



# Canaccord Genuity Wealth Management Morning Coffee

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**Friday April 7, 2017**

S&P/TSX Composite	54.19	15697.18
Dow Jones	15.62	20663.77
S&P 500	4.61	2357.56
NASDAQ	9.31	5873.78
S&P/TSX Venture	1.55	821.85
Crude Oil (US\$/brrl)	0.55	51.70
Gas (US\$/mmbtu)	0.04	3.30
Copper (US\$/lb)	-0.02	2.66
Gold (US\$/oz)	5.70	1254.20
Nickel (US\$/lb)	0.14	4.47
Palladium (US\$/oz)	-0.85	806.90
Platinum (US\$/oz)	-0.70	955.70
Silver (US\$/oz)	0.05	18.24
Uranium (US\$/lb)	0.00	23.50
Canadian Dollar	0.0010	0.7453
10-Year Canada		1.35
10-Year U.S.		2.34
Volatility Index (VIX)	-0.48	12.41

## JUST DO IT!!!



While a 200% box-office leap is something most producers might offer their right arm for, the team behind *Man Down* probably aren't finding much reason to celebrate.

The film – starring Shia LaBeouf as a PTSD-suffering U.S. soldier returning home from Afghanistan – made headlines this week after it was found to have opened in the U.K. with just one solitary person buying a cinema ticket.

In fairness to *Man Down*, it was only showing in one theatre (a branch of the Reel Cinema chain in the town of Burnley) and only once a day, but a 7-pound haul must still rank among the lowest ever, especially for an A-list vehicle (the film also stars Gary Oldman, Jai Courtney and Kate Mara.)

The film currently holds a 15% rating on Rotten Tomatoes.

## CANADA

The S&P/TSX Composite rose on Thursday, bolstered by a rise in energy and financial stocks, but a dip in resource shares offset some of the gains. **Barrick Gold (ABX)** announced a strategic cooperation agreement with Shandong Gold Mining on a 50/50 JV at Veladero. Shandong has agreed to pay \$960M in cash for the 50% stake, in line with analyst expectations.

**Ballard Power (BLDP)** neared a multi-year-high after the company announced that it has entered into a definitive equipment supply agreement with Zhongshan Broad-Ocean Motor for the supply and delivery of 200 FCveloCity fuel cell engines. **Sandvine's (SVC)** Q1 revenue and profits slipped as it continues to feel the fallout of slower sales in the cable market. Results still beat analyst expectations, however, as the company said it was pleased with the strong revenue contribution from the wireless and fixed telco markets.

**Raging River (RRX)** responded to rumours of it exploring a possible sale by announcing, "As part of our normal business practice, Raging River has previously and will continue to engage financial advisors to assist in the execution of its long term business plan."

## UNITED STATES

Stocks rose on Thursday, led by energy companies and a rebound in financials, but gains were kept in check by cautious trading ahead of the Trump-Xi meeting and on uncertainty about quick U.S. fiscal stimulus.

**Constellation Brands (STZ)**, the no. 3 U.S. beer company, reported better-than-expected quarterly profit and sales, helped by strong demand for its premium beers such as Corona and Ballast Point, and forecast 2018 earnings above estimates. **Yum China Holdings (YUMC)** posted a slight rise in Q1 same-store sales, helped by a jump in takeout demand and improvement at its flagging Pizza Hut brand as the newly spun-off firm looks to revive growth in the world's second-biggest economy.

Taser International, the company behind ubiquitous shock devices carried by law enforcement officers nationwide, announced that it was changing its name to **Axon Enterprise (AXXN)**, as part of a shift toward focusing on body cameras worn by police. Solar company **First Solar (FSLR)** said it was looking to sell its stake in a publicly traded company it formed with rival **SunPower (SPWR)** less than two years ago, at the height of investor euphoria over so-called "yieldcos." **Ford Motor (F)** said it would launch a plug-in hybrid car in China in 2018 and a fully electric sport-utility vehicle in the next five years.

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## ECON 101

**CANADIAN Data Today:** This morning, the **Unemployment Rate** (Mar) is expected to rise to 6.7% from 6.6% the previous month.

**U.S. Data Today:** This morning, the **Unemployment Rate** (Mar) is expected to remain at 4.7%, while **Consumer Credit** (Feb) should rise to \$12.50B from \$8.79B previously.

