduced the value of sales outside the country. Seeds and agrochemicals company **Monsanto (MON)** reported a better-than-expected quarterly profit, helped by strong demand for its soybean and corn seeds.

JAB Holdings, the owner of Caribou Coffee and Krispy Kreme Doughnuts, said it would buy U.S. bakery chain **Panera Bread (PNRA)** for \$7.16B, excluding debt, as it expands its coffee and breakfast empire. **Amazon.com (AMZN)** has acquired the right to buy up to 23% of hydrogen fuel cell maker **Plug Power (PLUG)**, in a deal giving the retailer powerful batteries that promise to speed up work in its warehouses.

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ECON 101

CANADIAN Data Today: This morning, **Building Permits** (Feb) are expected to rise by 1.3%, after gaining 5.4% the previous month.

U.S. Data Today: This morning, **Initial Jobless Claims** (Apr 1) are expected to fall to 250K from 258K the previous week, while **Continuing Claims** (Mar 25) should fall to 2,030K from 2,052K before that.

MARKET MOVERS

Notable 52-Week Highs:

| | | | | | |
|--------------------------------|----------|-----------|--------------------------------|----------|-----------|
| AltaGas Ltd. | ALA.PR.A | \$ 20.60 | Enerflex Ltd. | EFX | \$ 19.43 |
| Badger Daylighting | BAD | \$ 35.39 | Excel India Growth & Income Fd | EGI.UN | \$ 12.22 |
| Brookfield Asset Management | BAM.A | \$ 49.73 | Emera Inc. | EMA.PR.A | \$ 17.38 |
| Brookfield Asset Management | BAM.PF.B | \$ 22.83 | Emera Inc. | EMA.PR.B | \$ 16.10 |
| Brookfield Asset Management | BAM.PR.G | \$ 16.87 | Emera Inc. | EMA.PR.C | \$ 23.74 |
| Brookfield Asset Management | BAM.PR.T | \$ 19.95 | Emera Inc. | EMA.PR.F | \$ 23.66 |
| Brookfield Asset Management | BAM.PR.X | \$ 17.19 | First Asset Utility & Infrac. | FAI | \$ 10.69 |
| Brookfield Asset Management | BAM.PR.Z | \$ 23.94 | Fairfax Financial Holdings | FFH.PR.D | \$ 21.55 |
| Brookfield Infrastructure LP | BIP.PR.A | \$ 24.10 | Fairfax Financial Holdings | FFH.PR.J | \$ 19.00 |
| Ballard Power Systems | BLDP | \$ 3.50 | Fiera Capital Corporation | FSZ | \$ 14.05 |
| Boralex Inc. | BLX | \$ 21.85 | Fortis Inc. | FTS.PR.H | \$ 16.75 |
| Bank of Montreal | BMO.PR.C | \$ 25.65 | Fortis Inc. | FTS.PR.I | \$ 15.49 |
| Bank of Montreal | BMO.PR.R | \$ 24.02 | Granite REIT | GRT.UN | \$ 47.73 |
| Bank of Montreal | BMO.PR.S | \$ 23.09 | HZN ACT E/M DIV | HAI | \$ 13.69 |
| Bank of Montreal | BMO.PR.Z | \$ 26.10 | HZN ACT FLT RT PEF | HFP.A | \$ 9.45 |
| Bank of Nova Scotia | BNS.PR.F | \$ 21.87 | HZN MGD MULTI ASSET | HMA | \$ 10.19 |
| Brookfield Office Properties | BPO.PR.E | \$ 25.33 | HZN CDN MID OIL GAS | HOG | \$ 9.92 |
| Brookfield Office Properties | BPO.PR.N | \$ 20.70 | BPRO 2X NASDAQ100 BULL | HQU | \$ 41.55 |
| Brookfield Office Properties | BPO.PR.R | \$ 22.89 | Harte Gold Corp. | HRT | \$ 0.69 |
| Brookfield Office Properties | BPO.PR.T | \$ 22.70 | Global Water Solutions Fund | HTO.UN | \$ 8.62 |
| Brookfield Renew Power Pref Eq | BRF.PR.E | \$ 22.49 | HZN NASDAQ 100 | HXQ | \$ 40.46 |
| Brookfield Renew Power Pref Eq | BRF.PR.F | \$ 22.50 | Integrated Asset Management | IAM | \$ 1.47 |
| Cascades Inc. | CAS | \$ 15.36 | IBI Group Inc. | IBG | \$ 7.29 |
| iShares Bal. Income CorePortf | CBD.A | \$ 22.07 | PowerSh. S&P Intl Low Volatil. | ILV | \$ 22.62 |
| iShares S&P/TSX Cdn Div Arist. | CDZ | \$ 27.33 | Imvescor Restaurant Group | IRG | \$ 3.73 |
| Chemtrade Logistics Inc Fd | CHE.UN | \$ 19.38 | Kinaxis Inc. | KXS | \$ 77.61 |
| Chesswood Group | CHW | \$ 14.10 | Lassonde Industries | LAS.A | \$ 233.89 |
| CIBC | CM.PR.O | \$ 22.88 | Magellan Aerospace | MAL | \$ 21.33 |
| Canadian National Railway | CNR | \$ 100.59 | Mackenzie Max. Diversif. Emerg | MEE | \$ 22.23 |
| iShares Glb Agriculture Fund | COW | \$ 37.65 | Macquarie Gbl Infrastruct IF | MQI.UN | \$ 10.46 |
| iShares Glb Agriculture Fund | COW.A | \$ 36.74 | Melcor Developments | MRD | \$ 16.73 |
| Capital Power | CPX.PR.A | \$ 16.37 | Mackenzie Max Divers All World | MWD | \$ 21.09 |
| Capital Power | CPX.PR.C | \$ 20.93 | Mackenzie Max Divers WorldexNA | MXU | \$ 20.92 |
| Canadian Tire Corporation | CTC.A | \$ 162.56 | National Bank of Canada | NA.PR.A | \$ 27.20 |
| Canadian Utilities | CU.PR.H | \$ 25.97 | New Flyer Industries Inc. | NFI | \$ 49.60 |
| iShares S&P Global Water Fund | CWW | \$ 31.78 | North American Preferred Share | NPF.UN | \$ 22.79 |
| iShares Global Monthly Div ETF | CYH.A | \$ 19.00 | Northland Power Inc. | NPI.PR.A | \$ 19.50 |
| Desjardins Canadian Preferred | DCP | \$ 20.22 | Norbord Inc. | OSB | \$ 40.71 |
| Desjard Cda MF-Controlled Vol. | DFC | \$ 20.28 | Osisko Mining Inc. | OSK | \$ 5.49 |
| Dollarama Inc. | DOL | \$ 115.62 | PowSh Low Volatility Portfolio | PLV | \$ 21.70 |
| WisTr Intl Qual Div Gr Var Hgd | DQI | \$ 21.62 | Lysander-Slater Pr. Share Acti | PR | \$ 10.70 |
| ECN Capital Corp. | ECN | \$ 3.84 | Purpose Conservative | PRP | \$ 20.60 |

