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WHO WINS AND LOSES WITH PRESIDENT JOE?

2020 has been characterized as the year of COVID-19 and that has been the key focus of investors since February. In only a few months, however, our neighbours to the south will head to the polls in some manner and vote on who will preside over the Oval Office for the next four years. With Donald Trump, the market generally knows what it will get - looser regulations, lower corporate taxes and a more pro-business environment. With Joe Biden the picture is less clear, with some sectors likely benefitting and others being pressured. The financial market impact of a potential Biden win in November has not been grabbing the headlines like it would in a non-COVID environment. While COVID remains top of mind for investors, COVID's impact is only expected to be felt for the next 18-24 months. However, the winner of the 2020 elections will be in place for the coming four years.

Some of the more obvious implications of a Biden win would be higher corporate taxes for U.S. companies and more environmental regulations. One of the main areas that will be impacted would be the energy market as oil and gas pipelines and projects will likely face higher scrutiny and might even be shut down. The flipside to this is that Biden has unveiled his U.S. clean energy policy, which bodes well for several industries. For starters, the renewable and alternative energy industries will likely see increased government contracts for their services as well as fiscal stimulus to facilitate and promote the industry. Also, Biden's proposed US\$2 trillion green infrastructure plan will likely benefit many environmentally-friendly industrial companies, specifically HVAC and control systems companies, which might see improving demand for their products and services as commercial buildings look to reduce greenhouse gases. For Canadian energy, a Biden presidency seems a little less clear as the domestic environmental regulation his administration would impose on U.S. energy companies could shift more demand towards Canada but at the same time the possibility of restrictions or the outright termination of pipeline projects, notably Keystone XL, may offset any incremental positives stemming from increases in energy demand.

Trade relations with Canada would likely improve but the U.S. could very well remain firm with China as both Democrats and Republicans seem to be on the same side on this issue. While some Democrats have been adamant about breaking up the large U.S. tech companies given the monopoly status that many are purported to have, Biden will likely be less aggressive with this as he is expected to follow former President Obama's friendlier approach to Silicon Valley.

Health care is an area where a Biden win could be a tailwind for both companies in Canada and the U.S. The Trump administration's attempt at dismantling the Affordable Care Act will likely reverse course with a deeper push for universal health care coverage in the U.S. and the cannabis industry may finally be legalized at the federal level. Given that the Canadian health care sector largely consists of cannabis companies, this could be a positive for the industry. However, many uncertainties continue to linger, particularly around profit margin sustainability and cash flow generation.

While it has been shown (ignoring the Senate and House of Representatives control factor and the lag effect on most implemented policies) that the market and economy perform slightly better during a Democratic presidential term, it appears that going back several decades, not much has improved for most Americans. In fact, income inequality has grown and the average American is only modestly better off with a Democrat in the White House.

BRAD BROWN, MBA, CFA

See Disclosures And Disclaimers at the end of this report for disclosures, including potential conflicts of interest. Complete research on any equities mentioned in this report is available from your Investment Advisor.

Unless otherwise noted, all prices quoted in this report are as of the close of markets on August 25, 2020.

## INVESTING IN A LOW-RATE ENVIRONMENT

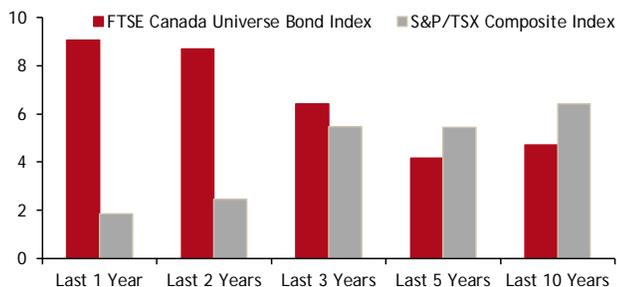
### The Challenge

Interest rates in today's markets pose a challenge for investors and their fixed-income allocation. Around the world, government bond yields are at very low levels. At the time of writing this report on August 21/2020, the Canadian 10-year bond yield is 0.54% and some other countries' yields are close to zero or even negative. Over the years, investors have looked to bonds for income and capital preservation. Investors have enjoyed a bull market in fixed-income securities over the last 40 years.

