FALL 2020 EDITION

THE FAMILY ADVANTAGE

The Continued Outperformance of Family-Controlled Companies

Unique Insight from Women Business Leaders Shaping Canada's Economy

NATIONAL BANK OF CANADA

FINANCIAL MARKETS

THE FAMILY ADVANTAGE

The Continued Outperformance of Family-Controlled Companies

National Bank of Canada

Authors and Report Coordinators:

Vincent Joli-Coeur
Vice Chairman, Financial Markets

Stéphanie Larivière
Managing Director & Co-Head, Institutional Sales - Fixed Income, Currencies & Commodities

Philippe Lefebvre Duquette
Vice President, Financial Markets

Contributors:

Nicolas Patard
Managing Director & Head, Financial Products

Giuseppe Saltarelli
Desktop Publisher, Economics & Strategy

NBC Canadian Family Index Committee:

Linda Ma, CFA
Analyst, ETFs and Financial Products Research

Tiffany Zhang
Analyst, Equity Research - ETF Research & Strategy

Greg Colman
Managing Director & Head of Equity Research

Louis Arcand
Legal Counsel

Nizar Araji
Vice President & Global Head of Compliance

Me Jean-Pierre Chamberland
Partner, Fasken Martineau DuMoulin LLP (External Counsel)

Academic Contributor

Professor Karl Moore
Associate Professor, Desautels Faculty of Management, McGill University and Associate, Green Templeton College, Oxford University

Canadian Women Business Leaders Featured

Cover page:


Jenny Coco
(Coco Group)


Sarah Davis
(Loblaw Companies)


Stephany Fier
(Silvercrest Metals)


Christiane Germain
(Groupe Germain)


Julie Godin
(CGI)


Linda Hasenfratz
(Linamar Corp.)


Madeleine Paquin
(LOGISTEC)


Maureen Sabia
(Canadian Tire)


Nancy Southern
(ATCO/Canadian Utilities)

Table of Contents

Forewords

Home to National Bank of Canada Financial Markets' offices in Montreal, Canada, the iconic Sun Life Building was completed in 1918 and gradually expanded over time. (Archive photo of the building's 1928–1933 Phase 3 Expansion: courtesy of Bentall Green Oak)

Forewords

National Bank of Canada ("NBC") is proud to release the third report of its series *The Family Advantage*. The NBC Canadian Family Index (the "Family Index"), calculated by S&P Dow Jones Indices, continues to show strong performance of its constituent companies relative to their widely-held peers. The 2020 vintage of the Family Index includes 38 remarkable Canadian success stories. Family-controlled and founder-controlled companies are crucial components of the entrepreneurial fabric in Canada and abroad, and we feel it is important to highlight their accomplishments. Family firms account for approximately 80% of companies worldwide and 40% of the Fortune Global 500.

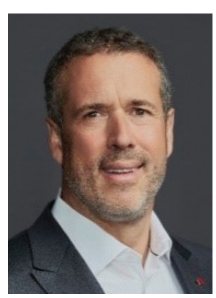
Typically, family firms foster longer-term thinking, leading to better long-term performance creating value for all stakeholders. Family businesses also often show leadership in abiding by strong governance principles, with many adopting self-imposed checks and balances such as a majority of independent directors and coattail or sunset provisions that ensure fair treatment for all shareholders. Family control allows management to focus on decades instead of quarters.

The research section of *The Family Advantage Fall 2020* report focuses on women business leaders in family-controlled organizations. Our report finds that family firms create favourable environments for women to take prominent roles and thrive as business leaders.

We are privileged to share the stories of a stellar group of professionals at the helm of some of Canada's leading family businesses. Nine women leaders generously shared insights on their career path, management style and business dynamic. Although each experience is unique, several common themes and reflections emerged from our discussions. We hope you will appreciate this content as much as the team enjoyed these encounters.

As we finish writing this report, we cannot help but reflect that we are writing in the Sun Life Building. The cornerstone of this historic building was laid May 13, 1914, just weeks before the outbreak of World War I. It has seen the Spanish Flu of 1918, the Great Depression, World War II, the Cold War and other trying times. Today in the midst of the Covid-19 crisis, we are uncertain when and how it will be over. But we know Canada has survived many crises since 1914 and thanks to the courage, resilience and strength of the Canadian people we have prospered. We find this a comfort in these uncertain times. Family firms have been integral to the Canadian economy from the country's early days — Molson's, founded in 1786, Loblaw Companies in 1919, Canadian Tire in 1922. At National Bank of Canada, founded in 1859, we have been proudly supporting family businesses since day one.

Vincent Joli-Coeur
Vice-Chairman, Financial Markets



Éric Bujold
President, National Bank Private Banking 1859

Forewords *(Continued)*

Since my Ph.D. at the Schulich School at York University, I have had the opportunity to interview more than 500 CEOs, primarily in Europe, when I taught at Oxford, and now in North America. A considerable number have been family firms. CEOs of Canadian family firms have been very generous in coming to our CEO Insights class at McGill and being interviewed for our hour-long show the CEO Series on CJAD radio.

For the last 11 years, I have taken 40 McGill undergrads and alumni to far-flung parts of the world on our annual Hot Cities of the World Tour. The slogan of the trip is *"Taking the Future to the Future,"* that is, taking young people to where there is strong economic growth. We have been to South America, Russia, South Africa and eight times to Asia. A recurring theme, particularly in Asia, is the importance of family firms, particularly conglomerates. In North American and European business schools, we typically deride conglomerates as something of the past. In much of Asia and other parts of the world, conglomerates are seen as enjoying considerable advantages in doing business in their national and continental context. Beyond being a conglomerate, being a family firm is seen in Asia as a great advantage.

When National Bank of Canada asked me to interview some of the top women in Canadian family businesses, I was particularly delighted. I had long felt that women in family businesses had been neglected in our thinking about family business in our country.

After nine in-depth conversations with some of our top leaders, most of them lasting close to two hours, three things particularly struck me. Firstly, I thought their fathers would have been the CEOs of their firms. For the majority of the executives we talked to, it was mum and dad who were effectively the co-CEOs of these family firms. In those days the man had to take precedence. Today, thankfully, things are different. Daughters are increasingly the CEOs and rightly so. Secondly, one of the great advantages of family firms is their longer-term view. The average tenure of CEOs is getting shorter and shorter. *"Making hay while the sun shines"* is too often the approach of too many non-family-firm CEOs. Family-controlled firms genuinely consider the long term. They often think in terms of their children and grandchildren.

Of course, family firms can drop the ball. A famous saying about family business is "from rags to riches to rags." The nine women we interviewed for this research have shown that this saying is becoming dated. They have replaced the older generation and are actively mentoring the next generation of family members. Time will tell, but on the basis of our conversations I am optimistic that there are members of the younger generation who will be up to the challenge. One of the things that struck me is how many of their families talked about the business at the dinner table, right from when the children were young. They grew up differently from me. For years they heard about the family business from their parents or grandparents at mealtime. By the time they were in their 20s they had an unusually deep perspective of a business their family owned, auguring well for their potential future involvement in the firm.

Being the CEO and being the controlling shareholder are two different roles. Families, in my experience, come to terms with their evolving role. They often hold a vision that is long-term not short term, something valuable in today's global economy.

"Today, thankfully, things are different. Daughters are increasingly the CEOs and rightly so."

Forewords *(Continued)*

I have twice, in 2006 and 2017, had the privilege of taking McGill students to visit Warren Buffett for a day in Omaha, Nebraska. Both times there was no speech, just students asking Mr. Buffett whatever questions were on their minds. Spending two days with one of the world's premier investors and hearing his views reinforced in my mind the tremendous value of family firms in the global economy. They can fall short but have great strengths. This report certainly demonstrates that in Canada.

Prof. Karl Moore Ph.D.
Associate Professor, Desautels Faculty of Management, McGill University and Associate, Green Templeton College, Oxford University

Prof. Karl Moore with his McGill University students visiting Warren Buffett, CEO of Berkshire Hathaway, in Omaha, Nebraska (2017)

1

Introduction

Alimentation Couche-Tard's first convenience store in Laval, Québec (1980)

1. Introduction

Family-controlled businesses are the most prevalent corporate structure around the globe.[1] They take various forms. From corner stores, mom-and-pop shops and small and medium-sized enterprises to large private or publicly-listed businesses and from founder- and co-founder-led firms to multi-generational companies, family businesses share a passion for delivering products and services to customers, are often deeply involved in their communities and have a direct vested interest in success.

While some family companies choose to remain private, many fast-growing family businesses choose to go public to raise capital and further propel growth once a business model proves successful and sustainable. Several founder-controlled and conventional family-run companies often follow the path of Google (now Alphabet) in introducing multiple voting shares when they go public. This allows them to retain certain benefits of private ownership – less external pressure to manage for the short term – while raising further capital. In Canada, for example, founder-controlled Shopify, Lightspeed and earlier this fall Nuvei all followed this path in going public over the last few years.

In previous editions of *The Family Advantage*, NBC drew on its NBC Canadian Family Index to outline the long-term outperformance of Canada's largest publicly-listed family-controlled businesses versus widely-held companies. Like the most popular public-equity indices, the Family Index is based on objective predefined quantitative criteria. In this report we highlight several traits of family businesses and stories that family businesses of all types can relate to.

"In this report we highlight several traits of family businesses and stories that family businesses of all types can relate to."

[1] *La Porta, R., Lopez-de-Silanes, F. and Shleifer, A., Journal of Finance, "Corporate Ownership Around the World," 1999)*

Regional breakdown of the 38 companies included in the NBC Canadian Family Index (June 2020)[2]

BRITISH COLUMBIA

- Aritzia Inc.
- Ivanhoe Mines Ltd.
- Teck Resources Limited
- West Fraser Timber Co. Ltd.

ALBERTA

- ATCO Ltd.
- Canadian Utilities Limited
- Shaw Communications, Inc.

ONTARIO

- Canada Goose Holdings Inc.
- Canadian Tire Corporation, Limited
- Canopy Growth Corporation
- CCL Industries Inc.
- Celestica Inc.
- Colliers International Group Inc.
- Fairfax Financial Holdings Limited
- FirstService Corporation
- George Weston Limited
- Linamar Corporation
- Loblaw Companies Limited
- Lundin Mining Corporation
- Maple Leaf Foods Inc.
- Northland Power Inc.
- Onex Corporation
- Rogers Communications Inc.
- Shopify Inc.
- Thomson Reuters Corporation

[2] *Based on the June 2020 Annual Review.*

NATIONAL BANK OF CANADA
Canadian Family Index

CALCULATED BY S&P DOW JONES INDICES

QUEBEC

- Alimentation Couche-Tard Inc.
- BRP Inc.
- Cascades Inc.
- CGI Group Inc.
- Cogeco Communications Inc.
- Lightspeed POS, Inc.
- Power Corporation of Canada
- Quebecor Inc.
- Saputo Inc.

MANITOBA

- Great-West Lifeco Inc.
- IGM Financial Inc.
- Winpak Ltd.

NOVA SCOTIA

- Empire Company Limited

2

The NBC Canadian Family Index Outperformance

(Photo: Kenny Krosky – Unsplash.com)

2. The NBC Canadian Family Index Outperformance

Index Selection Rules

The NBC Canadian Family Index, calculated by S&P Dow Jones Indices (ticker: NBCFAMTR), tracks and measures the performance of publicly-listed Canadian family-controlled businesses against the performance of the S&P/TSX Composite Index, Canada's benchmark equity index. It currently includes 38 family-controlled businesses meeting predefined criteria, from across the country and from various industries. The results highlighted by the Index demonstrate the outperformance of Canadian family-controlled companies versus widely-held Canadian public companies.

NATIONAL BANK OF CANADA
Canadian Family Index
CALCULATED BY S&P DOW JONES INDICES

Definition of "Family-controlled Business"

A family-controlled business is a business whose long-term strategy, planning, and decisions are under significant influence from its founders and/or their family members.

NBC Canadian Family Index — Selection Criteria		
Founding family or founder(s)	OR	Individual(s) and/or related entities
Directly or indirectly hold at least 10% of the company's voting rights		*Directly or indirectly hold at least 33.3% of the company's voting rights*

A company in the *NBC Canadian Family Index* is thus controlled by either its founder(s), who may intend to keep control in the hands of future generations, or by an individual or individuals who have significant influence over management by reason of their large ownership stake. Controlling shareholders may, in some cases, hold management positions themselves.

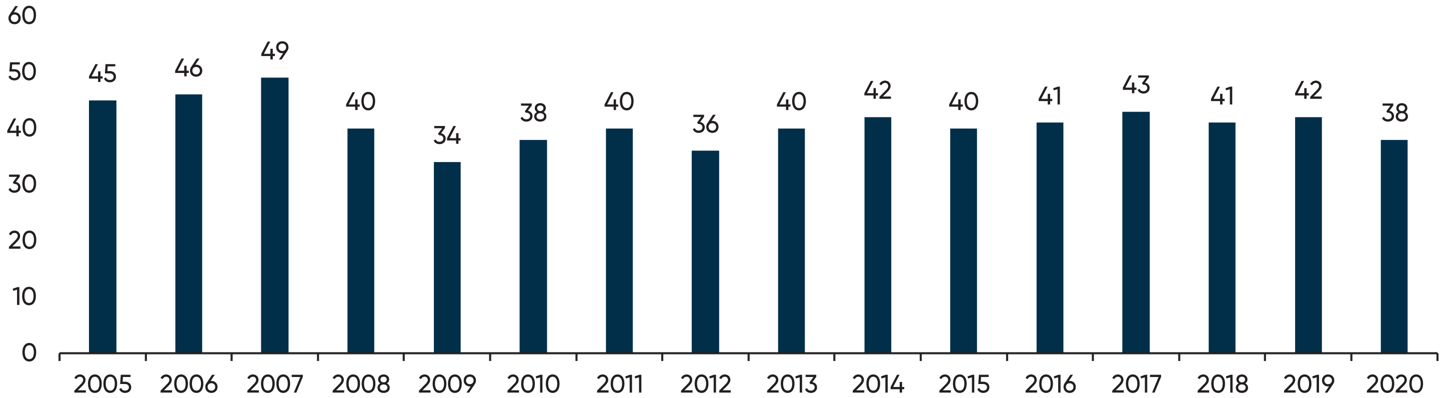
Of the 38 companies in the current *NBC Canadian Family Index*, 28 are controlled by a founding family or founder(s) and 10 by individual(s) and/or related entities.

Additional Quantitative Selection Criteria

The *NBC Canadian Family Index* is constituted by systematic application of quantitative filters to an Index Universe provided by *S&P Dow Jones* Indices, the Index Calculator. Safeguarded by an independent Index Committee composed of members of the National Bank of Canada Research Team and of a top-tier Canadian law firm, the Index screening is based on transparent and objective criteria applied once a year on the Annual Review Date as detailed in the *Index Rules Book* accessible on NBC's website.[3] The set of constituent companies resulting from application of the screening filters is relatively stable over time.

[3] *NBC Canadian Family Index webpage: https://nbfm.ca/en/products-and-services/investment-products-solutions/nbc-canadian-family-index/*

Figure 2 - NBC Canadian Family Index – A stable number of eligible companies over time[4]



To be included in the Index, a family-controlled company must meet the following minimum thresholds:

- Listing of common shares on the Toronto Stock Exchange:
  - For at least 12 months as of the month end prior to the Annual Review Date.
- Float-adjusted market capitalization of at least C$1 billion:
  - The free-float criterion excludes locked-in shares such as those held by insiders. It has been adopted by most of the world's major indices.
  - In the case of multiple classes, the float shares of each class are combined in determining a company's float-adjusted market cap.
- For the 180 trading days preceding the Annual Review Date, an average daily trading volume of C$500,000 or more and a minimum of 90 days of trading volume of $500,000 or more:
  - In the case of multiple classes, trading volume is the combined volume of Canadian-listed shares in all classes.

[4] *Source: NBF database*

Figure 3 - NBC Canadian Family Index screening process (June 2020 Annual Review)

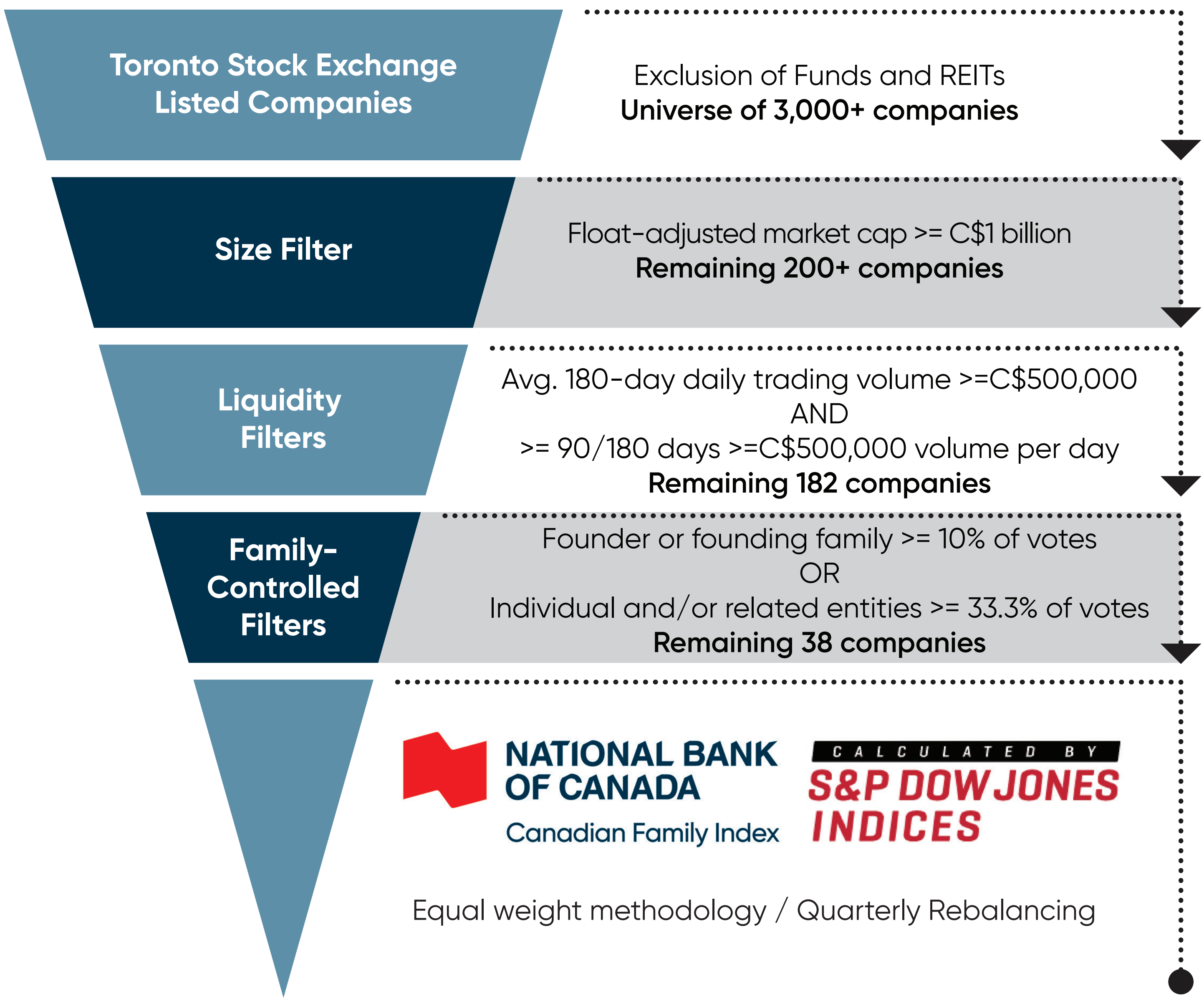


Table 1 - NBC Canadian Family Index Constituents (June 2020 Annual Review)

Symbol	Company Name	Controlling Shareholder(s)*	Province
ATD.B	Alimentation Couche-Tard Inc. Class B	Bouchard, D'Amours, Fortin, Plourde	Quebec
ATZ	Aritzia Inc. (SVS)	Hill	British Columbia
ACO.X	ATCO Ltd. Class I	Southern	Alberta
DOO	BRP Inc.	Bombardier, Beaudoin	Quebec
GOOS	Canada Goose Holdings Inc. (SVS)	Reiss	Ontario
CTC.A	Canadian Tire Corporation, Limited Class A	Billes	Ontario
CU	Canadian Utilities Limited Class A	Southern	Alberta
WEED	Canopy Growth Corporation	Sands	Ontario
CAS	Cascades Inc.	Lemaire	Quebec
CCL.B	CCL Industries Inc. Class B	Lang	Ontario
CLS	Celestica Inc.	Schwartz	Ontario
GIB.A	CGI Group Inc. Class A	Godin, Imbeau	Quebec
CCA	Cogeco Communications Inc.	Audet	Quebec
CIGI	Colliers International Group Inc.	Hennick	Ontario
EMP.A	Empire Company Limited Class A	Sobey	Nova Scotia
FFH	Fairfax Financial Holdings Limited	Watsa	Ontario
FSV	FirstService Corporation	Hennick	Ontario
WN	George Weston Limited	Weston	Ontario
GWO	Great-West Lifeco Inc.	Desmarais	Manitoba
IGM	IGM Financial Inc.	Desmarais	Manitoba
IVN	Ivanhoe Mines Ltd. Class A	Friedland	B.C.
LSPD	Lightspeed POS Inc. (SVS)	Da Silva	Quebec
LNR	Linamar Corporation	Hasenfratz	Ontario
L	Loblaw Companies Limited	Weston	Ontario
LUN	Lundin Mining Corporation	Lundin	Ontario
MFI	Maple Leaf Foods Inc.	McCain	Ontario
NPI	Northland Power Inc.	Temerty	Ontario
ONEX	Onex Corporation	Schwartz	Ontario
POW	Power Corporation of Canada	Desmarais	Quebec
QBR.B	Quebecor Inc. Class B	Péladeau	Quebec
RCI.B	Rogers Communications Inc. Class B	Rogers	Ontario
SAP	Saputo Inc.	Saputo	Quebec
SJR.B	Shaw Communications Inc. Class B	Shaw	Alberta
SHOP	Shopify Inc. Class A	Lütke	Ontario
TECK.B	Teck Resources Limited Class B	Keevil	B.C.
TRI	Thomson Reuters Corporation	Thomson	Ontario
WFT	West Fraser Timber Co. Ltd.	Ketcham	B.C.
WPK	Winpak Ltd.	Wihuri	Manitoba

** Investment funds excluded*

Following the June 2020 annual rebalancing, the NBC Canadian Family Index welcomed two new constituents: packaging and tissue-product manufacturer Cascades Inc. and the Montreal-based point-of-sale and e-commerce software company Lightspeed POS Inc., which went public in March 2019. At the same time, the quantitative screening process led to the dropping of six companies from the Index, five of them because their float market capitalization fell below the $1 billion threshold as a result of Covid-19-related market disruptions. These five were Bombardier Inc., Corus Entertainment Inc., MTY Food Group Inc., Spin Master Corporation and Transcontinental Inc. The sixth, Power Financial Corporation, was de-listed from the TSX after a reorganization led by parent company Power Corporation of Canada in February 2020.

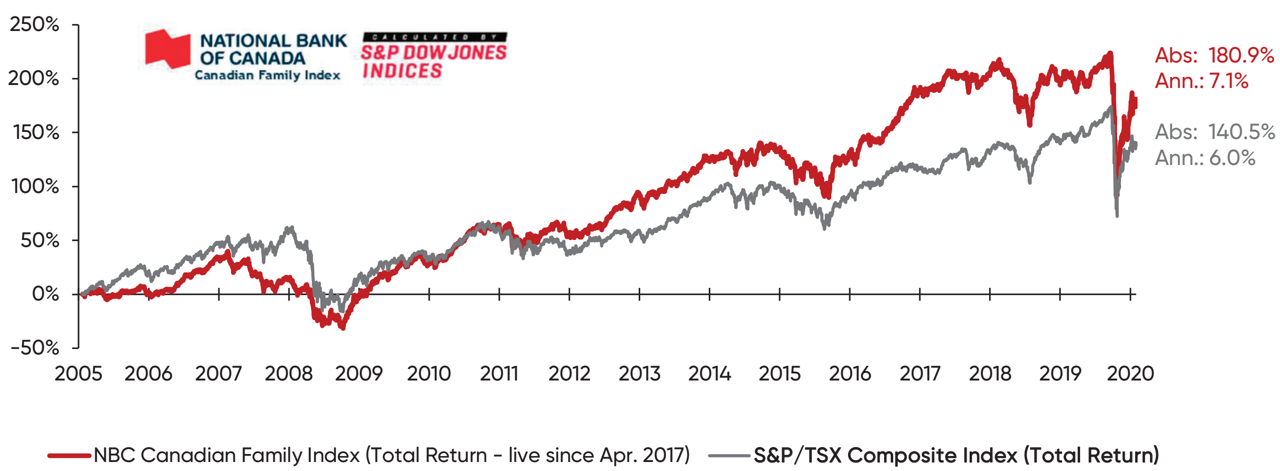
Table 2 – NBC Canadian Family Index Recent Inclusions and Exclusions

	2018	2019	2020
Inclusions (+)	› Canada Goose Holdings Inc. › Kinder Morgan Canada Ltd. › Spin Master Corporation	› Aritzia Inc. › Canopy Growth Corporation › Corus Entertainment Inc. › MTY Food Group Inc.	› Cascades Inc. › Lightspeed POS Inc.
Exclusions (-)	› Cascades Inc. › Corus Entertainment Inc. › Jean Coutu Group › Knight Therapeutics Inc. › Molson Coors Canada Inc.	› Canfor Corporation › Kinder Morgan Canada Ltd. › Paramount Resources Ltd.	› Bombardier Inc. › Corus Entertainment Inc. › MTY Food Group Inc. › Power Financial Corporation › Spin Master Corporation › Transcontinental Inc.

Performance Profile

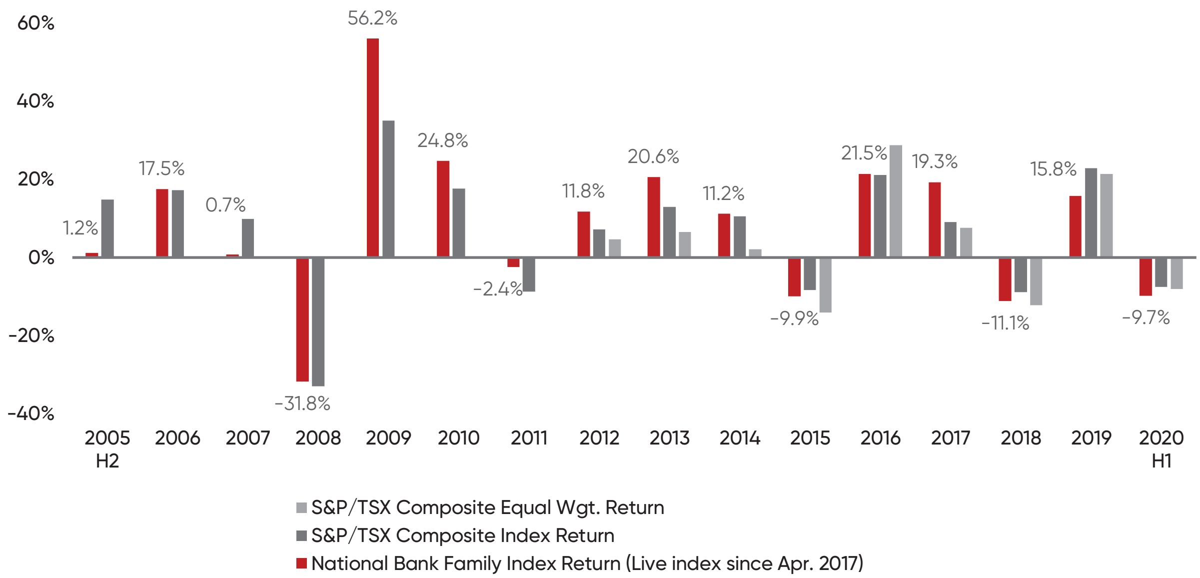
From June 2005 to June 2020, the reference period for the NBC Canadian Family Index, the Index generated a cumulative total return of 180.9% versus 140.5% for the S&P TSX Composite. The average annual return over the period was 7.1% for the Family Index versus 6.0% for the S&P/TSX.

Figure 4 - NBC Canadian Family Index Outperformance[5]



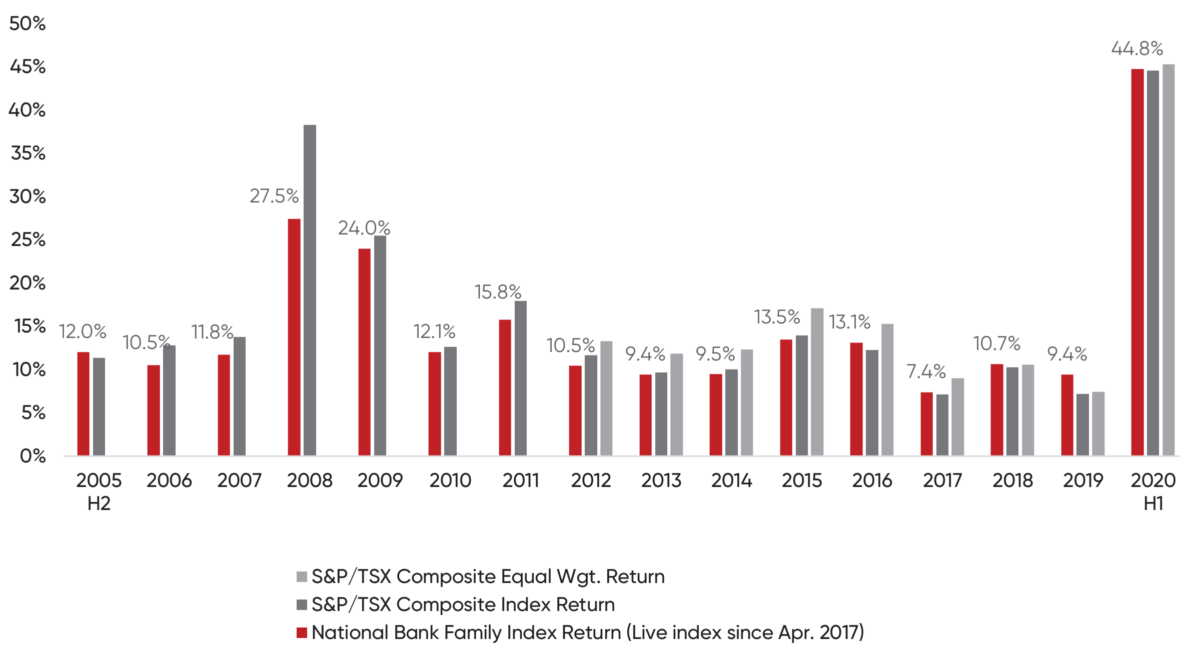
[5] Source: NBF, SPDJI, Bloomberg; data as of Jun. 30, 2020

Figure 5 - National Bank Family Index Backtest Annual Total Return Performance[6]



The long-run volatility of the Family Index has been similar to that of the S&P/TSX Composite. Interestingly, as the chart below shows, the lesser exposure of the Family Index to the financial sector meant that in the extreme market conditions of the 2008 financial crisis its volatility rose much less than that of the S&P/TSX. However, in the Covid-19 selloff of earlier this year its rise in volatility was similar to that of the benchmark.