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| Power Financial Corp. | PWF.PR.K | \$ 24.72 | Veresen Inc. | VSN.PR.A | \$ 21.49 |
| Quebecor Inc. | QBR.B | \$ 41.57 | Veresen Inc. | VSN.PR.C | \$ 23.60 |
| Questrade Global Total Equity | QGE | \$ 23.43 | Veresen Inc. | VSN.PR.E | \$ 25.00 |
| PowerShares QQQ | QQC.F | \$ 47.64 | Waste Connections | WCN | \$ 118.85 |
| RBC Quant Global Infr. Leaders | RIG | \$ 20.98 | First Asset MS Cda Moment. ETF | WXM | \$ 15.69 |
| Cdn. Invest. Grade Pref. Share | RIGP.UN | \$ 27.79 | iShares MSCI Em. Markets ETF | XEC | \$ 25.25 |
| First Asset Canadian REIT ETF | RIT | \$ 15.86 | iShares India Index ETF | XID | \$ 33.66 |
| ShawCor Ltd. | SCL | \$ 39.85 | iSh Edge MSCI Min Vol Em. Mkt. | XMM | \$ 26.40 |
| Savaria Corp. | SIS | \$ 14.39 | iShares Edge MSCI Min Vol Gbl. | XMW | \$ 37.27 |
| Sun Life Financial Inc. | SLF.PR.G | \$ 17.10 | iShares S&P/TSX N.A. Preferred | XPF | \$ 18.51 |
| TELUS Corp. | T | \$ 44.44 | iShares NASDAQ 100 Index ETF | XQQ | \$ 45.03 |
| TD Bank | TD.PF.C | \$ 22.66 | iShares MSCI World Index Fund | XWD | \$ 45.65 |
| TD Bank | TD.PF.D | \$ 23.99 | ZCL Composites | ZCL | \$ 15.11 |
| TD Bank | TD.PR.T | \$ 24.20 | BMO Global Infrastructure ETF | ZGI | \$ 36.89 |
| PowerShares Comp. Low Vol. ETF | TLV | \$ 28.20 | BMO India Equity Index ETF | ZID | \$ 21.93 |
| TransCanada Corp. | TRP.PR.F | \$ 19.11 | BMO Low Volatil. Cdn Eqty ETF | ZLB | \$ 29.62 |
| Uni-Select Inc. | UNS | \$ 35.68 | BMO Low Vol. Intl. Eq. Hedged | ZLD | \$ 21.91 |
| Vanguard Canadian Corp. Bond | VCB | \$ 25.34 | BMO Monthly Income E.T.F. | ZMI | \$ 16.45 |
| Vanguard FTSE Em. Mkts All Cap | VEE | \$ 32.54 | BMO Nasdaq 100 Eqty Hedged-CAD | ZQQ | \$ 41.94 |
| Veresen Inc. | VSN | \$ 15.05 | BMO US Preferred Share Index | ZUP | \$ 26.23 |