### Assessing the Market

When buying bonds for one's portfolio, one must decide what role bonds will have in the portfolio, given that interest rates are at these low levels. The two most common reasons for buying bonds are to receive an income stream and to provide stability to the portfolio. So, investors who want more yield must be willing to take on more risk of loss due to changes in interest rates or from the effects of credit quality. This is a typical example of how markets provide trade-offs between risk and reward.

#### Total Returns Percentage Change



Source: Bloomberg, FTSE Russell Debt Market Indices report. Data as of July 31, 2020.

On the other hand, bondholders who want to own bonds mainly for stability can receive that stability if they do the opposite of what yield seekers do. Those seeking stability typically buy bonds on the shorter end of the maturity scale to reduce the risks from rising rates and they stick with high-quality credits, like strong governments and agencies.

The Bank of Canada (BoC), at a policy meeting in July, vowed for the first time to hold interest rates at historically low levels for years to come, aiding in the nation's economic recovery. The BoC will keep rates at this level until unemployment returns to pre-COVID levels and inflation returns to the 2.0% target. Based on the central bank's forecasts, rates might not rise until 2022 or later.

### Deciding on Investment Options

Given this landscape, what's an investor to do? How can investors take advantage of low interest rates? As fixed-income investors have a harder and harder time finding assets providing any meaningful yield, a number of other investment opportunities tend to look more attractive. Perhaps the time has come to review a few investment options and explore

different possibilities in this low-interest-rate environment.

The 60/40 portfolio asset allocation between equities and bonds has been a starting point for investors since the creation of the standard portfolio theory in the 1950s. The traditional asset mix has produced one of the best risk-adjusted returns, outperforming debt alone. The 60/40 split won't be the ideal benchmark for every long-term investor, as it is only a guide and the ratio will vary for each individual. The right asset allocation must fit one's objectives, risk-return profile, time horizon, age, retirement expectations and other circumstances.

Some money managers think the current situation calls for an increase in equity allocation, despite the added risk. Many of them are suggesting a split of 75% equities and 25% fixed income and cash. For younger investors, an 80/20 split in place of 60/40 is being suggested. Still, some investors aren't ready to write off 60/40 just yet. The market environment has changed with COVID-19 and most economists don't think that fixed-income rates will spike any time soon, although the possibility of a modest and gradual rate rise is a significant risk to investors.

Investors should keep in mind the possible impact that any increases in equity holdings may have on a portfolio should a severe stock market downturn occur. Monitoring the stock markets for rising threats to one's investments might provide time to move some money back to fixed-income securities before a full-scale stock market meltdown. With inflation still relatively low, keeping some cash on the sidelines and maintaining a portfolio of more-liquid investments should be one of the underlying principles to guide any investor in a low-interest-rate environment.

### There Are No Easy Answers

Investors today are confronted with interest rates that will probably stay very low for years. Waiting for them to rise is not an option. Investors can buy shorter-duration, fixed-income securities, earn less income but enjoy better protection of their capital or they can buy longer-duration securities and earn more income while accepting more portfolio risk.

So why should investors even own bonds with rates this low? Anything beyond these safe investment vehicles means introducing additional risks to one's portfolio. More risk isn't necessarily always bad but it is something one must continually manage when changing one's risk allocation. While money managers say there will be a greater shift towards the stock market in times of a low-interest environment, a portfolio diversified into equities and bonds will still generate positive returns, although possibly lower than the historical average.

### The Takeaway

Having a diversified portfolio would mean a better balance between risk and reward. There is no one-size-fits-all answer to allocating between stocks and bonds. The allocation should reflect one's risk tolerance and income needs. A conservative investor will continue to have some allocation to fixed-income securities or perhaps a substitute alternative investment such as fixed-income/bond ETFs and mutual funds.