## MARKET MOVERS

### Notable 52-Week Highs:

Pure Industrial Real Estate	AAR.UN	\$	6.26	Fortis Inc.	FTS.PR.H	\$	16.84
AltaGas Ltd.	ALA.PR.B	\$	19.48	Fortis Inc.	FTS.PR.I	\$	15.50
Badger Daylighting	BAD	\$	35.40	Gendis Inc.	GDS	\$	3.01
Brookfield Asset Management	BAM.PF.B	\$	22.92	HZN MGD GLB OPP	HGM.A	\$	10.54
Brookfield Asset Management	BAM.PR.R	\$	19.98	HZN ACT PREF SH	HPR	\$	9.42
Brookfield Asset Management	BAM.PR.S	\$	19.09	Husky Energy	HSE.PR.C	\$	23.67
Brookfield Asset Management	BAM.PR.X	\$	17.31	Lassonde Industries	LAS.A	\$	236.00
Brookfield Asset Management	BAM.PR.Z	\$	24.20	Manulife Financial	MFC.PR.G	\$	23.89
Bombardier Inc.	BBD.PR.C	\$	18.50	Manulife Financial	MFC.PR.H	\$	24.89
Brookfield Infrastructure LP	BIP.PR.A	\$	24.15	Manulife Financial	MFC.PR.J	\$	23.32
Bank of Montreal	BMO.PR.S	\$	23.10	Manulife Financial	MFC.PR.O	\$	27.36
Bank of Montreal	BMO.PR.W	\$	22.52	Manulife Financial	MFC.PR.R	\$	26.02
Bank of Nova Scotia	BNS.PR.A	\$	24.50	Morneau Shepell Inc.	MSI	\$	20.62
Brookfield Office Properties	BPO.PR.A	\$	22.98	New Flyer Industries Inc.	NFI	\$	49.76
Brookfield Office Properties	BPO.PR.E	\$	25.40	Norsat International	NII	\$	13.56
Brookfield Office Properties	BPO.PR.N	\$	20.82	Osisko Mining Inc.	OSK	\$	5.55
Brookfield Office Properties	BPO.PR.P	\$	21.29	Pembina Pipeline Corp.	PPL.PR.M	\$	26.70
Brookfield Office Properties	BPO.PR.R	\$	22.95	PowerShares Cdn Pref ETF	PPS	\$	16.46
Brookfield Office Properties	BPO.PR.S	\$	21.80	Richelieu Hardware	RCH	\$	29.99
Brookfield Renew Power Pref Eq	BRF.PR.A	\$	20.09	First Asset Canadian REIT ETF	RIT	\$	15.89
Brookfield Renew Power Pref Eq	BRF.PR.E	\$	22.64	RBC Canadian Preferred Share	RPF	\$	23.71
Brookfield Renew Power Pref Eq	BRF.PR.F	\$	22.58	Royal Bank of Canada	RY.PR.B	\$	25.73
Cascades Inc.	CAS	\$	16.07	Royal Bank of Canada	RY.PR.D	\$	25.42
iShares Bal. Growth Core Fd	CBN.A	\$	20.34	Royal Bank of Canada	RY.PR.E	\$	25.45
Chesswood Group	CHW	\$	14.22	Royal Bank of Canada	RY.PR.F	\$	25.39
iShares Glb Infrastructure Fd	CIF.A	\$	27.12	Royal Bank of Canada	RY.PR.G	\$	25.37
iShares S&P/TSX Preferred Fund	CPD	\$	14.21	Royal Bank of Canada	RY.PR.H	\$	22.73
Canadian Tire Corporation	CTC.A	\$	163.40	Royal Bank of Canada	RY.PR.Q	\$	27.28
Canadian Utilities	CU.PR.C	\$	22.48	Sun Life Financial Inc.	SLF.PR.G	\$	17.11
Desjard USA MF-Controlled Vol.	DFU	\$	20.21	Sun Life Financial Inc.	SLF.PR.J	\$	16.05
Dynamic iSh. Active Cdn. Div.	DXC	\$	20.58	Tucows Inc	TC	\$	71.00
ECN Capital Corp.	ECN.PR.A	\$	25.42	TransAtlantic Petroleum	TNP	\$	1.97
Excel India Growth & Income Fd	EGI.UN	\$	12.26	TransCanada Corp.	TRP.PR.D	\$	22.49
Emera Inc.	EMA.PR.B	\$	16.15	TransCanada Corp.	TRP.PR.F	\$	19.40
Emera Inc.	EMA.PR.C	\$	23.75	TransCanada Corp.	TRP.PR.H	\$	13.80
Enbridge Inc.	ENB.PR.T	\$	20.02	Caldwell U.S. Dividend	UDA.UN	\$	10.60
First Asset Utility & Infrs.	FAI	\$	10.73	Uni-Select Inc.	UNS	\$	35.85
Fairfax Financial Holdings	FFH.PR.E	\$	16.88	VersaBank	VB.PR.A	\$	10.12
Fairfax Financial Holdings	FFH.PR.I	\$	20.38	Vanguard Cdn. Government Bond VGV		\$	25.45
Fairfax Financial Holdings	FFH.PR.J	\$	19.10	Veresen Inc.	VSN	\$	15.43
FA PREFERRED SHARE ETF	FPR	\$	22.48	Veresen Inc.	VSN.PR.A	\$	21.69
Fiera Capital Corporation	FSZ	\$	14.36	World Financial Split Corp	WFS.PR.A	\$	10.35
Fortis Inc.	FTS.PR.G	\$	21.35	WSP Global Inc.	WSP	\$	48.57