Figure 6 - Annual Volatility[7]

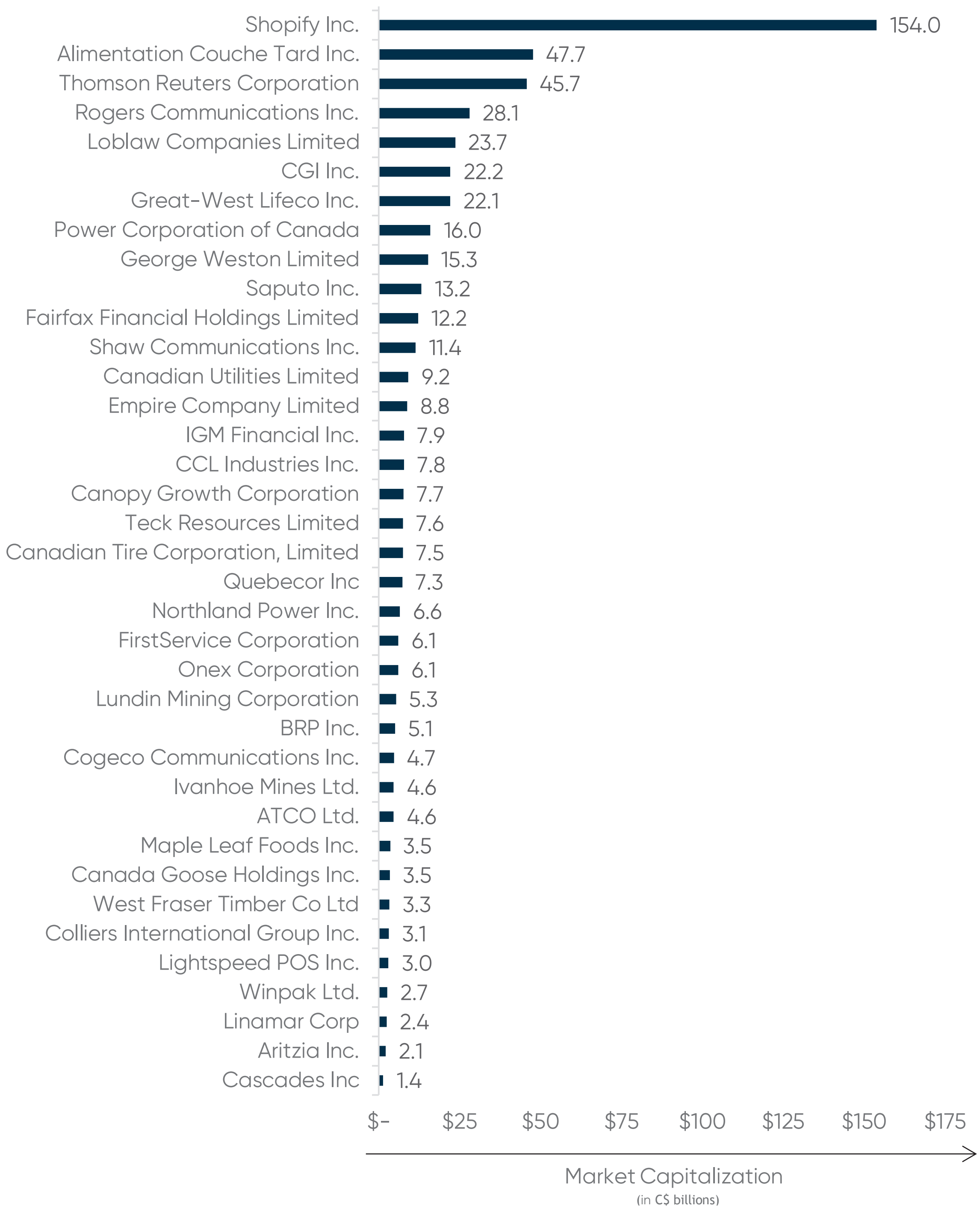


[6] *Source: NBF database, SPDJI, Bloomberg (Note: S&P Composite Equal Weight Index data not available prior to 2012)*
[7] *Source: NBF database, SPDJI, Bloomberg Data; data as of Jun. 30, 2020*

Weights and Allocations

The NBC Canadian Family Index uses an equal-weighting methodology. Each company in the Index is assigned the same weight (1/38) regardless of its market capitalization. Market-cap weighting would give disproportionate influence on larger-cap constituents such as Shopify and Alimentation Couche Tard. The market cap of Family Index companies ranges from $1.4 billion[8] to $154 billion. The total market capitalization of the companies in the current NBC Canadian Family Index amounts to 22% of total S&P/TSX capitalization.

Figure 7 - Companies Included in the NBC Canadian Family Index by Market Capitalization (in C$ billions)[9]

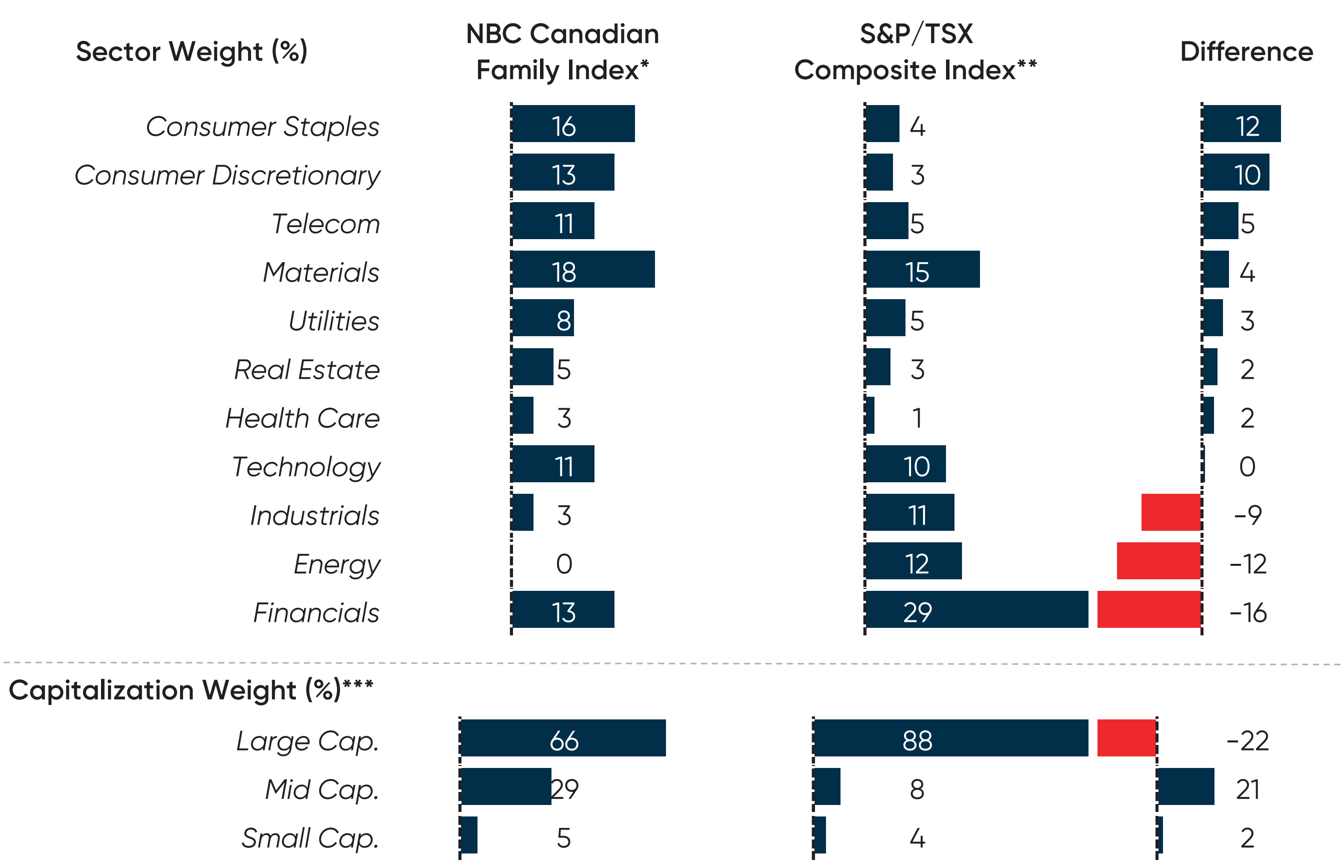


[8] Note: to be included in the index, companies must have at least $1 billion in free float market capitalization
[9] Source: Bloomberg; data as of Jun. 30, 2020

In addition to calculating the daily performance of the NBC Canadian Family Index and making all data available on the *S&P DJI Custom Indices* website and through third-party Index providers such as Bloomberg, S&P Dow Jones Indices executes quarterly equal-weight rebalances. The NBC Canadian Family Index is currently overweight in Consumer Staples, Consumer Discretionary and Telecoms and underweight in Energy and Financials. Its top sector exposures are 29% in Consumers, 18% in Materials and 13% in Financials. Its sector exposures have been steady over the past 10 years.

Significant underweighting of the NBC Canadian Family Index in Financials is due to regulations preventing any single owner from owning more than 10% of any class of shares of a bank. *"Since 1967, the holding of any one individual or group of associated individuals has been limited to 10% of any class of shares of a bank. Although this restriction was introduced to prevent the concentration of ownership and control of Canadian financial institutions and to provide assurance of continued Canadian ownership and control of such institutions, it also had the effect of preventing significant upstream commercial-financial links."*[10] Thus banks cannot be controlled companies as defined by the NBC Canadian Family Index.

Figure 8 - Sectorial / Capitalization Weight Allocations[11]



* Equal Weight Index
**Market Cap Weighted Index
*** Large Cap Weight > $5B, Mid Cap Weight between $2Bn and $5Bn, Small Cap Weight < $2Bn

The greater diversification among large-, mid- and small-caps shown for the NBC Canadian Family Index — large-caps 66% compared to 88% for the *S&P/TSX Composite* — is due to its equal-weight methodology.

[10] *Charles Freedman (Bank of Canada website), "The Canadian Banking System", March 1998*
[11] *NBF database, SPDJI, Bloomberg; data as of Jun. 30, 2020 (Equal weight basis)*

3

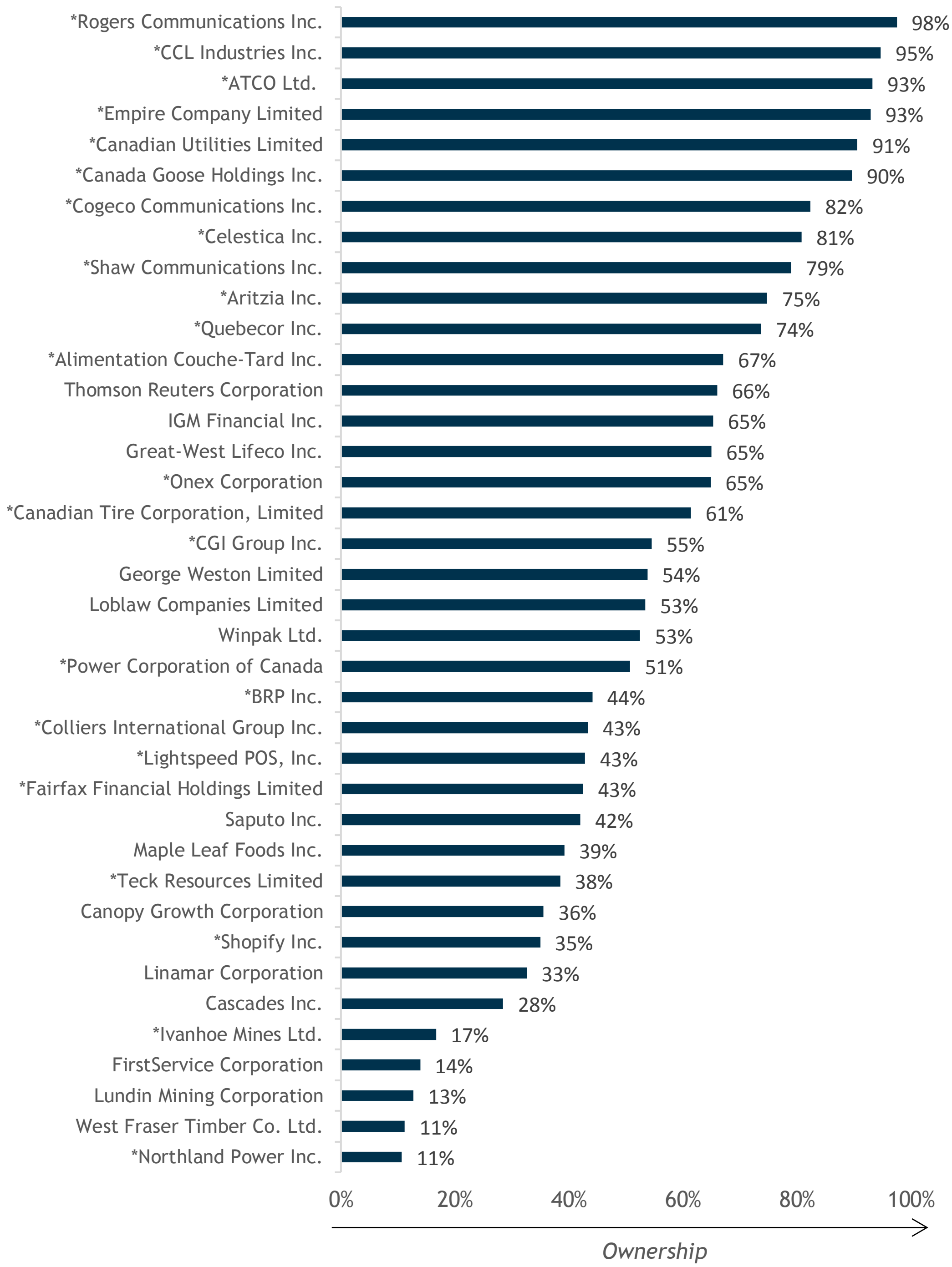
Controlled Companies & Long-Term Focus

Gastown Steam Clock, Vancouver, BC, Canada (Photo: Lucy Claire – Unspash.com)

3. Controlled Companies & Long-Term Focus

Though more voting power means more influence, families may in many cases exercise significant oversight over the long-term strategy of the business even when they control far less than half the votes. This is especially true when the family holds key management positions or key roles on the board of directors.

Figure 9 - Family Ownership of NBC Canadian Family Index Companies (% of votes controlled)[12]



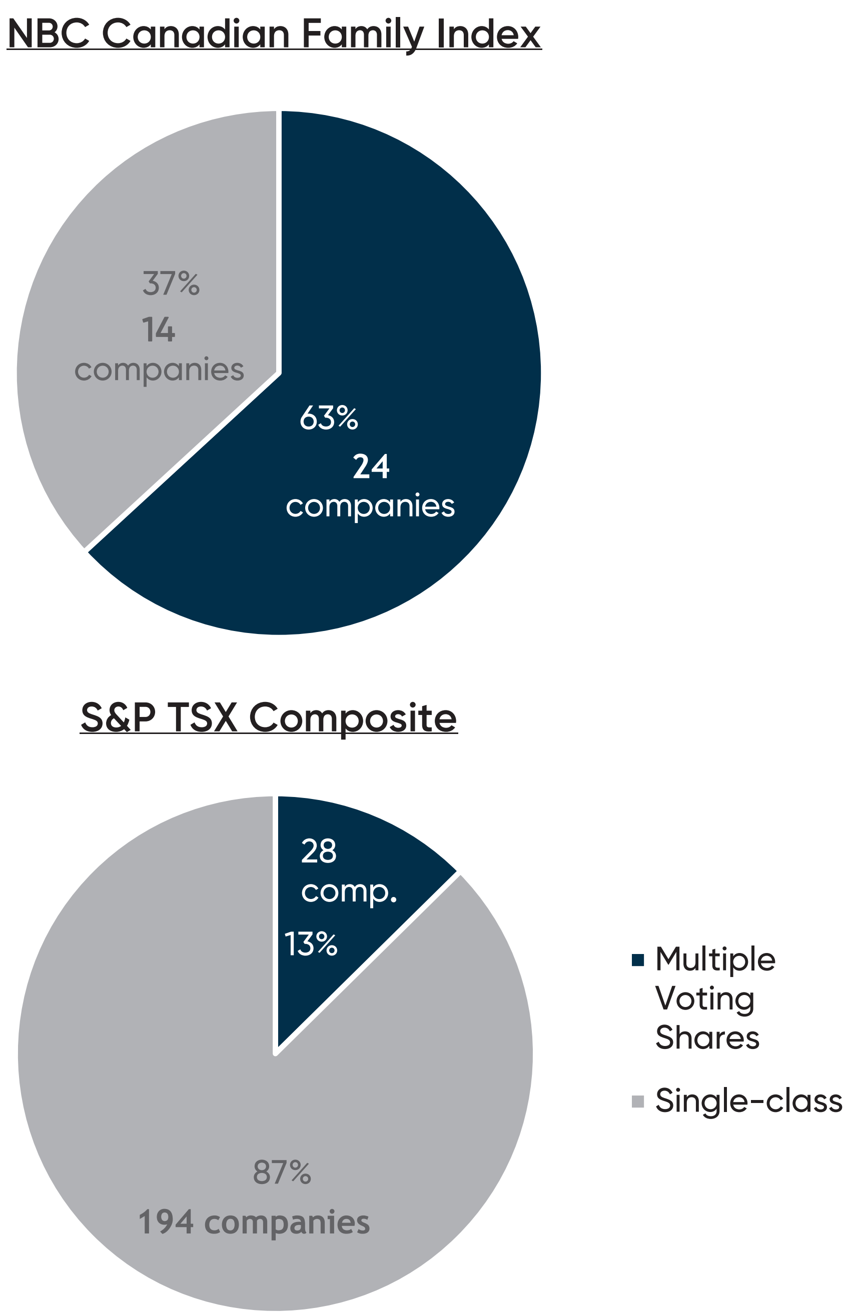
(*) Multiple voting share structure

[12] *Source: company filings; data as of June 2020.*
Notes: Control % based on sum of votes attached to all classes of shares. In the case of co-founder or joint-founding-family-controlled companies, the percentage given is aggregate ownership.

On average, the families of the NBC Canadian Family Index control 55% of the votes of their companies. Slightly above the 10% minimum ownership threshold of the Family Index is the Ketcham family, holding approximately 11% of the votes of British Columbia's West Fraser pulp and paper company. Near the high end, the Lang family controls CCL Industries, the leading Canadian specialty packaging company, with approximately 95% of the votes attached to the company's shares.

Of the 38 Family Index constituents, 24, or 63%, have two classes of shares, multiple voting shares and subordinate voting shares.

Figure 10 - Multiple Voting Shares Comparison[13]



[13] *Source: NBF database, SPDJI, Bloomberg; data as of June 30, 2020*

Since Google launched its initial public offering ("IPO") in 2004, several contemporary founder-led tech companies have followed suit, adopting multiple voting share structures. The main reasons for the popularity of such shares among these high-growth companies are well described in Google's "2004 Founders' IPO Letter".[14]

Alphabet
Investor Relations

2004 Founders' IPO Letter

From the S-1 Registration Statement

"An Owner's Manual" for Google's Shareholders[1]

"

(...) Google has prospered as a private company. We believe a dual class voting structure will enable Google, as a public company, to retain many of the positive aspects of being private. We understand some investors do not favor dual class structures. Some may believe that our dual class structure will give us the ability to take actions that benefit us, but not Google's shareholders as a whole. We have considered this point of view carefully, and we and the board have not made our decision lightly. We are convinced that everyone associated with Google-including new investors-will benefit from this structure. However, you should be aware that Google and its shareholders may not realize these intended benefits. (...) We believe the stability afforded by the dual-class structure will enable us to retain our unique culture and continue to attract and retain talented people who are Google's life blood (...)

"

Larry Page

Larry Page

Sergey Brin

Sergey Brin

[1] Much of this was inspired by Warren Buffett's essays in his annual reports and his "An Owner's Manual" to Berkshire Hathaway shareholders.

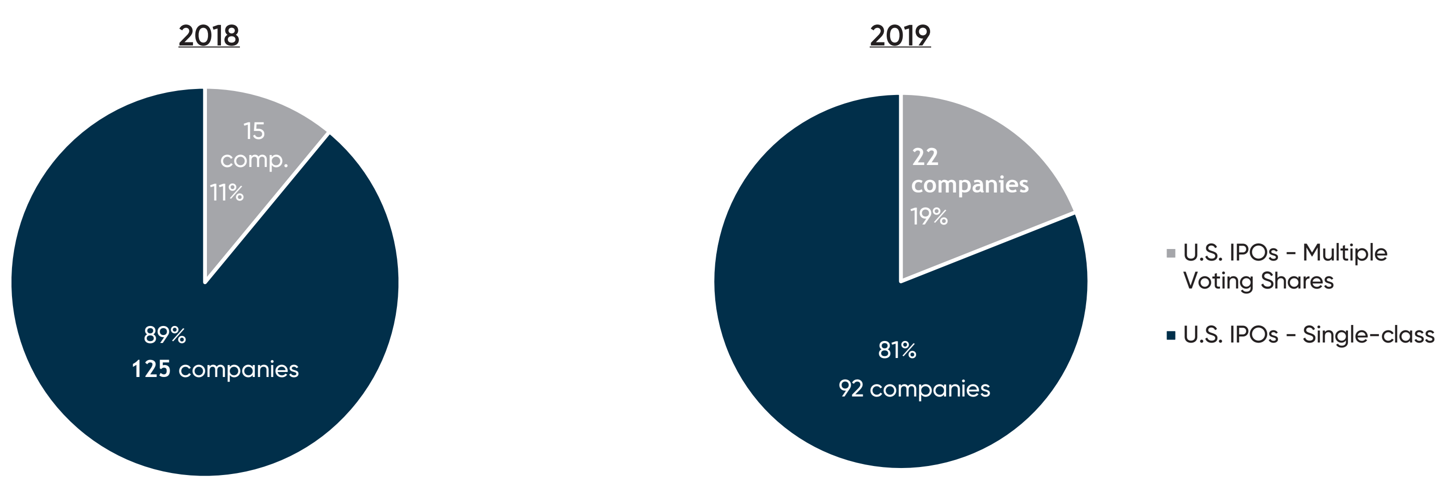
[14] *Alphabet (Google), "IPO Founders' Letter", 2004*

In 2019, several North American companies launched IPOs with dual-class shares. Among last year's contingent in the U.S. were Lyft, Pinterest, Zoom Video Communications, Peloton Interactive, Chewy and Datadog. In Canada, prominent tech names went public with dual-class share structures[15]. In May 2015, for example, Shopify, the popular e-commerce platform for online stores that by last spring was Canada's largest company by market capitalization, introduced a 10:1 dual-class structure conferring 35% ownership on Tobias Lütke, its CEO and Co-founder. Last year, Lightspeed launched its IPO on the TSX (and in Sept. 2020 on the NYSE) with dual-class shares conferring approximately 43% voting control on Founder and CEO Dax Dasilva. More recently, in September 2020, payment technology company Nuvei launched its IPO roadshow aiming to raise US$600 million, under which the company's Chairman and CEO Philip Fayer and early cornerstone investors, Novacap and Caisse de dépôt et placement du Québec, would be allocated from the outset multiple voting shares carrying 10 votes apiece.

Control via unequal voting rights has faced criticism. When appropriate provisions are put in place, as in the Canadian model of corporate governance, control can provide controlling shareholders and founders with long-term peace of mind to plan and generate competitive advantages together with a transparent environment for other shareholders. Family business leaders and controlling founders often see dual-class share structures as an essential means to ensure corporate longevity by shielding a company from pressure to manage from quarter to quarter and from hostile takeover bids, enabling the company to reach long-term strategic goals and create value for shareholders over generations.

In a recent interview, Jeff Thomas, Senior Vice President, US Listings & Capital Markets at Nasdaq, said he expects the multiple voting share structure to stay in favour: *"It gives companies the benefit of having a longer-term outlook. (...) The #1 thing we hear from private companies when they talk about why they wouldn't go public is about being forced to manage a company for the short term, to be focused on the next 90 days, not the next nine years."*[16]

Figure 11 – Recent Rise in U.S. IPOs with Dual-Class Share Structures[17]



Note: IPOs on U.S. exchanges excluding FPIs, SPACs, REITs

It is also important to take a step back in time and understand the key historical events that have helped create a wave of new dual-class share companies.

[15] *Council of Institutional Investors, "Dual-Class IPO Snapshot: 2017–2019 Statistics"*
[16] *Investor's Business Daily, "This Is How Mark Zuckerberg and Other Tech CEOs Stay In Power" May 2020*
[17] *Council of Institutional Investors, "Dual-Class IPO Snapshot: 2017–2019 Statistics"*

Background – Family Control & Dual-Class Shares in Canada

Canada, dual-class shares have been in use since the 1940s. One of the first issuers of such a share structure was Molson's Brewery Ltd., which went public in 1945 to finance further expansion and implemented a dual-class share structure a few years later, in 1949.

Between 1953 and 1970, increasing consolidation of corporate ownership led to proliferation of dual-class shares. According to Ontario Securities Commission data, 21 companies listed non-voting shares on the Toronto Stock Exchange during those two decades.

In the wake of increasing economic globalization, the federal government adopted protectionist measures to safeguard the "public interest" and the "orderly development" of certain industries. In 1968 it created the Canadian Radio-Television Commission (CRTC) with a mandate to issue broadcasting licenses to Canadian citizens or eligible Canadian corporations whose board chairs and directors were Canadian citizens and whose shares were at least 80% owned by Canadians.[18]

Twelve years later, Pierre Trudeau's government created the National Energy Program ("NEP") in response to the oil shock of the 1970s. In its aim of securing an adequate energy supply, the NEP set an ambitious goal of 50% Canadian ownership of oil and gas production by 1990. The ensuing *Canadian Ownership and Control Determination Act* indicated that only companies that were at least 50% Canadian-owned would be allowed to produce on Canadian soil. With the federal government's designation of both the energy and the telecommunications sector as being of national strategic importance, dual-class shares became a preferred means to consolidate Canadian ownership in key sectors.[19] In telecommunications, for example, Canadian Cablesystems Ltd., Rogers Cablesystems, Shaw Communications Ltd. and Quebecor Inc. all introduced a dual-class share structure following implementation of the CRTC's ownership rules.

Interviewed in a previous edition of this report, Andrew Molson, 7th generation of the Molson family, a family prominent in Canadian business, shared that dual-class shares enabled the Molson and the Coors families "to lay the foundations and uphold long-term focus" at Molson Coors, today the world's third largest brewery by enterprise value.

Mr. Molson pointed to his 2002 masters thesis "The 'Juste Milieu': Sharing the Benefits of Control" in saying he believed the company had implemented "a fair and strong governance model" by ensuring all "bells and whistles" were in place. He specifically referred to Molson Coors' knowledgeable and independent board of directors and the company's adoption of a coattail provision (later defined) ensuring equitable treatment for all shareholders.

[18] *Government of Canada, "Canada Telecommunications Act" (S.C. 1993, c. 38)*
[19] *Stephanie Ben-Ishai, Poonam Puri, Dalhousie Law Journal, "Dual Class Shares in Canada: An Historical Analysis", 29.1, 2006*

Board Independence

A director is deemed independent if he or she has no direct or indirect relationship with the issuer (which could be reasonably expected to interfere with his or her independent judgment). In Canada, regulators expect publicly traded companies to have a majority of independent directors

Coattail Provision

A coattail provision is a mechanism by which non-voting or restricted shares can participate in a formal takeover bid on par with the holders of superior voting shares, ensuring equitable treatment for all shareholders

Sunset Provision

A sunset provision provides that a predefined condition (controlling shareholder minimum ownership threshold, age of company founder(s), time, etc.) may trigger, when reached, automatic expiry of multiple-voting shares

Canada — A Governance Model in the Making

In August 1987, the Toronto, Montreal, Vancouver and Alberta stock exchanges jointly signed a policy instrument requiring that any takeover bid made to the holders of multiple-voting shares must thenceforward be extended on equal terms to other classes of shareholders, a provision known as a coattails clause.[20] In other words, minority investors in Canada were given the right to determine whether a takeover offer suited their interests, with the single caveat that all public companies that concluded their initial public offering before August 1, 1987 were exempt from the new rule, a so-called grandfather clause.

In the last two decades, the financial-market regulators of Canadian provinces have agreed, under the leadership of the Canadian Securities Administrators ("CSA"), to adopt harmonized rules for Canadian reporting issuers, aiming to further protect the rights of minority shareholders of controlled companies. In 2004, Canadian regulators enacted a new set of rules for corporate governance disclosures within a "comply or explain" framework.[21] Such rules provide, among other requirements, that a majority of directors of a reporting issuer must be "independent," that either the chair or a lead board member be independent and that the audit committee be independent.[22] Publicly traded companies must identify their independent directors in their annual corporate governance disclosures and must provide an explanation if a majority of its directors are not independent.

The coattail requirements for dual-class share structures imposed by the Toronto Stock Exchange, the independent-director majority required by regulators and the growing voluntary adoption of "sunset provisions" by many Canadian public companies are key advantages of the Canadian model. By way of comparison, in the U.S. there are no coattail requirements or stated rules on board independence.

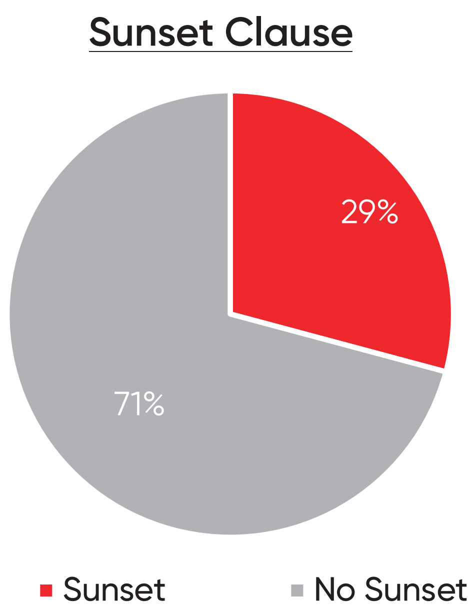
---

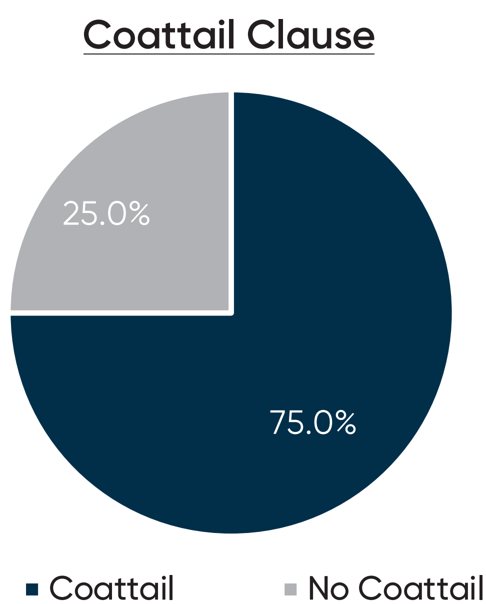
[20] *Stephanie Ben-Ishai, Poonam Puri, Dalhousie Law Journal, "Dual Class Shares in Canada: An Historical Analysis", 29.1, 2006*

[21] *Note: National Instruments 58-201 (Corporate Governance Guidelines), 58-101 (Disclosure of Corporate Governance Practices) and 52-102 (Continuous Disclosure Obligations) among others*

[22] *Autorité des marchés financiers, « Projet d'Instruction générale 58-201 relative à la gouvernance », Jun. 30, 2005*

Figure 12 - NBC Canadian Family Index – Profile of Companies with Multiple Voting Shares[23]





As noted above, 24 of the 38 companies in the NBC Canadian Family Index have dual-class shares. Of these companies, 18 have coattail provisions, thereby giving subordinate-share owners an increased say on takeover offers and ensuring equitable treatment of all shareholders, particularly holders of subordinate voting shares. Interestingly, nine companies that completed their IPO prior to 1987 and were thus exempt from the coattail requirement have proactively put coattail provisions in place. In Canada's rules-based governance system, regulators strive to create a level playing field for all shareholders in Canada's financial markets while allowing family-controlled businesses to capture the advantages of the long view.