ALLAN BISHOP

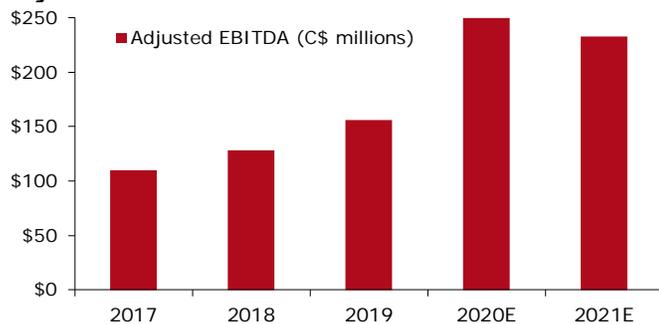
## CANADIAN EQUITIES

### Cargojet Inc. (CJT, \$178.70, Outperformer), Price Target \$205.00

Cargojet Inc. is a Canada-based company that provides overnight air cargo services. Its services include an overnight network, international air cargo services, dedicated aircraft charter and dedicated aircraft, crew, maintenance and insurance contracts. It offers overnight air cargo service between approximately 14 cities across Canada each business night. Within its overnight network, it also provides domestic air cargo services for several international airlines between points in Canada that connect such airlines' gateways to Canada. It operates an international route operating between Newark, New Jersey; Hamilton, Bermuda and provides a five-day per week air cargo service. Cargojet also operates specialty charter services.

Over the last several years, Cargojet has expanded its services and extended its reach. As online shopping has grown, so has Cargojet. The company is well positioned regarding the delivery of online purchases; its core Canadian overnight air cargo business has a 90% market share, underpinned by a master services agreement, which runs until 2025, to handle all air freight for Canada Post and Purolator. A similar agreement to be the primary domestic air cargo service provider for UPS in Canada also runs to 2025. Courier packages and mail comprise approximately 75% of total revenue.

#### Adjusted EBITDA



Source: CIBC World Markets Inc.

The COVID-19 outbreak has resulted in a dramatic increase in online shopping as consumers have reduced in-store purchasing to reduce the chance of catching the virus. Cargojet's recent Q2/2020 results demonstrate this. Revenue of \$196 million handily beat expectations of \$130 million and adjusted EBITDA of \$91 million was well ahead of the \$47 million expected. Cargojet said that while larger retailers drove its e-commerce tonnage during the quarter, it was also being driven by a large number of small and medium-sized businesses. Although it has unused capacity that it can deploy, Cargojet is adding new aircraft due to the demand outlook for its air freight services in the years to come.

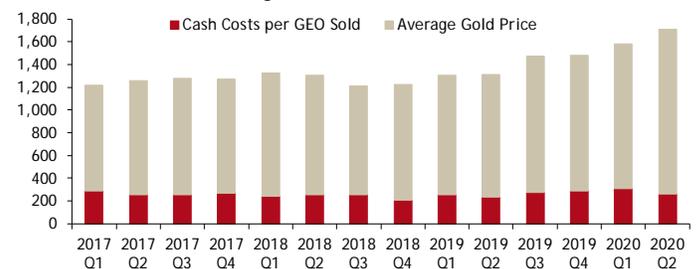
CIBC World Markets analyst Kevin Chiang notes that it is clear that online shopping has surged due to COVID-19 but expectations are that e-commerce volumes will continue to accelerate.

### Franco-Nevada Corp. (FNV, \$194.02, Outperformer) Price Target: \$245.00

Gold prices topped US\$2,000 per ounce for the first time in history in early August, fueled by negative real interest rates, a slumping U.S. dollar and a general flight towards safety. Even after such an aggressive rally year to date, the catalysts for further appreciation in the yellow metal remain active. Recent language from central banks hints that very low interest rates will be sustained for the next couple of years. The COVID-19 pandemic continues to weigh on the greenback as other developed economies outside the U.S. seem to have controlled the spread of the virus better. Persistent geopolitical tensions between the U.S. and China have also enhanced the appeal of safe-haven assets. We've highlighted some gold mining companies in the past as obvious ways to partake in the rise in gold prices but investors may also want to consider royalty and streaming names.

The main advantage that royalty holders and streamers have over miners is that the former limit the operating risks associated with running the mines themselves and instead focus on acquiring rights to collect royalties or streams of precious metals from a portfolio of properties. When it comes to cultivating a diversified suite of mining assets, Franco-Nevada is the reputed leader in the industry. The company has 56 cash-generating assets spanning five different continents, with its four largest assets comprising just 36% of total revenue. Having a business model that requires minimal capital requirements, aside from the initial investments in the mines, helps Franco-Nevada maintain a pristine balance sheet. The company had zero debt as of the end of its most recent quarter and about US\$1.7 billion in available capital to help keep it going through whatever challenges the pandemic throws at it. Franco-Nevada's cash costs rarely exceed US\$300 per gold equivalent ounce (GEO) sold, meaning the current gold price environment is yielding enormous margins for a company that is already inherently high-margin.