Notable 52-Week Lows:

| | | | | | |
|-----------------------------|------|----------|--------------------------------|-----|----------|
| AGT Food and Ingredients | AGT | \$ 29.34 | Helix BioPharma | HBP | \$ 1.00 |
| Aralez Pharmaceuticals Inc. | ARZ | \$ 2.35 | BPRO -2X NASDAQ100 BEAR | HQD | \$ 13.06 |
| Concordia International | CXR | \$ 1.85 | HBP VIX FUT | HUV | \$ 5.38 |
| Dundee Corp. | DC.A | \$ 3.40 | RBC Target 2019 Corp. Bond ETF | RQG | \$ 19.83 |
| Eastern Platinum | ELR | \$ 0.31 | Valeant Pharmaceuticals Intl. | VRX | \$ 12.75 |
| Goodfellow Inc. | GDL | \$ 7.80 | | | |

CANADIAN EQUITIES OF INTEREST*Listed Alphabetically by Symbol***Ag Growth* (AFN : TSX : \$54.30), Net Change: 3.63, % Change: 7.16%, Volume: 219,857**

MAKING GRAIN STORAGE BINS GLAMOUROUS? Ag Growth has acquired Global Industries for US\$100M. Global is a diversified manufacturer of grain storage bins, portable and stationary grain handling equipment, grain drying and aeration equipment, structural components, and steel buildings. Global has four divisions located in Nebraska and Kansas, production capacity in South Africa, and warehouses in the U.S., Europe, Australia and Africa. Global's product catalogue and domestic and offshore geographic sales are highly complementary to Ag Growth's existing footprint, and are expected to substantially expand Ag Growth's North American and international grain handling, drying and storage platforms in both Farm and Commercial segments. Global's normalized EBITDA averaged ~US\$11.5M over the three years ended November 30, 2016. In the four years prior to 2015, being the years before the current downturn in the U.S. farm market, Global's normalized EBITDA averaged ~US\$17M. Ag Growth expects the transaction to be immediately accretive to profit per share and funds from operations. The US\$100M purchase price for Global was financed by cash on hand and Ag Growth's revolving credit facility. Ag Growth also announced a \$75M (prior to over-allotment option), 4.85% convertible unsecured subordinated debenture due 06/30/22 bought-deal offering, the proceeds of which will be used to reduce indebtedness and for general corporate purposes.

Critical Elements* (CRE : TSX-V : \$0.84), Net Change: 0.04, % Change: 5.00%, Volume: 774,146

LISTEN-UP! THIS NEXT PART IS... Critical Elements on Wednesday announced that it has successfully completed its pilot plant trials in Quebec. CRE says the program confirmed the suitability and robustness of the beneficiation plant design. The outstanding results yielded lithium concentrate grades of up to 6.56% and recoveries of up to 83.4%. Results obtained in pilot plant testing demonstrate very good understanding of the processing of the mineralized material, and the commercial plant should generate results similar to the locked cycle tests with the optimized equipment. Canaccord Genuity Metals &

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Mining Analyst Eric Zaunscherb made five key observations from the announcement: 1) Results improved from the beginning of pilot plant testing to the end as the process was tweaked; 2) Recovery of lithium to concentrate ranged 82-90%, which is only slightly below expectations. Improvements with optimization may be expected; 3) The lithium concentrate grade was well above the targeted 6% Li₂O expected by end-users and in their own conversion plant; 4) The combination of high concentrate grade and low impurity content (e.g. iron) suggests a premium product; 5) Tantalum recoveries and concentrate grades are comparable to lab scale test work, suggesting a significant by-product credit as expected. Overall, the Rose project features excellent infrastructure and is road accessible (35km north of Nemiscau, Quebec) with a power line directly on the property. CRE has also formed a strategic partnership with HELM AG, a Hamburg-based sales and distribution company, which remains supportive and hungry for product.