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iShares Global Complet. E.T.F.	XGC	\$ 30.32
iShares India Index ETF	XID	\$ 33.82
Yangarra Resources Ltd.	YGR	\$ 2.93
BMO International Dividend ETF	ZDI	\$ 21.66

BMO Global Infrastructure ETF	ZGI	\$ 36.93
BMO India Equity Index ETF	ZID	\$ 21.99
BMO Laddered Preferred Share	ZPR	\$ 11.54
Sleep Country Canada Holdings	ZZZ	\$ 34.56

## Notable 52-Week Lows:

Acasta Enterprises	AEF	\$ 9.20
AGT Food and Ingredients	AGT	\$ 29.01
Aralez Pharmaceuticals Inc.	ARZ	\$ 2.00
Le Chateau	CTU	\$ 0.14
Concordia International	CXR	\$ 1.73

Dundee Energy	DEN	\$ 0.01
Epsilon Energy	EPS.RT	\$ 0.03
NeuLion	NLN	\$ 0.76
PineTree Capital	PNP	\$ 1.70

## CANADIAN EQUITIES OF INTEREST

Listed Alphabetically by Symbol

**Barrick Gold\* (ABX : TSX : \$25.87), Net Change: -0.14, % Change: -0.54%, Volume: 2,261,738**

**Agnico Eagle Mines\* (AEM : TSX : \$60.27), Net Change: 0.33, % Change: 0.55%, Volume: 501,981**

**IAMGOLD\* (IMG : TSX : \$5.65), Net Change: -0.08, % Change: -1.40%, Volume: 1,695,259**

**#CEOPAY.** Canaccord Genuity Precious Metals Analyst Tony Lesiak notes that management compensation is on the rise in the precious metals sector. 'Tis the filing season for management information circulars, bringing management compensation into focus for investors. Of the larger companies which have reported thus far, Agnico Eagle and Barrick stand out with an average pay increase of 26% over 2015 for the top five named officers. Total compensation for Barrick leapt back to \$26M for the top five in 2016. For comparison, the average top five compensation totals in 2016 for the more profitable Canadian heavyweights **Royal Bank (RY)**, **TD Bank (TD)**, **Bank of Nova Scotia (BNS)**, **Canadian National Railway (CNR)**, **BCE (BCE)** and **Canadian Natural Resources (CNQ)** was \$25M. However, Lesiak does note that Barrick has favourably re-aligned its compensation to longer-term incentive systems (restricted stock), thereby improving the ownership culture. Still, when viewed as a percentage of FCF, Barrick and Agnico Eagle's top-five total remuneration was on average more than five times their larger Canadian non-mining peers. IMG's total comp more than doubled, but it was from a low base, and operations and the share price (top gold equity performer in 2016) saw a marked turnaround.

