DECEMBER 12, 2022 | 4:15 PM EST

ANALYSTS' BEST PICKS® FOR 2023

Cenovus Energy Inc. (CVE-TSX)
Champion Iron Limited (CIA-TSX)
Element Fleet Management Corp. (EFN-TSX)
Enbridge Inc. (ENB-TSX)
Enerflex Ltd. (EFX-TSX)
Exchange Income Corporation (EIF-TSX)
Finning International (FTT-TSX)
InterRent Real Estate Investment Trust (IIP.UN-TSX)
Interfor Corporation (IFP-TSX)
Ivanhoe Mines Ltd. (IVN-TSX)
Lightspeed Commerce Inc. (LSPD-TSX)
Profound Medical Corp. (PROF-NASDAQ)
SilverCrest Metals Inc. (SIL-TSX)
Stantec Inc. (STN-TSX)
Whitecap Resources Inc. (WCP-TSX)

RAYMOND JAMES LTD. | 2100 – 925 WEST GEORGIA STREET | VANCOUVER BC CANADA V6C 3L2

Dear Valued Clients,

We are pleased to present our Raymond James Ltd. Canadian Analysts' 2023 Best Picks. This annual list is a focused, static selection of stocks with an objective to produce market beating total returns over the next 12 months. The list has a strong track record; delivering an average holding period return of 12.3% over the past 5 years, outpacing the 2.5% return for the S&P/TSX Small Cap Index by 9.8% (see Exhibit 2).

Buffeted by macro forces, 2022 was a challenging year for stock markets, however, the 18 stocks on the list delivered positive returns averaging 3.3%, vs. the -9.0% return of the Index. The 65.5% return registered by Champion Iron Limited, the 47.6% by Canadian Natural Resources Limited and the 33.4% by Whitecap Resources Inc. were impressive standouts.

The Raymond James' Research Team has stepped up with a fresh list of 15 companies for 2023 from 9 different sectors (see Exhibit 1 for details on the changes to the list). In keeping with historic list selections, the macro outlook, company fundamentals, growth prospects, downside risks, liquidity and ESG factors are taken into account, along with the analyst's view of management's ability to execute on investor expectations. This process has typically resulted in reasonably balanced lists; although, in keeping with our Canadian coverage footprint, smaller capitalization and natural resource stocks tend to have a higher weighting.

These stocks represent a current snapshot of our analysts' best ideas; however, as always we continue to encourage investors to focus on risk-adjusted returns and appropriate asset allocation while investing over the long term.

With appreciation,

Daryl Swetlishoff

Head of Research (Canada)

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Exhibit 1: RJL Canadian Analyst 2023 Best Picks Additions/Deletions

Company Name	Symbol	Price Dec-8-22	Current Target	Current Rating
No Change				
Champion Iron Limited	CIA	$6.50	$7.50	Outperform 2
Enerflex Ltd.	EFX	$8.28	$15.00	Strong Buy 1
Exchange Income Corporation	EIF	$48.55	$62.00	Strong Buy 1
Ivanhoe Mines Ltd.	IVN	$11.95	$13.00	Outperform 2
Whitecap Resources Inc.	WCP	$9.55	$16.00	Strong Buy 1
Additions				
Cenovus Energy Inc.	CVE	$24.50	$33.00	Outperform 2
Element Fleet Management Corp.	EFN	$19.34	$24.00	Strong Buy 1
Enbridge Inc.	ENB	$53.31	$60.00	Outperform 2
Finning International	FTT	$34.13	$39.00	Outperform 2
InterRent Real Estate Investment Trust	IIP.UN	$12.62	$15.75	Strong Buy 1
Interfor Corporation	IFP	$23.49	$46.00	Strong Buy 1
Lightspeed Commerce Inc.	LSPD	$20.68	$43.00	Outperform 2
Profound Medical Corp.	PROF	US$5.27	US$15.00	Strong Buy 1
SilverCrest Metals Inc.	SIL	$9.26	$10.50	Outperform 2
Stantec Inc.	STN	$65.94	$80.00	Strong Buy 1
Deletions				
Blackline Safety Corp.	BLN	$1.72	$6.00	Outperform 2
BSR Real Estate Investment Trust	HOM.U	$13.10	$20.75	Strong Buy 1
Canadian Natural Resources Limited	CNQ	$74.57	$87.00	Outperform 2
Dexterra Group Inc.	DXT	$5.39	$7.50	Market Perform 3
Endeavour Mining Corporation	EDV	$29.07	$35.00	Outperform 2
HLS Therapeutics Inc.	HLS	$10.22	$24.00	Outperform 2
Intact Financial Corporation	IFC	$203.77	$229.00	Outperform 2
Keyera Corp.	KEY	$30.19	$32.00	Strong Buy 1
Knight Therapeutics Inc.	GUD	$5.33	NM	Suspended
NanoXplore Inc.	GRA	$2.55	$5.50	Outperform 2
Northland Power Inc.	NPI	$37.71	$52.00	Outperform 2
Open Text Corporation	OTEX	US$27.96	US$48.00	Outperform 2
West Fraser Timber Co. Ltd.	WFG	$104.31	$150.00	Outperform 2