Gensource Potash* (GSP : TSX-V : \$0.21), Net Change: 0.03, % Change: 16.67%, Volume: 4,320,911

SMOKED MARIJUANA AND POTASH ARE NOT THE SAME THING. Gensource Potash executed a shareholder agreement with Essel Group to create a joint venture (JV) company, Vanguard Potash Corp. The purpose of the JV is the construction and operation of the new Vanguard potash production facility in Saskatchewan, which will bring together technical innovation, management expertise, international logistics and capital. GSP's CEO, Mike Ferguson, said, "This is the most significant milestone for Gensource to date. Initially the JV will complete the feasibility study on phase 1 of the Vanguard project before beginning construction of the first Gensource modular small-scale facility with production capacity of 250,000 tonnes per year. If the first facility is successful, our agreement provides that we will work together with Essel to assess the feasibility of adding additional production modules with the goal of achieving one million tonnes per year of production." Some key terms under the agreement include Essel contributing capital in two tranches, with the first tranche being \$5M to finance the feasibility study. The second tranche of \$200M, represents the full estimated capital to construct the first facility and will give Essel a 70% interest in the JV.

Hudson's Bay* (HBC : TSX : \$10.45), Net Change: 0.75, % Change: 7.73%, Volume: 1,779,810

I'VE COME ALONG WAY FROM TRADING FUR. Hudson's Bay, the iconic Canadian department store, reported Q4/F16 results. Adj. EBITDA of \$404M was below Canaccord Genuity Consumer & Retail Analyst Derek Dley's estimate of \$417M, but above consensus of \$385M. The company also provided initial details on a comprehensive operational review of the business. HBC management plans on cutting expenses, rationalizing and reallocating capital spending, and strengthening the balance sheet to combat the challenging retail environment. Same-store sales, which were previously announced, increased at the Department Store group and Saks, by 0.6% and 0.1%, respectively, offset by declines of 2.0% at HBC Europe and 5.9% at HBC Off Price. Overall, consolidated comparable sales declined 1.2%, due to a highly promotional retail environment. Digital sales remain a bright spot, with comparable digital sales growing 13.3% on a constant currency basis. SG&A increased by 11.3% YoY, to \$1.7B in Q4/F17, partially due to the increasing proportion of digital sales' corresponding fulfillment costs, and partially to impairment charges. Overall, the adjusted EBITDA margin declined to 8.8% from 10.1% in Q4/F15, due namely to higher SG&A, offset partially by a 50 basis point expansion in gross margins. Given the uncertain department store climate, HBC did not provide guidance for F2017 in the preliminary earnings release, but the company guided to lower net capital expenditures in F2017, of \$450-550M.

InMed Pharmaceuticals* (IN : \$0.76), Net Change: 0.19, % Change: 33.33%, Volume: 4,154,679

THE SCIENCE OF THINGS. Shares of InMed Pharmaceuticals, a pre-clinical biotech company focused on the development of cannabinoid therapeutics, rallied after being featured on Forbes.com (InMed Pharmaceuticals Is More Than Just Another Cannabis Drug Company). InMed's proprietary bioinformatics algorithm assesses the different active sites on cannabinoids and screens them against approved drug structures, disease site receptors, genetic profiles of diseases, and the involvement of proteins and chemical metabolites in disease pathways. To date, the market's focus on Canada's medical marijuana sector has been on the Licensed Producers (LP) - the growers. There are a number of Canadian producers that are entrenched in the medical market today building the infrastructure to supply the recreational market. Although cannabis has primarily been used recreationally for the psychoactive effects of THC (tetrahydrocannabinol), it is the qualities of both THC and CBD (cannabidiol) that are beneficial in most medical patients. CBD is a cannabis compound that provides medical benefits without inducing the "high" often associated with THC. Because of the stigma that has been attached to the use of cannabis, the medicinal benefits have not been rigorously tested. However, he believes the perception of cannabis as a medicine is changing as social acceptance grows. InMed is not alone in looking into the science of marijuana, there are several big pharma companies engaged in Cannabinoid R&D. The most notable being **GW Pharmaceuticals (GWPH)** and **Insys Therapeutics (INSY)**, with a market caps of ~US\$3B and US\$725M, respectively. GWPH commercialized the world's first plant-derived cannabinoid prescription drug, Sativex (nabiximols), which is approved for the treatment of spasticity due to multiple sclerosis in 29 countries outside the U.S. INSY is working on the liquid dronabinol drug Syndros, which could launch later this year.