#### Cash Costs and Average Gold Price (USD)



Source: Company Reports

About 10% of Franco-Nevada's revenue comes from silver, which has had an even stronger surge than gold this year. Coronavirus-induced disruptions, particularly in Latin America, have created a tightness in supply for a metal that has numerous industrial uses, including its role in green technology. As manufacturing picks up globally, Franco-Nevada could enjoy higher silver prices even if the gold frenzy begins to fade.

**MICHAEL O'CALLAGHAN, MBA, CFA & JOHNNY TAM, MASc, CFA**  
Investment Strategy Group

Company Name	Symbol	Stock Rating	Market Cap	Price 25-Aug-20	Price Target	Adjusted Earnings Per Share (EPS)			P/E 2020E	Dividend Yield
						2019A	2020E	2021E		
Cargojet Inc. <sup>-1</sup>	CJT	OP	\$2.9B	\$178.70	\$205.00	\$156.10	\$249.91	\$232.54	NM	0.5%
Franco-Nevada Corporation <sup>-2</sup>	FNV	OP	\$37.4B	\$194.02	\$245.00	\$1.82	\$2.28	\$2.53	64.6x	0.7%

A - Actual for the fiscal year; E - Estimate for the fiscal year; NM - Not Meaningful. 1 - Adjusted EBITDA (in C\$ millions) and EV/EBITDA are stated instead of EPS and P/E, respectively. 2 - Adjusted EPS is stated in US dollars (C\$1.317:US\$1.00). For a full description of the CIBC World Markets Inc. Research Rating System, please see page 6.