[23] *Source: NBF database; Data as of Jun. 30, 2020*

4

The Family Advantage Snapshot

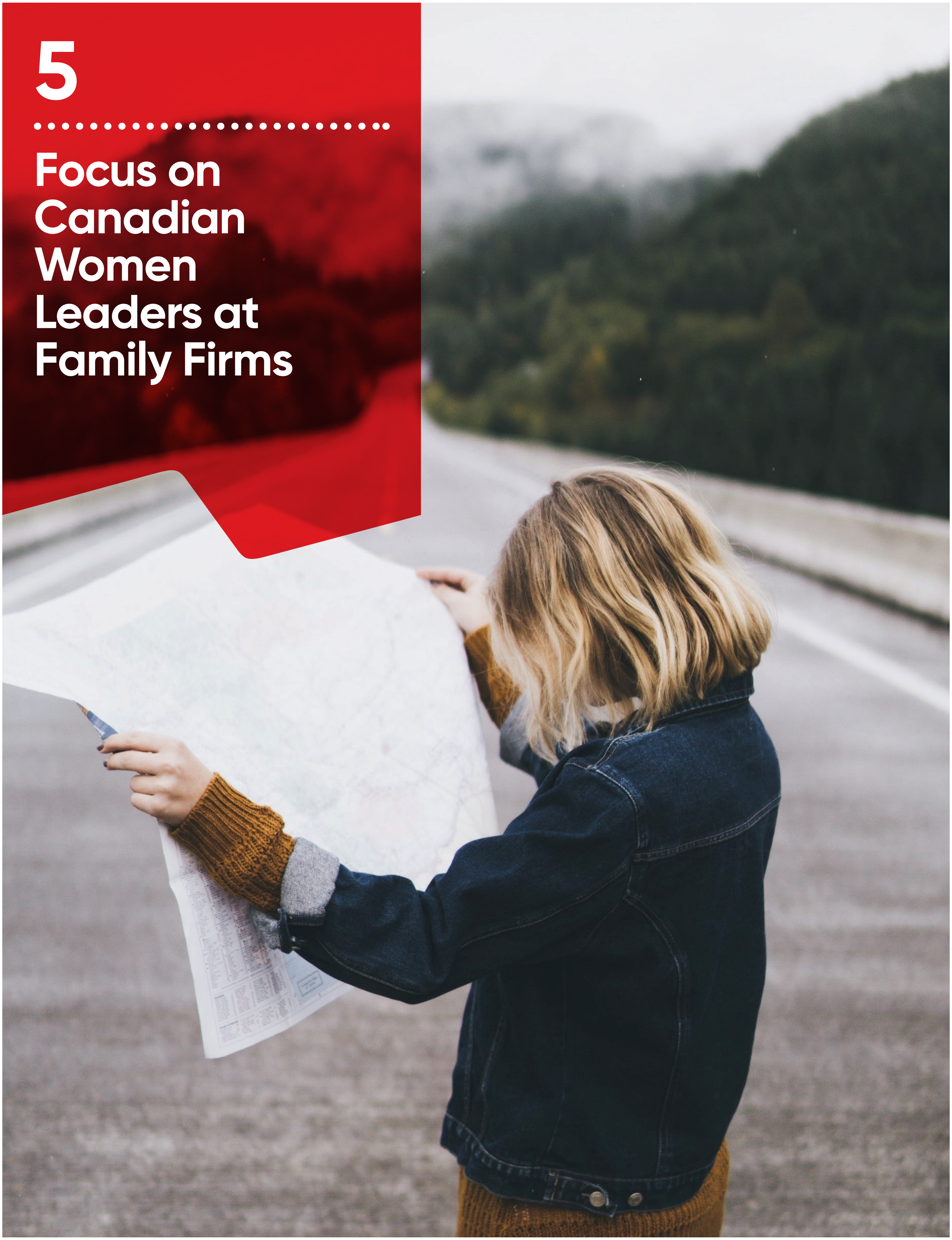
4. The Family Advantage Snapshot

The following table summarizes the key factors allowing founder- or family-controlled businesses to outperform their widely held peers, as described in The Family Advantage 2018 Edition and in recent studies.

Table 3 – Key Outperformance Factors of Family-Controlled Businesses[24, 25, 26, 27, 28, 29, 30]

Long-term view, long-term benefits	› Long-term view of operations: creating value over decades or generations rather than quarters › Benefits of "patient capital" or "financial capital invested without the threat of liquidation" › Identifying long-term trends often becomes a personal pursuit of the founder/family
Lower turnover, legacy building	› Average CEO tenure is 13 years (versus 4.6 years for CEOs of large U.S. companies) › Advantages of lower CEO turnover: preservation of market and business knowledge, familiarity with colleagues and stakeholders, corporate identity development › Incentive to leave the company in good financial health to the next generation (legacy building)
Stronger corporate culture	› Corporate culture is of paramount importance and is often derived from the founder's or family's values › "Founder's mentality," often encompassing focus on detail and obsession with customer service › Greater likelihood of valuing and implementing corporate social responsibility, sustainability practices and philanthropy
Prudent leverage	› Many family-controlled firms will have a predisposition to capital preservation and risk management when approving large capital expenditures › Excessive debt can be viewed as jeopardizing the family's wherewithal: from 2001 to 2009, debt was 37% of the capital structure of U.S. family firms versus 47% for other firms › A cautious view of debt has allowed family firms to weather economic downturns such as the 2008 financial crisis with less worry
Selective mergers and acquisitions	› Preference for transactions that fit well with the core family-firm business model › Family-controlled firms focus on organic growth and careful study of the merits of each acquisition opportunity from a both a financial and a cultural standpoint › Ability and willingness to pull the trigger quickly and decisively, especially in difficult market or economic conditions
Emphasis on research & development (R&D)	› Though family firms generally spend less on innovation than other firms, their R&D output is higher, suggesting a grip on transformative projects › Family companies get more innovative output per R&D dollar as measured by number of patents and new products

[24] *Galen G. Weston, Re-imagining Capitalism, "Family Firms and Patient Capital – Thinking in Decades, Not Quarters" Chapter, 2016*
[25] *Forbes, "Four Lessons Firms Can Learn from Family Businesses", April 30, 2015*
[26] *Ernst and Young "Staying Power: How do Family Businesses Create Lasting Success?", 2015*
[27] *Harvard Business Review, "Founder-Led Companies Outperform the Rest – Here's Why", March 2016*
[28] *Harvard Business Review, "Research: Family Firms Are More Innovative Than Other Companies", January 2017*
[29] *Harvard Business Review, "What you can learn from family business", November 2012*
[30] *The Economist, "Why Family Businesses Outperform Others", (page consulted in August 2020)*



5

Focus on Canadian Women Leaders at Family Firms

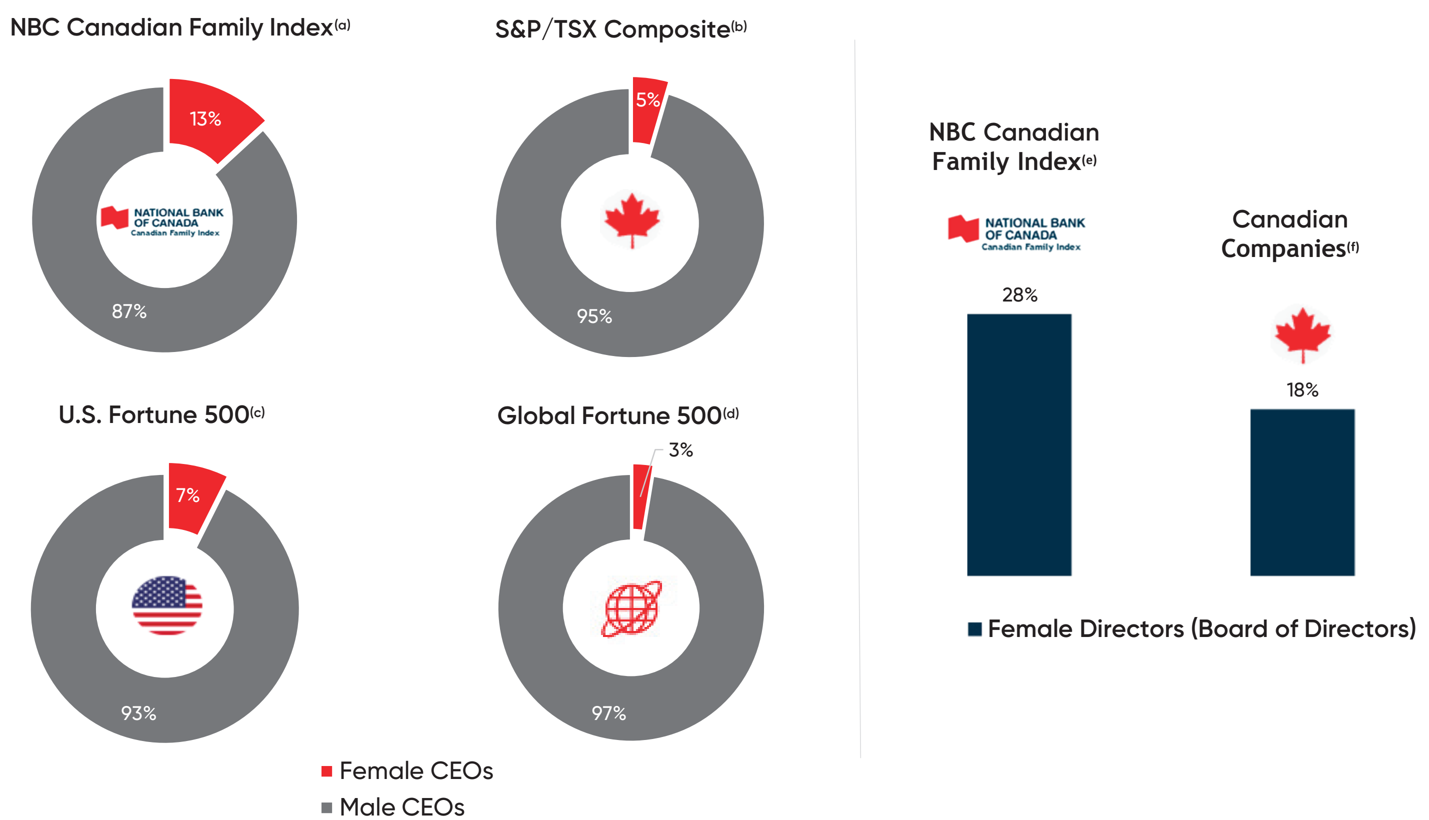
(Photo: Daniel Gonzalez – Unspash.com)

5. Focus on Canadian Women Leaders at Family Firms

Over the past decade there has a been a global trend of companies moving toward gender parity in their senior management. In Canada, family-controlled businesses have been in the forefront of this trend and of mentoring and grooming women to become their next leaders, whether or not they are family members.

Figure 13 shows how Canadian family businesses measure up to their widely held Canadian, U.S. and global peers. That said, there is much ground to cover before Canadian firms can claim an appropriate gender parity and, more generally, diversity. Taking into account middle and lower management as well as the C-Suite, we find women holding about 35% of management positions in Canada.[31] The higher proportion of women in lower management positions suggests a trend in entry-level hiring and a trickle-up promotion of women to senior positions.

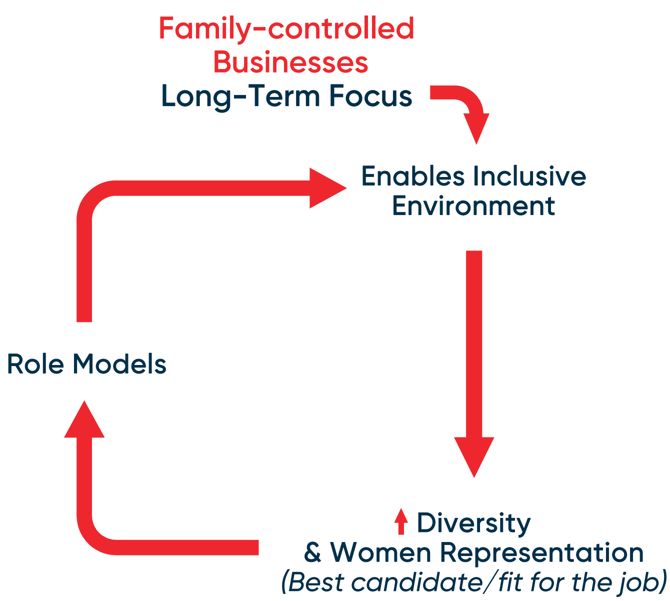
Figure 13 – Women Leaders in the Global Business Landscape – International Comparison[32]



[31] Statistics Canada, "Proportion of Women and Men Employed in Management Positions, Annual", (consulted on August 28, 2020)
[32] Chart-specific sources:
a) Company management information circulars; data as of June 30, 2020
b) Capital IQ; data as of June 30, 2020
c) Fortune, "Fortune 500", 2020 Harvard Businesre's Why", March 2016
d) Fortune, "Fortune Global 500", 2020
e) Company management information circulars; data as of June 30, 2020
f) Statistics Canada, "Gender Diversity", Table 33-10-0218-01, (consulted on August 28, 2020)

As Figure 14 illustrates, the long-term view of family-controlled companies enables them to outperform by taking carefully thought-out strategic decisions yielding lasting competitive advantages. Family firms face less external pressure in business decisions such as selecting and preparing their next leaders. They have the luxury of picking the right person for the job, with the best fit to lead in line with the controlling shareholder's values and company culture. Thus family-controlled businesses tend to create an environment favourable to women and diversity in their leadership, family or not. Women are often encouraged to reach for the top and thrive, becoming role models for an inclusive pattern. This in turn encourages more leaders of diverse backgrounds to join the firm. A recent EY survey reports that 70% of family businesses are considering a woman for their next CEO.[33] And in the last three years, 41% of female family members were reported to have grown more interested in joining the business.[34]

Figure 14 - A Pattern: Family Businesses Supporting Diversity



Maureen Sabia, whom we interviewed for this report, has been a director since 1985 and Chairman of the board since 2007 of Canadian Tire Corporation, an iconic Canadian family-controlled retailer that will celebrate its 100th anniversary in 2022. She recalls being one of only three women among the 300 students at the University of Toronto's Faculty of Law in the 1960s. *"We survived well, and when we started our careers, we worked hard to demonstrate that we could do the job and add value. We succeeded without any special treatment or affirmative action."* Today, statistics paint a different picture. The percentage of women in full-time MBA programs continues to rise and is now approximately 39% at more than 50 of the top programs in the U.S., Canada and Europe.[35] This trend can be expected to translate into more women in management and board positions in the next generation of business leaders.

Many companies in the NBC Canadian Family Index have moved to reflect gender diversity in their managements or boards. Three examples are Saputo, Loblaw Companies and Québecor Inc., whose boards average 45% women. Similarly, non-family professional women are well-represented at family-controlled companies – Martie Cloete, President and CFO of Ivanhoe Mines, Sarah Davis, President of Loblaw Companies, and Judy Schlemming, Chair of Canopy Growth, to name a few.

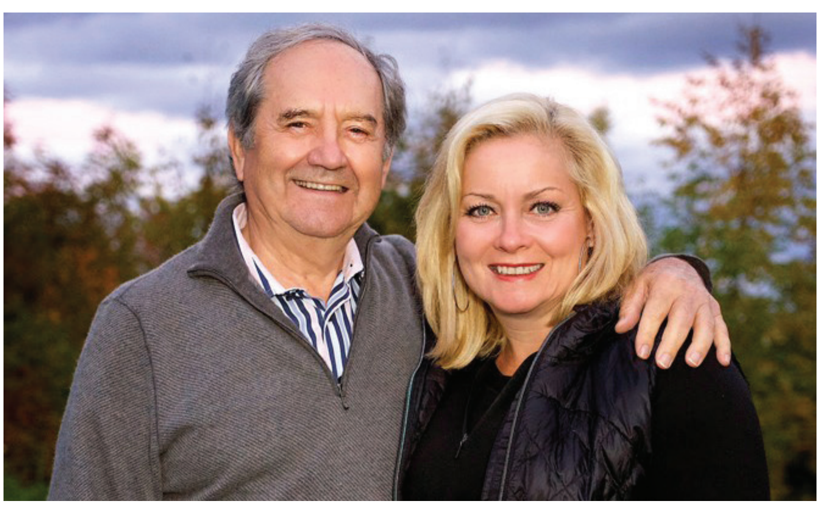
The next section reports on interviews with some of Canada's top women executives by National Bank of Canada with the assistance of Professor Karl Moore of McGill University's Desautels Faculty of Management. This remarkable group of women, collectively overseeing more than 350,000 employees, have distinguished themselves from coast to coast in traditionally male-dominated industries including mining, automaking and shipping. We hope to shed light on their experience in leading some of Canada's top private and public family businesses.

[33] *Ernst & Young, "Women in Leadership" (consulted August 28, 2020)*
[34] *Ibid*
[35] *The Wall Street Journal, "More Women Pursue M.B.A. as Elite Schools Step Up Recruiting", November 2019*

6

Canadian Women Business Leaders – In Their Own Words

Unique Insight from Women Business Leaders Shaping Canada's Economy



From top: Loblaw's Sarah Davis, SilverCrest Metals's Stephany Fier and Coco Group's Jenny Coco
Bottom row: Linamar's Linda Hasenfratz and CGI's Julie Godin

6. Canadian Women Business Leaders – In Their Own Words

Profiles of Women Business Leaders Interviewed[36]

Jenny Coco
(Toronto, Ontario)

Jenny Coco oversees the daily management of the Canadian and U.S. operations of the Coco Group and is largely responsible for overseeing expansions resulting in a vertical integration that has allowed Coco Paving to obtain a high degree of success in its heavy construction division.

- **Title:** CEO, the Coco Group
- **Generation:** 2nd
- **Year entered the family business:** 1987
- **Family members in the business:**
  - Rock-Anthony Coco – President (brother)
  - Nina Coco (mother)
  - William Coco (father) (deceased 2018)

About Coco Group

Founded by Nina and William Coco in 1964 in Windsor, Ontario, Coco Group is one of the only family-owned and -operated, vertically integrated heavy civil construction companies with ratings and capabilities available to complete any size of infrastructure project, spanning Saskatchewan, Manitoba, Ontario and Quebec, with expertise in heavy civil construction work, extraction of resources and the production of asphalt and concrete.

- **Industry:** Construction and Engineering
- **Company profile:** Private company
- **Market capitalization:** n.a.
- **Number of employees:** ~3,000
- **Family ownership:** n.a.

Sarah Davis
(Brampton, Ontario)

Sarah Davis was promoted to President of Loblaw in 2017, 10 years after joining the company. In this role, she has day-to-day oversight of Loblaw's business performance and responsibility for the company's 12-member Management Board, consisting of the executive leads for all major divisional, business and operational functions. She reports to Galen G. Weston, Loblaw's Executive Chairman. She previously served as Chief Financial Officer and Chief Administrative Officer.

- **Title:** President, Loblaw Companies Limited
- **Generation:** 4th (Galen G. Weston/Alannah Weston)
- **Year entered the family business:** 2007 as a Controller
- **Family members in the business:**
  - Ms. Davis is not related to the Weston family

About Loblaw Companies Limited

Loblaw Companies, a leading Canadian food and pharmacy company, engages in grocery, pharmacy, health and beauty, apparel, general merchandise, financial services, and wireless mobile products and services businesses in Canada.

- **Industry:** Food Retail
- **Company profile:** Public company / TSX: L
- **Market capitalization:** $23.7Bn
- **Number of employees:** ~200,000
- **Family ownership:** 53.4% Voting and Economic

[36] *NBF database, company websites/filings and Bloomberg as of June 30, 2020*

Stephany Fier
(Vancouver, British Columbia)

Ms. Fier is a mining and geological engineer with more than a decade of experience in exploration, construction and mine production in Mexico, Canada, the U.S. and Central America. She has been Exploration Manager for the Company since its inception in 2015 and has led the SilverCrest Metals team in the discovery of a high-grade precious metal vein system at the Las Chispas Property.

- **Title:** Vice President, Exploration & Technical Services
- **Generation:** 3rd
- **Year entered the family business:** 2010 (officially)
- **Family members in the business:**
  - Nathan E. Fier – CEO, Director & Founder (father)
  - Nathan Fier – Exploration Manager (Brother)

About SilverCrest Metals Inc.

SilverCrest Metals acquires, explores for, and develops precious metal properties in Mexico. The company's principal property is the Las Chispas project consisting of 28 concessions totalling of 1401 hectares in Sonora, Mexico. SilverCrest Metals was incorporated in 2015 and is headquartered in Vancouver, Canada. SilverCrest Metals Inc. was recognized as a TSX Venture 50 company in 2017.

- **Industry:** Metals & Mining
- **Company profile:** Public company / TSX: SIL
- **Market capitalization:** $1.6Bn
- **Number of employees:** 418 (Canada and Mexico)
- **Family ownership:** 4.5% Voting and Economic

Christiane Germain
(Quebec City, Quebec)

Christiane Germain serves as Co-President of Germain Hotels. She oversees all operations and marketing of the group's assets. With more than 30 years in the hospitality industry, Germain Hotels promotes family values at the heart of the company.

- **Title:** Co-President and Co-Founder
- **Generation:** 1st
- **Year entered the family business:** 1987
- **Family members in the business:**
  - Jean-Yves Germain — Co-President (brother)
  - Marie Pier Germain — Vice-President of Marketing (daughter)
  - Hugo Germain — Vice-President, Operations (nephew)

About Groupe Germain Inc.

Germain Hotels is a home-grown family business crafted from the expertise of the Germain family. Germain Hotels owns and operates Le Germain Hotels, Alt Hotels and Alt+ Hotels across Canada. Recognized as one of Canada's 50 "Best Managed Companies", it is renowned for its unparalleled hospitality and for the unique style of its hotels.

- **Industry:** Hotels, Restaurants & Leisure
- **Company profile:** Private company
- **Market capitalization:** n.a.
- **Number of employees:** ~1,500
- **Family ownership:** n.a.

Julie Godin
(Montreal, Quebec)

As Co-Chair of the CGI Board of Directors, Ms. Godin collaborates with fellow Board members to set the strategic direction of the company, including overseeing the development and execution of its annually updated strategic plan. She and the Board focus on achieving results for and maintaining equilibrium among CGI's three categories of stakeholders — clients, employees (who are referred to as members) and shareholders — to ensure long-term success.

- **Title:** Co-Chair of the Board, EVP, Strategic Planning and Corporate Development
- **Generation:** 2nd
- **Year entered the family business:** 2009
- **Family members in the business:**
  - Serge Godin – Founder & Executive Chairman (father)

About CGI Inc.

CGI provides comprehensive, scalable and sustainable IT and business consulting services that are informed globally and delivered locally in over 400 locations worldwide. CGI consultants and professionals are insights-driven and outcomes-based, helping clients across 17 industry sectors accelerate returns on their investments.

- **Industry:** IT Consulting & Services
- **Company profile:** Public company / TSX: GIB.A
- **Market capitalization:** $22.2Bn
- **Number of employees:** ~78,000
- **Family ownership:** 54.5% Voting / 10.8% Economic

Linda Hasenfratz
(Guelph, Ontario)

Linda Hasenfratz is Chief Executive Officer of Linamar Corporation, a diversified global manufacturing company of highly engineered products. Ms. Hasenfratz joined her father's company in 1990 and worked her way up from the ground floor, experiencing all aspects of the business including running machinery, engineering and operations management. Since becoming CEO, Ms. Hasenfratz has grown the company from an $800-million to a $7.5-billion company.

- **Title:** CEO & Director
- **Generation:** 2nd
- **Year entered the family business:** 1990
- **Family members in the business:**
  - Frank Hasenfratz – Founder & Chairman (father)

About Linamar Corporation

Linamar Corporation together with its subsidiaries designs, develops, and produces engineered products in North America, Europe and the Asia Pacific. It operates through two segments, Transportation and Industrial.

- **Industry:** Automobiles and Components
- **Company profile:** Public company / TSX: LNR
- **Market capitalization:** $2.4Bn
- **Number of employees:** ~26,500
- **Family ownership:** 32.6% Voting and Economic

Madeleine Paquin
(Montréal, Quebec)

Madeleine Paquin has been President and CEO of LOGISTEC Corporation since 1996. She previously held various positions in the marine sector. In 2018, she was appointed a Member of the Order of Canada for her role in leading innovation in supply chain practices and environmental protection. In 2019, Ms. Paquin was inducted into the Cercle des Grands Entrepreneurs du Québec. She serves on the Board of directors of Air Canada and was previously a director of Canadian Pacific Railway.

- **Title:** President, CEO & Director
- **Generation:** 2nd
- **Year entered the family business:** 1984
- **Family members in the business:**
  - Nicole Paquin – VP & Director (sister)
  - Suzanne Paquin – VP & Director / CEO of NEAS Group (sister)

About LOGISTEC Corporation

LOGISTEC is a unique combination, a leader in the marine and environmental industries. For more than 68 years, LOGISTEC's mission has been to build and share its expertise to contribute to the success of its customers and its communities across North America. Its 3,000 very talented people are dedicated to finding solutions that support reliable supply chains, protection and renewal of the environment and drinking water infrastructures.

- **Industry:** Marine & Transportation Infrastructure
- **Company profile:** Public company / TSX: LGT.B
- **Market capitalization:** $425M
- **Number of employees:** ~3,000
- **Family ownership:** 76.7% Voting / 45.5% Economic

Maureen Sabia
(Toronto, Ontario)

Maureen Sabia is Non-Executive Chairman of the Board of Canadian Tire Corporation, a director of Canadian Tire Bank and President of Maureen Sabia International, a consulting firm. Ms. Sabia, a lawyer, has had careers in the public and private sectors, having served as Chairman of the Export Development Corporation, a director of Hydro One Inc., Vice-Chairman of the Public Accountants Council for the Province of Ontario and Chairman of the Foreign Affairs and International Trade Canada audit committee. She has served as Chairman of CTC's Audit Committee and is a former director of Gulf Canada Resources Limited, Hollinger Inc., Laurentian General Insurance Company Inc., O&Y FPT Inc., O&Y Properties Corporation and Skyjack Inc.

- **Title:** Non-Executive Chairman of the Board
- **Generation:** 2nd Martha Billes and 3rd Owen Billes
- **Year entered the family business:** 1985 as a Director
- **Family members in the business:**
  - Ms. Sabia is not related to the Billes family

About Canadian Tire Corp., Limited

Canadian Tire Corporation is a family of businesses that includes a Retail segment, a Financial Services division and CT REIT. Its retail business was founded in 1922 and provides Canadians with products across the Living, Playing, Fixing, Automotive and Seasonal & Gardening divisions. PartSource and Gas+ are key parts of the Canadian Tire network. The Retail segment also includes Mark's, Pro Hockey Life, SportChek, Hockey Experts, Sports Experts, National Sports, Intersport and Atmosphere and Party City Canada.

- **Industry:** General Merchandise Stores
- **Company profile:** Public company / TSX: CTC.A
- **Market capitalization:** $7.5Bn
- **Number of employees:** ~31,500
- **Family ownership:** 61.4% Voting / 4.7% Economic

Nancy Southern
(Calgary, Alberta)

Nancy Southern is Chair & Chief Executive Officer of ATCO Ltd. as well as Executive Chair of Canadian Utilities Limited, an ATCO company. She has full responsibility for executing the company's strategic direction and ongoing operations.

- **Title:** Chair & CEO of ATCO Ltd. / Executive Chair Canadian Utilities Limited
- **Generation:** 3rd
- **Year entered the family business:** 1989
- **Family members in the business:**
  - Linda A. Southern-Heathcott – Vice Chair (sister)

About ATCO Ltd.

ATCO Ltd., together with its subsidiaries, provides housing, logistics, transportation, water, real estate, and energy solutions in Canada and internationally.

- **Industry:** Utilities
- **Company profile:** Public company / TSX: ACO.X
- **Market capitalization:** $4.6Bn
- **Number of employees:** ~6,500
- **Family ownership:** 87% Voting / 33% Economic

About Canadian Utilities Limited

Canadian Utilities Limited and its subsidiaries engage in the electricity, pipelines & liquids, and retail energy businesses worldwide.

- **Industry:** Utilities
- **Company profile:** Public company / TSX:CU
- **Market capitalization:** $9.2Bn
- **Number of employees:** ~5,000
- **Family ownership:** 91% Voting / 53% Economic

Growing Up in the Family Business

Nancy Southern was immersed in the family business from her early childhood. Their family home in Calgary, Alberta was used as an initial headquarters for the company and the city is still home to their state-of-the-art global headquarters, while its Calgary-based manufacturing facility, just one of six globally, now sprawls across 250,000 square feet in the city's historic Lincoln Park neighbourhood. Ms. Southern started attending family board meetings with her parents and grandparents at the dining room table, when she was 16 and her sister was 10. Today, the Southern family remains at the helm of the Alberta Trailer Company (now ATCO), which went on to purchase Canadian Utilities, a major Canadian gas and electricity utility, in 1980. Today, the companies have a combined market capitalization of nearly $15 billion.

Source: ATCO's website / ATCO's first factory in the 1950s

Nancy Southern's father, Ronald Southern, seized the opportunity of expanding his and his own father's 15-trailer rental business to sell more durable, fit-for-purpose modular structures to companies seeking to house the influx of new workers during Canada's first oil boom in the late 1940s. Ms. Southern recounts how her parents were role models of passion and determination for her. "I saw my mom and dad really achieve their dreams and not be afraid to strive for all that is possible even if someone says no to your ideas."

"I saw my mom and dad really achieve their dreams and not be afraid to strive for all that is possible even if someone says no to your ideas".

– Nancy Southern

"I lived for six years on the trailer lot where our first factory was. So, I have very clear memories of those very early days. I was lucky. I grew up with the company and I traveled a lot with my mom and dad in the early years as they were building the company. Our little 800-square foot home was where all the meetings happened. And so, I not only lived in the business, but grew up with it," recounts Ms. Southern.

Ms. Margaret Southern (middle) with her daughters Nancy Southern (left) and Linda Southern-Heathcott (right)

Jenny Coco's childhood home in Windsor, Ontario was also where it all started. With administrative offices in the basement and the heavy paving equipment parked in her yard, it was hard not to feel like the family business was second nature.

For both these women, however, it was not a straight path into the family business. Nancy Southern, though forced by her parents to complete a bachelor's degree in economics, was fond of writing, acting and producing, and was selected as equestrian sports commentator for CTV and later CBC, as well as assuming network sales for Spruce Meadows around the world.

Jenny Coco (right) and her brother Rock-Anthony with their parents Nina and Bill

Jenny Coco also completed a business degree as her parents had conveyed to her the value of hard work and a strong work ethic as well as the importance of education. Her mother self-trained to do accounting while her father led the construction operations. Jenny would help her mother in the office part-time and in the summer, until she got a job at a bank where she held various roles from teller in a retail branch to a banking role at headquarters. She came in one day to help her mother and realized that important administrative backlogs in areas such as receivables were hampering the profitability of the family business.

"If we're to do this, we're not staying a small company. We've got to grow"

– Jenny Coco

Armed with her big-bank experience, Jenny Coco decided to dive back into the family business to redesign business processes to bring structure and rigidity with the ambition of diversifying the business beyond paving in its operations and also geographically: *"My brother approached me and said, 'you know, we should sit down with mom and dad'. He said 'I think you shouldn't go back to work for the bank. Don't you think this is going really well?'. I thought, if we're to do this, we're not staying a small company. We've got to grow."* To this day, Ms. Coco and her brother Rock-Anthony greatly complement each other in co-managing the Coco Group, one of Canada's largest fully integrated heavy civil contractors in Canada.

For Madeleine Paquin at LOGISTEC, one of Canada's largest specialized marine services company, present at 36 ports and 63 terminals in North America, the calling was always clear. Ms. Paquin never worked anywhere else but in the family business where she always felt she belonged. She appears to have inherited the entrepreneurial spirit of her paternal grandfather and the vision of her father who both separately built businesses.