**Barrick Gold\* (ABX : TSX : \$25.87), Net Change: -0.14, % Change: -0.54%, Volume: 2,261,738**

**WALK SOFTLY AND CARRY A BIG CARROT.** Barrick Gold continues to deliver on its promises – to repair the balance sheet and pursue investments with strategic partners. In 2015, Barrick announced a partnership (50/50 JV) with Zijin Mining Group on the Porgera mine. Yesterday, Barrick announced a strategic cooperation agreement with Shandong Gold Mining on a 50/50 JV at Veladero. Shandong has agreed to pay \$960M in cash for the 50% stake, in line with Canaccord Genuity Precious Metals Analyst Tony Lesiak's expectations. The investment in Veladero is the first step to the agreement with Shandong, which also includes the potential to jointly develop Pascua and evaluate other investments in the El Indio gold belt such as Alturas. Barrick plans to use a part of the proceeds to fund the planned \$2.9B debt reduction by the end of 2018. Why would Barrick sell 50% of a core asset in a stable jurisdiction at no apparent premium? The sale will not help improve Barrick's near-term production decline from 5.5Mozs in 2016 to now 4.3Mozs in 2020. Veladero, an anchor (7% of annual production on 100% basis) to Barrick's near-term production profile had been described as a mature asset despite the "significant upside potential". Also AISC are on the rise (\$840 to \$940/oz), exceeding the LT goal of <\$725/oz. Moreover, Lesiak views the sale as the carrot (immediate cash flow to Shandong) to secure a partner for Pascua. At Pascua, Barrick has been advancing both a small underground mine plan (Argentina side) and longer term block cave approach (Chile). Lesiak believes the most likely way forward remains dealing with the Chilean authorities and moving forward as originally planned with a large open pit. With a potential partner to carry the bulk of the initial capital burden (\$1B est.), a phased approach to construction of the full mine (\$3B and 4-year ramp) and assuming more onerous taxation and operating costs, Lesiak sees potential to structure a +15% IRR at \$1,200/oz. Assuming a 50/50 JV structure, Lesiak derives a valuation (2022 start date) of ~\$1.7B net to Barrick. Further assuming a 50% development probability he derives a risked NAV of \$845M, an improvement to his previous \$450M option value. An investment decision on Pascua would have positive implications (\$800M in potential NAV accretion) for **Silver Wheaton (SLW)** that carry a stream on Pascua.

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**Ballard Power Systems\* (BLDP : TSX : \$3.47), Net Change: 0.27, % Change: 8.44%, Volume: 1,020,110**

**Ballard Power Systems\* (BLDP : US\$2.55), Net Change: 0.18, % Change: 7.59%, Volume: 4,482,084**

**Fuelcell Energy\* (FCEL : US\$1.50), Net Change: 0.05, % Change: 3.45%, Volume: 1,043,219**

**Plug Power\* (PLUG : US\$2.11), Net Change: -0.12, % Change: -5.38%, Volume: 40,814,606**

**KEEP AN EYE ON THESE NAMES!** Shares of Ballard Power were nearing multi-year-highs on Thursday after the company announced that it has entered into a definitive equipment supply agreement with Zhongshan Broad-Ocean Motor for the supply and delivery of 200 FCveloCity fuel cell engines. The engines will be used in clean energy demonstrations for buses and commercial vehicles in key Chinese cities. Ballard says the engines will be manufactured and supplied from its operations in British Columbia, with shipments scheduled for 2017. The deal value is approximately \$11M. "We are working to close the strategic technology transfer, licensing and supply deal with Broad-Ocean that we announced in February, under which Broad-Ocean plans to set up three module assembly operations in China," said Randy MacEwen, Ballard President and CEO. "Once closed, we will work to execute terms of the deal this year. In parallel, Broad-Ocean plans to seize early market demand for fuel cell buses and commercial vehicles in strategic demonstration projects in key Chinese cities. This \$11M order will be incremental to the expected \$25M value of the technology transfer deal." This comes at a time when our strict fuel economy targets and subsidizing certain new energy vehicle models, in a bid to cut air pollution and promote technological innovation. The fuel-cell sector as a whole is gaining traction: Earlier this week, shares of Plug Power nearly doubled after **Amazon (AMZN)** acquired the right to buy 23% of the company. Amazon intends to use Plug's batteries to speed up work in their warehouses.

**Birchcliff Energy\* (BIR : TSX : \$7.96), Net Change: 0.07, % Change: 0.89%, Volume: 561,259**

**SEYMOUR BUYS MORE AND MORE AND MORE.** Canadian billionaire and noted philanthropist Seymour Schulich has once again raised his stake in Birchcliff Energy. Schulich has acquired an additional 2M common shares of Birchcliff at an average purchase price of \$7.84 per common share (~\$15.7M). Schulich now beneficially owns or exercises control or direction over a total of 40M common shares of Birchcliff, representing ~15% of the company. This was the third time over the past three weeks that Schulich had entered the market to purchase Birchcliff shares. Earlier this week, Schulich acquired an additional 500,000 common shares of Birchcliff at an average purchase price of \$7.67 per common share (~\$3.84M). Before that on March 27, Schulich purchase of 2.5M common shares of Birchcliff at an average purchase price of \$6.67 per common share (~\$16.9M).