# MARKET RETURN DATA

North American Indices		Price Performance (% Change)					Price Performance (% Change - Annualized)						
	Price	1 Month	3 Months	6 Months	YTD	1 Year	2 Years	3 Years	5 Years	10 Years	15 Years	20 Years	
S&P/TSX Composite	16,514	2.1	8.7	1.5	-3.2	0.4	0.8	2.8	3.6	3.3	3.0	1.9	
Total Return		2.3	9.6	3.4	-1.1	3.8	4.1	6.0	6.8	6.4	6.0	4.6	
S&P/TSX Preferred Share Index	584	4.1	13.9	-1.0	-5.2	-0.0	-9.5	-5.8	-2.4	-3.5	-3.5	N/A	
Total Return		4.6	15.6	2.2	-1.2	6.0	-4.3	-0.7	2.9	1.6	1.6	N/A	
S&P 500 Index	3,500	7.0	15.0	18.5	8.3	19.6	9.8	12.3	12.2	12.8	7.3	4.3	
Total Return		7.2	15.5	19.6	9.7	21.9	12.0	14.5	14.5	15.2	9.5	6.3	
Dow Jones Industrial Average	28,430	7.6	12.0	11.9	-0.4	7.7	4.6	9.0	11.5	11.0	6.9	4.8	
Total Return		7.9	12.6	13.2	1.3	10.3	7.2	11.6	14.2	13.8	9.6	7.3	
Nasdaq Composite Index	11,775	9.6	24.1	37.4	31.2	47.9	20.5	22.4	19.8	18.7	12.0	5.3	
International Indices		Price Performance (% Change)					Price Performance (% Change - Annualized)						
	Price	1 Month	3 Months	6 Months	YTD	1 Year	2 Years	3 Years	5 Years	10 Years	15 Years	20 Years	
Bloomberg Euro 500	242	2.7	4.5	-3.0	-12.4	-4.5	-3.0	-1.3	-0.2	3.2	1.1	-0.7	
FTSE Eurotop 100	2,676	1.8	2.4	-4.7	-15.1	-8.1	-3.1	-2.2	-1.3	2.2	0.3	-1.8	
FTSE 100 (England)	5,964	1.1	-1.9	-9.4	-20.9	-17.3	-10.4	-7.1	-0.9	1.3	0.8	-0.6	
Dax (Germany)	12,945	5.1	11.7	8.9	-2.3	8.4	2.3	2.4	4.8	8.1	6.8	3.0	
CAC 40 (France)	4,947	3.4	5.4	-6.8	-17.2	-9.7	-4.3	-0.9	1.2	3.5	0.8	-1.4	
MSCI World	2,456	6.5	14.3	14.7	4.1	14.8	6.2	7.8	8.3	8.6	4.9	2.9	
MSCI Emerging Markets	1,102	2.1	18.4	9.5	-1.2	11.9	2.1	0.4	6.1	1.3	4.1	4.9	
Total Return	2,589	2.2	19.7	11.5	0.7	14.9	5.0	3.2	9.1	4.1	6.9	7.8	
MSCI EAFE	1,910	4.9	10.7	5.5	-6.2	3.7	-1.3	-0.4	1.9	3.0	1.4	0.8	
Total Return	8,275	5.2	11.3	7.4	-4.3	6.6	1.8	2.8	5.2	6.4	4.7	3.9	
Nikkei 225 (Japan)	23,140	6.6	5.8	9.4	-2.2	11.8	0.6	5.6	4.1	10.1	4.2	1.6	
Hang Seng (Hong Kong)	25,177	2.4	9.6	-3.6	-10.7	-2.1	-5.0	-3.4	3.0	2.1	3.6	2.0	
ASX 200 (Australia)	6,060	2.2	5.3	-5.9	-9.3	-8.2	-2.1	2.0	3.1	3.2	2.1	3.1	
Taiwan Weighted	12,591	-0.6	15.1	12.7	5.0	18.6	6.7	6.0	9.0	5.2	5.0	2.5	
Sensex 30 (India)	38,628	2.7	19.1	0.9	-6.4	3.5	-0.0	6.8	8.0	8.0	11.3	11.4	
Index Returns In Canadian Dollars		Price Performance (% Change)					Price Performance (% Change - Annualized)						
	Price	1 Month	3 Months	6 Months	YTD	1 Year	2 Years	3 Years	5 Years	10 Years	15 Years	20 Years	
S&P/TSX Composite	16,514	2.1	8.7	1.5	-3.2	0.4	0.8	2.8	3.6	3.3	3.0	1.9	
Total Return		2.3	9.6	3.4	-1.1	3.8	4.1	6.0	6.8	6.4	6.0	4.6	
S&P 500 Index	4,565	4.0	8.6	15.0	8.9	17.3	9.8	13.8	11.9	15.1	8.0	3.6	
Total Return		4.2	9.1	16.2	10.3	19.6	11.9	16.1	14.2	17.5	10.2	5.7	
Dow Jones Industrial Average	37,078	4.6	5.8	8.6	0.1	5.6	4.6	10.5	11.2	13.3	7.6	4.1	
Total Return		4.9	6.4	10.0	1.8	8.1	7.1	13.1	13.9	16.1	10.3	6.7	
Russell 2000	2,037	2.6	5.8	2.7	-5.9	2.5	-5.3	5.0	5.9	12.2	6.5	4.8	
Nasdaq Composite Index	15,358	6.5	17.2	33.5	31.9	45.0	20.4	24.0	19.5	21.1	12.7	4.6	
Bloomberg Euro 500	377	1.2	6.2	2.3	-6.4	1.8	-1.6	0.3	0.8	4.7	1.5	0.2	
EURO STOXX 50	5,098	1.5	9.1	3.6	-6.6	1.8	-0.4	0.0	1.0	3.7	0.4	-1.4	
Total Return		1.6	9.8	5.3	-4.9	3.9	2.1	2.6	3.7	6.7	3.4	1.3	
MSCI World	3,202	3.6	8.0	11.4	4.6	12.6	6.2	9.3	8.1	10.8	5.6	2.3	
MSCI Emerging Markets	1,437	-0.7	11.8	6.4	-0.7	9.7	2.1	1.8	5.8	3.3	4.7	4.3	
Total Return		-0.6	13.1	8.2	1.2	12.6	4.9	4.6	8.8	6.2	7.6	7.1	