Source: Capital IQ, Raymond James Ltd.

Exhibit 2: Canadian Best Picks' Historical Performance

Year	Best Picks List[1]	S&P/TSX Small Cap Total Return Index[2]	Excess Return
2003[3]	11.6%	22.6%	-11.0%
2004	19.0%	14.2%	4.8%
2005	33.2%	26.8%	6.4%
2006	15.4%	18.4%	-3.0%
2007	13.9%	9.9%	4.0%
2008	-59.6%	-53.5%	-6.1%
2009	145.2%	95.5%	49.7%
2010[3]	22.8%	26.5%	-3.7%
2011[4]	-31.5%	-9.5%	-22.1%
2012	-7.2%	-10.6%	3.4%
2013	7.3%	4.8%	2.5%
2014	4.0%	-3.7%	7.7%
2015	-5.3%	-14.0%	8.7%
2016	38.5%	36.9%	1.6%
2017	18.4%	-3.8%	22.2%
2018	-14.7%	-15.5%	0.8%
2019	30.2%	7.7%	22.5%
2020	23.0%	10.9%	12.1%
2021	19.7%	18.6%	1.1%
2022	3.3%	-9.0%	12.3%
5 yr. Avg.	**12.3%**	**2.5%**	**9.8%**
10 yr. Avg.	**12.4%**	**3.3%**	**9.2%**

[1] Returns are calculated from the date of publication of a particular year's list up to and including the date of publication of the subsequent year's list.
2 From 2003 to 2011 benchmark returns are S&P/TSX Composite Total Return Index, from 2012 onward, benchmark returns are S&P/TSX Small Cap Total Retun Index
[3] The Canadian Analysts' Best Picks was first published in 2003.
[4] Historical performance for 2010&2011 reflects the returns of an equally weighted hypothetical portfolio (inclusive of the effects of mid-year updates).

Source: Bloomberg, CapitalIQ, Raymond James Ltd.