**Harte Gold\* (HRT : \$0.67), Net Change: -0.01, % Change: -1.47%, Volume: 814,642**

**WE THINK CONGRATULATIONS ARE IN ORDER.** Harte Gold happily announced it received the "Developer of the Year" Award from the Northwestern Ontario Prospectors Association ("NWOPA"). The award comes in recognition of the Sugar Zone Project located in White River, Ontario and the successful completion of its Advanced Exploration Bulk Sample (AEBS) and transition to Phase I Commercial Production earlier this year. Harte also took the opportunity to announce that the detailed high resolution Airborne Magnetic (7,870 line kms) and EM (2,881 line kms) Surveys announced on March 28, 2017 have begun. The Surveys will cover the original Sugar Zone property as well as Harte's recently staked claims to cover approximately 62,500 hectares. Airborne Survey results will help identify new exploration targets and guide ground follow-up work and exploration drill programs this year. Harte owns 100% of the Sugar Zone property where it has permitted a 70,000-tonne bulk sample for the Sugar Deposit. The Sugar Zone property is located 80km east of the Hemlo Gold Camp. The Preliminary Economic Assessment from 2012 contains an Indicated Resource of 980,900 tonnes, grading 10.13 g/t for 319,280 ounces of contained gold. It also has an Inferred Resource of 580,500 tonnes, grading 8.36 g/t Au for 155,960 ounces of contained gold. The company is also well financed and has \$27M in cash (Dec 31) thanks to a \$25M investment from Appian Natural Resources Fund.

**Osisko Mining\* (OSK : TSX : \$5.43), Net Change: 0.04, % Change: 0.74%, Volume: 1,357,916**

**NEW 52-WEEK HIGHS FOR OSISKO MINING.** This week, the company 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

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# Morning Coffee

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.

## **Raging River Exploration\* (RRX : TSX : \$9.25), Net Change: -0.61, % Change: -6.19%, Volume: 3,792,536**

**BLASPHEMOUS RUMOURS?** Raging River responded to rumours of it exploring a possible sale by announcing, "As part of our normal business practice, Raging River has previously and will continue to engage financial advisors to assist in the execution of its long term business plan. **GMP Securities L.P. (GMP)** had been engaged as a financial advisor to Raging River as part of an ongoing process undertaken by management and the Board of Directors to explore ways to further the company's business plan, including potential business alternatives available to the company in order to maximize value for shareholders. Upon completion of the review, the Board of Directors recently ended the engagement with GMP FirstEnergy." Bloomberg, quoting unnamed sources, reported Raging River had opened its data room to potential bidders last month. The article also named **Whitecap Resources (WCP)** as a potential acquirer. Raging River CEO Neil Roszell has had a track record of building and selling oil & gas companies. Previous Roszell companies include Wild Stream Exploration and Wild River Resources, both of which were sold to **Crescent Point Energy (CPG)**. Wild Stream was sold for \$600M in 2012, while Wild River was sold in 2009 for \$150M.

## **Sandvine Corp\* (SVC : TSX : \$3.03), Net Change: 0.08, % Change: 2.71%, Volume: 356,547**

**~40% OF SHARE PRICE IS CASH.** Sandvine reported strong Q1/F17 results. Revenue of \$33.3M was above Canaccord Genuity Tech Analyst Robert Young's estimate of \$26.4M and consensus of \$30.2M. Product revenue of \$22.6M (down 3.3% YoY but up 49.4% QoQ) was above Young's \$14.5M estimate while service revenue of \$10.9M (down 0.5% YoY and 9.1% QoQ) was lighter than Young's \$11.9M estimate. Although revenue for the quarter was down YoY, there were areas of significant strength. The quarter was driven by the APAC region (37% of revenue and up 77% YoY) and wireless (55% of revenue and up 19% YoY). The Fixed business was also very strong up 84% YoY. As expected, cable was an area of weakness and the segment is expected to remain weak. The reseller channel was particularly strong in Q1, representing 66% of revenue likely a function of the strength in APAC. Sandvine won eight new customers in the quarter (53 for LTM) which is at the low end of recent activity and quite a bit lower than the 22 announced in Q1 last year, but still a good number. Sandvine continues to trade at a discount valuation and we note that the company's cash balance of US\$117M (or ~US\$0.88/share) is now ~40% of the share price. The company also announced its quarterly dividend of C\$0.02 (no change) which is a 2.7% yield and represents a ~\$2M quarterly outflow. There was no indication of a more granular dividend policy and no update on the patent claim from Packet Intelligence.

## **Siyata Mobile\* (SIM : TSX-V : \$0.62), Net Change: 0.07, % Change: 12.73%, Volume: 509,057**

**YOU CAN CALL ME ON MY TRUCK PHONE.** Siyata Mobile posted sales of \$4.85M in its first quarter of 2017. This represents an increase of 80% over the company's Q1 2016 sales and is the third consecutive quarter of record sales. Marc Seelenfreund, CEO of Siyata stated: "We continue to see very strong demand for all our product lines and are happy to announce another record quarter. The recently completed \$5.1M financing puts the company in a very strong position to continue our aggressive sales and product launches into North America." Siyata recently closed a \$5.1M, which has contributed to the company's current working capital of \$9M. The company also recently released its Uniden UV350, the world's first 4G in-vehicle communications device that is FirstNet (Band 14) ready, a nationwide wireless broadband network dedicated to America's first responders.