Similarly, Stephany Fier at SilverCrest Metals worked in the fields collecting rocks with her father at the age of 6. She feels she wouldn't be in mining if she hadn't been born into this family. A quest for discovery laid the foundation of her passion for mining. As a third-generation miner, Ms. Fier feels fortunate to have her father as a mentor and quickly understood that if she wanted to see him, she had to spend time in the field: *"I saw my dad much more once I started working for him."*

Ms. Fier, now heading silver mining operations in Mexico and Central America, jokingly says she was *"raised with a silver spoon,"* but she has demonstrated a strong work ethic from an early age. "I remember having my little backpack. My dad and I were hiking around a mine, and I was about to cry as it was a long day of walking. My dad said, *'if you want some gold you have to carry the rocks back'. So not long after, my little backpack had all these rocks in it – which turned out to have high grade of gold in them – and I have those rocks to this day."*

"If you want some gold you have to carry the rocks back"

– Eric Fier to his daughter Stephany

Stephany Fier with her father Eric Fier, CEO & Director of SilverCrest Metals at the Las Chispas mine, 180 kilometres northeast of Hermosillo, Sonora, Mexico

Growing up, Julie Godin saw her father, Serge Godin, working to grow CGI from the two-person firm he founded in 1976 to a Canadian and eventually a a global technology and business consulting services firm. In those early days, she recalls he was very disciplined about dedicating separate time for work and for family. He would help Julie with her homework and together with her mother encourage her to always explore her interests, which revolved around helping people, health and wellness. Mr. Godin rarely talked about the details of what he did at work, but what Ms. Godin saw in action was the entrepreneurial spirit that would later inspire her to start her own company before joining CGI.

Canadian hotelier Christiane Germain grew up similarly. Though both her parents were heavily invested in their convenience-store and restaurant business, she was a rebel at heart and worked directly for her father for only a short time. Forging her path through her own trials and tribulations was central to her development and to understanding where she belonged.

Christiane Germain eventually teamed up with her brother Jean-Yves in starting Germain Hotels. *"Everyone needs to have a project, right? We have to do something,"* Ms. Germain says enthusiastically. *"When I stopped running the restaurant because it was sold, I was looking for something to do. My brother and I were looking for new ideas for another restaurant and went on a trip to New York seeking inspiration. We stumbled upon a hotel that was really cool. So, we said, why don't we do a hotel instead of a restaurant?"*

For all of these strong-willed women, the calling to the family business crept in almost by osmosis, sooner or later, consciously and unconsciously.

Learning in the Field – The School of Life

Formative Years

The field is literally where Stephany Fier learned her craft from her dad. At 17, she was working in Honduras drilling holes and mapping the land. Locals were upset, fearing that the work was waking the old spirits of the mountains: *"A group of locals, including police officers, started firing their guns over our heads. My father looked at me, threw me the car keys and told me 'Get in the car!'"*

During a six-month break from studying, she worked in the mountains of El Salvador reporting to an *"ex-navy German fellow."* This experience made her move to Mexico to join SilverCrest Metals feel like a breeze. She still lives next to the mine site in Mexico, with occasional stints back home in Vancouver. She thrives in the field and has limited appetite for a corporate role away from the action.

The Tipping Point

A decisive moment in Christiane Germain's path came during her first job as a bank teller. In casual conversation with a male colleague, she learned that he was making $100 a week while she was earning $72 for similar responsibilities. She confronted her boss about the pay gap. He responded that *"(a) he had completed a higher education degree and (b) he was a man."* This set her off on a series of experiences that led to her own path as an innovator in the hospitality industry.

Nancy Southern was appointed to ATCO's board in her thirties. Through her involvement in the firm she met everyone, grew especially fond of ATCO and Canadian Utilities employees and became familiar with operations before serving as Co-Chair with her father for a transition period and then assuming full responsibility as Chair in 2012. Ms. Southern is currently Chair & Chief Executive Officer of ATCO Ltd. and Executive Chair of Canadian Utilities Limited.

Ms. Southern was assigned four board members to groom her. "The Four B's," four Directors whose names started with the letter B, were responsible for her development – she described it as a practical MBA – while working at Spruce Meadows. Nancy remembers one of the B's, Bill Britton, among her father's closest advisers and friends, saying to her: *"Well, what are we going to do, Nancy, because you're not going to run this?"*

This put her to the test, pushing her to work to prove him wrong. *"It wasn't that I wanted to prove them wrong, it was that it made me start thinking: well why couldn't I? I don't think Bill ever actually thought I would be CEO. He most certainly wanted me to be Chair. To achieve that, he wanted me to get a good sense of the business from the ground up. The more I did that, the more I thought I should not only be Chair but also potentially be running the company."*

> *"I thought I should not only be Chair, but also potentially be running the company"*
>
> *– Nancy Southern*

Discovering her Passion

CGI's Julie Godin was interested in many fields, all focused on helping people, health and wellness. She considered a number of options before deciding on a degree in kinesiology. While the content appealed to her, she was less interested in applying her new skills in a traditional setting. In the early 2000s, energized by the idea of building something from nothing, she founded Oxygen Corporate Health, a consulting firm well ahead of today's trend to corporate wellness programs. As part of her company's unique value proposition, Ms. Godin and her team developed a proprietary analytical framework to assess health risk among an organization's employees. She and her company thrived, and she enjoyed leading a business that connected many of her passions. On quite a few occasions, Serge Godin saw his daughter's success and entrepreneurial drive, and encouraged her to join him at CGI to continue growing the firm globally, always with an eye to longer-term succession planning. Ms. Godin was intrigued but hesitant. CGI's work was in a field she had not studied, she did not speak fluent English for work with colleagues in other countries, and she was not sure she wanted to leave the company she had built, including her clients and the great people she worked with every day. After much thought and discussion, she decided not to fear the unknown and to take the leap into something new. Her firm Oxygen Corporate Health became one of CGI's many successful mergers, and today the Oxygen program is present in every CGI geographic region with many of Ms. Godin's original team members still at the company. Now at CGI since 2009, Ms. Godin says she found a company that feels like a family and where respect and "intrapreneurship" are highly valued.

Moving Up

Serge Godin, a noted visionary and long-term planner who makes decisions with an eye toward ensuring the perenniality of CGI, worked with the Board of Directors and Ms. Godin early in her CGI career to design a succession roadmap focused on her gaining a deep understanding of the business in every dimension. Upon joining the firm, Julie Godin took on responsibility for Global Human Resources, a complex and critical function for a professional services firm. She led the function for a decade, working with her team to initiate many transformational moves to keep CGI's consultants close to their clients, enabling them to grow their careers while continuing to meet evolving client needs. Over the years, Ms. Godin took on a growing role with the Board of Directors, new responsibilities in meeting with senior client executives around the world, and additional global functions such as strategic planning, mergers and acquisitions, cybersecurity, and marketing and communications. In January 2020, Ms. Godin was appointed Co-Chair of the Board, taking on expanded strategic and client responsibilities in addition to her global functional leadership roles. Ms. Godin's long-standing passion for people and their well-being gives her a unique mindset well-fitted for leading a services giant — close to $25B market capitalization and almost 78,000 employees — into its next chapter.

Julie Godin next to her father Serge Godin in Bangalore India after inaugurating a mobile Science, Technology, Engineering and Math (STEMM) lab to train a next generation of IT specialists in January 2020

Madeleine Paquin, after completing studies in Ontario, joined one of LOGISTEC's divisions as a sales agent for import/export customers, learning the ropes on the front line. She moved to Montreal and continued working for March Shipping Limited while completing her MBA. *"When I came back to Quebec, I was trying to do everything at once. I was trying to get back into the francophone academic system, reconnect with my local friends, be a competitive horseback rider and build a successful career. It wasn't easy. I had to make choices. Time is precious, and you cannot be spreading yourself thin if you want to do well at the things that are very meaningful to you. In fact, I believe you can only do up to three things well at any point in time."* Ms. Paquin eventually stepped up to President of March Shipping. She had to prove herself quickly. She recalls: *"I was in my twenties and my competition was grey-haired men."* She hustled to capture new key customers, building her own networks in the worldwide shipping industry. Adding to Ms. Paquin's challenges, her father died when she was only 26. That's when her uncle got more actively involved in the family business. To step in as CEO of LOGISTEC, he brought out of retirement the owner of a business LOGISTEC had acquired. Both men were quite conservative and focused on preservation, while Ms. Paquin, with her entrepreneurial spirit, was a builder. As LOGISTEC's VP of Strategic Planning, she wasn't looking for the CEO job. But the board, composed primarily of external members, judged her the best person for the role.

> *"I was trying to do everything at once (...) time is precious, and you cannot be spreading yourself thin if you want to do well at the things that are very meaningful to you."*
>
> *– Madeleine Paquin*

Like Ms. Paquin, Linda Hasenfratz, Canada's Outstanding CEO of the Year in 2018, worked her way up in the family business from factory floor to top job: *"I was made COO of Linamar at the age of 31 and became CEO at 36, so quite young to oversee thousands of employees. I worked hard to be in a good position to lead the company. I came in running machines on the shop floor, then started working my way around different areas of the business so I could get a well-rounded viewpoint."*

Linda Hasenfratz, her husband Ed Newton and their four children

Work-Life Balance

Nancy Southern has a passion for "business puzzles", specifically "finding the right people for the right job, the right buyer for the right product and the right product for the market." She enjoys walking her dogs on her farm, as well as reading a book a week. Ms. Southern remains involved in the family's world-renowned Spruce Meadows, which hosts international show-jumping events just outside Calgary near the foothills of the Rocky Mountains. This multi-purpose sports facility was founded in 1975 by Ron and Margaret Southern and is now run by her sister Linda Southern-Heathcott, President and CEO, who also serves as Vice-Chair of Canadian Utilities Limited.[36] Spruce Meadows exemplifies the Southerns' passion for their community.

Left to right : Linda Southern-Heathcott, Margaret Southern, Ron Southern, Nancy Southern at Spruce Meadows (Photo: Larry MacDougal/Postmedia News)

Madeleine Paquin shares Nancy Southern's love of horses and was a competitive rider herself. She is equally passionate about her work and hopes never to have to retire. She feels that with a healthy mental and physical lifestyle including regular exercise, positive mindset and downtime, there is no expiry date for an active life in the workforce. For her, work is fun and self-inflicted. Working is a passion.

Sarah Davis, at the helm of Loblaw, Canada's largest food retailer also active in the pharmacy, banking and apparel businesses, is proud mother of three daughters in their 20s. *"Looking back at my three 6-month-long maternity leaves, I view these hiatuses as inflexion points in my career. I feel privileged to have had these times to pause away from the day-to-day to reflect on next steps. It also provoked discussions on professional development with my bosses which led to promotions when I came back."* Ms. Davis knows well that such fortunate experiences are not always available to other women or at previous employers. She mentioned that at one of her previous employers, a woman had to either *"pick the Vice-President path or have children."* She realizes that she has benefited from a shift in society that is gender-levelling the playing field, which she deems *"increasingly balanced."*

[37]*Note: Spruce Meadows' website: https://www.sprucemeadows.com/about.jsp*

Ms. Davis's business workday is typically from 8 a.m.to 6 p.m., since she has made it her rule to aim for dinner with her family. She had read somewhere that this had a significant impact on parent-children communication. As she puts it, *"We ate later than most families, but I told my kids: Just pretend we are Europeans!"* She admits that *"I never don't think about work."* Like Ms. Paquin, Ms. Davis catches up on her reading at night, but her passion for her business makes it feel effortless.

Christiane Germain fesses up to not having enough hobbies, but feels very content focusing her energy on her daughter and business, both so dear to her. She admires her brother for maintaining a better balance, with many interests outside work, and would like to take the time to develop new hobbies. It is no surprise that she also feels no need to retire anytime soon and continues to cherish the dream of one day opening a hotel in Paris.

"I never don't think about work"

— Sarah Davis

Unique Governance Models

DADs

Ms. Southern's father came up with an original governance concept that is still used in the organization today, referred to as Designated Audit Directors. She calls it DADs. Each business unit is assigned a DAD, a director (male or female) of either ATCO or Canadian Utilities. The DAD's role is to provide oversight drawing on strengths and experience from various industries. Beyond risk-management and audit functions, DADs dive deep into the business as a unique mentor while ensuring that the board keeps a finger on the pulse of operations.

The Miners of the Round Table

Stephany Fier uses what she describes as the *"round table open door model" for governance: "There are no cumbersome hierarchy levels and any idea, no matter how wild, is welcomed!"* The round table of SilverCrest Metals is digital, its members communicating mainly through a popular messaging app. Mining updates are provided as they become available, data is easy to access, the group chat is always active. For the self-admitted control freak that Ms. Fier is, this real-time access to information allows her to monitor progress closely and run the entire program efficiently with only two managers. The digital connectivity is supplemented by daily round-table meetings where the team can share the latest news and brainstorm the next steps. *"I don't know how other companies are doing it, but we literally are running an 18-drilling program, which is one of the biggest programs in North America right now, and every drill hole that's planned is done using a smartphone app. It's 10:50 in the morning and I already have 169 messages — all drilling updates!"* Ms. Fier says.

Bottom-Up Approach

As the first female President of Loblaw Companies, Sarah Davis comes with a managerial style that can be characterized as more inclusive than the classic "Command & Control" approach. Ms. Davis uses a tool called the Strategic Compass in the form of a condensed one-pager to communicate the multi-year business plan. The strategic review is conducted every couple of years, targeting a 10-year horizon. The approach is bottom-up, with input solicited from employees at all levels. Groups of 10 people from diverse backgrounds and business areas are teamed up and presented with a topic to tackle. Their analysis and resulting recommendations are then presented to the senior management team for review. Once all working groups have been heard from, senior management refines the strategy and determines resource allocation.

Themes such as digital retailing (Loblaw's e-commerce program), connected health care and payments, and rewards that had emerged from the last strategic review exercise proved instrumental in Loblaw's ability to navigate the Covid-19 pandemic crisis.

According to Ms. Davis: "Family values such as loyalty to all stakeholders as well as a customer-centric approach are guiding principles throughout the strategic process. At the top, management is supported by a diverse board of 12 individuals, 5 of whom are women, from various backgrounds including retail and technology."

Sarah Davis, President, Loblaw Companies Limited with Galen G. Weston, CEO and Executive Chairman at Loblaw Companies Ltd. and George Weston Limited

Managing with Trust

The composition of the Board of Coco Paving, a private company, was reviewed to include outsiders for the first time after Coco's milestone acquisition of the assets of Lafarge Eastern Canada in 2009. The Board currently consists of three family members and two independent members bringing industry and risk-management expertise. Jenny Coco believes in surrounding herself with qualified, capable and dedicated employees and giving them the latitude and flexibility to execute in the field. Coco Paving has a decentralized approach with a general manager in each of its 16 regional offices who runs each division independently to remain fully adaptable to local market conditions and close to the local customer base, while administrative functions such as payments and collections are centralized to streamline their processes.

At LOGISTEC, Madeleine Paquin's father had a very directive managerial style. He told people what to do, which led to limited accountability of team members. Micro-managing was natural for him given his intimate knowledge of the business and operations. Ms. Paquin thought that needed to change to ensure the success of the growing business. Like Jenny Coco, she strove to make people responsible for decisions while encouraging collaborative efforts.

Openness and Agility at the Top

Christiane Germain is Co-President of Germain Hotels with her brother Jean-Yves. They focus on different areas of the business. She oversees operations and continuous refinement and innovation of their concepts while he oversees finances. They enjoy working together and are in continuous communication. Decisions are made by the executive committee, whose 11 members include the Vice Presidents of finance and sales, the former vice president of operations, now a consultant, the Directors of Information Technology, Construction, Human Resources, Culture and Talent, and Christiane's daughter Marie Pier (Vice President Marketing) and Jean-Yves' son Hugo (Vice President Operations).

"Diverging opinions and healthy debates are welcomed. It's not about who's right or wrong, but about making the right decisions for the viability and success of the business." This process became particularly critical earlier this year when Covid-19 hit and agility became key to survival. As Ms. Germain throws out: *"What does the future hold for the hotel business, how does this affect the 5-year business plan and vision?"* Intuition and proximity to the field clearly stood out as essential in responding to this black-swan event. As Ms. Germain puts it: *"I feel, I don't analyze."*

At CGI, alignment, accountability, transparency and deep collaboration are part of the culture given the company's decentralized model. This model is anchored in the principle of what the Godin family calls "unity in action" and requires a shared leadership approach. As Ms. Godin describes it, the firm is one global team and no matter the size of an office or country where CGI operates, everyone shares the same corporate culture and measures her or his results by the same metrics for each of the key stakeholders. This alignment and commitment creating a culture of empowerment and accountability starts with the executive team. Ms. Godin, her father the CEO and other top executives meet weekly and come together at least quarterly as a global executive team to discuss and align on a combination of strategic and immediate topics, including operational performance. Such leadership forums then happen at each level of the company, down to the local metro markets across the firms' 400 global locations. The aim is to enable transparency through accountability, spur collaboration and teamwork, and align on the big picture so leaders at every level can make aligned decisions and empower their teams. At the height of the pandemic, Ms. Godin notes that the executive team met twice a day to discuss key issues, make quick decisions, and communicate to the rest of the firm.

> *"Diverging opinions and healthy debates are welcomed. It's not about who's right or wrong, but about making the right decisions for the viability and success of the business"*
>
> *– Christiane Germain*

Family-controlled as Competitive Advantage

Mergers & Acquisitions

Coco Paving's acquisition targets certainly see family control as a plus, since entrepreneurs are generally sensitive to who will take over their company. They want insurance that sustainability will be of primary importance. Jenny Coco often asks herself: If I were sitting on the other side of the table, how would I like to be treated? Ms. Coco also believes that being a family business enables Coco Group to pull the trigger quickly to seize unique opportunities: *"One night in 2009, Rocky came over with his wife for dinner. And the next thing you know I'm on the phone discussing our largest acquisition ever. I then called our parents who were in California and they flew back the next day to be with us. And my mother, a strong-minded individual, said this was a great idea. It wasn't a minnow swallowing a shark, but acquiring Lafarge Eastern Canada's asphalt and paving operations was a gutsy move."*

All things equal, business owners appreciate the long-term vision and culture associated with a family-controlled business. CGI leaders, operating in the ever-consolidating IT services market, routinely hear that kind of feedback during merger discussions with companies large and small. For executives planning to merge their companies with CGI, it is an appealing and compelling proposition not just for global scale and operational discipline but also for the people-first integration approach, the client-first service mentality, and the long-term stability offered by a family-owned firm. As Julie Godin summarizes it: *"At CGI we don't approach M&A as simply acquiring a balance sheet, but first welcoming people and merging operations."*

"At CGI we don't approach M&A as simply acquiring a balance sheet, but first welcoming people and merging operations"

– Julie Godin

"I recall a context where the owners of a potential target at the time were looking to sell but didn't want to sell to just anybody (...) they wanted new owners connecting with their people"

– Linda Hasenfratz

Linda Hasenfratz believes that family ownership has benefited Linamar in several key M&A transactions. *"I recall a context where the owners of a potential target at the time were looking to sell but didn't want to sell to just anybody. They didn't want to sell to private equity investors because they didn't like the idea of having external pressure creating an imperative for short-term returns and they wanted new owners connecting with their people".*

Sarah Davis at Loblaw, through her extensive experience in the telecom sector, could compare the corporate culture at Bell with that at family-controlled Rogers. At the time, Bell felt more rigid and bureaucratic to her with more pressure to deliver short-term results, while proximity and family values were much more driving factors at Rogers. Loblaw's family business dynamic is what convinced her to join Loblaw and proved to be key in the execution of several strategic initiatives. *"Patience and long-term vision, enabled by the Weston family's family ownership, were instrumental in taking a bold leap of faith in further expanding Loblaw into the pharmacy segment with our $12.4 billion Shoppers Drug Mart acquisition in 2013."* The family advantage also came into play when Cindy Lee's T&T Supermarkets became part of Loblaw. Collaboration is core to the culture of that Vancouver-based speciality chain and was the guiding principle of its integration with Loblaw. Interactions at T&T supermarkets are still conducted mostly in Mandarin Chinese by the Lee Family, and Cindy Lee's daughter Tina is now President and CEO of the business. As part of Loblaw, T&T Supermarkets retains the agility and flexibility to deliver outstanding service to its customers and adapt to changing trends.

Building the Future

Driving Innovation

At ATCO, it's all about building for the next generation, both family and employees. As Nancy Southern puts it: *"ATCO's development strategy is not designed to ensure long-term, sustainable growth. ATCO doesn't provide guidance on financials and performance; we believe in delivering top-tier performance year after year. Just do your job and deliver!"*

Given the challenging conditions of the current market,[38] Ms. Southern feels this is an optimal time to turn the business on its head, re-examining the business models and how they can continue to adapt to an ever-changing world, while their competitors don't all have this luxury. Harder times force people to think differently and be more efficient. She's particularly enthusiastic about ATCO's modular-structures manufacturing business, which is designed to capitalize on global trends like urbanization, increased immigration and growing demand for eco-friendly and energy-efficient buildings. *"Just imagine a future with no tent cities but rather building energy-efficient, fully integrated cities."* This division has been spearheading the *"Home for Heroes"* program providing transitional housing for Canadian military veterans experiencing homelessness.

R&D is also key to the long-term of Coco Paving's business strategy. The company runs its own asphalt cement lab to conduct research on additives. It also remains attuned to technological advances that could enhance operational efficiencies. It has recently using drones for inventory control of stockpiles, dramatically reducing the time required and enhancing precision.

Think Big

Linda Hasenfratz believes that part of having a vision is setting ambitious goals. *"If you set small goals, you achieve small things. You set bold goals, you achieve big things. I had set a goal for us to be $10 billion in sales. You are not going to get to be $10 billion in sales by staying focused on the North American market. I knew we needed to be more global and to look at other businesses. It forces you to think a little differently".*

"I think that if you set small goals, you achieve small things. You set bold goals, you achieve big things"

– Linda Hasenfratz

For Ms. Hasenfratz, one of the key advantages of family-controlled companies is their long view. *"Families are thinking longer term, they're thinking generationally as opposed to thinking in terms of quarters. The average tenure of a CEO in North America is shorter than for family-controlled peers. I make, in my opinion, better decisions for the long run for the business."* Ms. Hasenfratz believes organizations can achieve superior long-term results by focusing not on 5-year but on 15-year and 20-year plans. *"What we're trying to put in place is probably going to change pretty dramatically over the next hundred years, but what we can do is try to put the building blocks in for a strategy we think will have long-term market and sustainable demand.*`

Succession Planning – Staying in the family

The entrepreneurial spirit is deeply rooted in most family businesses. For example, Christiane Germain's parents were self-started entrepreneurs. Stephany Fier's grandfather and great-grandfather were mine prospectors. Madeleine Paquin's grandfather started his own business. For most women interviewed in this research, continuity of ownership by the next generation and adequate custody of the business is an important consideration.

One of Nancy Southern's two sons is involved in ATCO as a contractor for its Space Lab initiative, a think tank for the future of company's diverse global operations including its modular manufacturing and utilities businesses. Her three children are being tutored in governance, finance and compensation. The goal is for them to be equipped with knowledge to monitor and provide shareholder guidance and governance to

[38] *Note: interview conducted before Covid-19*

ATCO. Moreover, Ms. Southern says, *"ATCO is proudly Canadian and adamantly intends to remain Canada-based and -owned with family control to be maintained, thus the importance of these safeguards".*

"ATCO is proudly Canadian and adamantly intends to remain Canada-based and owned (...)"

– Nancy Southern

Interestingly, Canadian ownership is also a guiding principle at Loblaw, seen by Sarah Davis as an advantage the family firm seeks to preserve.

At LOGISTEC, all three Paquin sisters work in the organization. The eldest, Suzanne, runs its Arctic shipping division. The youngest, Nicole, is involved in its mergers and acquisitions. Madeleine's sisters report to her functionally but the relationship is complex because they are also joint owners. With a total of eight children among them, the sisters take family succession very seriously. *"We actually have hired a consultant to help us. We have once-a-year a retreat where I will present the company, how it's done."* Family members are educated in finance, managerial skills and family values to make them all responsible and engaged owners. Madeleine Paquin feels that the family's vision needs to be distinct and separate from the business's vision and must be handled through a stand-alone process. Ms. Paquin hopes they will be able to attract two or three members of the next generation to active involvement in the organization if they feel the calling.

Madeleine Paquin with her father Roger Paquin

The Groupe Germain story is also one of strong feminine influence. It was Christiane Germain's mother who encouraged her husband to drop his travelling-salesman job to start a convenience store in 1954. They innovated by offering soft ice cream and same-day availability of the local newspaper. Their business endeavours grew into other areas – restaurants and real estate. *"My mother remained a driving force in the background, baking 35 pies per day for the family's restaurants while taking care of us [three children],"* recalls Christiane Germain, who says she inherited her mother's entrepreneurial drive and is passing it on to her daughter Marie-Pier (Vice President Marketing at Germain Hotels) and possibly her granddaughter.

"My mother always remained a driving force in the background, baking 35 pies per day for the family's restaurants while taking care of [three children]"

– Christiane Germain

Germain Hotels co-founders Christiane and Jean-Yves Germain (front) and 2nd generation Clarah, Hugo and Marie Pier (back). (Photo: Marie H Rainville)

Anecdotally, during the recent pandemic crisis, Ms. Germain took a road trip across Canada with her 9-year-old granddaughter to visit the group's hotels still in operation. It was very important for Ms. Germain to connect with the local teams in person to get a better sense of the situation in the field and, most important, to make employees feel they were supported. Many who weren't necessarily working on the day of her visit made a point of coming in for the opportunity to catch up with her. Team members at Germain Hotels are considered part of an extended family and this site visit with her granddaughter in such turbulent times is a testament to leading with authenticity, proximity and the right dose of sensitivity. Ms. Germain hopes the current pandemic will encourage people to show more respect and appreciation for workers in the service industry. *"We're hoteliers, we run a business, but the business is people. I wanted to just spend time with our employees and show them that we care about them. And I know it has been really appreciated and it was all very emotional. It was very good for them and it was good for me as well."*

Although Jenny Coco has no children, she believes from her experience that working outside the family business provides broader business insight and knowledge. Ms. Coco and her only brother Rocky now work as partners running the day-to-day operations of Coco Group. *"We've not had an issue. We're happy for the business to remain family-run."* Brother Rocky has two children, a daughter Jessica who practices law and a son Anthony who after completing engineering and MBA studies has joined the family business full-time.

Linda Hasenfratz has four children and a similar approach to her offspring learning the ropes. "I definitely worked my way up. I didn't parachute into a top job. So, I would imagine that, should my children be interested in a management role at Linamar, they would follow a similar process."

Julie Godin wants her four children to have the opportunity to explore their interests the same way she did when growing up. With CGI now a global company with information on it publicly available, she decided early on in their lives that she would slowly expose them more to the family business. Her children sometimes join her in the office to listen to meetings and meet her colleagues to become more acquainted with the company's culture and work. She nevertheless insists that her children do something they are passionate about. Her 19-year-old son is currently pursuing a bachelor's degree in psychology, clearly taking after his mother in his interest in people and their well-being.

"I definitely worked my way up. I didn't parachute into a top job. So, I would imagine that, should my children be interested in a management role at Linamar, they would follow a similar process"

– Linda Hasenfratz

Maintaining the Corporate Culture

Julie Godin notes that the key elements of CGI's culture are part of its "Constitution," which includes the "CGI Dream" and its "Management Foundation" – a living framework that unifies global operations through shared principles, policies and best practices. The backbone of CGI's culture, however, is its commitment to ensuring that the company's employees have the opportunity to become shareholders. As Ms. Godin describes it, *"the concept is that when employees are owners, they have a right and responsibility to help shape the company and they feel the accountability for delivering value for all stakeholders."* Under her leadership, CGI's strategic planning is designed to solicit feedback from its three stakeholder groups to ensure that its culture and strategic direction are always in line with client demand, employee aspirations and shareholder expectations. She notes that *"culture should be a continuous evolution, not a revolution"* which is why always listening to the firm's stakeholders is integral to their planning approach.

"Culture should be a continuous evolution, not a revolution"

– Julie Godin

To help new managers and leaders joining from mergers feel a part of the firm, CGI employs initiatives including a buddy program. Another key program offered to all newly joining or promoted managers is called CGI 101. It brings together hundreds of leaders – now virtually – to hear from CGI executives about the key areas of the company. In a keynote session of this program, Ms. Godin and her father explain the "why" behind the business rationale and company culture. With her mergers & acquisitions hat on, Julie Godin notes again that because CGI is a professional services firm, it welcomes and integrates people. This type of program is important for capturing leaders' hearts and minds. When they can fully grasp the "why," the "how" becomes much easier to execute.

Culture is also a critical consideration at Loblaw. It was particularly challenged by the size of the Shoppers Drug Mart acquisition. Sarah Davis describes running a bottom-up analysis of what employees perceived the culture to be in both organizations and what they felt would be the ideal culture of the combined entity. Responses were understandably different about the current cultures but fascinatingly similar about what the new definition should look like. Rather than imposing Loblaw's own, they embarked on creating a new "Blue Culture" to bring all constituents together for the next chapter in the life of the organization.

Succession Planning for All Stakeholders

Community

Nancy Southern feels that a successful organization should strive to make the community better, do what's right and never break a promise to its customers. With this sense of purpose comes deep pride in the organization and its people. She feels quite close to millennials, sharing their concerns for the future and their values. *"The most important role of a CEO is that of a salesperson – establishing long-lasting relationships with employees, partners and customers."* Ms. Southern feels that many organizations lose sight of customer service. She adds: *"There's a really close connection between our companies and their communities and I feel like I've made my dad a personal commitment to make sure that this company goes on so that our children and our employees' children have employment opportunities at the company now and into the future, and most importantly that this company stays in Canada."* To achieve this, Ms. Southern says she aims for *"sustainable profitable longevity"* to make sure the company remains focused on what is important rather than on short-term noise.

"The most important role of a CEO is that of a salesperson – establishing long-lasting relationships with employees, partners and customers"

– Nancy Southern

From Left to right: Stéphanie Larivière (NBC), Nancy Southern (ATCO/Canadian Utilities), Prof. Karl Moore (McGill/Oxford Univ.)

Sustainable and responsible mining is a core value at SilverCrest Metals. Stephany Fier firmly believes that they need to be sensitive to where they mine and bring the local community into the project for true social acceptance. At their mine in Mexico they hire mostly locally-trained workers and pay 30% more than most other employment opportunities. They conduct supplemental in-house training for continuous learning, offering their employees professional growth opportunities. SilverCrest offers further support through community, social and environmental initiatives.

Community is also a core value at Loblaw, where they strive for a positive effect on many aspects of Canadians' lives. Sarah Davis feels they can truly make a difference for their customers through health and nutrition and for their employees by offering flexible jobs in a quality work environment. Loblaw supports many charitable organizations including its own President's Choice Children's Charity, which occupies a full wall in the lobby at headquarters.

In 2000, Julie Godin co-founded the Godin Family Foundation, a non-profit organization that strives to reduce poverty, promote education and improve the health of children and teens in disadvantaged areas. At CGI, Ms. Godin is a champion of corporate social responsibility. Together with the CEO, she founded CGI's Dream Connectors program, linking the talents of the firm's consultants with the needs of the more than 400 communities where they live and work every day. Over the past few years, CGI has also formalized the firm's long-standing core value of corporate social responsibility in a new strategic goal, with key priorities and measures to track performance around the world.

Next Generation of Employees

For Linda Hasenfratz, developing leadership and communications skills is key. This is evident in Linamar's unique rotation program to prepare the company's future leaders. In her words: *"The ability to manage tough situations, be calm in a crisis and make tough decisions all ties up into that sort of edge in acting. We want our future leaders to be good communicators because they have to talk to a variety of people – their own employees, their customers, potentially shareholders, bankers or suppliers and other key stakeholders. And we want them to show that they care about their people."*

ATCO initiated its "Navigating our Future" program across its divisions in 2019. The program, somewhat like a mini-Dragon's Den, gives employees an opportunity to think big and be part of planning the future of the company. Selected individuals are pulled away from their daily jobs for three weeks to work on a specially designed project. Topics tackled to date include indoor agriculture, wastewater reuse and a host of internally-focused business topics.