Exhibit 3: 2022 Best Picks Performance

Canadian Analysts Best Picks for 2022	Symbol	Current 6-12 Month Target	Current Rating	Analyst	Price 6-Dec-21	Price 8-Dec-22	Price Return	Total Holding Period Return[1]
Blackline Safety Corp.	BLN	$6.00	2	BF	$6.21	$1.72	-72.3%	-72.3%
BSR Real Estate Investment Trust	HOM.U	$20.75	1	BS	$16.78	$13.10	-21.9%	-21.9%
Canadian Natural Resources Limited[2]	CNQ	$87.00	2	MS	$53.73	$74.57	38.8%	47.6%
Champion Iron Limited	CIA	$7.50	2	BM	$4.14	$6.50	57.0%	65.5%
Dexterra Group Inc.	DXT	$7.50	3	FB	$8.55	$5.39	-37.0%	-33.6%
Endeavour Mining Corporation	EDV	$35.00	2	CS	$28.79	$29.07	1.0%	4.3%
Enerflex Ltd.	EFX	$15.00	1	AB	$7.29	$8.28	13.6%	15.0%
Exchange Income Corporation	EIF	$62.00	1	SH	$41.96	$48.55	15.7%	22.2%
HLS Therapeutics Inc.	HLS	$24.00	2	RS	$15.00	$10.22	-31.9%	-30.8%
Intact Financial Corporation	IFC	$229.00	2	SB	$162.42	$203.77	-94.0%	28.2%
Ivanhoe Mines Ltd.	IVN	$13.00	2	FH	$9.58	$11.95	24.7%	24.7%
Keyera Corp.	KEY	$32.00	1	MS	$27.75	$30.19	8.8%	15.9%
Knight Therapeutics Inc.[3]	GUD	NM	S	TBD	$5.21	$5.33	2.3%	2.3%
NanoXplore Inc.	GRA	$5.50	2	MG	$6.38	$2.55	-60.0%	-37.8%
Northland Power Inc.	NPI	$52.00	2	DQ	$37.79	$37.71	-0.2%	2.9%
Open Text Corporation	OTEX	US$48.00	2	SL	US$47.53	US$27.96	-41.2%	-3.3%
West Fraser Timber Co. Ltd.	WFG	$150.00	2	DS	$109.67	$104.31	-55.4%	-3.7%
Whitecap Resources Inc.	WCP	$16.00	1	JM	$7.44	$9.55	28.4%	33.4%
Average								**3.3%**
Benchmarking Indices								
S&P TSX Total Return Index					78,277.8	77,264.2	-1.3%	
S&P TSX Small Cap Total Return Index					754.9	686.8	-9.0%	

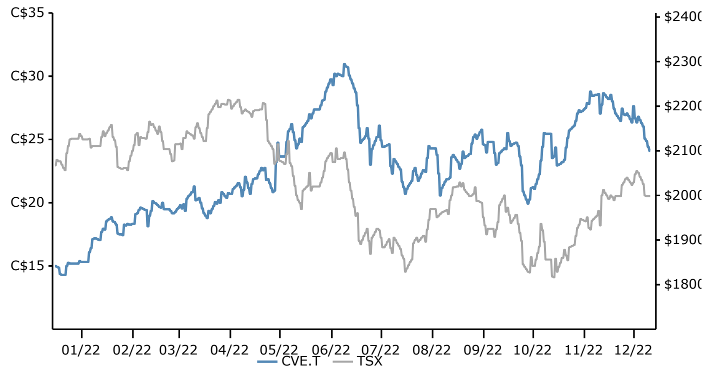
[1] Total holding period return is inclusive of dividends reinvested.
[2] Coverage transferred during 2021.
[3] Coverage suspended due to analyst departure.

Source: Capital IQ, Raymond James Ltd.

CENOVUS ENERGY INC. (CVE-TSX)

Michael Shaw, CFA

Rating	Outperform 2
Target Price	C$33.00
Suitability	MA/ACC



MARKET DATA

Current Price	C$24.50
Market Capitalization (mln)	C$47505
Current Net Debt (mln)	C$10151
Shares Outstanding (mln, f.d.)	1889.6
Dividend / Yield	C$0.42/1.7%
52-Week Range	C$13.86 - C$31.19

KEY FINANCIAL METRICS	2021A	2022E	2023E
CFPS (C$, Dec FY)	C$3.56	C$6.09	C$7.68

Cenovus Energy, Inc. is an integrated oil and gas company with upstream operations focused in the Western Canadian Sedimentary Basin and downstream assets across Canada and the United States.

TURNING TO 100% FCF SHAREHOLDER RETURNS; FULL IMPACT OF INTEGRATED MODEL

Our selection of Cenovus as our *Best Pick* of 2023 in large cap Canadian energy producers is based on a set of clear, positive catalysts for 2023 combined with an attractive relative valuation. The most impactful catalyst is set to occur in 1Q23 as CVE shifts to 100% excess FCF returns to shareholders. Next, starting in 1Q and extending through 2023, we expect Cenovus will be able to show the full benefit of its integrated model with the resumption of operations at its Toledo and Superior refineries. Finally, we expect continued strong performance from CVE's oil sands operations and the application of its SAGD expertise to the recently acquired Sunrise facility.