## **Avivagen\* (VIV : TSX-V : \$0.13), Net Change: 0.01, % Change: 8.70%, Volume: 2,263,546**

**HELPING REDUCE THE USE OF ANTIBIOTICS. BECAUSE NOT ALL BUGS NEED DRUGS!** Shares of Avivagen were making a move on Thursday as the venture community digested the company's latest news. For those unfamiliar, Avivagen has a livestock feed product called OxC-beta, which has the potential to eliminate the use of antibiotics in livestock feed. The company announced that it has received an additional purchase order of the same value and quantity from UNAHCO Inc. in the Philippines for 150 kilograms of OxC-beta livestock 10% premix at pricing in line with Avivagen's target. The shipping date of the product is subject to receipt of an import permit. The company said that based on recent conversations with UNAHCO, it anticipates further orders. UNAHCO is the exclusive distributor for Avivagen's OxC-beta livestock in the Philippines, where it is now registered for use in all food animal species. UNAHCO is the wholly owned feed and veterinary

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subsidiary of Unilab Inc., the biggest pharmaceutical company in the Philippines. UNAHCO provides a broad range of animal health care and nutrition products and programs to meet the requirements of both commercial and individual farmers in the Philippines as well as abroad.

## U.S. EQUITIES OF INTEREST

*Listed Alphabetically by Symbol*

**Axon Enterprise (AAXN : US\$23.08), Net Change: 1.18, % Change: 5.39%, Volume: 2,145,547**

**THAT'S CRAZY, BETTER CHECK THE TAPE ON THAT ONE.** Taser International, maker of the namesake device used by police to stun and incapacitate a person temporarily, has changed its name to Axon as it pushes further into the software business. The Axon name comes from Taser's unit that sells police body cameras, patrol car cameras and the software for managing the hours of digital footage they generate. That was not the only major announcement this week: the company also said it is launching a program to equip every U.S. police officer with a body camera, free of charge. Axon said that the program will also provide police departments with supporting hardware, software, data storage and training, all free for one year. "We believe these cameras are more than just tools to protect communities and the officers who serve them. They also hold the potential to change police work as we know it, by seamlessly collecting an impartial record and reducing the need for endless paperwork," Rick Smith, CEO of Axon said in the release. Axon's offer comes in response to what the release classified as an increasingly challenging environment for police officers. "Limited resources, lack of staffing, and equipment issues" were among the top issues listed.

**Dollar General (DG : US\$69.55), Net Change: 1.05, % Change: 1.53%, Volume: 2,365,886**

**WHAT'S A DOLLAR REALLY WORTH?** Dollar General confirmed that it has reached an agreement with Dollar Express to acquire all 323 of its store locations. Terms of the deal have not been disclosed. Dollar Express was created in November 2015 as part of **Dollar Tree's (DLTR)** acquisition of Family Dollar Stores. Dollar Express is part of private equity firm Sycamore Partners' portfolio of businesses. According to a local Charlotte newspaper, up to 2,700 employees may lose their jobs. Multiple Dollar Express employees have reported that they were informed that their last day of employment would be on or around June 2 since Dollar General is not retaining any of them. Stores will begin their liquidation processes soon, said the employees. Sycamore stated in an FTC application that Dollar Express "can no longer operate as a viable standalone business," due to changes in competitive conditions since the purchase. Dollar General operates over 13,000 discount retail stores located in 44 states, with the greatest concentration in the Southern, Southwestern, Midwestern, and Eastern U.S.

**Ford Motor (F : US\$11.27), Net Change: 0.01, % Change: 0.13%, Volume: 32,570,689**

**Tesla (TSLA : US\$298.55), Net Change: 3.75, % Change: 1.27%, Volume: 5,492,491**

**WHY CAN'T A BICYCLE STAND ON ITS OWN? BECAUSE IT'S TWO-TIRED.** Ford said it would launch a plug-in hybrid car in China in 2018 and a fully electric sport-utility vehicle in the next five years, as it works toward electrifying most of its lineup in the world's biggest auto market by 2025. This comes at a time when Beijing is urging automakers to sell more electric vehicles, laying out strict fuel economy targets and subsidizing certain new energy vehicle models, in a bid to cut air pollution and promote technological innovation. CEO Mark Fields said, "We are prioritizing our electrification efforts on China to reflect its importance as a global electrified vehicle market and to make lives better, simpler and more cost effective for Chinese consumers." Earlier in the week, Tesla surpassed Ford to be the largest U.S. automaker by market cap. However, Tesla delivered fewer than 80,000 vehicles globally last year to Ford's 6.7M. Tesla has yet to manufacture in high volumes, investors are long the name as the company prepares to launch the Model 3, which intended to appeal to a broader audience and propel Tesla into the mainstream. Ford, which makes cars in China through a joint venture with Chongqing Changan Automobile Co., said it plans for 70% of Ford brand vehicles sold in China to be conventional hybrids, plug-in hybrids or full battery electric by 2025.