MSCI EAFE	2,491	2.0	4.6	2.5	-5.8	1.6	-1.4	1.0	1.7	5.1	2.0	0.2	
Total Return		2.2	5.2	4.3	-3.8	4.5	1.7	4.2	5.0	8.5	5.4	3.3	
MSCI Far East	4,567	4.4	1.0	3.4	-3.6	3.6	-0.9	2.7	3.3	6.3	2.8	-0.1	
Commodities		Price as of						Yields as of					
	31-Aug-20	-1 Month	-3 Months	-6 Months	-12 Months	YTD (%)		31-Aug-20	-1 Month	-3 Months	-6 Months	-12 Months	
Gold Spot (US\$/oz)	1,968	1,976	1,730	1,586	1,520	29.7%	Canada 3-month T-Bills	0.15	0.17	0.18	1.46	1.62	
Silver (US\$/oz)	28.14	24.39	17.87	16.67	18.38	57.6%	Canada 5yr Notes	0.39	0.32	0.40	1.08	1.19	
Brent Crude Oil	45.28	43.30	35.33	50.52	60.43	-31.4%	Canada 10yr Notes	0.62	0.47	0.53	1.13	1.16	
West Texas Intermediate Oil	42.61	40.27	35.49	44.76	55.10	-30.2%	Canada 30yr Bonds	1.16	0.93	1.12	1.32	1.43	
NYMEX Natural Gas	2.63	1.80	1.85	1.68	2.29	20.1%							
Spot Nat. Gas (AECO Hub - USD)	1.99	1.54	1.44	1.28	0.34	16.4%	U.S. 3-month T-Bills	0.09	0.08	0.12	1.27	1.98	
Lumber	928.00	585.80	367.10	399.40	374.50	129.0%	U.S. 5yr Notes	0.27	0.20	0.30	0.94	1.39	
Copper 3-month	3.02	2.91	2.44	2.56	2.56	8.0%	U.S. 10yr Notes	0.70	0.53	0.65	1.15	1.50	
Nickel 3-month	6.97	6.25	5.59	5.56	8.12	9.6%	U.S. 30yr Bonds	1.47	1.19	1.41	1.68	1.96	
Aluminum 3-month	0.82	0.78	0.70	0.77	0.80	-0.6%							
Zinc 3-month	1.14	1.05	0.90	0.92	1.00	10.7%							
Currencies		Performance (% Change)						S&P/TSX GICs					
	Price	1 Month	3 Months	6 Months	12 Months	YTD	Price Performance (% Change)		Index Weight (%)				
CAD/USD	0.7665	2.8	5.6	2.8	2.0	-0.4	Consumer Discret.	1.9	7.8	3.5	-10.3	-6.5	3.4
EURO/CAD	1.5574	-1.4	1.7	5.4	6.5	6.9	Consumer Staples	-4.7	0.6	3.8	-2.9	1.8	4.0
EURO/USD	1.1936	1.3	7.4	8.3	8.7	6.4	Energy	1.6	-2.8	-23.2	-22.9	-30.7	12.0
USD/YEN	105.9100	0.1	-1.7	-1.8	-0.3	-2.5	Integrated Oil & Gas	0.3	-8.0	-40.8	-45.4	-50.2	1.9
Trade Weighted U.S. Dollar	92.1440	-1.3	-6.3	-6.1	-6.8	-4.4	Oil&Gas Expl. & Prod.	10.2	6.6	-22.9	-26.1	-40.3	2.1
							Pipeline	-0.6	-3.9	-18.0	-13.5	-19.6	7.5
							Financials	6.7	10.4	-8.8	-6.8	-12.6	28.9
							Banks	8.6	11.7	-6.2	-7.0	-10.8	19.6
							Insurance	6.5	14.1	-12.5	-7.6	-20.7	4.2
							Real Estate	-0.4	5.3	-20.5	-20.7	-20.1	3.0
							Health Care	-7.5	-9.7	-20.7	-44.0	-35.7	0.9
							Industrials	4.2	11.5	7.3	7.4	5.0	11.8
							Information Tech.	0.2	20.6	61.4	77.0	72.0	10.7
							Materials	-0.8	17.1	42.5	27.6	28.4	15.2
							Gold	-3.4	15.6	55.4	43.0	48.7	11.1
							Base Metals	13.1	29.4	27.4	-16.6	-20.8	0.5
							Fertilizers	10.8	2.8	-10.9	-27.9	-22.3	1.2
							Communication Serv.	1.0	-1.3	-5.2	-9.1	-9.1	5.2
							Utilities	-2.1	2.6	-4.2	3.7	-0.2	4.8
Strategic Asset Allocation (in C\$)		Performance (% Change - Before Fees)											
(Global Equity/Cdn. Equity/Bonds/Cash)		1 Month	3 Months	6 Months	12 Months	YTD							
Capital Preservation (5/15/60/20)		-0.1%	3.0%	3.6%	5.1%	4.9%							
Income (10/20/60/10)		0.2%	3.9%	4.3%	5.9%	5.1%							
Income & Growth (20/25/50/5)		0.8%	5.0%	5.4%	7.0%	4.9%							
Growth (40/25/35/0)		1.7%	6.4%	7.3%	9.0%	4.9%							
Aggressive Growth (60/25/15/0)		2.7%	7.8%	9.1%	10.9%	4.6%							
		Total Return % Change											
Bond Returns		1 Month	3 Months	6 Months	12 Months	YTD							
FTSE Canada Bond Universe Index		-1.1	1.8	3.9	5.8	7.7							
FTSE Canada Long Term Bond Index		-3.0	2.8	4.3	7.0	10.5							
FTSE Canada Mid Term Bond Index		-0.4	1.6	5.0	6.6	8.9							
FTSE Canada Short Term Bond Index		0.1	1.1	2.9	4.4	4.6							