Turning to 100% FCF Return to Shareholders in 1Q23

Cenovus is set to reach its net debt floor target of $4 bln by the end of 2022. At that point, the allocation of excess FCF (free cash flow after base dividends) to shareholders is set to increase to 100%. We estimate Cenovus will be able to return over $8 bln in cash to shareholders in 2023 at our current commodity estimates (US$80 WTI; US$18 WCS diff) – 18% of its current market cap.

Cenovus has among the lowest Net Debt to EBITDA ratios in the large cap coverage group – highlighting its accelerated pace of deleveraging – and is among the first to achieve 100% payout of excess FCF. We expect Cenovus will be active on its NCIB and use special dividends when required to complete its capital allocation plans.

2023 Shows Full Impact of Integrated Model

Cenovus has steadily developed an integrated operating model but the impact of that model has been tempered by operating outages at a number of US refineries. With the Toledo and Superior refineries expected to resume operations in 1Q, Cenovus is set to fully benefit from its integrated model for the first time in 2023. CVE has guided to downstream throughput averaging between 610 and 660 mbbl/d in 2023, up 28% year-over-year. The downstream throughput fully covers CVE's 590 to 652 mbbl/d of Western Canadian crude production, providing a degree of protection from wider Canadian heavy differentials and exposure to higher diesel cracks.

VALUATION

Our valuation method follows a blended approach. 50% is based on a NAV build-up, through which we arrive at a NAV of $29.83/sh. We also use an implied EV/EBITDA approach, taking into context historical and relative valuations on a DAFCF yield basis. See Appendix for more details.

CHAMPION IRON LIMITED (CIA-TSX)

Brian MacArthur, CFA

Rating	Outperform 2
Target Price	C$7.50
Suitability	MA/ACC

MARKET DATA

Current Price	C$6.50
Market Capitalization (mln)	C$3361
Current Net Debt (mln)	C$253
Shares Outstanding (mln, f.d.)	517.2
Dividend / Yield	C$0.20/3.0%
52-Week Range	C$3.99 - C$7.59

KEY FINANCIAL METRICS	2021A	2022A	2023E
EPS (C$, Mar FY)	C$0.97	C$1.03	C$0.44
P/E	6.7x	6.3x	14.8x
EBITDA (mln) (C$, Mar FY)	C$819	C$926	C$515

CIA is a producer of premium iron ore (which we believe should trade at a premium given structural changes in the iron ore/steel industry) through its Bloom Lake mine which is a long-life, lower cost asset producing high-grade iron ore concentrate (~66% Fe) located in Quebec, Canada, a lower-risk jurisdiction.

NEAR-TERM CAPITAL EFFICIENT GROWTH WITH A DECARBONIZATION OPTION

Premium Iron Ore Helps Decarbonization: The steel industry's share of global emissions is about 7% and steel companies have pledged to reduce these emissions substantially. One way to do this is to improve raw material quality (including higher Fe content ore with less impurities) and shift from BF/BOFs to EAFs which should increase demand for DRI. CIA's Bloom Lake mine produces a high grade iron ore product (about 66% Fe) which helps reduce emissions in BF/BOFs and it has also produced DR quality iron ore pellet concentrate, at an average of 67.7% Fe, which could ultimately be used by EAFs. Bloom Lake is in Quebec, a lower-risk jurisdiction, and has lower emissions than many of its competitors given its higher grade deposits, direct access to ports and access to hydropower.

Bloom Lake Phase 2 Provides Capital Efficient Near-Term Growth: The Bloom Lake Phase 2 expansion project is ramping up as planned with nameplate capacity of 15 Mtpa expected in calendar 2023.

Well Funded: At September 30, 2022, CIA had ~C$277.4 mln in cash and short-term investments, ~C$473 mln in debt and had about C$309 mln available under various facilities.

Dividend: CIA has been paying a semi-annual dividend of $0.10 per ordinary share.