Madeleine Paquin sees the next generation as different. *"They are equally hard-working and ambitious. However, they need to know that they are doing meaningful work and that the company is aligned with their core values."*

Christiane Germain also thinks the generation gap is about values: *"Millennials and Generation Z are very much aligned with their corporate values where ESG concerns have been of prime importance from the outset." She sees "developing fearlessness"* as of paramount importance for future leaders and especially for young women in the early days of their careers. *"I wasn't born with the confidence I have today. As a woman, you have to be 'game' and you must be adventurous. It may not be as difficult as it was, but it's still more difficult for a woman to make it to the top."*

In another piece of advice, Sarah Davis cautions against using *"being a woman"* as an excuse for anything. She recommends a healthy dose of introspection for continuous improvement of both hard and soft skills. Most importantly, she says, *"Don't change who you are. Put forward your authentic self," adding: "I am the same person at the home as I am at the office,"* leading with a truth that is consistent with her values and principles.

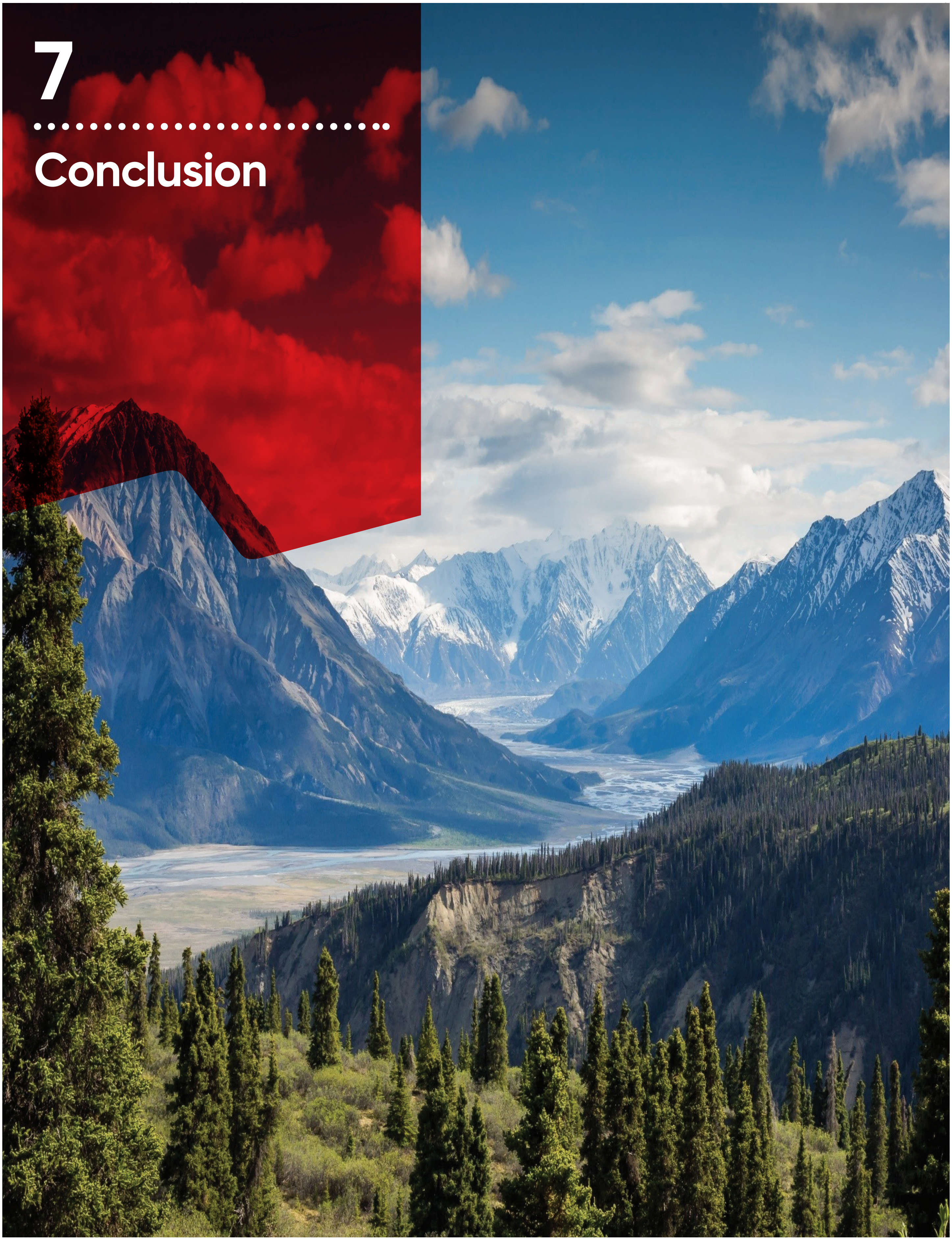
Diversity

Jenny Coco doesn't pay attention to gender and feels that you must prove yourself to get respect. She acknowledges that a woman may need to work harder to prove herself but that need can become an advantage in many ways. Additionally, Coco Paving recognizes the importance of diversity, and not only in gender. Close to half of the workforce at Coco Paving are first-generation immigrants, very much in line with Jenny's parents' move to Canada from Italy.

In mining, Stephany Fier is often the only woman in the room. Not only are there are very few women in mining, there are even fewer women in their early thirties in leadership positions. Ms. Fier notes that *"when travelling for business I often find people surprised to see me representing the company."* In her view, more women have been joining the ranks of mining companies in the past few years, an encouraging trend.

7

Conclusion



Kluane National Park and Reserve, Yukon, Canada (Photo: Kalen Emsley – Unspash.com)

7. Conclusion

Family Businesses: Outperformance & Inclusiveness

In previous editions of National Bank of Canada's *The Family Advantage* reports, we highlighted the long-term outperformance of Canada's publicly-listed family businesses, family-controlled or founder-controlled, compared to widely-held companies. Not only did we find that such outperformance persists, but a growing number of studies indicated that family businesses create a unique environment, somewhat shielded from external pressures, in which the best candidates for the top job can emerge regardless of gender, ethnicity and background. Family businesses have the luxury of time and perspective to groom, train and mentor the right person for a role, whether a member of the next generation of the controlling shareholder or an outside candidate.

This finding does not come as news to the women business leaders interviewed as part of this report. Though benefiting from, some will say, a unique and privileged environment — in which mentorship experiences or even learning the insides of the family business from an early age made them the best candidate for the top job — all have committed their lives to relentless work and support of their communities, building their legacies in the process. The business leaders interviewed in this The Family Advantage Report are unquestionably great role models for future business leaders, especially young women. They bucked the status quo of male predominance and have confounded skeptics in spearheading some of Canada's top family-run companies.

The Need for Independent Long-Term-Minded Boards

"Good governance", a concept often at the centre of heated debate, is of paramount importance to all the firms we have interviewed for National Bank of Canada's The Family Advantage reports. We report that, in Canada, governance guidelines and regulations create a more equitable environment for all shareholders than in many other jurisdictions, keeping controlling shareholders in check. This unique set of bells and whistles takes the form of automatic coattail provisions for all new publicly-listed companies, a growing number of voluntary sunset clauses and, most important, the requirement that a majority of board members be independent.

Interviewed for this report, Maureen Sabia, Chairman of Canadian Tire Corporation, saw effective governance as a continuous pursuit, in which each corporation, family-controlled or not, must be looked at case by case. As she puts it: *"I don't think a 'one size fits all' governance model should be ever be legislated because every company has a different and unique structure, every company has different challenges and operates in different industries."*

Canadian Tire's Board of Directors puts a strong emphasis on board independence. Every board member is assessed annually against *"independence materiality thresholds."* In the Board's determination, family shareholder Martha Billes is independent for the purpose of sitting on the Governance Committee. Ms. Sabia says: *"At Board meetings, Martha and her son Owen always speak last, listening to what all other board members have to say before they put their views on the table. I cannot recall Martha ever vetoing any Board decision."* Owen Billes, also a Director, is set to *"seamlessly step into Martha's shoes in the coming years."*

"At Board meetings, Martha and her son Owen always speak last, listening to what all other board members have to say before they put their views on the table"

— Maureen Sabia

Canadian Tire Corp. family shareholders Owen Billes (left) and his mother Martha Billes presenting the Canadian Tire Jumpstart Charities Community Partner Award

Maureen Sabia, Chairman of Canadian Tire Corporation

Are Family-controlled Businesses Re-Shaping Modern-Day Capitalism?

At a time when many are calling for corporations to *"break free from the tyranny of short-term thinking,"*[39] Canadian Tire's Maureen Sabia believes that *"family control frees management to do what is in the long-term interests of shareholders, customers and employees, and it frees the board and management from constantly looking over their shoulders."*

In addition to the ability of family businesses to contribute to re-focusing the corporate world on the long term, Ms. Sabia shared other insights for investors and businesses to drive catalytic changes. After 30 years on Canada's biggest boards, Ms. Sabia believes the modern-day mantra of boards of directors must be changed: *"Mere oversight is not enough. To adequately represent the long-term interests of shareholders and other stakeholders a board has to be an active partner with management to create a path of long-term value generation, combined with a healthy and constructive skepticism of management"* bucking the common misconception that a board serves only as a *"compliance vehicle."* Ms. Sabia believes in hard-working and knowledgeable directors who understand the business, think freely and independently, and exhibit leadership, while not interfering with day-to-day management operations. Ms. Sabia also believes the obligation to report quarterly results in Canada could be replaced by less frequent reporting to encourage the setting and pursuit of long-term strategic targets.

This view is shared in the U.S. by a prominent group of CEOs of Fortune 500 corporations and some of the largest institutional investment firms, who have signed an open letter[40] calling for a *"constructive engagement of companies, their boards and their investors"* and for realigning the focus of corporate America on the long-term value creation. The group, authors of the Commonsense Corporate Governance Principles, are cautioning against the setting of short-term performance targets public issuers: *"A company should not feel obligated to provide earnings guidance (...). Making short-term decisions to beat guidance (or any performance benchmark) is likely to be value destructive in the long run."*[41] Two members of the group, Berkshire Hathaway's Warren Buffet and JPMorgan Chase's Jamie Dimon, co-authored a piece in *The Wall Street Journal* stating: *"The pressure to meet short-term earnings estimates has contributed to the decline in the number of public companies in*

[39] *Dezsö Horvath / Dominic Barton, Re-imagining Capitalism, "Conclusion: Capitalism Re-Imagined" Chapter, 2016*
[40] *Multiple Authors, "Open Letter: Commonsense Principles 2.0", 2016 (see more at: https://www.governanceprinciples.org/)*
[41] *Multiple Authors, "Commonsense Principles 2.0", 2016*

America over the past two decades. Short-term-oriented capital markets have discouraged companies with a longer-term view from going public at all, depriving the economy of innovation and opportunity."[42]

Other prominent figures such as Dominic Barton, a Canadian who is Global Managing Partner Emeritus at McKinsey & Company, also call for businesses to focus on long-term growth. In a book Mr. Barton co-authored titled *"Re-imagining Capitalism,"*[43] family businesses are portrayed as beacons of long-term value creation. He goes further, identifying a growing trend of businesses shifting from pure *"shareholder capitalism,"* a model of choice exported globally by the U.S. and the U.K. since the fall of the Berlin Wall, to a larger form of *"stakeholder capitalism"* or alternatively the *"company-centered model,"*[44] more prevalent in several European countries, namely in Scandinavia.[45] What if this model is exemplified by the often-leading role of family companies in the economy and society? A recent study argues that the company-centred model *"recognizes the diversity of shareholders' goals and the varied roles played by corporations in society,"*[46] a characteristic often exhibited by family- or founder-controlled companies in building their legacies over generations.

Canadian Tire Chairman Ms. Sabia believes companies should not be engines of social policy: *"Corporations are engines of the economy in the sense that they provide a product or service and employment, and they can't do any of that unless they are successful in what they do."* She also believes that all stakeholders, employees, suppliers, clients and the community should be clearly considered in the setting of long-term strategies.

The long-term commitment of family businesses and their holistic view of long-term value creation is summed up by Galen G. Weston, head of the two iconic Canadian companies George Weston and Loblaw: *"As change becomes constant, so too will the importance of steadfast values and culture that can guide an organization towards growth that bridges from quarters to years, and from years to decades. This combination of characteristics lies at the core of successful family firms' stubborn outperformance of stock markets across the globe, and their ability to focus on the long-term social, demographic, and environmental trends that address some of the world's biggest challenges."*[47]

[42] *Jamie Dimon and Warren E. Buffett, "Short-Termism Is Harming the Economy", June 2018*
[43] *Dezsö Horvath / Dominic Barton, Re-imagining Capitalism, "Conclusion: Capitalism Re-Imagined" Chapter, 2016*
[44] *Joseph L. Bower/Lynn S. Paine, "The Error at the Heart of Corporate Leadership", 2017*
[45] *Dezsö Horvath / Dominic Barton, Re-imagining Capitalism, "Conclusion: Capitalism Re-Imagined" Chapter, 2016*
[46] *Joseph L. Bower/Lynn S. Paine, "The Error at the Heart of Corporate Leadership", 2017*
[47] *Galen G. Weston, Re-imagining Capitalism, "Family Firms and Patient Capital – Thinking in Decades, Not Quarters" Chapter, 2016*

Appendix - NBC Canadian Family Index Research

Toronto, ON, Canada (Photo: @Bantersnaps – Unspash.com)

NATIONAL BANK OF CANADA FINANCIAL MARKETS

September 17, 2020

Stock Rating: Outperform

Industry Rating (Food & Staples Retailing): Overweight (NBF Economics & Strategy Group)

Alimentation Couche-Tard

ATD.B (TSX)	**$43.98**
TARGET PRICE:	**$52.00**
ESTIMATED TOTAL RETURN:	**18.9%**

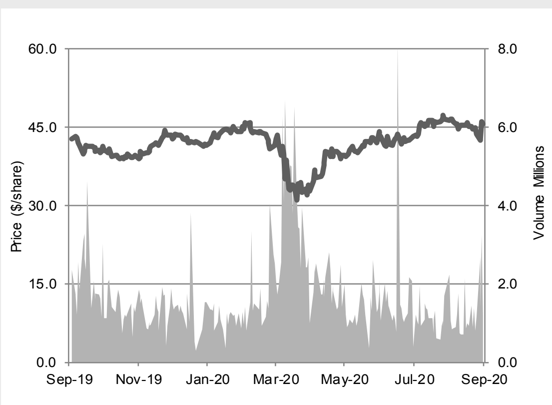
52-week range	$47.49 - $30.40
Shares Outstanding (mln)	1,114.2
Market Capitalization (CAD mln)	49,003

Fiscal Year End: April

	2020A	2021E	2022E
Sales (mln)	$54,132.4	$49,829.4	$57,549.6
EBITDA (mln)	$4,367.0	$4,300.0	$4,266.0
EPS (FD)	$1.98	$1.98	$2.04
P/E	15.9x	15.8x	15.4x

Financial Data: As of Q1 F2021	
Cash (mln)	$3,269.8
Total Debt (mln)	$9,178.0
Net Debt (mln)	$5,908.2
Debt/Capital	34.7%
BVPS	$9.96
Dividend per share (CAD)	$0.29
Dividend Yield	**0.7%**

Financial statement data denoted in $U.S. unless stated otherwise.



Source: Company Reports, Refinitiv, NBF

Vishal Shreedhar - (416) 869-7930
vishal.shreedhar@nbc.ca

Associates:
Ryan Li - (416) 869-6767
ryan.li@nbc.ca

Paul Hyung - (416) 507-9009
paul.hyung@nbc.ca

COMPANY PROFILE

Alimentation Couche-Tard is the leader in the Canadian c-store industry, the largest independent c-store operator in the U.S. (based on company-operated stores), and a leader in c-store / road transportation fuel retail in the Scandinavian countries. As of July 19, 2020, ATD's network included >9,200 c-stores in North America and >2,700 locations in Europe, primarily operating under the Circle K brand. Historically, ATD has grown both organically and via acquisitions.

INVESTMENT HIGHLIGHTS

Initiatives to drive organic growth; five-year aspirations on track (1) Management highlighted several initiatives to drive organic growth, including the Fresh Food Fast program, localized pricing and frictionless payment. The Fresh Food Fast program will be rolled out to 1,500 sites by October (currently at 875 sites). Dynamic pricing strategies will continue to be implemented to react quickly to local market factors/customer demand (currently at >2,400 sites). (2) Management indicated that its five-year plan of doubling the business remains on track; while the pandemic slowed certain initiatives (remodeling), other initiatives (innovation) were accelerated.

M&A remains in focus

During the conference call, management indicated that it is actively exploring several opportunities in Asia Pacific, which remains a strong area of focus. Management also suggested that Ampol's (formerly Caltex Australia) underwhelming recent results gave ATD a pause due to difficulties in understanding the underlying business amid the pandemic. With over $10 bln in capacity for acquisitions, our view is that ATD will stay active on the M&A front in the near-to-medium-term; however, large deals may take longer to manifest than previously contemplated.

RISK FACTORS

The key risks to our outlook include volatility in gasoline margins, foreign exchange (Canadian dollar, European currencies), acquisition integration and regional economic conditions.

VALUATION

We value ATD at 19.0x our F22/23 EPS (adjusted for FX).

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 7, 13, 16.

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

Stock Rating: Sector Perform

Industry Rating: Overweight - Utilities

(NBF Economics & Strategy Group)

October 9, 2020

ATCO Ltd.

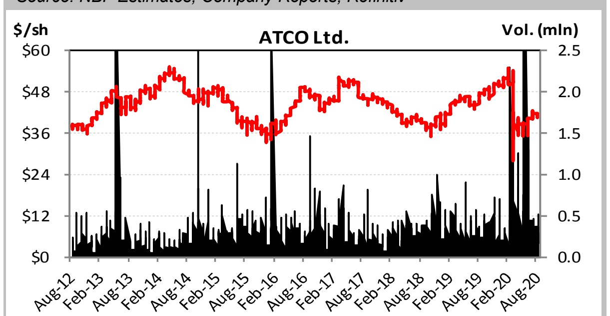
ACO'X; ACO'Y (TSX)	**$38.78; $41.12**
TARGET PRICE:	**$46.00**
CURRENT DIVIDEND YIELD:	**4.5%**
ESTIMATED TOTAL RETURN:	**23.1%**

52-week range	$54.97 - $27.72
52-week range (ACOx)	US$54.80 - US$34.04

(Year-end Dec. 31)	2019	2020e	2021e
EBITDA ($mln)	$2,046	$1,894	$1,985
EV/EBITDA	11.7x	11.4x	11.4x
Maint. Capex ($mln)	($538)	($500)	($480)
Free-EBITDA ($mln)	$1,509	$1,394	$1,505
EV/Free-EBITDA	15.8x	15.4x	15.1x
EPS - FD ($/sh)	$3.09	$2.87	$2.93
P/E	16.1x	12.8x	13.3x
AFFO/sh - FD ($/sh)	$3.42	$2.28	$2.09
P/AFFO	14.6x	14.9x	16.6x
Dividend per Share ($/sh)	$1.62	$1.74	$1.74
Dividend Yield (%)	3.3%	4.7%	4.7%
Adj. Payout Ratio (%)	47%	76%	83%
Net Debt/EBITDA	4.1x	4.5x	4.4x

Financial Data (December 31, 2020e)	
Shares Outstanding (mln)	114.7
Market Capitalization ($mln)	$4,289
Preferred Equity & NCI ($mln)	$8,930
Ending Net Debt ($mln)	$8,467
Enterprise Value ($mln)	$21,700
Total Return	23.1%

Source: NBF Estimates, Company Reports, Refinitiv



Source: Bloomberg

Patrick Kenny, CFA
403.290.5451
patrick.kenny@nbc.ca

Associates:
Amber Brown, MBA
403.290.5624
amber.brown@nbc.ca

Zach Warnock
403.355.6643
zach.warnock@nbc.ca

CORPORATE PROFILE (all $ terms are CAD)
ATCO Ltd. is a global conglomerate which owns and operates ~$22 mln of energy infrastructure assets. The company's core holdings include a 52.2% controlling interest in Canadian Utilities Limited (TSX: CU / CU'X), a 100% consolidated interest in ATCO Structures & Logistics, and a 40% interest in Neltume Ports. Its business operations include Utilities (natural gas and electricity distribution and transmission), Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management), Transportation (ports and transportation logistics) and Commercial Real Estate.

INVESTMENT HIGHLIGHTS
ATCO operates under a two-tier common share structure with non-voting and voting shares that are entitled to share equally in the earnings and dividends of the company. ATCO's common share structure consists of Class I (non-voting; TSX: ACO'X) and Class II (voting; ACO'Y: TSX) common shares representing ~88% and ~12% of aggregate common shares outstanding. Overall, we estimate that ~55% of ATCO's 2020e adjusted EBITDA stems from its Utilities/Electricity segment, ~40% from Pipelines & Liquids and ~5% from Structures & Logistics. ATCO offers attractive dividend growth averaging ~10% per year over the past five years.

GROWTH PROFILE
ATCO's $3.5 bln capital plan for 2020-2022 is focused on regulated utilities and long-term contracted assets (~$3.4 bln) in select global markets that are outside of Alberta, including Latin America, the United States, Australia and Canada. The company's capital plan is 97% allocated towards its natural gas ($1.7 bln) and electricity ($1.7 bln) businesses, while the remaining 3% towards long-term contracted capital ($0.1 bln). Meanwhile, its Modular Structures division continues to progress construction activities at LNG Canada workforce accommodations, while being awarded a few new contacts, which include two modular hospital contracts in Mexico City and Tijuana, a 600-person workforce camp agreement to support the construction of the Trans Mountain Expansion project, a supportive housing contract with the Government of B.C., and a contract with the Victoria Department of Education to construct permanent modular classrooms in Melbourne, Australia. Elsewhere, following the release of the 2019 Sustainability report in June, ATCO's and CU's integrated score moved up 6 points to 73 (was 67) coming in slightly above the peer average of 72. The increased ESG score was driven by a higher Environmental score given that the company executed a key goal of divesting its coal power generation (completed September 2019), which effectively reduced GHG emissions relative to its peers.

RISK FACTORS
There is no assurance that regulators will allow higher ROEs or rate bases at any of the Company's regulated utilities. Declining long-term interest rates may also negatively impact the allowed rate of return determined in setting customer rates. The company's business segments are also subject to macroeconomic growth, unfavourable macroeconomic conditions may decrease the rate of growth. There is no guarantee that ATCO will have access to the equity or debt capital markets on favourable terms to fund future growth prospects. Cash flows from the company's international operations are subject to foreign exchange risk.

VALUATION
Our $46.00 target is on a risk-adjusted dividend yield of 3.75% applied to our 2021e dividend of $1.74/sh, a 12.75x multiple of our 2021e Free-EBITDA and our DCF/sh valuation of $47.00.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 5, 7.

NATIONAL BANK OF CANADA FINANCIAL MARKETS

October 13, 2020

Stock Rating: Outperform

Industry Rating (Consumer Durables & Apparel): Market Weight (NBF Economics & Strategy Group)

BRP Inc.

DOO (TSX) / DOOO (NASDAQ) $76.64 / US$58.37
TARGET PRICE: $85.00
ESTIMATED TOTAL RETURN: 11%

52-week High-Low (Cdn)	$77 - $18.56
52-week High-Low (US)	$59.19 - $12.97
Shares Outstanding (mln)	88
Market Capitalization (mln)	$6,781

(Cdn$ mln. unless otherwise noted)

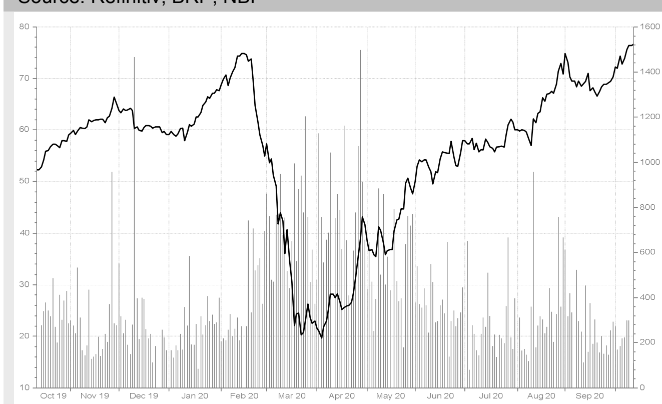
(FYE Jan. 31)	F2020A	F2021E	F2022E
Revenue	$6,053	$5,620	$6,324
EBITDA*	$804	$828	$939
EPS (adj.)	$3.83	$3.86	$4.46
EV / EBITDA	10.5x	10.2x	9.0x
P/E	20.0x	19.9x	17.2x

*Normalized

Other Data:

Net Debt (mln)	$1,684
Net Debt-to-Cap.	165%
Enterprise Value (mln)	$8,465
Dividend per share	$0.00
Dividend Yield	0.0%

Source: Refinitiv, BRP, NBF



Source: Refinitiv Datastream

Cameron Doerksen, CFA
514.879.2579
cameron.doerksen@nbc.ca

Associate:
Albert Matousek, MBA, CFA
514.390.7825
albert.matousek@nbc.ca

PROFILE

BRP Inc. is a global leader in the design, manufacturing and marketing of powersports vehicles and propulsion systems. The company has leading market positions in the snowmobile, personal watercraft (PWC), all-terrain vehicle (ATV), side-by-side vehicle (SSV) and marine markets and is growing in the on-road three wheeled vehicle (3WV) segment.

INVESTMENT HIGHLIGHTS

Demand for powersports boosted by the pandemic

Demand for powersports products has historically been linked with broader economic conditions, but with spending on travel down significantly and consumers seeking safe and socially-distant activities, outdoor recreation has been a beneficiary. We believe this trend that has boosted ORV and PWC retail over the summer will continue into the winter with the snowmobile market.

Exceptional retail demand to drive inventory re-stocking

BRP’s Q2 North American powersports retail was up 40% and, as a result of lower dealer inventory (down 51%), we expect inventory restocking to boost BRP’s wholesale revenue in the latter half of F2021 and well into F2022. Based on customer surveys, BRP indicates that in Q2 77% of its customers were new to BRP with 41% entirely new to powersports (3x as many as normal). New BRP customers were up 51%, which points to an expanding market for the company.

Expecting market share gains to continue

BRP has and will maintain an aggressive new product roll-out plan that we expect will continue to drive market share gains regardless of the economic backdrop. BRP’s recent announcement that it will proceed with building a new plant in Mexico is testament to management’s confidence in its new product roadmap. The new facility, which will be ready for operation in the fall of 2021, will add another 50% capacity to SSV production.

RISK FACTORS

Cyclicality of business

BRP’s products are discretionary items so in a broader economic slowdown demand for powersports vehicles will undoubtedly be negatively impacted.

Competitive markets

BRP faces intense competition across all of its product lines including from some larger and better capitalized players.

Tariffs

Tariffs on either components or fully assembled vehicles could impact BRP's profit margins and its relative competitive positioning.

VALUATION

We value the stock by applying a 9.5x EV/EBITDA multiple to our F2022 forecast.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 5, 7.

NATIONAL BANK OF CANADA FINANCIAL MARKETS

Stock Rating: Outperform

Industry Weighting (Retailing): Market Weight
(NBF Economics & Strategy Group)

October 13, 2020

Canadian Tire Corporation, Limited

CTC.A (TSX)	**$142.30**
TARGET PRICE:	**$128.00**
POTENTIAL RETURN:	**-6.8%**

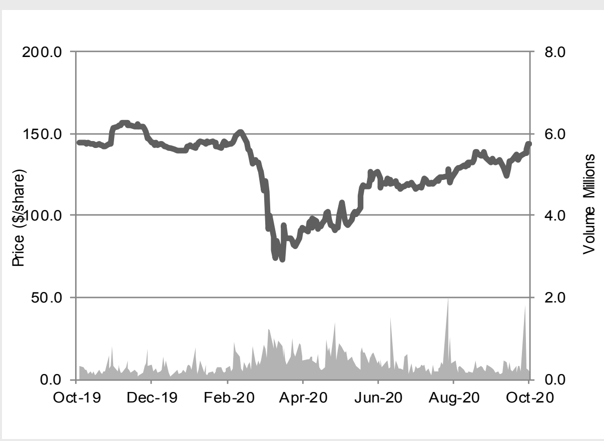
52-week High-Low	$157.36 - $67.15
Shares Outstanding (diluted, mln)	60.8
Market Capitalization (mln)	$8,653.0

Year End: Dec. 31	2019A	2020E	2021E
Sales (mln)	$14,534.4	$13,954.1	$14,948.2
EBIT (mln)	$1,488.8	$991.9	$1,299.8
EBIT Margin (%)	10.2%	7.1%	8.7%
Diluted EPS	$13.07	$7.10	$11.10
P/E	10.9x	20.0x	12.8x

All amounts in Canadian dollars

Financial Data:	As at: Q2 2020
Cash (mln)	$2,193.8
Net Debt (mln)	$6,136.1
Net Debt to Total Capitalization	61%
Book Value per Share	$64.75
Price to Book	2.2x
Dividend Yield	3.2%

Source: Company Reports, NBF, Refinitiv
All amounts in Canadian dollars



Source: Refinitiv, NBF

Vishal Shreedhar
vishal.shreedhar@nbc.ca
(416) 869-7930

Associates:
Ryan Li
ryan.li@nbc.ca
(416) 869-6767

Paul Hyung
paul.hyung@nbc.ca
(416) 507-9009

COMPANY PROFILE

Canadian Tire is one of the largest retailers in Canada with more than 1,700 retail and gasoline outlets. Canadian Tire's primary retail business categories include: Automotive, Living, Fixing, Sports, Playing and Apparel. The company also has a Financial Services division, which offers products and services such as credit cards, retail deposits and insurance.

INVESTMENT HIGHLIGHTS

Strong sales amid COVID-19 pressures suggest brand relevance

(1) Management indicated momentum with retail sales growth as stores reopened; CTR delivered 20.3% retail sales growth (-1.8% in April, +25% in May, +38% in June); SportCheck and Mark's delivered retail sales declines of 24.9% and 36.4%, respectively (+3.2% and +3.4% in June). We anticipate elevated CTR revenue in the coming quarters due to higher expected dealer shipments (replenishment). (2) e-Commerce sales reached >$600 mln in Q2, up by ~400% y/y; digital traffic was up by 75% y/y across all banners (>100% at CTR). (3) Given that stores have largely reopened, gross margins are anticipated to stabilize at SportCheck/Mark's as e-Commerce sales mix declines (typically lower margin). (4) CTC secured an additional $710 mln credit facility. The company ended the quarter with $2.3 bln in cash/marketable securities, including a $700 mln pre-emptive draw on the note purchase facility. (5) Management cautioned that improvement in delinquencies (Financial Services) is likely due to government subsidies and other relief programs.

RISK FACTORS

Like most Canadian retailers, Canadian Tire remains highly susceptible to sales volatility as a result of unexpected weather patterns and regional economic strength. The company is also susceptible to increasing competition, primarily from foreign retailers.

VALUATION

Our valuation is based on a sum-of-the-parts methodology. We value the Retail business at 12.0x our 2021/2022 Retail EPS, Financial Services at 7.0x our 2021/2022 Financial EPS and CTC's ownership in CT REIT less a 10% discount.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 7, 13.

Stock Rating: Sector Perform

Industry Rating (Utilities): Market Weight

(NBF Economics & Strategy Group)

NATIONAL BANK OF CANADA FINANCIAL MARKETS

August 19, 2020

Canadian Utilities Ltd.