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The synthetic THC oral solution received an initial go-ahead for Schedule II classification under the Controlled Substances Act. InMed was first mentioned in the Morning Coffee when shares were trading at \$0.41.

K Bro Linen* (KBL : TSX : \$39.00), Net Change: -0.15, % Change: -0.38%, Volume: 57,317

PROFITING FROM CLEANING REST HOME STYLE BEDSHEETS. K-Bro Linen announced a \$50M (prior to over-allotment option) bought-deal equity offering through a syndicate of underwriters - 1.32M common shares at a price of \$38.00 per common share. The raise was done at ~3% discount to K-Bro's Tuesday closing price. The net proceeds from the offering will be used to fund the build out of K-Bro's state-of-the-art facilities in Toronto and Vancouver, to pay down indebtedness and for general corporate purposes. K-Bro is the largest owner and operator of laundry and linen processing facilities in Canada. K-Bro provides a comprehensive range of general linen and operating room linen processing, management and distribution services to healthcare institutions, hotels and other commercial accounts. K-Bro currently operates nine processing facilities and two distribution centres under the brands: K-Bro Linen Systems Inc., Buanderie HMR and Les Buanderies Dextraze, in ten Canadian cities: Québec City, Montréal, Toronto, Regina, Saskatoon, Prince Albert, Edmonton, Calgary, Vancouver and Victoria.

Oncolytics Biotech* (ONC : TSX : \$0.75), Net Change: 0.07, % Change: 10.29%, Volume: 911,753

KEYWORDS: STATISTICALLY SIGNIFICANT. Oncolytics Biotech announced data demonstrating a statistically significant overall survival (OS) benefit for patients with mutated p53 metastatic breast cancer, when treated with REOLYSIN, an immuno-oncology viral agent, in combination with paclitaxel. Results from IND 213, an open-label, randomized, phase 2 study were presented at the Annual Meeting of the American Association of Cancer Research (AACR), April 1-5, 2017 in Washington, D.C. The open-label, randomized, phase 2 study enrolled 74 patients with metastatic breast cancer, 82% (61 patients) of whom presented with p53 mutated tumors. The results show patients with mutated p53 metastatic breast cancer that were treated with REOLYSIN in combination with paclitaxel (n=30) had a median OS of 20.9 months versus 10.4 months (n=31) in patients treated only with paclitaxel. The National Cancer institute reported 246,660 new cases of breast cancer diagnosed in the United States and 40,450 deaths from the disease in 2016.

Osisko Mining* (OSK : TSX : \$5.39), Net Change: 0.32, % Change: 6.31%, Volume: 4,506,034

IS LYNX THE CENTRE OF GRAVITY OF THE DEPOSIT? Osisko Mining released the results of an additional three drill holes from its 100% owned Windfall/Urban Barry project located in Quebec. The drill results are part of Osisko's ongoing 400,000m drill program, which is designed to infill/extend the Windfall deposit, as well as to test/delineate satellite targets. The emerging high-grade Lynx zone has now been traced to a depth of 330m from surface and 300m along strike. Mineralization has been intersected within 60m from surface, and remains open both along strike and at depth. The highlight of the release was in hole OSK-W-17-779, which intersected multiple zones of high-grade mineralization including, 63.9g/t Au over 4.4m and 50.9g/t Au over 4.6m. The release also notes the recalculation of two previously reported intervals from holes OSK-W-17-792 and OSK-W-17-788 of 42.1g/t Au over 9.2m and 17.0g/t Au over 17.3m respectively. Intersected crustiform vein and pyrite-rich silicified gold hosted mineralization is noted to be comparable to that observed within the main Windfall resource area, with a comparable degree of alteration. Overall, this further supports the potential to expand the project resource to the east of the Windfall deposit, and highlights the potential to uncover additional zones on near surface mineralization within the broader east-northeast trending magnetic low corridor. The average high-grade intercept within the Lynx Zone now totals 25.35g/t Au over 4.03m. Canaccord Genuity Mining Analyst Kevin MacKenzie notes that veins and silicified bands intersected within the Lynx Zone have been at variable orientations to that of the core axis, which is thought to be suggestive of a network of veins. MacKenzie believes follow-up drilling within the Lynx Zone is expected to be more targeted, with shallower drilling aimed at rapidly delineated mineralization, vs. the longer step-out holes aimed at intersecting multiple zones along the greater eastern extension.