Numerous Additional Growth Options: CIA controls one of the largest reserves and resources capable of producing premium iron ore, with access to renewable power and available infrastructure, and thus has numerous growth options post Bloom Lake Phase 2. CIA is working on a feasibility study to evaluate the reprocessing and infrastructure required to commercially produce a 69% Fe DR pellet feed product. The study would be scaled to convert about half of Bloom Lake's expected nameplate capacity following the completion of Phase 2. CIA has also entered into an acquisition agreement for the Pointe-Noire Iron Ore Pelletizing facility located in Sept-Îles and entered into a MOU with a major international steelmaking partner to complete a feasibility study, which is expected in calendar 2023, to evaluate the recommissioning of the pellet plant to produce Direct Reduction Grade Pellets. Achieving DR pellet feed and/or DR pellet commercial production would allow CIA to further engage with DRI-EAF based iron and steel producers and potentially benefit from higher product pricing, as well as position CIA for additional participation in reducing emissions in the steel-making process. In addition, the feasibility study to evaluate Kami for its capability to produce DR grade pellet feed product is expected to be completed in calendar 2023. Finally, there may also be the opportunity for a phase 3 project at Bloom Lake and other regional production.

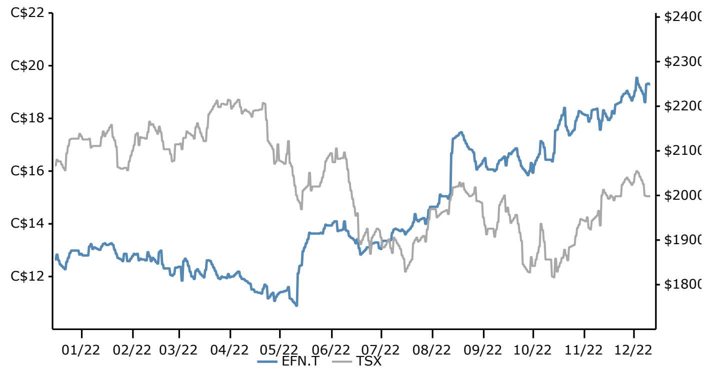
VALUATION

Our target price is based on a 50/50 weighting of: i) a 1.0x multiple (unchanged, generally in-line with iron ore peers) to our revised NAVPS estimate; and, ii) a 5.5x EV/NTM EBITDA multiple (unchanged, generally in-line with iron ore peers) to our revised NTM EBITDA forecast. See Appendix for more details.

ELEMENT FLEET MANAGEMENT CORP. (EFN-TSX)

Stephen Boland, CFA

Rating	Strong Buy 1
Target Price	C$24.00
Suitability	M/ACC



MARKET DATA	
Current Price	C$19.34
Market Capitalization (mln)	C$7741
Current Net Debt (mln)	C$8398
Shares Outstanding (mln, f.d.)	410.4
Dividend / Yield	C$0.40/2.1%
52-Week Range	C$10.99 - C$19.64

KEY FINANCIAL METRICS	2021A	2022E	2023E
Adj. EPS (C$, Dec FY)	C$0.84	C$1.08	C$1.18
P/E	23.0x	17.9x	16.5x
BVPS (C$, Dec FY)	C$7.26	C$8.32	C$8.95

Element Fleet Management is one of the world's largest publicly traded fleet managers with $18.0 billion in assets. Element operates in Canada, the US, Australia, New Zealand and Mexico.

PAST TRANSFORMATION SETS STAGE FOR STRONG 2023

Following several years with issues at both the micro and macro level, Element Fleet Management (EFN) looks like a transformed business under CEO Jay Forbes. Since joining the company in 2018, Mr. Forbes has led a major transformation of the company's internal processes, reshaped the company's capital allocation strategy and reduced the capital intensity of the balance sheet by syndicating more fleet assets and growing non-interest revenue. In addition, EFN already operates in an oligopoly with extremely high barriers to entry. These factors have resulted in EFN becoming one of the most robust and resilient businesses in our coverage.