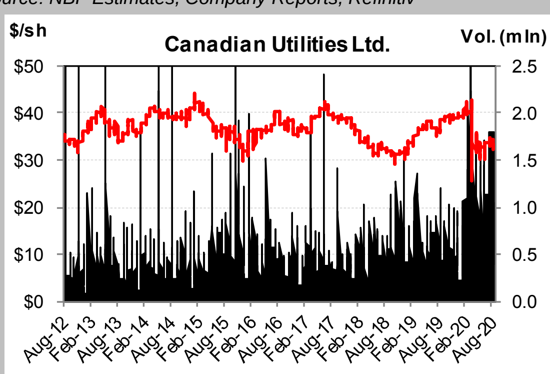
CU; CU.X (TSX)	**$33.23; $33.05**
TARGET PRICE	**$38.00**
DIVIDEND YIELD	**5.2%**
ESTIMATED TOTAL RETURN:	**19.6%**

52-week range	$42.97 - $25.25
52-week range (United States)	US$42.90 - US$25.63

(Year-end Dec. 31)	2019	2020e	2021e
EBITDA ($mln)	$1,850	$1,802	$1,872
EV/EBITDA	10.0x	10.2x	10.2x
Maint. Capex ($mln)	($538)	($500)	($480)
Free-EBITDA ($mln)	$1,313	$1,302	$1,392
EV/Free-EBITDA	13.6x	14.1x	13.8x
EPS - FD ($/sh)	$2.20	$1.98	$2.16
P/E	17.9x	15.5x	15.1x
AFFO/sh - FD ($/sh)	$4.23	$2.57	$2.97
P/AFFO	9.3x	11.2x	10.8x
Dividend per Share ($/s	$1.69	$1.74	$1.74
Dividend Yield (%)	4.3%	5.5%	5.5%
Adj. Payout Ratio (%)	40%	68%	59%
Net Debt/EBITDA	4.8x	5.1x	5.1x

Financial Data (December 31, 2020e)	
Shares Outstanding (mln)	273.1
Market Capitalization ($mln)	$8,700
Preferred Equity & NCI ($mln)	$1,670
Ending Net Debt ($mln)	$8,443
Enterprise Value ($mln)	$18,813
Total Return	19.6%

Source: NBF Estimates, Company Reports, Refinitiv



Source: Bloomberg

Patrick Kenny, CFA
403.290.5451
patrick.kenny@nbc.ca

Associates:
Amber Brown, MBA
403.290.5624
amber.brown@nbc.ca

Zach Warnock
403.355.6643
zach.warnock@nbc.ca

CORPORATE PROFILE (all $ terms are CAD)

Canadian Utilities Limited (owned 52.2% by ATCO Ltd.) owns and operates ~$20 bln of energy infrastructure assets including Utilities (electricity and natural gas transmission and distribution), Energy Infrastructure (electricity generation, energy storage and industrial water solutions) and Retail Energy (electricity and natural gas retail sales). The electric and natural gas utilities make up the bulk of the company with 75,000 kms of electric powerlines and 64,000 kms of natural gas pipelines. Meanwhile the company also has 244 MW of power generating capacity, and natural gas and hydrocarbon storage.

INVESTMENT HIGHLIGHTS

Canadian Utilities operates under a two-tier common share structure with non-voting and voting shares that are entitled to share equally in the earnings and dividends of the company. The company's common share structure consists of Class A (non-voting; TSX: CU) and Class B (voting; TSX: CU'X) common shares representing ~70% and ~30% of aggregate common shares outstanding. As at December 31, 2019, ATCO Ltd. (TSX: ACO'X / ACO'Y) held 38.3% of CU's Class A non-voting shares and 90.2% of Class B voting shares. Overall, we estimate that ~55% of CU's 2020e adjusted earnings stem from its Utilities/Electricity segment and ~45% from Energy/Pipelines & Liquids.

GROWTH PROFILE

Canadian Utilities previously announced a $3.5 bln capital growth plan from 2020-2022, of which ~97% is allocated towards its regulated natural gas and electricity utility businesses. However, we do note that some of its planned 2020 capex could potentially be deferred into the back half of its 2020-2022 capital program due to COVID-19 related impacts. The company anticipates spending ~$3.4 bln on regulated utilities, including $1.7 bln allocated towards electricity distribution and transmission, with an additional $1.7 bln towards the development of natural gas distribution and transmission. Elsewhere, Canadian Utilities announced the creation of LUMA Energy LLC, a 50/50 JV with Quanta Services, which was selected by the Puerto Rico Public-Private Partnerships Authority to operate, maintain and modernize Puerto Rico's electric transmission and distribution system over a 15-year term commencing mid-2021, with the Puerto Rico Electric Power Authority (PREPA) maintaining capital ownership, which is in step with CU's geographic diversification goal to expand its utility-like operations outside of Alberta, while keeping its liquidity intact (i.e., no capital down). On the regulatory front, the Generic Cost of Capital proceeding was suspended indefinitely by the Alberta Utilities Commission (AUC) due to the ongoing COVID-19 pandemic, however, therefore CU has elected to have an extension of the currently approved ROE (8.5%) and capital structure quarterly (37% equity thickness). Finally, following the release of its 2019 Sustainability Report, CU's integrated score moved up 6 points to 73 (was 67), coming in above the peer group average of 72. We note that the Environment score contributed half of the increase, moving up 3 pts as a result of Canadian Utilities executing a key goal of divesting its coal power generation (completed Sept. 2019), which effectively reduced GHG emissions relative to its peers.

RISK FACTORS

There is no assurance that regulators will allow higher ROEs or rate bases at any of the Company's regulated utilities. Declining long-term interest rates may also negatively impact the allowed rate of return determined in setting customer rates. The company's business segments are also subject to macroeconomic growth, unfavourable macroeconomic conditions may decrease the rate of growth. There is no guarantee that CU will have access to the equity capital markets or debt markets on favourable terms to fund future growth prospects. Cash flows from the company's international operations are subject to foreign exchange risk.

VALUATION

Our $38.00 target is based on a risk-adjusted dividend yield of 4.5% applied to our 2021e dividend of $1.74, a 14.25x multiple of our 2021e Free-EBITDA and our DCF/sh valuation of $41.00. We currently rate CU a Sector Perform.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 5, 7.

NATIONAL BANK OF CANADA FINANCIAL MARKETS

August 24, 2020

Stock Rating: Sector Perform

Industry Rating (Containers & Packaging): Overweight
(NBF Economics & Strategy Group)

Cascades Inc.

CAS (TSX)	**$14.52**
TARGET PRICE:	**$16.50**
ESTIMATED TOTAL RETURN:	**15.8%**

52-week range	$16.19 - $9.94
Shares Outstanding (mln)	94.2
Market Capitalization ($ mln)	$1,368

(YE December)	2019e	2020e	2021e
Revenue (mln)	$4,996	$5,062	$4,996
Adjusted EBITDA (mln)	$604	$649	$648
Adj. EBITDA margin	12.1%	12.8%	13.0%
Adjusted EPS (fd)	$1.02	$1.52	$1.38
P/E	14.2x	9.6x	10.5x
EV/EBITDA	5.5x	5.1x	5.1x

Financial Data (Quarter-end 30/06/2020):	
Total Debt (mln)	$2,239
Net Debt (mln)	$2,077
Net Debt/EBITDA (LTM)	3.1x
Net debt to Capital	54%
Dividend per share	$0.32
Dividend Yield	2.2%

Source: Company reports, NBF estimates, Refinitiv, BigCharts

Zachary Evershed, CFA
514-412-0021; zachary.evershed@nbc.ca

Associate: Thomas Bolland
514-871-5013; thomas.bolland@nbc.ca

COMPANY PROFILE

Cascades is a producer, converter and marketer of packaging and tissue products composed mainly of recycled fibres in North America and Europe. Cascades' two main business segments are Tissue and Packaging, with the latter including Boxboard Europe, Containerboard and Specialty Products. The Québec-based company, which was founded in 1964 by the Lemaire family, currently employs close to 11,000 people in close to 90 facilities.

INVESTMENT HIGHLIGHTS

Lower containerboard demand could result in further price declines

In 2019, 42-lb kraft linerboard prices cumulatively dropped US$40/ton in both the U.S. East and West to US$710-720/ton, the first price decline since January 2016 for the benchmark grade as weakness in export markets (particularly China and southern Europe) and anemic box shipment growth in the United States contributed to growing inventory levels, in turn pressuring U.S. prices. Though 2020 has started out strong with a surge in box demand attributable to pantry-stocking and e-commerce related to the pandemic, we continue to anticipate a slight drop off in box demand for the rest of 2020 as this tailwind fades, at odds with the 1.3-1.7% net new capacity coming online annually in the 2020-2023 period. Our sensitivity analysis indicates a $46 million impact on EBITDA for each US$25/ton move in linerboard pricing, all else equal.

Orchids' assets purchase to contribute nicely to ongoing optimization

On July 1, 2019, Cascades' acquisition of Orchids' assets for US$207 million and US$9 million in assumed debt was approved by the United States Bankruptcy Court for the District of Delaware. Management expects to realize synergies from greater operational efficiency due to capacity utilization optimization, reduced outsourcing to subcontractors, and lower freight costs (closer to customers, less inter-facility shipping), yielding incremental EBITDA of US$45 million in 2021 as management aims for 12% Tissue margins in the same year. In the context of the pandemic, CAS' capex budget in 2020 was trimmed to $175-200 million (from $250 million) and we believe the Bear Island project will remain on the shelf until the company finds suitable financial partners.

RISK FACTORS

Demand for Cascades' products, containerboard and boxboard in particular, is sensitive to economic conditions. Cascades' markets are highly competitive and some of the competitors are large, global players. Unfavourable movements in exchange rates, selling prices and raw material costs can materially impact the company's financial results. Cascades' debt ratios are above the industry average.

VALUATION

Our $16.50 target is derived from a sum-of-the-parts analysis based on 2021e EBITDA multiples: 5x Containerboard, 7.5x Tissue, 5.5x Boxboard Europe and 7.0x Specialty Products. We rate Cascades Sector Perform.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 6, 7.

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

August 26, 2020

Stock Rating: Outperform

Industry Rating (IT Services): Underweight
(NBF Economics & Strategy Group)

CGI Group Inc.

GIB.A (T); GIB (N)	**C$90.63; US$68.99**
TARGET PRICE:	**$115.00**
ESTIMATED TOTAL RETURN:	**27%**

52-week range	$114.49 - $67.23
Shares Outstanding (FD mln)	261.4
Market Capitalization ($ mln)	$23,683

Fiscal Year End: September 30

(Cdn$)	2019A	2020E	2021E
Revenue (mln)	$12,111	$12,352	$15,290
EBITDA (mln)	$2,217	$2,429	$3,080
Adjusted EPS	$4.70	$4.89	$6.58
CFO (mln)	$1,634	$1,923	$2,375
FCF (mln)	$1,306	$1,608	$2,087
FCF/share	$4.99	$6.15	$7.98

Cash & ST Investments (mln)	$1,365
Total Debt(mln)	$3,730
Net Cash (Debt) (mln)	($2,365)
Net Cash per share	($9.05)
Enterprise Value (mln)	$26,048

Source: Company Reports, Refinitiv, NBF

Richard Tse - (416) 869-6690
richard.tse@nbc.ca

Associates:
John Shao - (416) 869-7938
john.shao@nbc.ca
Mihir Raul - (416) 869-8049
mihir.raul@nbc.ca

COMPANY PROFILE

CGI is Canada's largest technology company. Headquartered in Montreal, Quebec, CGI has grown its employee base from about 250 in 1982 to about 77,500 today. CGI delivers IT consulting and systems integration services, and outsourcing solutions onsite at client premises and/or remotely through the company's global delivery centres located in North America, Europe and India.

INVESTMENT HIGHLIGHTS

What's our Investment Thesis?

In our view, CGI is once again in the midst of another transition – one that's moving the Company up the value chain with an increasing proportion of revenue from intellectual property (IP) – organically built and acquired. We see that driving outsized earnings growth and a premium valuation to its peers. The gravy – opportunistic acquisitions which has historically been a catalyst for this stock.

Here are the following key catalysts to note:

- Organic growth momentum,
- The prospects for acquisitions - we see capacity for $7-8 bln; and
- IP and Digital - structural change in the market.

We believe CGI has positioned itself well over the past 18-24 months to harvest investments to drive organic growth, while deleveraging has positioned CGI to execute on the M&A component of its growth strategy. The upside is that both those growth opportunities appear to be hitting their stride at the same time – something we have not seen from CGI in a while. We see those multiple growth drivers positively impacting GIB.a / GIB's valuation. We continue to like CGI for its defensive (recurring cash flow and deleveraging) characteristics and optionality attributes (M&A, expanding margins via IP), particularly given a consistent record of execution. In our view IT Services will be one of the segments in tech to bounce back faster from the current health crisis and in particular for companies that can redirect their service offerings into areas of demand.

VALUATION

We reiterate our Outperform rating and C$115 DCF-based target, which implies a 10.4x EV/EBITDA on our F2021 estimates. This remains a core holding in Canadian Tech.

RISK FACTORS

1. Execution: Management may fail to increase IP revenue mix; 2. Acquisition / Integration Management may be unable to realize synergies; 3. Threat of "new" digital entrants.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 5, 6, 7.

NATIONAL BANK OF CANADA FINANCIAL MARKETS

Stock Rating: Outperform

Industry Rating (Communication Services): Market Weight
(NBF Economics & Strategy Group)

September 8, 2020

Cogeco Communications Inc.

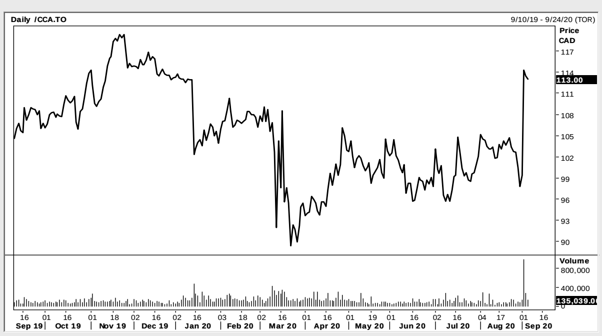
CCA (TSX)	**$113.00**
TARGET PRICE:	**$120.00**
ESTIMATED TOTAL RETURN:	**8.2%**

Stock Data:	
52-week High-Low (CAD)	$132.00 - $87.57
Bloomberg/Reuters:	CCA CN;CCA TO

(YE Aug. 31)	**2019a**	**2020e**	**2021e**
Revenue (mln)	$2,332	$2,381	$2,423
EBITDA (mln)	$1,108	$1,140	$1,163
EV/EBITDA	6.9x	6.9x	6.5x
Adjusted EPS	$7.04	$7.37	$7.65
FCF Yield	8.1%	8.8%	9.5%
FCF per share	$9.17	$9.94	$10.76

Financial Data as at:	**May 31, 2020**
Shares Outstanding (mln)	48.1
Diluted Shares Outstanding (mln)	48.5
Float (mln)	21.6
Market Value (mln)	$5,437
Net Debt (mln)	$3,031
Shareholders' Equity (mln)	$2,662
Net Debt to Capital	53.2%
BVPS / Price/BVPS	$54.89/2.1x
2020e ROE	15.2%
Dividend/Yield	$2.32/2.1%

Source: Company reports, Refinitiv and NBF estimates



Source: Refinitiv

Adam Shine, CFA
514.879.2302
adam.shine@nbc.ca

Associates:
Luc Troiani, CFA
416.879.6585
luc.troiani@nbc.ca

Ahmed Abdullah, CFA
514.879.2564
ahmed.abdullah@nbc.ca

COMPANY PROFILE

Cogeco Communications provides residential customers with TV, Internet and telephony services. After buying Atlantic Broadband (Nov. 30, 2012), MetroCast Connecticut (June 8, 2015) and the remainder of MetroCast (Jan. 4, 2018), the company also offers cable services in the United States. Parent COGECO Inc. owns 32.6% of CCA's equity and controls 82.9% of votes. The Audet Family owns 10.0% of COGECO Inc.'s equity and controls 69.0% of votes. Rogers Communications Inc. owns 41.0% of CGO and 33.0% of CCA subordinate shares. As of Sept. 1, 2018, Philippe Jetté took over the role of CEO with Louis Audet remaining as executive chair. On Feb. 27, 2019, Cogeco announced the sale of its Cogeco Peer 1 segment, which it had been working to turn around, to affiliates of Digital Colony for $720 mln, the transaction closed April 30, 2019. On Sept. 2, 2020, Rogers and Altice USA made a $10.3 bln bid for Cogeco and Cogeco Communications ($134.22 per CCA share) which was quickly rejected by the Audet family and CGO/CCA Boards.

INVESTMENT HIGHLIGHTS

Canadian Cable faces lower growth as IPTV competition only partly mitigated by TiVo.
Cogeco Communications (Cogeco) is the second largest cable operator in Ontario and Quebec with its subscribers and financial metrics split approximately 75/25 between the two provinces. In contrast to most of its larger Canadian telecommunications peers, the company doesn't own content assets, though has recently acquired spectrum and indicated that it's exploring a potential future entry into wireless as a hybrid MVNO/facilities-based operator.

Coping with evolving telco competition with Canadian margins still slowly rising.
Though Bell is steadily rolling out IPTV as part of its enhanced bundle in Cogeco's footprint, the latter is well-positioned to leverage its superior broadband network. Although pressure from Bell and ongoing wireless substitution are dynamics that aren't expected to diminish in the near future, margins remain impressive near 52% after rising amidst cost-saving efforts though to 1Q18, with margins expanding since (except 1Q19 with margins flat ex-items).

Business ICT EBITDA gains resumed in 4Q18 ahead of $720 mln sale.
On its 2Q16 call, CCA indicated that Business ICT growth was expected to be flat in f2016 before gains were to resume thereafter, which was followed by a $450 mln impairment charge on the segment taken in 3Q16. In f2016, Revenues declined 3.9% and EBITDA fell -10.2%, with f2017 posting an incremental improvement at -3.6% and -7.4%, respectively, ahead of an anticipated return to growth in late f2018, which materialized in 4Q. On Feb. 27, 2019, Cogeco announced the sale of the segment for $720 mln (8.9x LTM EBITDA) to an affiliate of Digital Colony, which closed on April 30, 2019.

U.S. Cable benefitting from upside in bundling, tuck-in M&A being pursued.
A less fragmented market in the United States in addition to further subscriber gains through bundling initiatives should support mid-single digit gains at ABB, while FX tailwinds diminish. The company's TiVo product has helped drive further upside to ARPU and reduced customer churn. With respect to acquisitions, Cogeco made it clear that the purchase of Atlantic Broadband marked its first step in the United States with future M&A likely in the form of small tuck-in deals. On June 8, 2015, Connecticut-based MetroCast was acquired for US$200 mln (3.7x revenues & 7.9x Adjusted EBITDA), with the deal closing Aug. 8, 2015.

On July 10, 2017, Cogeco announced the acquisition of Harron Communication's remaining MetroCast assets for US$1.4 bln. The assets pass 236K homes and businesses in New Hampshire, Maine, Pennsylvania, Maryland & Virginia, and were expected to generate f2017 Revenues & EBITDA of US$230 mln & US$121 mln, putting the acquisition multiple at 11.6x EBITDA (or 9.0x after adjusting for tax benefits with an anticipated PV of US$310 mln). Concurrent to the purchase (closed Jan. 4, 2018), Caisse de dépôt et placement du Québec (CDPQ) invested US$315 mln for a 21% stake in ABB's holding company. Following the transactions, Cogeco's leverage rose to 3.8x (3.4x PF), Cogeco focused on reducing this to the low 3x range ahead of further acquisitions, which it expected to take about 18 months.

RISK FACTORS

Despite our expectations for Cogeco Communications, we acknowledge that Canadian economic growth or that of Cogeco's footprint could soften, rising competitive intensity from Wireless substitution is poised to impact the telephony business, and secular pressures persist in addition to intense competition from telecom providers. Although cord-cutting has not yet been significant in Canada, its incidence may intensify as demographics shift. Regulation & other government intervention represent risks that must always be considered.

VALUATION

CCA is rated Outperform with a target of $120.
Our target is based on f2020E/f2021E DCF and f2021E/f2022E NAV with implied EV/EBITDA multiples of 7.2x f2020E, 6.8x f2021E and 6.5x f2022E.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 5, 7, 19.

NATIONAL BANK OF CANADA FINANCIAL MARKETS

August 24, 2020

Stock Rating: Outperform

Industry Rating (Food & Staples Retailing): Market Weight (NBF Economics & Strategy Group)

Empire Company Ltd.

EMP.A (TSX)	**$35.44**
TARGET PRICE:	**$39.00**
ESTIMATED TOTAL RETURN:	**11.5%**

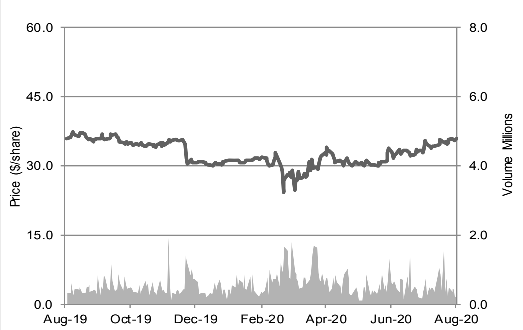
52-week range	$37.43 - $23.88
Shares Outstanding (mln)	269.7
Market Capitalization ($ mln)	9,558

Fiscal Year End: May

	2020A	2021E	2022E
Sales (mln)	$26,588.2	$26,523.6	$26,450.7
EBITDA	$1,892.4	$1,949.9	$2,045.8
EPS (FD)	$2.20	$2.29	$2.59
P/E	16.1x	15.5x	13.7x
EV/EBITDA	8.2x	7.9x	7.6x

As at Q4 F2020	
Cash (mln)	$1,008.4
Total Debt (mln)	$6,941.4
Net Debt (mln)	$5,933.0
Net Debt/Capital	60%
BVPS	$14.55
Dividend per share	$0.52
Dividend Yield	1.5%

Source: Company Reports, Refinitiv, NBF



Source: Refinitiv, NBF

Vishal Shreedhar - (416) 869-7930
vishal.shreedhar@nbc.ca

Associates:
Ryan Li - (416) 869-6767
ryan.li@nbc.ca
Paul Hyung - (416) 507-9009
paul.hyung@nbc.ca

COMPANY PROFILE

Empire Company Limited, headquartered in Stellarton, Nova Scotia, operates the second largest grocer in Canada through its wholly-owned subsidiary Sobeys Inc. Empire also holds real estate related investments through its equity interests in Crombie REIT and Genstar, a residential property developer.

INVESTMENT HIGHLIGHTS

Details on the new three-year strategy

EMP announced its new three-year strategy, Project Horizon, which seeks to deliver an incremental $500 mln in annualized EBITDA (by F2023) through growing market share and building on cost/margin discipline. The benefits of Project Horizon are expected to ramp up over the next three years, with the largest benefits reflected in year three. Capital spend is expected to average ~$700 mln annually over the next three years.

EMP plans to grow market share by: (1) Investing in the store network including 20 new Farm Boy locations in ON and the conversion of 30-35 stores to FreshCo in Western Canada; (2) Improving store productivity by leveraging analytics to tailor the assortment; (3) Accelerating e-Commerce plans through installing four CFCs (two new CFCs in Western Canada) and implementing Ocado's store pick solution; and (4) Growing the private label portfolio through increased distribution, shelf placement and product innovation.

The company also plans to build on cost and margin discipline by (1) Driving sourcing efficiencies, with cost reductions in indirect spend and private label sourcing; (2) Investing in effective pricing tools by using analytics and artificial intelligence to improve net cost of promotion; and (3) Optimizing the supply chain and improving systems/processes.

Our thoughts on Project Horizon

We consider Empire's aspirations to be ambitious; however, management's recent e-Commerce initiatives, store network development and merchandising programs are supportive, in addition to other key growth drivers. We opt to remain conservative with our sales and profitability assumptions as we reflect on execution and monitor the competitive backdrop over the coming quarters. If management executes successfully against its plan, we see upside to estimates and the valuation multiple.

The challenge for investors regarding Project Horizon will be the dependency on sales gains. The ability to deliver against the strategy is contingent on competitor response.

RISK FACTORS

The primary risks are related to the efficiency/efficacy of Project Sunrise, increased competition/market share issues, and a tough grocery backdrop.

VALUATION

We continue to value Empire using a sum-of-the-parts approach. Our price target is based on 8.0x our F2022 Food Retailing EBITDA plus the value of Empire's investments (less a 10% discount).

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 5, 6, 7.

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

August 25, 2020

Stock Rating: Outperform

Industry Rating (Insurance): Market Weight
(NBF Economics & Strategy Group)

Fairfax Financial Holdings

FFH.U/FFH (TSX)	**U$254.74; C$417.99**
TARGET PRICE:	**C$525.00**
POTENTIAL RETURN:	**28.0%**

Stock Data:	
52-week range (Cdn)	$319.37 - $637.11
Shares Outstanding (mln)	26.3
Market Capitalization (Cdn$ mln)	$11,008

Fiscal Year End: Dec. 31

($Million)	**2019A**	**2020E**	**2021E**
Underwriting Income	$394.5	$287.7	$623.7
Operating Income	$1,107.5	$834.7	$1,225.9
Pre-tax income	$2,232.7	($453.2)	$1,643.7
Income taxes	($261.5)	($35.0)	($368.4)
Net earnings	$2,004.1	($294.5)	$1,261.6
Price / Earnings	4.5x	-23.2x	7.1x
Operating EPS	$69.8	($13.6)	$44.7

(Quarter-End 06/30/2020)	
Book Value per Share	$435.11
Price/Book Value	0.73x
Annual Dividend per Share (declared)	$10.00
Dividend Yield	2.4%

Financial statement data denoted in $U.S. unless stated otherwise

Source: Company reports, NBF, Refinitiv

Jaeme Gloyn, CFA
416.869.8042
jaeme.gloyn@nbc.ca

Associate:
Julia Gul
416 869 7495
julia.gul@nbc.ca

COMPANY PROFILE

Headquartered in Toronto, Canada and founded in 1985, Fairfax Financial Holdings Limited is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management.

INVESTMENT HIGHLIGHTS

Solid underwriting performance. We forecast ~8% BVPS annual growth over the long term through solid underwriting performance and FFH's focus on generating total returns on its asset portfolio – the latter a differentiator versus P&C insurance peers. With NPW of ~$13.8 bln in 2019, FFH is one of the top 10 insurance companies in North America.

We believe the company's **diversified operations and decentralized management approach** support stable premiums growth (mid-single digit) and consistent combined ratio performance (long-term average of 97%).

COVID updates.

- **Management believes business interruption and workers compensation risks are manageable.** While COVID risks ultimately remain unknown, it is encouraging that of the $392 mln COVID losses to date, 70% are reserves for "incurred but not reported".
- **Investment returns recovering, still a long way to neutral.** FFH reported net gains on bonds of $482 mln (tightening corporate spreads) and net gains on equities of $160 mln (long common stock and equity derivative exposures). While this marks a nice rebound, YTD net losses on investments stand at $895 mln - a long way from neutral. Non-insurance subs (reported pre-tax operating losses of $22 mln in Q2-20) and investments in associates ($23 mln loss) present increasing headwinds in upcoming quarters amid ongoing shelter-in-place policies.

RISK FACTORS

Upside Risk - i) reinsurance renewal pricing higher than expected; ii) favourable emerging market trends; iii) strong growth in specialty lines; iv) meaningful new growth initiatives through acquisitions added; v) upside from unrealized gains in investments.

Downside Risk – i) greater influx of alternative capital increasing competition; ii) persistently soft U.S. Commercial Markets; iii) investments in associates lose significant value; iv) underwriting risk through total cost of claims, claims adjustment expenses and premium acquisition expenses exceeding premiums received; v) catastrophes causing significant underwriting losses; vi) market risk through volatile interest rate and equity price performance; vii) material deterioration in economies of operating countries; viii) foreign currency risk

VALUATION & RECOMMENDATION

We believe the shares already reflect soft near-term underwriting results as well as risks to profit of associates and noninsurance subs and a potential equity market relapse. Moreover, we believe FFH will remain onside with credit rating leverage thresholds. We maintain our view FFH will provide shareholders with strong long-term returns. We apply a 0.8x P/B multiple to arrive at our Cdn$525 PT.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 7.

![NATIONAL BANK OF CANADA FINANCIAL MARKETS]

August 24, 2020

Stock Rating: Sector Perform

Industry Rating (Insurance): Market Weight
(NBF Economics & Strategy Group)

Great-West Lifeco Inc.

GWO (TSX)	**$25.95**
TARGET PRICE:	**$25.00**
ESTIMATED TOTAL RETURN:	**3%**

Stock Data:	
52-week Low-High	$18.88 - $35.60
Shares Outstanding EOP (mln)	928
Market Capitalization ($mln)	$24,287
S&P/TSX Composite Weighting	0.5%

(Year-End 12/31)	**2018A**	**2019A**	**2020E**	**2021E**
Reported EPS	$2.99	$2.49	$2.59	$2.62
Y/Y Growth	38%	(17%)	4%	1%
Core EPS	$2.41	$2.84	$2.60	$2.71
Y/Y Growth	(10%)	18%	(9%)	4%
Dividend / Share	$1.56	$1.65	$1.75	$1.75
F/D Avg. Shares	989	947	928	928
Book Value / Share	$22.08	$21.53	$22.63	$23.94
Price / Book	**1.2x**	**1.2x**	**1.2x**	**1.1x**
Price / Core Earnings	**10.9x**	**9.2x**	**10.1x**	**9.7x**
Net Income to Common	$2,961	$2,359	$2,399	$2,432
Core Earn. (after-tax)	$2,380	$2,691	$2,409	$2,512

Financial Data: (As of last quarter-end)	
Price / Book Value	1.2x
Dividend Information:	
Quarterly Dividend Per Share	$0.44
Dividend Yield	6.7%

Source: Refinitiv, Company financials, NBF analysis

Gabriel Dechaine
(416) 869-7442
gabriel.dechaine@nbc.ca

Associates:
Will Flanigan
(416) 507-8006
will.flanigan@nbc.ca

Eli Rodney
(416) 507-9568
eli.rodney@nbc.ca

COMPANY PROFILE

GWO is a Canadian financial services holding company that is headquartered in Winnipeg, Manitoba. It is the third-largest Canadian lifeco by market capitalization and provides life insurance, wealth management and reinsurance products to clients in the United States, Canada and Europe. Power Financial Corporation – a Canadian financial services holding company – owns the majority of GWO (67% ownership of common shares), which, in turn, is majority-owned by the holding company, Power Corporation of Canada (66% ownership of common shares). The Desmarais Family Residuary Trust has a controlling voting share in Power Corporation of Canada.

INVESTMENT HIGHLIGHTS

Group business still facing challenges. The Canadian Group business is one of GWO's largest, representing 24% of LTM profits. 21% Y/Y earnings growth was impressive, though a low tax rate boosted growth. Negative morbidity experience weighed on performance (e.g., benefits ratio of 103% vs. 91% the prior year) and is expected to persist as a headwind due to COVID-19 factors (e.g., economic slowdown, social isolation). Moreover, lower fees and premium refunds amounting to $42 mln after-tax were provided to customers during the quarter. Both factors can be addressed through repricing and/ or economic reopening, though we believe other headwinds will emerge (e.g., business bankruptcies) in the next year.

Investment headwinds: modest, but persistent. GWO's Q2/20 results included (admittedly modest) negative investment experience, including an $18 mln after-tax experience loss due to downgrades in the credit portfolio. GWO's outlook is for such items to persist over the medium term. Separately, the company lowered its long-term real estate return expectations, resulting in a $33 mln reserve strengthening. Finally, GWO confirmed that it could record a URR charge, most likely during Q3/21. We note the last such charge was recorded in 2019, amounting to $48 mln (post-tax). We estimate a modestly larger charge when it next updates the URR assumption.

GLC sales embraces distribution strategy. Along with its earnings, GWO announced the sale of its GLC Asset Management subsidiary to Mackenzie Financial for $175 mln. Valuation represents 0.5% of GLC's AUM. Concurrently, GWO announced the creation of Canada Life Investment Management (CLIM) which we believe will be a distribution/advisory entity, with fund management sub-advised to Mackenzie (and others). GWO is expected to record a ~$100 mln gain when the deal closes, which is expected during Q4/20.

RISK FACTORS

Macroeconomic volatility, especially sharp declines in long bond yields or equity markets. Book value changes and/or actuarial reserve deficiencies that may negatively impact regulatory capital. U.K. economic/political risk, especially Brexit, due to above average exposure.

VALUATION

Increasing target & estimates. Our estimates are increasing to reflect lower strain and growth in Capital & Risk Solutions. Our target moves to $25 and is derived by applying an 8x P/E multiple and 1.1x P/B multiple to our 2021E.