All data is sourced from Bloomberg unless otherwise noted. Data as of August 31, 2020.  
Data source: Bloomberg

## CIBC World Markets Interest Rate Outlook

Interest Rates (%) - End of Qtr		Aug 25, 2020	Dec/20	Mar/21
3-month T-Bill	Canada	0.15	0.25	0.25
	U.S.	0.09	0.20	0.25
10-year Gov't Bond Yield	Canada	0.59	0.75	0.80
	U.S.	0.68	0.80	1.00
US\$/C\$		0.76	0.77	0.76

Source: CIBC World Markets Inc.

## CIBC World Markets Economic Outlook

Economic Outlook		2019A	2020F	2021F
Real GDP Growth (% Chg)	Canada	1.7	-7.1	5.7
	U.S.	2.3	-6.2	5.5
Consumer Price Index (% Chg)	Canada	1.9	0.7	1.9
	U.S.	1.8	0.9	2.1

Source: CIBC World Markets Inc.

## PRICE TARGET CALCULATIONS

**Cargojet Inc. (CJT):** CIBC analyst Kevin Chiang's price target is calculated by applying an adjusted EV/EBITDA multiple of ~16x to his 2021 estimates.

**Franco-Nevada Corporation (FNV):** CIBC analyst Cosmos Chiu's price target is derived by taking the average of short-term and longer-term valuation metrics. The short-term valuation is calculated at 39x the 2021 cash flow estimate of US\$5.09/share, while the long-term valuation is calculated at 3x the US\$48.41/share net asset value (NAV).

## DISCLOSURES AND DISCLAIMERS

Important Disclosure Footnotes for Companies Mentioned in this Report that Are Covered by CIBC World Markets Corp./Inc.:

Stock Prices as of 08/25/2020:

Cargojet Inc. (2a, 2c, 2e, 2g, 7) (CJT-TSX, C\$178.70)

Franco-Nevada Corporation (2a, 2e, 2g, 7) (FNV-TSX, C\$194.02)

## Key To Important Disclosure Footnotes:

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Abbreviation	Rating	Description
<b>Stock Ratings</b>		
OP	Outperformer	Stock is expected to outperform the sector during the next 12-18 months.
NT	Neutral	Stock is expected to perform in line with the sector during the next 12-18 months.
UN	Underperformer	Stock is expected to underperform the sector during the next 12-18 months.
NR	Not Rated	CIBC does not maintain an investment recommendation on the stock.
R	Restricted	CIBC World Markets is restricted*** from rating the stock.
<b>Sector Weightings**</b>		
O	Overweight	Sector is expected to outperform the broader market averages.
M	Market Weight	Sector is expected to equal the performance of the broader market averages.
U	Underweight	Sector is expected to underperform the broader market averages.
NA	None	Sector rating is not applicable.

\*\*Broader market averages refer to the S&P 500 in the U.S. and the S&P/TSX Composite in Canada.

"Speculative" indicates that an investment in this security involves a high amount of risk due to volatility and/or liquidity issues.

\*\*\*Restricted due to a potential conflict of interest.

"CC" indicates Commencement of Coverage. The analyst named started covering the security on the date specified.

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