**First Solar (FSLR : US\$26.59), Net Change: 0.02, % Change: 0.08%, Volume: 4,485,839**

**Sunpower (SPWR : US\$6.18), Net Change: 0.01, % Change: 0.16%, Volume: 2,407,383**

**THIS PRODUCT WILL NEVER WORK IN VANCOUVER.** First Solar said it was looking to sell its stake in a publicly traded company it formed with rival SunPower less than two years ago, at the height of investor euphoria over those so-called "yieldcos." If you're new to the story, yieldcos are publicly traded entities that house solar and wind projects with long-term contracts with utilities. The vehicles collect the stable cash flows from utility contracts and pay them out as dividends. They became popular among investors earlier this decade because they were viewed as a less volatile means of investing in

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# Morning Coffee

renewable energy (which was definitely not the case). Separately, SunPower said it was exploring strategic alternatives for the venture, **8point3 Energy Partners (CAFD)**. In its statement, First Solar said the move would allow it to allocate more capital to the production of its next-generation Series 6 panels, which CEO Mark Widmar said "has the potential to be a transformational product." Series 6 utilizes a new production methodology that employs a larger glass size and also has significantly lower capital expenditures (roughly 40% lower per watt of manufacturing capacity). These panels are projected to cost roughly 40% less compared to earlier modules. A global glut of panels has pushed prices down substantially over the last year, cutting profit margins. First Solar hopes to begin production of Series 6 this year in a bid to improve profitability.

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**Constellation Brands (STZ : US\$171.54), Net Change: 10.14, % Change: 6.28%, Volume: 5,552,746**

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**CAN SOMEONE TELL ME THE POINT OF CORONA "LIGHT"**. Shares of Constellation Brands, maker of Corona beer and Svedka vodka, neared record highs after the company beat on earnings and revenue in their F17 earnings report released Thursday. The largest alcohol importer in the U.S. reported earnings for Q4 of \$1.48 per share, beating estimates of \$1.36 per share. Revenue also beat the Street, with Constellation reporting \$1.63B in sales versus the expected figure of \$1.59B. In a release, CEO Rob Sands said the company saw 13% net sales growth, partially as a result of the recently completed acquisition of craft brewery Ballast Point. Sands pointed to beer for the company's success. "Our beer business continues to be a powerhouse for growth. We exceeded our profit and margin goals for the year. These excellent results were driven by solid performance for every brand in our portfolio, which resulted in Constellation being the No. 1 growth contributor to the U.S. beer industry for the year.

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**Yum China Holdings (YUMC : US\$30.76), Net Change: 2.58, % Change: 9.16%, Volume: 14,420,125**

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**FINGER-LICKING GOOD EARNINGS**. Yum China reported Q1 earnings and sales that topped analysts' forecasts, helping send shares higher yesterday. The China unit that was spun off from KFC-owner **Yum Brands (YUM)** reported adjusted earnings per share of \$0.44 and revenue of \$1.28B. Analysts had forecasted EPS of \$0.38 on revenue of \$1.27B. Sales at stores open for at least one year or same-store sales jumped 1%, which was much stronger than the expectation for a decline of 0.7%. In China, same-store sales at KFC rose 1% while sales at Pizza Hut rose 2% during the quarter. "We are especially gratified with the progress made on two key drivers of growth – Digital and Delivery," CEO Micky Pant said in a statement. "We believe we have unprecedented insights into consumer behavior and have been engaging with them across the digital ecosystem: from pre-order to payment." The Chinese restaurant chain, which has more than 7,600 properties in the country, said it remains on track to open 550 to 600 restaurants in 2017.



## GO FIGURE

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### Make Walls Great Again!

Tuesday was the deadline for companies to propose designs for U.S. President Donald Trump's border wall with Mexico. U.S. Customs and Border Protection will ask several of the bidders to build prototypes in San Diego.