NATIONAL BANK OF CANADA FINANCIAL MARKETS

August 26, 2020

Stock Rating: Outperform

Industry Rating (Software): Underweight (NBF Economics & Strategy Group)

Lightspeed POS Inc.

LSPD (TSX)	**Cdn$43.76**
TARGET PRICE:	**Cdn$50.00**
ESTIMATED TOTAL RETURN:	**14%**

52-week range	C$49.70 - C$10.50
Shares Outstanding (FD, mln)	92.5
Market Capitalization ($ mln)	$2,802

Fiscal Year End: Mar 31

	2020A	2021E	2022E
Revenue (mln)	$121	$157	$198
EBITDA (mln)	($22)	($27)	($26)
Adjusted EPS	($0.48)	($0.50)	($0.40)
CFO (mln)	($29)	($44)	($22)
FCF (mln)	($32)	($47)	($25)
FCF/share	($0.37)	($0.51)	($0.27)

Financial Data

Cash & ST Investments (mln)	$204
Total Debt (mln)	$30
Net Debt (mln)	-$174
Net Debt (Cash) per share	-$1.88
Enterprise Value (mln)	$2,902

Source: Company Reports, Refinitiv, NBF

Richard Tse – (416) 869-6690
richard.tse@nbc.ca

Associates:
John Shao - (416) 869-7938
john.shao@nbc.ca

Mihir Raul - (416) 869-8049
mihir.raul@nbc.ca

COMPANY PROFILE (all $ figures are in USD)

Lightspeed POS offers a cloud-based point of sale (POS) system for retailers and restaurateurs. Lightspeed's solutions enable users to manage end-to-end processes including inventory, loyalty, sales and analytics. The Company offers various products, such as retail POS, Restaurant POS, e-commerce and Onsite. Lightspeed's e-commerce platform toolkit includes Product Management, Inventory Management, Order Management and International currency. Lightspeed also offers Omnichannel retail, which refers to the integration of online and in-store sales channels. The Company's Restaurant POS features include table service POS, quick service POS, Cafe POS and Bar POS. The Company's Onsite solution allows users to personalize point of sale system and to sell products online to reach customers worldwide.

INVESTMENT HIGHLIGHTS

Who is Lightspeed? Lightspeed offers a scalable platform of broad (subscription) services that are easy to use and targeted at small medium business (SMB) retailers and restaurants. Those services cover a spectrum of capabilities that begins with point of sale but extends to payments, inventory management, the ability to set up loyalty programs all the way to analytics and reporting.

What's our Investment Thesis?

1) Lightspeed plays into a market that's ripe for disruption.
2) We see a large addressable market (TAM) for Lightspeed given its market share of less than 1% today.
3) We believe Lightspeed has a differentiated platform.
4) We see a viable plan to drive sustained growth by applying a diligent customer acquisition process to land new customers and expand ARPU.
5) Acquisitions should provide another step function in growth for Lightspeed.

VALUATION

Our multi-staged DCF-based target of C$50 (unchanged) captures a normalized run rate and implies an EV/Sales of 16.7x on F22E (C21) (unchanged).

RISK FACTORS

1. Competition Risk; 2. Execution Risk; and 3. Cybersecurity Risk

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 7.

August 24, 2020

Stock Rating: Sector Perform

Industry Rating (Food & Staples Retailing): Market Weight
(NBF Economics & Strategy Group)

Loblaw Companies Ltd.

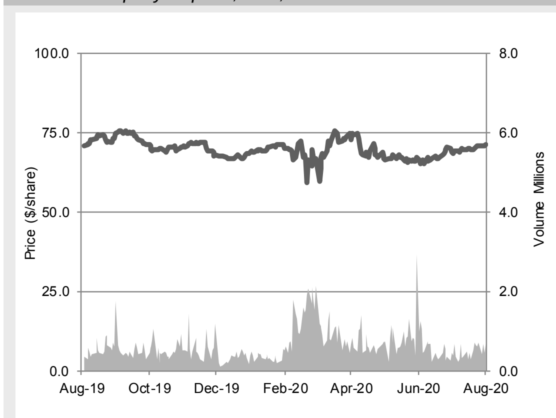
L (TSX)	**$70.91**
TARGET PRICE:	**$82.00**
ESTIMATED TOTAL RETURN:	**17.4%**

52-week range	$77.00 - $59.01
Shares Outstanding (mln)	359.8
Market Capitalization ($ mln)	$25,514

Fiscal Year End: December 31	**2019A**	**2020E**	**2021E**
Sales (mln)	$48,037.0	$51,855.2	$50,041.8
EBITDA	$4,912.0	$4,992.9	$5,189.3
EPS (FD)	$4.12	$4.20	$4.85
P/E	17.2x	16.9x	14.6x

As at: Q2 2020	
Cash (mln)	$2,558.0
Total Debt (mln)	$17,250.0
Net Debt (mln)	$14,692.0
Net Debt/Capital	56.5%
BVPS	$31.40
Dividend per share	$1.26
Dividend Yield	1.8%

Source: Company Reports, NBF, Refinitiv



Source: Refinitiv

Vishal Shreedhar - (416) 869-7930
vishal.shreedhar@nbc.ca
Associates:
Ryan Li - (416) 869-6767
ryan.li@nbc.ca
Paul Hyung - (416) 507-9009
paul.hyung@nbc.ca

COMPANY PROFILE

Loblaw is the largest food retailer in Canada. Loblaw has a multi-banner, multi-format strategy and operates conventional, superstore and hard discount stores. Loblaw also operates Shoppers Drug Mart, which is the largest drug retailer in Canada.

INVESTMENT HIGHLIGHTS

Evolving consumer behaviour; SG&A begins to taper in Q3

(1) Management continues to expect consumer behaviour and sales/gross margin mix to be volatile given the pandemic and variability with reopening plans across the country. Through the first four weeks of Q3, Food Retail sssg continued at elevated levels (moderately tapering) and Drug Retail sssg improved vs. Q2/20. (2) Food demand shifted toward conventional formats (similar trend at EMP) with the Market division delivering strong sssg of 18.8% and the Discount division delivering sssg of 4.9%. (3) Online sales growth was significant at 280% y/y; we expect e-Commerce sales to remain at elevated levels (YTD penetration is ~5%). (4) L incurred incremental cost of ~$282 mln related to COVID-19 (~$180 mln related to pandemic pay). Through the first four weeks of Q3, these costs were ~$19 mln; L scaled back on pandemic pay effective June 13, 2020.

RISKS

We believe that the largest risks for Loblaw are industry conditions and execution. In particular, elevated industry competition, minimum wage increases and regulatory litigation are currently visible headwinds.

VALUATION

We value Loblaw using a sum-of-the-parts methodology, reflecting 8.0x our 2021/22 Retail EBITDA and 6.0x our 2021/22 Financial EPS.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 5, 6, 7, 10.

NATIONAL BANK OF CANADA FINANCIAL MARKETS

September 14, 2020

Stock Rating: Outperform

Industry Rating (Metals & Mining): Market Weight
(NBF Economics & Strategy Group)

Lundin Mining Corp.

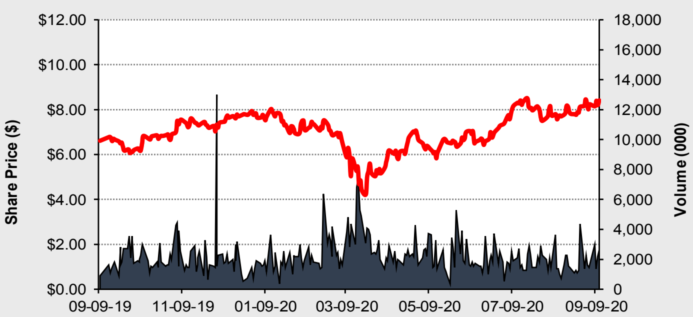
LUN (TSX)	**$8.36**
TARGET PRICE:	**$9.75**
ESTIMATED TOTAL RETURN:	**18%**

Market Data	
52-Week Trading Range (Cdn$)	$4.08 - $8.59
Shares Outstanding (mln)	734
Fully Diluted Shares (mln)	742
Fully Financed Shares (mln)	742
Market Capitalization (Cdn$ mln)	$6,130
Working Capital (US$ mln)	$364
Long-Term Debt (US$ mln)	$374
Enterprise Value (US$ mln)	$4,630
Annual Dividend (Cdn$)	$0.12
Dividend Yield (%)	1.5%

Operational Summary	**2019A**	**2020E**	**2021E**
Copper Production (t)	206,231	238,672	270,923
Zinc Production (t)	152,116	145,371	168,121
Nickel Production (t)	13,494	16,207	17,472
C1 Copper Cost (US$/lb)	$1.39	$1.23	$1.21
C1 Zinc Cost (US$/lb)	$0.39	$0.52	$0.42
C1 Nickel Cost (US$/lb)	$2.84	$0.73	$0.55

Financial Summary	**2019A**	**2020E**	**2021E**
Revenue (US$ mln)	$1,893	$2,225	$2,754
Adjusted EBITDA (US$ mln)	$698	$997	$1,352
Adjusted Net Income (US$ mln)	$181	$277	$491
Operating CF - Before W/C (US$ mln)	$578	$867	$1,171
Adjusted EPS (US$)	$0.25	$0.38	$0.67
Adjusted CFPS (US$)	$0.79	$1.18	$1.59
NAVPS (US$)		$9.93	

Source: Company Reports, NBF, Refinitiv



Source: Refinitiv

Shane Nagle, CFA - (416) 869-7936
shane.nagle@nbc.ca

Associates:
Lola Aganga, M.Eng - (416) 869-6516
lola.aganga@nbc.ca

Ahmed Al-Saidi - (416) 869-7535
ahmed.al-saidi@nbc.ca

Please refer to disclosures at the end of the document for General Disclosures

COMPANY PROFILE *(All amounts in CAD unless noted)*

Lundin Mining is a Canadian-based mining company with operations in Europe (Neves-Corvo, Zinkgruvan), Chile (Candelaria), Brazil (Chapada) and the United States (Eagle). Lundin offers investors leverage to copper and zinc prices from its stable operating base and growth potential through brownfield expansion opportunities at its existing operations.

INVESTMENT HIGHLIGHTS

Lundin has not experienced significant disruptions to operations as a result of COVID-19 to date, with a deferral of the ZEP project at Neves-Corvo and delayed execution of the Mill Optimization project at Candelaria as the major impacts. Lundin remains a defensive pick in the base metal sector given its solid balance sheet, track record of prudent capital allocation and consistent operational results.

Its recent acquisition of Chapada is accretive on all metrics and highlights LUN's ability to leverage its expertise to advance exploration/expansion at Chapada in a similar fashion to Candelaria.

The company revised its 2020 operating guidance with Q2 results due to the impact of COVID-19 to date, with copper guidance of 251,000 - 274,000 tonnes Cu compared to NBF Estimates of ~238,700 tonnes Cu. We continue to anticipate an aggressive exploration budget, followed by mine-plan/mill optimization at Chapada leading to improved copper production.

RISK FACTORS

Lundin is exposed to the typical risks associated with mining companies, including commodity price risk, currency risk, input costs/labor dispute risk, as well as technical and financial risk.

VALUATION

Our target price is based on multiples of 0.90x NAV (50%) + 5.0x EV/2021E CF (50%) - consistent with our valuation methodology for other base metal producers under coverage. We reiterate our Outperform rating given the company's strong balance sheet, consistent operating base and ongoing Brownfield expansion initiatives, which are expected to lead to CuEq production growth of ~7% annually through to 2023 (before any further expansion initiatives at Chapada pending future exploration success). The company's management team has historically demonstrated a prudent allocation of capital and the ability to optimize value following previous acquisitions.

NATIONAL BANK OF CANADA FINANCIAL MARKETS

August 25, 2020

Stock Rating: Sector Perform

Industry Rating (Independent Power & Renewable Electricity): Market Weight (NBF Economics & Strategy Group)

Northland Power Inc.

NPI (TSX)	**Cdn$37.26**
TARGET PRICE:	**Cdn$39.00**
ESTIMATED TOTAL RETURN:	**8%**

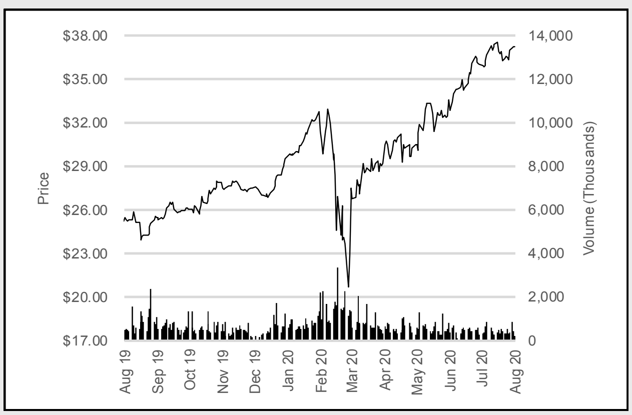
Cdn$	
52-week High	$37.73
52-week Low	$20.52
Shares Outstanding (fd mln)	201.6
Market Capitalization (mln)	$7,510

Fiscal Year End: December 31

Cdn$	**2019a**	**2020e**	**2021e**
Revenue (mln)	$1,659	$2,080	$2,157
Adj. EBITDA (mln)	$985	$1,186	$1,211
CAFD/sh	$1.77	$1.95	$2.22
Dividends/sh	$1.20	$1.20	$1.20
Dividend Yield	3.2%	3.2%	3.2%
Payout Ratio	68%	62%	54%
EV/ Adj. EBITDA	12.1x	10.9x	10.2x

As of June 30, 2020	**Cdn$**
Cash & Equivalents (mln)	$409
Total Debt (mln)	$6,417
Net Debt (mln)	$6,008
Net Debt / Capital	0.80
Enterprise Value (mln)	$13,518

Source: Company Reports, Refinitiv, NBF Estimates & Analysis



Source: Refinitiv

Rupert Merer, CFA, P.Eng.
416.869.8008
rupert.merer@nbc.ca

Associates:

Adnan Waheed
416.869.6763
adnan.waheed@nbc.ca

Hassaan Khan
416.869.7538
hassaan.khan@nbc.ca

COMPANY PROFILE

Northland Power holds interests in 2,266 MW (net) of operational capacity in natural gas and renewable power generation. The company has an active growth pipeline that includes 130 MW of capacity under construction, represented by La Lucha solar project in Mexico and a 626 MW (net) offshore wind farm in development in Taiwan.

INVESTMENT HIGHLIGHTS

2020E finds support from DeBu; no material impact from COVID-19

The 269 MW DeBu offshore wind project (100% owned) achieved full completion on March 31, 2020. All monopile foundation turbines had been generating power since the September 2019, and to date, the project has generated over €130 mln in pre-completion revenues. With construction finished, the project is now fully operational and is expected to contribute €145 mln to €165 mln to adj EBITDA in 2020E, with guidance calling for $1.1 to $1.2 bln, seeing no material impact from COVID-19.

Increased duration with the addition of a high-growth vehicle

NPI's acquisition of EBSA has added duration to NPI with perpetual cash flows and rate base inflation indexation as well as the potential for rate base investment growth in the future (with 3.5% GDP growth and rapid population growth). With that, the cash flows to NPI should rise over time. NPI also could further grow its presence in Latin America by leveraging on its existing platforms in Colombia and Mexico.

Casting a big net for future growth

We expect NPI to bring the 130 MW La Lucha solar project in Mexico to completion by H2'20E. In Taiwan, NPI continues to develop the 1,044 MW Hai Long 2B and three offshore projects, expecting to secure PPAs during H2'20E. Beyond these projects, NPI is in the early stages of development in several other markets. In Canada, it acquired the NaiKun offshore wind farm located in northwest BC. In Asia, it formed a JV in Japan to pursue the development of offshore wind projects (currently ~600 MW under the belt) as well as acquired an offshore wind development company in South Korea alongside an existing partnership with South Korean firm KEPCO E&C, a power plant design and engineering company. The firm intends to fund growth largely using internally-generated equity.

RISK FACTORS

Offtake: The company generates most of its revenues under fixed contracts and as such is subject to risks and uncertainties related to its offtakes. Some of the offtakes are signed with government entities that are subject to political changes.

Tax/Regulatory: The company is not currently subject to cash taxes on all of its income. With changes to tax rules or the consumption of its tax assets, the company could see an increase in its taxes payable.

Foreign Exchange: The company generates a significant portion of its revenue in foreign currencies. It enters into foreign currency hedges from time to time but does not eliminate all currency risk.

Production: Valuation is dependent on forecasted future production from renewable resources. Production is variable and may be short of estimates.

VALUATION

Our target is based on a long-term DCF with a cost of equity of 5.25% on operating cash flows and includes $5/sh for growth.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 5, 6, 7.

Stock Rating: Outperform

Industry Rating (Communication Services): Market Weight
(NBF Economics & Strategy Group)

NATIONAL BANK OF CANADA FINANCIAL MARKETS

August 7, 2020

Quebecor Inc.

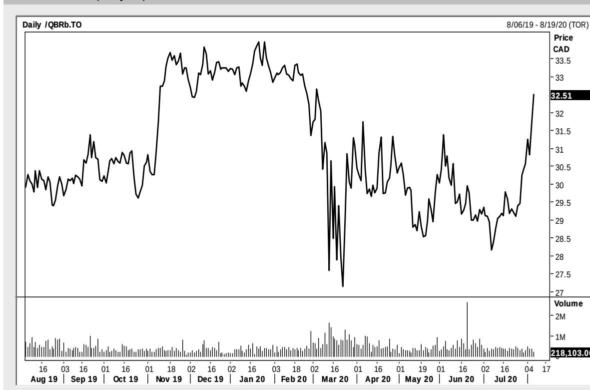
QBR.B (TSX)	**$32.51**
TARGET PRICE:	**$39.00**
ESTIMATED TOTAL RETURN:	**22.4%**

Stock Data:			
52-week High-Low (CAD)			$34.27 - $25.00
Bloomberg/Refinitiv:			QBR/B CN/ca;QBR'b
(YE Dec. 31)	**2019A**	**2020E**	**2021E**
Revenue (mln)	$4,294	$4,238	$4,396
EBITDA (mln)	$1,880	$1,929	$1,997
EPS (ex-charges)	$2.24	$2.29	$2.45
P/E	12.8x	12.6x	11.7x
EV/EBITDA *	7.0x	6.6x	6.2x
FCF/Share	$2.01	$2.45	$2.57
FCF Yield	7.0%	8.5%	9.0%

* Based on forecast net debt + convertible debentures

Financial Data as at:	**June 30, 2020**
Shares Outstanding (mln)	251.5
Float (mln)	173.0
Market Value (mln)	$7,215
Net Debt + Convertibles (mln)	$6,472
Common Equity (mln)	$1,170
Net Debt to Capital	82.6%
Leverage (With old convert as debt)	2.8x
BVPS / Price/BVPS	$4.27/6.7x
Dividend/Yield	$0.80/2.8%

Source: Company reports, Refinitiv, and NBF estimates



Source: Refinitiv

Adam Shine, CFA
514.879.2302
adam.shine@nbc.ca

Associates:
Luc Troiani, CFA
416.869.6585
luc.troiani@nbc.ca

Ahmed Abdullah, CFA
514.879.2564
ahmed.abdullah@nbc.ca

COMPANY PROFILE

Quebecor Inc. (QBR) serves as the holding company for privately-held Quebecor Media (QMI). Quebecor Media is comprised of three segments; Telecommunications under which Vidéotron operates, Media which contains TVA (Broadcasting, Magazines & MELS) and Quebecor's newspaper publishing operations and Sports & Entertainment. Les Placements Péladeau Inc. controls 64.7% of the votes and 27.1% of the equity of Quebecor Inc.

INVESTMENT HIGHLIGHTS

Leveraging strong cable asset which anchors story along with growing wireless unit.
Quebecor is a media and telecommunications powerhouse in Quebec, dominating the cable, TV and publishing markets in the province. Leveraging its superior cable asset and broadcasting content from TVA, the company continues to enjoy a market leadership position through its Vidéotron business unit that has been further complemented by the launch of its Wireless network since late 2010. While secular challenges continue to hamper its Media operations, diversification through acquisitions, prior sales of a majority of its newspaper assets and evolving restructuring help to partly mitigate top-line pressures.

Vidéotron remains the company's source of free cash flow.
Like its peers, Vidéotron is leveraging its broadband advantage (Internet revenues surpassed TV revenues in 2Q17) and expanding its product suite with the new X1-based IPTV platform, Helix, that launched Aug. 27, 2019 and the introduction of Fizz Internet, a self-serve discount brand. Household ARPU continues to move higher, driven by Vidéotron's focus on selling the bundle and leveraging its unique French-language content. While the introduction of the iPhone on March 28, 2014 helped strengthen Wireless ARPU over several years, a recent focus on Bring-Your-Own-Device subscribers has tempered ABPU growth while having a favourable impact on margins. In 3Q18, Vidéotron launched Fizz Mobile, a self-serve wireless flanker brand which has been successful in stimulating subscriber loading. Management has addressed some initial technical issues associated with the Fizz platform which helped push Vidéotron's wireless gross add share up to 30% in 1Q19 from prior levels in the 20s last year. The company's wireless share in Quebec now sits around 19%, with management increasingly confident of being able to potentially gets this above 25%. Meanwhile, churn remains relatively stable. Besides the ongoing growth seen in wireless and the benefits of a shifting mix in cable toward Internet, margin gains are being helped by continuous efforts to gain efficiencies and benefit from restructuring savings.

Media facing evolving secular pressures, remains small but strategic piece of story.
Representing less than a fifth of anticipated consolidated revenue in 2019 and under 4% of total forecast EBITDA, Media is striving to diversify its operations, as its conventional TV and magazine publishing units face softening advertising markets and changing consumer behaviour which require continuous restructuring to partly offset secular top-line challenges. The addition of MELS (formerly Vision Globale) provided some diversification to the Media segment, but the purchase was costly and proved significantly dilutive to minority shareholders of TVA. After underperforming in 2016, MELS has since rebounded strongly.

Leverage back to prior levels following Caisse takeout and other strategic initiatives.
During 1H18, Quebecor and QMI purchased CDPQ's remaining 18.47% stake in QMI for $1.69 bln. Following the transaction, leverage jumped to 4.0x on a pro forma basis, with this declining amidst strong FCF generation, the Oct. 12, 2018 redemption of $362.5 mln in convertible debentures through equity issuance, and the Jan. 24, 2019 sale of 4Degrees Colocation for $262 mln ($118 mln gain). After purchasing 600 MHz spectrum in the March 2019 auction, leverage rose to 3.2x before declining again to 2.8x in 2Q20. After being very active repurchasing stock, buyback activity took a pause early in 2019 before a resumption in August. The Board continues to target a dividend payout ratio of 30%-50% of free cash flow within a three-year period, with dividend increases of 100% in 2018 and 104% in 2019.

RISK FACTORS

Key risks to consider for Vidéotron include Bell's competitive efforts and its evolving deployment of FTTP in the province of Quebec, especially in Montreal. Although the company's managing its capex which doesn't appear destined for a material move higher in the near term, we still note the risk to our valuation from any potential need to spend more than expected on capex to strengthen its cable and wireless networks. Besides monitoring the economic health of Quebec and acknowledging secular challenges & regulatory risks, it remains to be seen if and when an NHL hockey team in Quebec City might materialize.

VALUATION

QBR is rated Outperform with a $39.00 target.
Our target is based on the 2021E/2022E metrics in our NAV, with implied EV/EBITDA multiples of 7.9x 2020E, 7.5x 2021E, and 7.0x 2022E – these rise by ~45 bps ex the derivative asset in our valuation.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 6, 7, 10, 139.

Stock Rating: Outperform

Industry Rating (Communication Services): Market Weight
(NBF Economics & Strategy Group)

NATIONAL BANK OF CANADA FINANCIAL MARKETS

September 4, 2020

Rogers Communications Inc.

RCI.B (TSX); RCI (N)	**$55.62; US$42.57**
TARGET PRICE:	**$67.00**
ESTIMATED TOTAL RETURN:	**24.1%**

Stock Data:	
52-week High-Low (CAD)	$69.24 - $46.81
Bloomberg/Refinitiv: CAD	RCI.B CN/ca; RCI.TO

(YE Dec. 31)	**2019A**	**2020E**	**2021E**
Revenue (mln)	$15,073	$13,608	$14,665
EBITDA (mln)	$6,212	$5,495	$6,111
Adjusted EPS	$4.13	$2.91	$3.81
P/E	13.5x	19.2x	14.7x
EV/EBITDA *	7.5x	8.2x	7.1x
FCF/Share	$4.50	$4.50	$4.81
FCF Yield	8.1%	8.1%	8.6%

* Based on forecast net debt, securitizations, prefs, NCI

Financial Data as at:	**June 30, 2020**
Shares Outstanding (mln)	504.9
Shares Outstanding FD (mln)	505.9
Market Value (mln)	$28,195
Net Debt (mln)	$16,926
Preferred Equity (mln)	-
Securitizations (mln)	-
Minority Interest (mln)	-
Common Equity (mln)	$9,973
Leverage per company	2.9x
BVPS / Price/BVPS	$19.75/2.8x
Annualized Dividend	$2.00
Dividend Yield	3.6%

Source: Company reports, Refinitiv and NBF estimates

Source: Refinitiv

Adam Shine, CFA
514.879.2302
adam.shine@nbc.ca

Associates:
Luc Troiani, CFA
416.879.6585
luc.troiani@nbc.ca

Ahmed Abdullah, CFA
514.879.2564
ahmed.abdullah@nbc.ca

COMPANY PROFILE

Rogers is a diversified Canadian communications and media company providing a wide range of services including wireless, cable TV, Internet and telephony for residential and business customers, while owning conventional & specialty TV, radio, publishing, online and sports assets. It is the largest national wireless carrier and second largest cable operator in Canada.

INVESTMENT HIGHLIGHTS

Revenue flow-through driving renewed Wireless EBITDA growth.
While Rogers is still capitalizing on evolving growth in smartphone penetration of its dominant postpaid base, it has ceded industry-leading churn to Telus over recent years. That said, postpaid churn improved over the past 15 quarters excluding a technical issue in 4Q17 and heightened competition in 2H19. Following pressure due to lower priced roaming rates and the adoption of simplified price plans, postpaid ABPU had achieved renewed growth since 4Q14. This, plus a recovery in postpaid net adds, which materially surprised from 2Q16 to 4Q18 (again, excluding technical issue) had helped accelerate growth in service revenues and EBITDA. Greater spending for customer acquisition & retention remains a drag on margins. Rogers led the industry move to Unlimited plans & EIPs on June 12, 2019, with adoption occurring 3x faster than anticipated and depressing results in 2H19, resulting in a lowering of 2019 guidance. Metrics are expected to improve in 2H20 after the J-curve has run its anticipated course (excluding the impact of COVID-19).

Ontario Cable supremacy under attack from Bell but stemming net subscriber losses.
Rogers is Canada's second largest cable company, but ranks first in terms of number of basic TV subscribers, with over 90% of its base in Ontario. Bell continues to roll out IPTV as part of an enhanced bundle driven by its evolving deployment of fibre, but Rogers still boasts a superior network across most of its footprint. Although the company saw greater Basic TV losses during 2013-2015 due to aggressive promotions from Bell, with wireless substitution eroding its telephony base, Rogers has begun to better leverage its broadband advantage, with net Cable subscriber losses down y/y during 1H16 and a sharp reversal in 2H16 to net adds for the first time in 2.5 years. Since dropping its internal IPTV effort in favour of an X1 based platform which began rolling out in 3Q18, Rogers has been leveraging its broadband advantage with aggressive Cable promotions to stem opportunistic subscriber acquisition efforts by Bell.

Media continues to work to mitigate secular publishing and advertising pressures.
While leveraging its stable of TV, radio and publishing assets along with the Blue Jays and Rogers Centre, Media remains well-positioned to capitalize on cross-selling opportunities across the Rogers organization, including its 37.5% stake in MLSE. A weak advertising backdrop and secular challenges persist, with a new approach being pursued in publishing. Contributions from the company's 12-year deal with the NHL are being closely monitored in the context of ratings and its prospect for growing profits. Meanwhile, the Sportsnet properties continue to see growth helped by both the NHL and the performance of the Jays.

Dividend increased in 4Q18 for first time since 2015.
In 2016, the market gave the company a pass for not increasing its dividend. In 2017, an added justification was the transition to a new CEO who hadn't yet arrived. The 2018 dividend hike came with 4Q results and is a positive development as it speaks to the company's confidence in its growth, and its solid leverage position. That said, Rogers noted that it will have a future bias towards buybacks than annual hikes.

RISK FACTORS

Canadian economic growth or that of Rogers' incumbent province could soften, competitive intensity in Wireless remains high, Cable faces secular issues as well as a stronger Bell bundle, while cord-cutting and/or cord-shaving of TV services are headwinds. Regulation and government intervention are things of which to always be mindful.

VALUATION

We rate Rogers as Outperform with a target of $67.
Our target is based on our 2020E/2021E DCF values and 2021E/2022E NAV metrics, implying EV/EBITDA of 9.2x 2020E, 8.1x 2021E and 7.5x 2022E.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 6, 7.

Stock Rating: Sector Perform

Industry Rating (Food, Products): Market Weight
(NBF Economics & Strategy Group)

Saputo Inc.

August 24, 2020

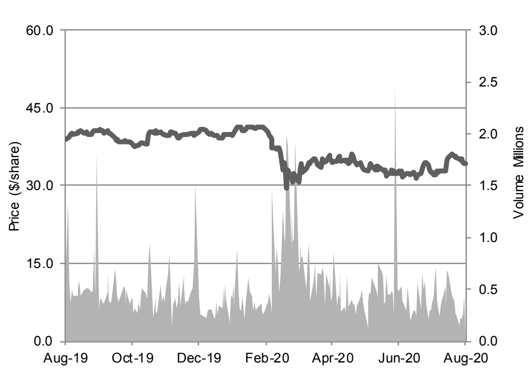
SAP (TSX)	**$34.23**
TARGET PRICE:	**$41.00**
ESTIMATED TOTAL RETURN:	**21.8%**

52-week range	$41.95 - $29.31
Shares Outstanding (mln)	410.1
Market Capitalization (mln)	$14,038

Fiscal Year End: March 31

	F2020A	F2021E	F2022E
Sales (mln)	$14,943.5	$15,618.1	$15,896.8
EBITDA (mln)	$1,467.8	$1,594.6	$1,802.5
EPS (FD)	$1.80	$1.94	$2.36
P/E	19.0x	17.6x	14.5x
EV/EBITDA	12.0x	11.1x	9.8x

As of: Q1 F2021	
Cash (mln)	$536
Total Debt (mln)	$4,160
Net Debt (mln)	$3,625
Net Debt/Book Capital	36.0%
BVPS	$15.68
Dividend per share	$0.70
Dividend Yield	2.0%



Source: Company Reports, Refinitiv, NBF

Vishal Shreedhar - (416) 869-7930
vishal.shreedhar@nbc.ca

Associates:
Ryan Li - (416) 869-6767
ryan.li@nbc.ca

Paul Hyung - (416) 507-9009
paul.hyung@nbc.ca

COMPANY PROFILE

Saputo produces, markets and distributes food products, primarily dairy, including cheese, fluid milk, and dairy ingredients. The company has grown over 50 years from a family-run business to become a leading dairy processor in the world.

INVESTMENT HIGHLIGHTS

USA sector is the focal point as market volatility remains elevated

(1) Following Q1 results, management appeared more positive with the outlook. For reference: Canada continues to benefit from elevated fluid sales (particularly in retail), Australia is poised to benefit from increased milk production/intake and Europe's high exposure to retail continues to be a net benefit for the company. However, performance for F2021 will be dictated by results in the USA sector; key themes will surround the recovery of the foodservice channel (down about 70%-80% y/y vs. -50% lows; reopening success is key) and commodity prices (volatile with downward pressure given excess dairy stock). (2) Saputo also announced the merger of its two USA divisions (Cheese, Dairy Foods), creating a more agile platform; the combined business unit will more efficiently serve its markets, with expected synergy benefits (not quantified at this point).