Painted Pony Petroleum* (PPY : TSX : \$5.30), Net Change: -0.16, % Change: -2.93%, Volume: 1,234,932

#CONTENTIOUS. On March 15, Painted Pony announced the acquisition of UGR Blair Creek for ~\$277M. Canaccord Genuity Analyst Anthony Petrucci notes the deal has gathered a mixed reaction from the shareholder base given the large number of shares issued and the immediate dilution to production and cashflow per share. While Petrucci understands investor concerns, in his view the acquisition improves the long-term viability of the company. UGR's primary acreage is intertwined with PPY's (PPY was a partner in 20 of the 34 wells drilled on UGR's land base). As such it is logical to combine the businesses, in Petrucci's view, given the two companies are developing essentially the same asset, and it is the sole asset for both. In addition to reduced competition and economies of scale, the increased size is likely to enable more 'direct to sales' contracts by PPY in B.C. and beyond, helping to ensure the long-term health of the business. The increased working interest (now ~94%) and more contiguous land base also make the asset more compelling to an acquirer. If one agrees that PPY and

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UGR joining forces makes sense strategically, then the primary question for PPY shareholders is if the agreed equity ratio is fair to PPY. The shareholder vote to approve the deal is set for May 11. Petrucci believes the stock is likely to remain volatile ahead of the vote. Media reports suggest that PPY's largest shareholder (Invesco with ~9%) has serious reservations about the deal, and we believe it is likely other investors have a similar opinion given how the stock has been trading since the deal announcement. On the other hand PPY's midstream partner **AltaGas (ALA)**, which holds 4% of PPY, has gone on record praising the deal as "smart, wise" and says the transaction positions PPY "nicely for future growth". The shareholder vote requires a simple majority.

U.S. EQUITIES OF INTEREST

Listed Alphabetically by Symbol

Portfolio Strategy

Q1 IS LOOKING GOOD, BUT THE CHIEF IS STILL MARKET NEUTRAL. With earnings season ready to get underway, Canaccord Genuity Chief Market Strategist Tony Dwyer thought it would be a good time to highlight current EPS estimates for the S&P 500. Q1/17 EPS growth currently is expected to be 10.2%, led by double-digit growth in Financials and Technology, coupled with a strong rebound in Energy and Materials. Dwyer says he continues to expect upward revisions as earnings season progresses. In every quarter since the end of the recession, there has been a median upward revision of 3.4% from the beginning of the reporting season to the final numbers, suggesting a final Q1/17 reading closer to 14%. As such, Dwyer thinks early Q1 estimates look very encouraging. As for Dwyer's overall market view, however, he says his tactical backdrop is still near overbought, but improving slowly. In order for him to get more aggressive versus his current market and sector neutral positioning, he needs his four tactical indicators to improve. The first one is the percentage of S&P 500 index components above their 10- and 50-day moving averages drops to 20% and 40%, respectively. Secondly, the VIX needs to jump to 20 or higher. Thirdly, the 14-week stochastic indicator drops to 30 and lastly the Investor Intelligence percentage of bullish newsletter writers drops to below 45% (preferably 35%).

S&P 500 Index (.SPX : 2,353), Net Change: -7.31, % Change: -0.31%

JPMorgan Chase (JPM : US\$86.19), Net Change: -1.12, % Change: -1.28%, Volume: 17,522,765

"ON A PLANE, YOU ROOT FOR THE PILOT." – **JAIME DIMON.** JPMorgan Chase CEO Jamie Dimon has two big pronouncements as the Trump Administration starts reshaping the government: "The United States of America is truly an exceptional country," and "it is clear that something is wrong." Dimon, leader of world's most valuable bank and a counselor to the new president, used his annual letter to shareholders on Tuesday to list ways America is stronger than ever, while also detailing a long list of self-inflicted problems. Here's the start: Since the turn of the century, the U.S. has dumped trillions of dollars into wars, piled huge debt onto students, forced legions of foreigners to leave after getting advanced degrees, driven millions of Americans out of the workplace with felonies for sometimes minor offenses and hobbled the housing market with hastily crafted layers of rules. Dimon, who sits on Donald Trump's business forum aimed at boosting job growth, is renowned for his optimism and has been voicing support this year for parts of the president's business agenda. But on Tuesday, reasons for concern kept coming. Labor market participation is low, Dimon wrote. Inner-city schools are failing poor kids. High schools and vocational schools aren't providing skills to get decent jobs. Infrastructure planning and spending is so anemic that the U.S. hasn't built a major airport in more than 20 years. Corporate taxes are so onerous it's driving capital and brains overseas. Regulation is excessive. Dimon says, "This can understandably lead to disenchantment with trade, globalization and even our free enterprise system, which for so many people seems not to have worked. We need trust and confidence in our institutions. Confidence is the 'secret sauce' that, without spending any money, helps the economy grow."