The government won't identify companies until contracts are awarded around June 1 – and even then, only the winners – but some bidders released plans on their own:

### Solar Panels

Gleason Partners LLC of Las Vegas proposes solar panels to cover sections of the wall. The panels would provide electricity for lighting, sensors and patrol stations along the wall. Sales of electricity to utilities could cover the cost of construction in 20 years or less, according to the company. Power could also be sold to Mexico. "I like the wall to be able to pay for itself," said managing partner Thomas Gleason.

### Tourist Attraction

Crisis Resolution Security Services of Clarence, Illinois, proposes a wall that is 56 feet high and 22 feet wide at the top – with plenty of room to allow tourists to enjoy desert views. The height – nearly twice what the government envisions – would deter climbers, and its width would give the structure longevity, said CEO Michael Hari.

### Nuclear Waste

Clayton Industries of Pittsburgh proposes storing nuclear waste along the wall in trenches that are at least 100 feet deep. Money already collected by the U.S. Department of Energy from people who benefit from nuclear power would help pay for the wall. The bid includes an option for hardware to convert the nuclear waste to energy.

### Artwork on Both Sides of the Border

Concrete Contractors Interstate of San Diego proposed a polished concrete wall augmented with stones and artifacts specific to areas on the 2,000-mile border. Russ Baumgartner, CEO of the company, says the wall should be "a piece of art." Customs and Border Protection's solicitation says the wall should be "aesthetically pleasing" from the U.S. side. Baumgartner wants to decorate both sides.

### Ballistic Concrete

DarkPulse Technologies of Scottsdale, Arizona, proposes a concrete wall that can withstand tampering or attacks of any kind. "You could fire a tank round at it and it will take the impact," said company founder Dennis O'Leary. Fibre sensors would be embedded in the concrete to immediately alert officials to any attempts to climb over or tunnel under the wall. It would be coated with a slick coating that would prevent climbing.

### No Border

Otra Nation, a group of U.S. and Mexican citizens, proposed the world's first shared co-nation along the border "open to citizens of both countries and co-maintained by Mexico and the United States of America." It would also create "nodes of cultural production" such as libraries, museums, galleries and workshops between San Diego and Tijuana, Mexico, and other spots with cities on both sides of the border. It would prohibit oil drilling and mining and create a "hyperloop transportation system" for people and cargo.

*Source: Associated Press*




# Morning Coffee

## COFFEE BEANS

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- The Israeli Labor Party election committee has decided to delay its primary election, which was scheduled for July 3, by one day because of the highly anticipated Britney Spears concert in Tel Aviv. The committee was afraid that it would be difficult for party members who live in central Israel to reach the polling stations due to the concert. (JerusalemOnline.com)
- RBC Global Asset Management had March mutual fund net sales of \$1.1B. Long-term funds had net sales of \$1.0B and money market funds had net sales of \$99M. Mutual fund assets under management increased by 1.1%. In addition, RBC GAM reported ETF sales of \$490M for the first quarter of calendar 2017. ETF assets under management increased by 24.7%. (RBC Global Asset Management)
- It was the “gloomiest” March in Vancouver since record-keeping began in 1951, with only 70.5 total hours of sunshine in the entire month, according to Environment Canada. On average, Vancouver gets 138.4 hours of bright sunshine in March – or nearly twice the paltry figure we endured last month. It also rained 28 out of the 31 days, tying the previous record for most days with rain. (CBC News)
- Lyft is raising \$500M at \$7.5B valuation, up from \$5.5B one year ago – source. (via @dee\_bosa)
- The characteristics of individual investors who trade frequently. Research has shown that investors trade too frequently, and that this overtrading lowers investment return...Multivariable regression analysis of over three years of trading data from 7,200 U.K. investors enabled identification of numerous characteristics significantly and positively associated with frequent trading. These were male gender, younger age, use of stop losses and use of multiple mediums of trading, including the Internet, the telephone and an advice team. (Daniel W. Richards)
- The Masters banned a CBS broadcaster in 1995 for saying, “They don’t cut the greens here at Augusta; they use bikini wax.” (Business Insider)
- Only four minutes of commercials per hour are allowed on the broadcast. (Business Insider)
- It’s nearly impossible to become a member at Augusta. You have to be nominated by a current Augusta member, and new initiations generally aren’t accepted unless someone quits or dies. The total membership hovers around 300. (Business Insider)
- TV commentators are required to call fans “patrons,” and the rough the “second cut”. (Business Insider)
- No cellphones are allowed on the property resulting in long lines for the payphones. (Business Insider)
- Augusta is closed in the summer to keep the course in pristine shape. (Business Insider)

**THE LAST DROP:** Bull markets are born on Twitter, grow on Instagram, mature on Facebook and die on Snapchat.

– Ben Carlson @awealthofcs 

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