Maintain Thesis

While we continue to believe that longer-term performance will be supported by the successful integration of acquisitions and ongoing efficiency improvement, Saputo's near-term outlook will be challenged by concerns surrounding the COVID-19 impact on foodservice demand and supply chain efficiencies. We remain on the sidelines until SAP is able to generate traction with USA sector performance.

RISK FACTORS

The dairy industry is subject to agriculture commodity and government regulatory risks. Saputo's growing international presence also exposes the company to risk related to foreign currency movements and integration risk related to the company's acquisition-driven growth strategy.

VALUATION

We value Saputo at 17.0x our F22/F23 EPS estimate.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 6, 7, 13.

NATIONAL BANK OF CANADA FINANCIAL MARKETS

Stock Rating: Outperform

Industry Rating (Communication Services): Overweight
(NBF Economics & Strategy Group)

September 14, 2020

Shaw Communications Inc.

SJR.B (TSX); SJR (N)	**$24.72; US$18.77**
TARGET PRICE:	**$28.00**
ESTIMATED TOTAL RETURN:	**18.1%**

Stock Data:			
52-week High-Low (CAD)			$27.69 - $17.77
Bloomberg/Refinitiv: CAD			SJR/B / SJR'B-T
(FYE Aug. 31)	**2019a**	**2020e**	**2021e**
Revenue (mln)*	$5,340	$5,371	$5,419
EBITDA (mln)*	$2,154	$2,372	$2,430
Adjusted EPS*	$1.29	$1.27	$1.39
P/E	19.1x	19.5x	17.8x
EV/EBITDA	7.8x	7.7x	7.4x
FCF/Share	$1.05	$1.42	$1.58
FCF Yield	4.3%	5.7%	6.4%
P/FCF	23.5x	17.4x	15.6x

*Continuing operations only.

Financial Data as at:	**May 31, 2020**
Shares Outstanding (mln)	513.0
Float (mln)	461.4
Market Value (mln)	$12,681
Net Debt as per B/S (mln)	$5,426
Preferred Equity (mln)	$293
Common Shareholders' Equity (mln)	$6,249
Leverage per company	2.4x
BVPS / Price/BVPS	$12.18/2.0x
ROE 2020e	11.1%
Dividend/Yield	$1.19/4.8%

Source: Company reports, Refinitiv, and NBF estimates

Source: Refinitiv

Adam Shine, CFA
514.879.2302
adam.shine@nbc.ca

Associates:
Luc Troiani, CFA
416.879.6585
luc.troiani@nbc.ca

Ahmed Abdullah, CFA
514.879.2564
ahmed.abdullah@nbc.ca

COMPANY PROFILE

Shaw Communications Inc. is a diversified communications & media company and is the largest cable operator in Canada based on revenue-generating units. It serves roughly 3.2 mln customers with TV, Internet, Home Phone, telecommunications services and satellite direct-to-home services. Shaw entered the wireless space in 2016 with the purchase of Wind (rebranded to Freedom Mobile on Nov. 21, 2016), while funding the acquisition with the sale of Shaw Media to Corus.

INVESTMENT HIGHLIGHTS

Strengthening Cable with Comcast's X1 feature set & doing more aggressive promos.
Beyond the maturity of its core cable operations, greater competition from Telus over the past few years, as the latter's IPTV service has steadily gained traction along with the telco's Optik-related bundles, had materially decelerated growth in Shaw's revenues and EBITDA. Following disappointing subscriber metrics in 3Q16, Shaw introduced an aggressive Internet promotion in mid-2016 in which it capitalized on its broadband advantage. This helped stimulate stronger Internet additions to close out f2016, as well as reduce evolving TV losses. To elevate its competitiveness against Telus, on 1/11/17 Shaw launched its Comcast X1-based BlueSky TV in Calgary with a footprint-wide launch on 4/5/17, while DOCSIS 3.1, implemented throughout Shaw's cable network in f2018, enables Internet speeds of 1 Gbps and more.

Total Business Transformation (TBT) initiative launched to streamline Cable segment
The initiative, launched in early 2018, began with a voluntary departure program that will see a total of 3,300 employees or 25% of Shaw's workforce departing over 18-24 months. The company took a total charge of $446 mln in 2018. Between the VDP and other elements of the initiative, Shaw expects to realize $200 mln in opex/capex savings (with a 60/40 split) by the end of f2020, with $135 mln of savings achieved in f2019.

Profitable ViaWest sale boosts cash as Shaw refocuses on core segments.
The Denver-based data centre operator was acquired in early f2015. Its f2016 revenues of $301 mln and EBITDA of $112 mln, helped by related FX tailwinds, had been Shaw's main driver of top-line growth as the U.S. portfolio was further bolstered by the 12/15/15 purchase of INetU for US$163 mln. On 7/13/17, Shaw announced a deal to sell ViaWest for $2.3 bln (17.4x LTM EBITDA, 16.5x f2017E & 14.5x f2018E) to Peak 10 in a transaction that closed 8/1/17 and netted ~$900 mln cash.

Portfolio transformed in f2016 with purchase of Wind and sale of Shaw Media.
On Dec. 16, 2015, Shaw announced that it agreed to acquire 100% of Mid-Bowline Group Corp. and its subsidiary, Wind Mobile, for an EV of $1.6 bln, adding a key missing piece to its platform and enabling the development of a converged wireline and wireless network. Shaw then announced, on Jan. 13, 2016, that it entered into an agreement to sell Shaw Media Inc. to Corus for $2.65 bln, paid with ~$1.85 bln in cash and ~71 mln Class B Shares of Corus at a price of $11.21. The sale of Shaw Media (closed April 1, 2016) was used to fund the purchase of Wind which closed on March 1, 2016. On Nov. 21, 2016, Wind was rebranded to Freedom Mobile and launched LTE in Toronto & Vancouver on Nov. 27, 2016 (LTE upgrade completed in fall 2017), while its handset selection continues to expand (iPhone launched Dec. 8, 2017). On July 24, 2017, Shaw paid $430 mln for Quebecor's 700 MHz spectrum in AB, BC & Southern ON and 2500 MHz spectrum in VCR, CGY, EDM & TOR (~$1.01/MHzPoP). Shaw launched its premium Shaw Mobile brand in AB and BC on 7/30/20.

F2020 outlook reflected evolving initiatives, higher FCF as capex moderates.
Shaw expected EBITDA of ~2.4 bln or growth of 4.5%, after a gain of 5.1% or 5.8% on an organic basis. FCF was being guided to ~$700 mln, up from $545 mln in 2019 after $411 mln in 2018, $432 mln in f2017 and $482 mln in f2016, as capex declines again y/y. 2020 capex is expected to be $1.1 bln with $335 mln of that in Wireless. The outlook was withdrawn with 2Q20 results given uncertainty around COVID-19, though Shaw believes it still may be able to achieve its prior FCF target and achieve flat to slightly positive EBITDA growth.

RISK FACTORS

While Canadian economic growth or that of Shaw's footprint could soften, ongoing pressure in Cable from telco bundles, wireless substitution, cord-cutting and/or cord-shaving and rising programming costs are issues worth monitoring. Regulation and other government intervention represent risks that must always be acknowledged. There is some degree of execution risk associated with the Total Business Transformation. Meanwhile, we also watch how Freedom Mobile's network upgrade and strategy evolves in an effort to scale the business.

VALUATION

We rate Shaw as Outperform with a target of $28.00.
Our target is based on f2021F DCF and f2022E NAV, with implied EV/EBITDA of 8.4x f2020E, 8.1x 2021E and 7.6x 2022E.

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 6, 7.

August 26, 2020

Stock Rating: Outperform

Industry Rating (IT Services): Underweight
(NBF Economics & Strategy Group)

Shopify Inc.

SHOP(T); SHOP(N)	**Cdn$1415.00; US$1075.88**
TARGET PRICE:	**US$1,250.00**
ESTIMATED TOTAL RETURN:	**16%**

52-week range	$1107.92 - $282.08
Shares Outstanding (FD, mln)	122.7
Market Capitalization ($ mln)	$134,744

Fiscal Year End: Dec. 31

	2019A	2020E	2021E
Revenue (mln)	$1,578	$2,578	$3,144
EBITDA (mln)	$71	$151	$342
Adjusted EPS	$0.30	$1.82	$2.76
CFO (mln)	$70.6	$191.8	$245.2
FCF (mln)	$13.9	$149.3	$174.9
FCF/share	$0.11	$1.22	$1.42

Financial Data

Cash & ST Investments (mln)	$4,001
Total Debt (mln)	$0
Net Debt (mln)	-$4,001
Net Debt (Cash) per share	$32.59
Enterprise Value (mln)	$130,743

Source: Company Reports, Refinitiv, NBF

Richard Tse – (416) 869-6690
richard.tse@nbc.ca

Associates:
John Shao - (416) 869-7938
john.shao@nbc.ca

Mihir Raul - (416) 869-8049
mihir.raul@nbc.ca

COMPANY PROFILE (all $ figures are USD)

Shopify Inc. (Shopify) provides a cloud-based, multi-channel commerce platform designed for small and medium-sized businesses. The Company offers subscription solutions and merchant solutions. The Company's software is used by merchants to run their business across all of their sales channels, including Web and mobile storefronts, physical retail locations, social media storefronts and marketplaces. The Shopify platform provides merchants with a single view of their business and customers across all of their sales channels and enables them to manage its business all from one integrated back office.

INVESTMENT HIGHLIGHTS

Who is Shopify? Shopify is a technology platform company offering turn-key end-to-end e-Commerce solutions. Shopify has 1+ million merchants using its technology platform. As part of its platform, Shopify offers a comprehensive set of solutions that range anywhere from registering a domain name to a set of templates and tools to create virtual storefronts, all the way to payment processing of credit card transactions.

What's our Investment Thesis?
It's not too late. The obvious question is – whether there's any upside left? In our opinion, yes there's still upside from here. Key segments we're monitoring are: International, Plus, Fulfillment, and new growth verticals via M&A opportunities.

In short:
1) We see outsized relative growth for Shopify over the next three to five years;
2) We believe Shopify is the technology (platform) leader in e-Commerce today;
3) We're still early in the e-Commerce growth cycle;
4) Relative opportunity = Outsized valuation.

VALUATION

Our DCF-based target of $1,250 (unchanged) implies EV/Sales of 47.5x on F2021E (unchanged).

RISK FACTORS

1. Early stage business; 2. Potential for aggressive competitive response; and 3. Loss of significant customer(s).

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 7.

Stock Rating: Sector Perform

Industry Rating (Metals & Mining): Overweight

(NBF Economics & Strategy Group)

NATIONAL BANK OF CANADA FINANCIAL MARKETS

August 19, 2020

Teck Resources Ltd.

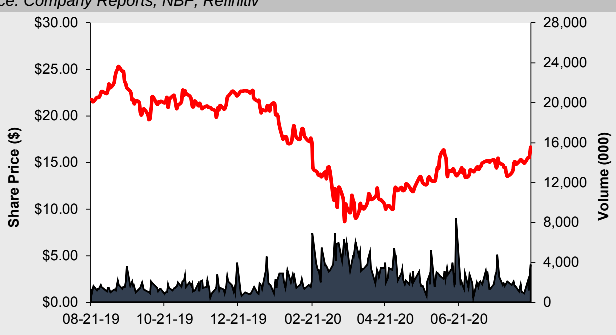
TECK.B (TSX); TECK (NYSE)	**$16.72**	**US$12.68**
TARGET PRICE:		**$17.50**
ESTIMATED TOTAL RETURN:		**6%**

Market Data	
52-Week Trading Range (Cdn$)	$8.15 - $25.74
Shares Outstanding (mln)	531
Fully Diluted Shares (mln)	551
Market Capitalization (Cdn$ mln)	$8,878
Working Capital (Cdn$ mln)	$1,162
Long-Term Debt (Cdn$ mln)	$5,383
Enterprise Value (Cdn$ mln)	$13,099
Annual Dividend (Cdn$)	$0.20
Dividend Yield (%)	1.2%

Operational Summary	**2020E**	**2021E**	**2022E**
Coal Production (000 t)	21,500	25,500	26,500
Copper Production (t)	284,100	297,900	305,600
Zinc Production (t)	876,300	924,500	924,500
Coal Unit Costs (Cdn$/t)	$8,400	$7,400	$14,200
Copper Unit Costs (US$/lb)	$107.00	$100.00	$100.00

Financial Summary	**2020E**	**2021E**	**2022E**
Revenue (Cdn$ mln)	$8,577	$9,293	$10,341
EBITDA (Cdn$ mln)	$2,153	$2,789	$3,440
Adjusted Net Income (Cdn$ mln)	$217	$583	$974
Operating CF (Cdn$ mln)	$1,498	$2,325	$2,841
Adjusted EPS (Cdn$)	$0.41	$1.10	$1.83
CFPS (Cdn$)	$2.80	$4.38	$5.35
NAVPS (Cdn$)		$26.78	

Source: Company Reports, NBF, Refinitiv



Source: Refinitiv

Shane Nagle, CFA - (416) 869-7936
shane.nagle@nbc.ca

Associates:
Lola Aganga, M.Eng - (416) 869-6516
lola.aganga@nbc.ca

Ahmed Al-Saidi - (416) 869-7535
ahmed.al-saidi@nbc.ca

COMPANY PROFILE *(All amounts in CAD unless noted)*

Teck Resources is the largest diversified mining company in Canada, with assets located Canada, the United States, Chile and Peru. Teck is also the world's second largest exporter of seaborne hard coking coal (HCC).

INVESTMENT HIGHLIGHTS

Construction activities are ramping back up at QB2, with the workforce expected to increase to pre-suspension levels by the end of October. We have delayed initial production to Q4/22 and adjusted our capital costs to US$5.5 bln (was US$5.3 bln) given anticipated six-month construction delays to date.

Longer term, Teck is expected to benefit from ongoing cost reduction initiatives, organic growth within the copper division and commitment to returning capital to shareholders via its special dividend/share buyback program.

Teck ended Q2/20 with $336 mln in cash and $5.4 bln in long-term debt – ND/EBITDA of 2.0x. We model an increase in ND/EBITDA under our base case commodity price assumptions to 3.5x by mid-2021 during peak construction of QB2, further impacted by construction at Neptune and lower coal/zinc sales throughout 2020. This peak leverage includes ~US$1.7 bln (Teck's share) of project related financing for QB2, which is to become non-recourse once the project achieves commercial production (NBF Estimates: H2/23).

RISK FACTORS

Teck is exposed to the typical risks associated with mining companies, including commodity price risk, currency risk, input costs/labour dispute risk, as well as technical and financial risk.

VALUATION

Our Sector Perform rating is based on our deteriorating outlook for coking coal and the company's copper growth outlook continues to be uncertain given the uncertainty of QB2 construction ramping up to full capacity due to COVID-19 related concerns. Although Teck's stable balance sheet and cost reduction initiatives may shore up operations in the near term, an improvement in coal prices and restart of full-scale construction at QB2 are required to support the current valuation.

We derive our $17.50 target price from a multiple of 0.85x NAV (50%) + 5.0x EV/2021E CF (50%).

Please refer to disclosures at the end of the document for General and the following Company-specific Disclosures 2, 3, 4, 5, 7.

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

Stock Rating: Sector Perform

Industry Rating (Commercial & Professional Services): Underweight (NBF Economics & Strategy Group)

Thomson Reuters Corporation

August 21, 2020

TRI (TSX)	**C$100.99**
TRI (NYSE)	**US$76.33**
TARGET PRICE:	**C$96.00**
ESTIMATED TOTAL RETURN:	**(2.9%)**

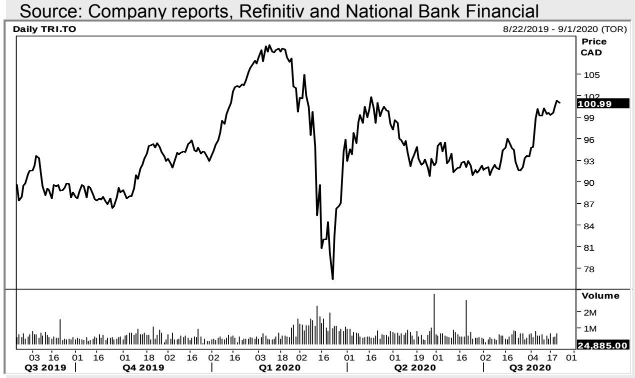
Stock Data:	
52-week High-Low (CAD)	$109.99 - $75.91
52-week High-Low (US)	$82.50 - $52.23
Bloomberg/Refinitiv: CAD	TRI CN / TRI-T
Bloomberg/Refinitiv: US	TRI US / TRI-US

(FYE Dec. 31)	**2019a**	**2020e**	**2021e**
Revenue[1] (mln)	$5,906	$5,971	$6,242
Adj. EBITDA[1,2] (mln)	$1,493	$1,913	$2,010
EPS[1,2] (ex-amort)	$1.29	$1.78	$1.82
P/E[3]	59.4x	42.9x	41.9x
EV/EBITDA[1,3]	27.3x	21.3x	20.0x
FCF[2] (mln)	$159	$1,026	$1,258
FCF per share	$0.32	$2.06	$2.52

[1] Excludes F&R which is now classified as discontinued operations.
[2] Profits ex-restructuring charges. FCF impacted by items.
[3] Forecast net debt, swaps & hedges.

Financial Data as at:	**June 30, 2020**
Shares O/S (mln)	496.3
Float (mln)	168.7
Market Capitalization (mln)	$37,883.9
Net Debt ex-swaps (mln)	$2,873.0
Common Equity (mln)	$9,309.0
Net Debt to Capital	23.6%
BVPS / Price/BVPS	$18.76/4.1x
ROE 2020E	9.8%
Dividend/Yield	$1.52/2.0%

Source: Company reports, Refinitiv and National Bank Financial



Source: Refinitiv

Adam Shine, CFA
514.879.2302
adam.shine@nbc.ca

Associates:
Ahmed Abdullah, CFA
514.879.2564
ahmed.abdullah@nbc.ca

Luc Troiani, CFA
416.869.6585
luc.troiani@nbc.ca

COMPANY PROFILE (All figures in USD, unless otherwise indicated)

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. Headquartered in Toronto, the company employs more than 25,000 people across the globe. Woodbridge Inc. (controlled by the Thomson Family) owns 327.5 million shares (~66% of equity).

INVESTMENT HIGHLIGHTS

Multi-year transformation of company steadily evolving.
From an organization that skewed more toward a conglomerate, management continues to re-orientate the company toward a more streamlined enterprise that has a cohesive strategy, more focused offering to clients, better communication across businesses and improved leveraging of resources.

Blackstone buys 55% of F&R (now Refinitiv); outlook updated for COVID-19.
On Oct. 1, 2018, Blackstone purchased a 55% interest in TRI's F&R unit for $17B ($3B cash equity & $14B from new debt & preferred equity to be funded by the partnership). CPPIB & GIC invested alongside Blackstone. The deal valued F&R at $20B, for an 11.5x EV/EBITDA deal multiple. The proceeds were allocated as follows: 1) debt reduction of $4B to keep leverage under 2.5x target (TRI sees PF & ex-amount to be retained for reinvestment), 2) $1.0B of cash taxes, transaction costs & other costs, 3) $2B allocated for M&A investments to drive growth in Legal Professionals, Corporates and Tax Professionals, 4) $10B return to shareholders via a $6.5B substantial issuer bid (SIB), a $1.2B NCIB & a $2.3B capital distribution. The company will not be proportionately accounting for F&R. Given the debt burden associated with the levering of the partnership, the initial equity contribution from F&R is expected to be immaterial. TRI re-segmented its business with a focus on 3 main segments, namely Legal Professionals, Corporates and Tax Professionals, with Reuters News and Global Print now in separate segments. Clear in the segmentation is TRI's conversion to a customer-centric structure (was product-centric) which management believes will allow it to respond better and faster to changing customer needs, cross-sell and up-sell, acquire new clients especially at the lower end of each segment and further improve retention. TRI ran 2020 scenarios based on a gradual economic recovery starting in July, October or next January and updated its guidance based on an average of the first two. Total rev growth is to be 1%-2% (was 4.5%-5.5%) with -100 bps due to cancelled Reuters Events, -100 bps given installation delays for transactional sales like at Elite, -100 bps for lower net sales among Big 3 and -50 bps for Global Print. EBITDA margin at 31%-32% (was 31.5%-32.0%). FCF ~$1B to ~$1.1B (was at least $1.2B) with working capital to be impacted by some collection issues.

CEO/CFO changes as of March 15, sooner than expected.
Steve Hasker is replacing Jim Smith as CEO, with Stephane Bello being replaced by TRI veteran Mike Eastwood (SVP & head of corporate finance since 2016).

London Stock Exchange Group to Buy Refinitiv, 82.5M LSEG shares to TRI.
On Aug. 1, 2019, Refinitiv shareholders signed a deal to sell the business to the London Stock Exchange Group (LSEG) in an all stock transaction valuing it at an EV of $27B (up from $20B EV at the time of the Blackstone deal), leaving TRI with a 15% pro forma stake in LSEG (TRI set to receive 82.5M shares). The transaction is subject to regulatory and shareholder approvals and is expected to close at the end of 2020 or early 2021.

RISK FACTORS

While TRI's exposure to F&R/Refinitiv is being reduced, it will still maintain a PF 15% interest in the LSEG and, as such, it remains necessary to monitor competitive pressures, secular desktop disconnects and the implications of Brexit which are unknown, as are the nature and timing of its execution. As for what remains at the company as its core operations, Legal and Tax & Accounting, these are more focused on North America. As a result, we need to monitor the implications of recently enacted tax changes in the U.S. as well as other legislative pursuits afoot, including deregulation initiatives, in terms of how these may affect demand for tax, legal, and regulatory services. Additionally, U.S. employment levels at lawyers' offices and accounting & bookkeeping services will need to be closely watched for overall declines that may be caused by general economic pressures or industry challenges. Finally, FX should have a lesser effect on results after the F&R transaction, as the majority of the business will stem from the Americas.

VALUATION

Thomson Reuters is rated Sector Perform with a Cdn$96 target price.
Our target is based on the 2021E/2022E metric in our NAV (FX at 1.32), with implied EV/EBITDA of 20.4x 2020E, 19.1x 2021E and 17.8x 2022E.

DISCLOSURES

Ratings And What They Mean: PRIMARY STOCK RATING: NBF has a three-tiered rating system that is relative to the coverage universe of the particular analyst. Here is a brief description of each: Outperform (OP) – The stock is expected to outperform the analyst's coverage universe over the next 12 months; Sector Perform (SP) – The stock is projected to perform in line with the sector over the next 12 months; Underperform (UP) – The stock is expected to underperform the sector over the next 12 months. **SECONDARY STOCK RATING:** Under Review (UR) − Our analyst has withdrawn the rating because of insufficient information and is awaiting more information and/or clarification; Tender (T) − Our analyst is recommending that investors tender to a specific offering for the company's stock; Restricted (R) − Because of ongoing investment banking transactions or because of other circumstances, NBF policy and/or laws or regulations preclude our analyst from rating a company's stock. **INDUSTRY RATING:** NBF has an Industry Weighting system that reflects the view of our Economics & Strategy Group, using its sector rotation strategy. The three-tiered system rates industries as Overweight, Market Weight and Underweight, depending on the sector's projected performance against broader market averages over the next 12 months. **RISK RATING:** As of June 30, 2020, National Bank Financial discontinued its Below Average, Average and Above Average risk ratings. We continue to use the **Speculative** risk rating which reflects higher financial and/or operational risk.

GENERAL: This Report was prepared by National Bank Financial Inc. (NBF), a Canadian investment dealer, a dealer member of IIROC and an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this Report. The Report alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This Report is for distribution only under such circumstances as may be permitted by applicable law. This Report is not directed at you if NBF or any affiliate distributing this Report is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you.

National Bank of Canada Financial Markets is a trade name used by National Bank Financial Inc. and National Bank of Canada Financial Inc.

RESEARCH ANALYSTS: The Research Analyst(s) who prepared these reports certify that their respective report accurately reflects his or her personal opinion and that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views as to the securities or companies.

NBF compensates its Research Analysts from a variety of sources. The Research Department is a cost centre and is funded by the business activities of NBF including Institutional Equity Sales and Trading, Retail Sales, the correspondent clearing business, and Corporate and Investment Banking. Since the revenues from these businesses vary, the funds for research compensation vary. No one business line has a greater influence than any other for Research Analyst compensation.

CANADIAN RESIDENTS: NBF or its affiliates may engage in any trading strategies described herein for their own account or on a discretionary basis on behalf of certain clients and, as market conditions change, may amend or change investment strategy including full and complete divestment. The trading interests of NBF and its affiliates may also be contrary to any opinions expressed in this Report.

NBF or its affiliates often act as financial advisor, agent, lender or underwriter or provides trading related services for certain issuers mentioned herein and may receive remuneration for its services. As well, NBF and its affiliates and/or their officers, directors, representatives, associates, may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise. NBF and its affiliates may make a market in securities mentioned in this Report. This Report may not be independent of the proprietary interests of NBF and its affiliates.

NBF is a member of the Canadian Investor Protection Fund.

UK RESIDENTS: This Report is a marketing document. This Report has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.

In respect of the distribution of this Report to UK residents, NBF has approved the contents (including, where necessary, for the purposes of Section 21(1) of the Financial Services and Markets Act 2000). This Report is for information purposes only and does not constitute a personal recommendation, or investment, legal or tax advice. NBF and/or its parent and/or any companies within or affiliates of the National Bank of Canada group and/or any of their directors, officers and employees may have or may have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or may act or may have acted as market maker in the relevant investments or related investments discussed in this Report, or may act or have acted as investment and/or commercial banker with respect hereto. The value of investments, and the income derived from them, can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. If an investment is denominated in a foreign currency, rates of exchange may have an adverse effect on the value of the investment. Investments which are illiquid may be difficult to sell or realise; it may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain transactions, including those involving futures, swaps, and other derivatives, give rise to substantial risk and are not suitable for all investors. The investments contained in this Report are not available to retail customers and this Report is not for distribution to retail clients (within the meaning of the rules of the Financial Conduct Authority). Persons who are retail clients should not act or rely upon the information in this Report. This Report does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for the securities described herein nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This information is only for distribution to Eligible Counterparties and Professional Clients in the United Kingdom within the meaning of the rules of the Financial Conduct Authority. NBF is authorized and regulated by the Financial Conduct Authority and has its registered office at 71 Fenchurch Street, London, EC3M 4HD.

NBF is not authorized by the Prudential Regulation Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.

U.S. RESIDENTS: With respect to the distribution of this report in the United States of America, National Bank of Canada Financial Inc. ("NBCFI") is registered with the Securities Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and is a member of the Securities Investor Protection Corporation (SIPC). NBCFI operates pursuant to a 15 a-6 Agreement with its Canadian affiliates, NBF and National Bank of Canada.

This report has been prepared in whole or in part by research analysts employed by non-US affiliates of NBCFI that are not registered as broker/dealers in the US. These non-US research analysts are not registered as associated persons of NBCFI and are not licensed or qualified as research analysts with FINRA or any other US regulatory authority and, accordingly, may not be subject (among other things) to FINRA restrictions regarding communications by a research analyst with the subject company, public appearances by research analysts and trading securities held in a research analyst account.

All of the views expressed in this research report accurately reflects the research analyst's personal views regarding any and all of the subject securities or issuers. No part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. The analyst responsible for the production of this report certifies that the views expressed herein reflect his or her accurate personal and technical judgment at the moment of publication.

Because the views of analysts may differ, members of the National Bank Financial Group may have or may in the future issue reports that are inconsistent with this report, or that reach conclusions different from those in this report. To make further inquiry related to this report, United States residents should contact their NBCFI registered representative.

HK RESIDENTS: With respect to the distribution of this report in Hong Kong by NBC Financial Markets Asia Limited ("NBCFMA") which is licensed by the Securities and Futures Commission ("SFC") to conduct Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities, the contents of this report are solely for informational purposes. It has not been approved by, reviewed by, verified by or filed with any regulator in Hong Kong. Nothing herein is a recommendation, advice, offer or solicitation to buy or sell a product or service, nor an official confirmation of any transaction. None of the products issuers, NBCFMA or its affiliates or other persons or entities named herein are obliged to notify you of changes to any information and none of the foregoing assume any loss suffered by you in reliance of such information.

The content of this report may contain information about investment products which are not authorized by SFC for offering to the public in Hong Kong and such information will only be available to those persons who are Professional Investors (as defined in the Securities and Futures Ordinance of Hong Kong ("SFO")). If you are in any doubt as to your status you should consult a financial adviser or contact us. This material is not meant to be marketing materials and is not intended for public distribution. Please note that neither this material nor the product referred to is authorized for sale by SFC. Please refer to product prospectus for full details.

There may be conflicts of interest relating to NBCFMA or its affiliates' businesses. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by NBCFMA or its affiliates, or in other investment vehicles which are managed by NBCFMA or its affiliates that may purchase or sell such securities and instruments.

No other entity within the National Bank of Canada group, including National Bank of Canada and National Bank Financial Inc., is licensed or registered with the SFC. Accordingly, such entities and their employees are not permitted and do not intend to: (i) carry on a business in any regulated activity in Hong Kong; (ii) hold themselves out as carrying on a business in any regulated activity in Hong Kong; or (iii) actively market their services to the Hong Kong public.

DISSEMINATION POLICY: The NBF Research Dissemination Policy is available on our website under Legal/Research Policy (link attached) http://www.nbin.ca/cmst/site/index.jhtml?navid=712&templateid=243

LEGEND FOR COMPANY RELATED DISCLOSURES:

2 National Bank Financial Inc. has acted as an underwriter with respect to this issuer within the past 12 months.
3 National Bank Financial Inc. has provided investment banking services for this issuer within the past 12 months.
4 National Bank Financial Inc. or an affiliate has managed or co-managed a public offering of securities with respect to this issuer within the past 12 months.
5 National Bank Financial Inc. or an affiliate has received compensation for investment banking services from this issuer within the past 12 months.
6 National Bank Financial Inc. or an affiliate has a non-investment banking services related relationship during the past 12 months.
7 The issuer is a client, or was a client, of National Bank Financial Inc. or an affiliate within the past 12 months.
8 National Bank Financial Inc. or its affiliates expects to receive or intends to seek compensation for investment banking services from this issuer in the next 3 months.
9 As of the end of the month immediately preceding the date of publication of this research report (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), National Bank Financial Inc. or an affiliate beneficially own 1% or more of any class of common equity securities of this issuer.
10 National Bank Financial Inc. makes a market in the securities of this issuer, at the time of this report publication.
11 A partner, director, officer or research analyst involved in the preparation of this report has, during the preceding 12 months provided services to this issuer for remuneration other than normal course investment advisory or trade execution services.
12 A research analyst, associate or any other person (or a member of their household) directly involved in preparing this report has a financial interestin the securities of this issuer.
13 A partner, director, officer, employee or agent of National Bank Financial Inc., is an officer, director, employee of, or serves in any advisory capacity to the issuer.
14 A member of the Board of Directors of National Bank Financial Inc. is also a member of the Board of Directors or is an officer of this issuer.
15 A redacted draft version of this report has been shown to the issuer for fact checking purposes and changes may have been made to the report before publication.

16 Richard Fortin is a member of the Board of Directors or is an officer of this issuer.
19 Patricia Curadeau-Grou is an officer, director or employee or a member of the Board of Directors of this company or an advisor or officer of this company.
139 National Bank is currently acting as Financial Advisor for Cirque du Soleil.

Corporate Offices

Montreal
National Bank Financial

Sun Life Building
1155 Metcalfe Street
Montreal, QC H3B 4S9
514-879-2222

Toronto
National Bank Financial

The Exchange Tower
130 King Street West
4th Floor Podium
Suite 3200
Toronto, ON M5X 1J9
416-869-3707

Canada
(Toll-Free)

1-800-361-8838
1-800-361-9522

United States
(Toll-Free)

1-800-678-7155

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

2020/10