Amazon.com (AMZN : US\$908.31), Net Change: 1.45, % Change: 0.16%, Volume: 7,459,291

Twitter (TWTR : US\$14.53), Net Change: -0.16, % Change: -1.09%, Volume: 13,318,533

GET UP, ROMO. IT WAS JUST THE COIN TOSS. The NFL has a new streaming host for part of its Thursday Night Football package. Amazon said in a statement it had won the streaming rights, taking a mantle previously held by Twitter. The \$50M, one-year deal will allow Amazon to stream the 10 games broadcast by NBC and CBS next season, according to The Wall Street Journal. The games will be available exclusively to Amazon Prime subscribers. Amazon beat out Twitter, **Facebook (FB)** and YouTube for the rights, according to the report. The rest of the deal is roughly similar to the one Twitter had last year: CBS and NBC will each broadcast five games, and Amazon will stream the networks' coverage, including their ads. Amazon will have the rights to sell a handful of ad slots per game. Amazon says it may sell ads for those slots, but says it will also use them to promote the company's other video offerings. The deal underscores a key strategy Amazon has to win a

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greater share of shoppers' wallets: offer benefits like fast shipping and video-streaming so people sign up for Prime and, consequently, turn to Amazon for more of their purchases.

Blackstone Group (BX : US\$29.49), Net Change: -0.15, % Change: -0.51%, Volume: 3,090,928

OUI! THAT'S A BIG MAWL. Blackstone Group has reportedly put an \$2.65B shopping mall portfolio in Australia up for sale, in what could be one of the country's largest ever real estate transactions. The news comes according to a person who saw the termsheet for the sale. So far Blackstone has declined to comment on the rumour. The Australian portfolio for sale comprises 10 shopping centers, mostly in Sydney and Melbourne, where a booming real estate market has pushed land values ever higher and population growth has underpinned retail spending. "It is a very defensive portfolio because it is non-discretionary, there's no department stores in there," the source said, adding that the asking price was around A\$3.5B. Reuters reported in January that Blackstone is also readying a new \$5B real estate fund, focused on investing in Asian property such as warehouses and malls in China, India and Australia.

Plug Power (PLUG : US\$2.25), Net Change: 0.96, % Change: 74.42%, Volume: 134,109,192

Ballard Power Systems (BLDP : US\$2.37), Net Change: 0.03, % Change: 1.28%, Volume: 6,108,426

Fuelcell Energy (FCEL : US\$1.45), Net Change: 0.10, % Change: 7.41%, Volume: 2,112,253

Amazon.com (AMZN : US\$908.31), Net Change: 1.45, % Change: 0.16%, Volume: 7,459,291

SOME MUCH-NEEDED FUEL. Hydrogen fuel cell maker Plug Power said that Amazon has acquired the right to buy up to 23% of the company. The deal gives Amazon powerful batteries that promise to speed up work in its warehouses. The terms of the deal will see Amazon spend at least \$600M over the life of its contract with Plug for its warrants to fully vest. Plug said revenues from the commercial agreements are expected to be about \$70M in 2017 - Amazon will be purchasing the equipment. Amazon and Plug will also begin further developing Plug's technology together, including expanding the applications for Plug's line of ProGen fuel cell engines. It's all part of CEO Andy Marsh's plan to turn a profit for the first time in Plug's 20 years. Marsh came to Plug Power in 2008 and overhauled the business plan with a mission to make the company profitable. He's spent the last nine years converting Plug from a research company into a manufacturer. "It's an important step in the long journey. We have a good customer with **Wal-Mart (WMT)**, and adding Amazon to our list of customers is important as both of them are deeply involved in revolutionizing delivery." Plug Power makes fuel cells, called GenDrive, used to power forklifts in warehouses and distribution centers. The company also offers hydrogen fuelling stations called GenFuel to attract more recurring revenue. The full system is called GenKey. FuelCell Energy and Ballard Power were up in sympathy.