Asset-light model driving higher returns on capital. Core to Element's recent success has been a shift to a more asset-light approach. The company has achieved this in two ways. Firstly, the blue-chip nature of EFN's client base — coupled with exceptionally low credit losses historically — has driven strong investor demand for EFN's fleet assets. This has allowed EFN to securitize and syndicate assets at attractive spreads, reducing the company's financing requirements and generating an attractive stream of syndication revenue. Secondly, EFN has done an excellent job of increasing services revenue over the last couple of years. With inflation driving up the price of labour and auto parts, EFN's ability to leverage its scale to help lower customers' maintenance costs is becoming increasingly appealing. Over 80% of clients now avail of EFN's maintenance offering, up from 77% in 2021. By lowering its capital requirements, EFN now looks poised to deliver a 14%+ ROE in 2022 (up from 11.5% in 2019).

Low penetration across markets provides ample room for growth. While EFN is the market leader across each of its geographies, overall penetration across markets is low. EFN estimates that across its addressable market, ~60% of fleet vehicles are managed in-house. The potential to convert some of these self-managed fleets into EFN clients is the company's largest market opportunity (estimated at $7.7 billion by management). Moreover, as the fleet industry shifts towards electric vehicles, EFN's value proposition becomes even more compelling. By outsourcing fleet operations to EFN, clients can de-risk their electrification journey by benefiting from EFN's industry-leading EV solution — Arc by Element.

Healthy backlog can support growth in uncertain macro backdrop. Recent production issues at the OEM level have resulted in an excess backlog of vehicle orders for EFN. Current backlog (per 3Q22) stands at $2.9 billion — almost 3x the normalized level. Furthermore, this backlog is contractual, meaning customers are unable to pullback on orders (even if the macro worsens). We believe these orders should drive stronger origination growth in 2023 as OEM production begins to return to more normalized levels.

Strong free-cash flow profile and disciplined capital allocation can support stock in turbulent macro. We expect EFN to generate $590 million in free cash flow in 2023 (~7.5% yield), up 33% from $442 million in 2021. We expect this improving free cash flow profile will support an active share repurchase program in 2023. Recall that in 2021, EFN used its robust balance sheet to repurchase 39 million shares (~10% of share o/s).

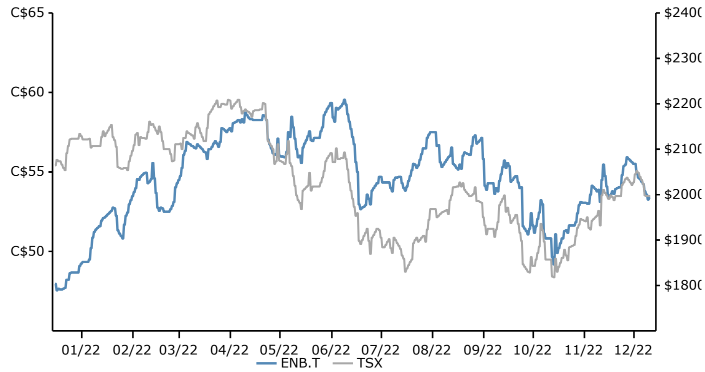
VALUATION

Our target price of $24.00 is based on a 20.0x multiple to our 2023E Adjusted EPS. Although above the 10-year average, we believe EFN deserves a premium to historicals given its increasing ROE.

ENBRIDGE INC. (ENB-TSX)

Michael Shaw, CFA

Rating	Outperform 2
Target Price	C$60.00
Suitability	M/INC



MARKET DATA

Current Price	C$53.31
Market Capitalization (mln)	C$107,953
Current Net Debt (mln)	C$81161
Shares Outstanding (mln, f.d.)	2025.0
Dividend / Yield	C$3.55/6.7%
52-Week Range	C$46.88 - C$59.69

KEY FINANCIAL METRICS	2021A	2022E	2023E
EBITDA (mln) (C$, Dec FY)	C$14,001	C$15,457	C$16,098

Enbridge is North America's largest energy infrastructure company with a diversified asset base that spans the entire hydrocarbon value chain which transports 25% of the continent's crude oil and services 20% of America's natural gas consumption. The company's cornerstone assets are the Canadian Mainline system and the Texas Eastern Transmission system. Enbridge also houses a utilties division that serves 3.8 million customers in Ontario making it North America's largest utility by customer base. The company through a partnership with CPP owns a legacy portfolio of North American and European renewable power projects with current and in-flight capacity of 1,991 NW (net).