Panera Bread (PNRA : US\$312.80), Net Change: 38.81, % Change: 14.16%, Volume: 12,160,580

WHO WILL BE TAKEN OUT NEXT? Panera Bread announced that it has agreed to be acquired by JAB Holding Company for a share price of \$315 and a total enterprise value of \$7.5B, including \$340M in net debt. Canaccord Genuity Restaurant Analyst Lynne Collier believes this to be one of the largest transactions in the restaurant space in the U.S. The deal is not subject to financing and is expected to close in Q3. Following the close of the transaction, Panera will be operated independently by the company's management team. The price of \$315 is +20% above its all-time high share price on Monday, and represents a premium multiple of 18.3x trailing earnings. On a P/E basis, the transaction represents a value of 46.7x trailing EPS. Collier also thinks that industry consolidation could be heating up. This deal marks the third and highest profile acquisition in the last 45 days across the restaurant space, following **Restaurant Brands International's (QSR)** deal with **Popeyes (PLKI)** and **Darden's (DRI)** deal with Cheddar's. The trailing EV/EBITDA multiples paid were ~20.1x for Popeyes and ~10.4x for Cheddar's. With restaurant operators facing a highly competitive market for traffic and new unit growth, plus the rising tide of labor, Collier believes that consolidation may remain a theme as larger companies search for revenue growth and operational leverage.

Walgreen Boots Alliance (WBA : US\$81.17), Net Change: -1.34, % Change: -1.62%, Volume: 12,002,817

THESE BOOTS ARE MADE FOR WALKIN... ALTHOUGH, I NEVER REALLY NOTICED THE BOOTS IN THAT VIDEO. Drug store chain Walgreens Boots Alliance saw its Q2 sales and earnings miss market expectations, although its pharmacy business sales picked up in the U.S. with the highest quarterly prescription growth in years. WBA reported earnings of \$1.06B, or 98 cents a share for the quarter, compared with \$930M, or 85 cents a share in the same period a year earlier. WBA's Q2 revenues fell by 2.4% to \$29.45B, down from \$30.18B a year earlier, also below the consensus forecast of \$30.26B. Management said its comparable pharmacy sales increased 4.2% on higher volumes as prescriptions filled in comparable U.S. stores increased by 7.9% compared with the same quarter a year ago. Management hopes to witness strong top-line growth in the upcoming second quarter on implementation of the company's new strategic partnership model. WBA is collaborating with multinational advertising firm WPP to operate and develop multiple marketing and communications

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channels for its retail and wholesale businesses, as well as its health and beauty product brands. The company also recently inked a multi-year partnership agreement with global express delivery services provider **FedEx (FDX)**. WBA says these alliances are expected to prove beneficial for the company's top-line performance.

GO FIGURE



What's Inside Horizons Medical Marijuana Life Sciences ETF (HMMJ)?

Holdings and Weighting as of March 17, 2017

| Security Name | Weight |
|---|--------|
| AURORA CANNABIS INC. (ACB) | 10.00% |
| APHRIA INC. (APH) | 10.00% |
| INSYS THERAPEUTICS INC. (INSY) | 10.00% |
| SCOTTS MIRACLE-GRO COMPANY CLASS A (SMG) | 10.00% |
| CANOPY GROWTH CORPORATION (WEED) | 10.00% |
| GW PHARMACEUTICALS PLC SPONSORED ADR (GWPH) | 10.00% |
| CRONOS GROUP INC. (MJN) | 7.78% |
| ZYNERBA PHARMACEUTICALS INC. (ZYNE) | 7.00% |
| ORGANIGRAM HOLDINGS INC. (OGI) | 4.83% |
| CANNIMED THERAPEUTICS INC. (CMED) | 4.78% |
| EMBLEM CORP. (EMC) | 4.09% |
| SUPREME PHARMACEUTICALS INC. (SL) | 3.84% |
| CANNAROYALTY CORP.* (CRZ) | 2.41% |
| EMERALD HEALTH THERAPEUTICS INC. (EMH) | 1.96% |
| ICC INTERNATIONAL CANNABIS CORP. (ICC) | 1.78% |
| MAPLE LEAF GREEN WORLD INC.* (MGW) | 1.53% |

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COFFEE BEAN

– Felony convictions for even minor offenses have led, in part, to 20M American citizens having a criminal record – and this means they often have a hard time getting a job. (There are six times more felons in the U.S. than in Canada.) (JPMorgan's Annual Report)

THE LAST DROP(S): I am going to hope this is an April fool's joke. Why in the world would you choose dandelion to retire? How about apricot? Never gets used!

WHY? Dandelion was a good colour to use for coloring Big Bird in the Sesame Street colouring books we have at home!

God made the colours of the world. Crayola shame on you!! We need ALL the colours. EACH colour is important. In the world, it takes the whole mixture to make up the picture together.

Take the confusing Green Yellow instead! My students think it is green but it is actually yellow. They try using it for grass and are so disappointed when they discover it is a yellow!!!

– Anonymous outrage over Crayola dropping its Dandelion yellow crayon after 27 years of service



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