ADVANCING ITS 'TWO-PRONGED' APPROACH TO GROWTH WITHIN A BALANCED CAPITAL ALLOCATION FRAMEWORK

Our selection of Enbridge as our *Best Pick* in the Canadian Pipeline and Midstream group is based on 1) an improved near- and medium-term growth outlook 2) a balanced capital allocation strategy and 3) a higher probability of a positive outcome from the Mainline negotiations. We expect these factors, combined with a strong fundamental outlook for volumes across ENB’s system, will result in the equity outperform in 2023.

Growth Outlook Shifting towards LNG Related Gas Investments and Energy Transition

Enbridge has steadily delivered on its two-pronged approach to fill its growth outlook – increasing its backlog of conventional energy infrastructure projects while simultaneously advancing energy transition investments. Enbridge has steadily sanctioned conventional infrastructure projects in 2022 including $4.8 bln BC system expansion and Woodfibre LNG. These projects add to ENB’s continued investment in the Enbridge Gas and modernization investments, creating a steady drumbeat of conventional energy investments. At the same time, Enbridge has advanced energy transition opportunities.

All told, Enbridge has sanctioned ~$8 bln in projects this year, filling its ~$6 bln per year of investment capacity. The project approvals will support ENB’s 5% to 6% distributable cash flow per share and dividend growth, and will also ease concerns surrounding declining investment opportunities in its Liquids Pipelines.

Balance Capital Allocation Approach

Enbridge has been able to improve its growth outlook while maintaining an attractive allocation approach: self-funded, a modest NCIB, growing dividend, and an improving balance sheet. We expect this approach to continue in 2023 under its new leadership, producing steady DCF/sh, and dividend growth while maintaining a strong balance sheet.

Mainline Update

An important catalyst for 2023 will be clarity on the direction of the Mainline commercial negotiations. Strong commodity prices and production volume growth have underscored the value of incremental egress and have improved the probability of a favourable outcome for Enbridge.

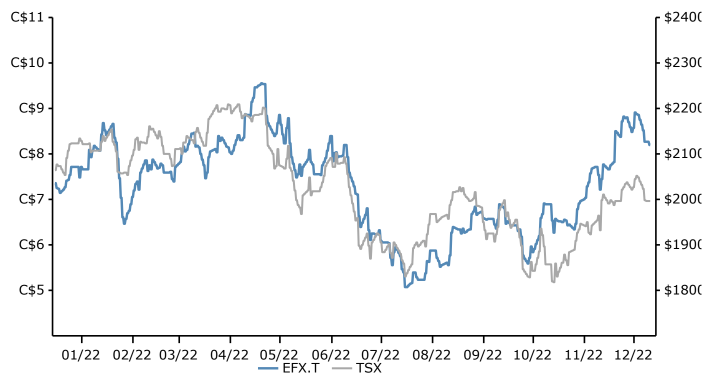
VALUATION

We target Enbridge at 13.0x our 2023E EBITDA and 12.8x our 2024E EBITDA to yield a target of $60. Our target multiples are consistent with Enbridge’s historic valuation range and within its peer group.

ENERFLEX LTD. (EFX-TSX)

Andrew Bradford, CFA

Rating	Strong Buy 1
Target Price	C$15.00
Suitability	MA/ACC



MARKET DATA	
Current Price	C$8.28
Market Capitalization (mln)	C$969
Current Net Debt (mln)	C$1463
Shares Outstanding (mln, f.d.)	123.7
Dividend / Yield	C$0.10/1.3%
52-Week Range	C$4.99 - C$9.70

KEY FINANCIAL METRICS	2021A	2022E	2023E
EBITDA (mln) (C$, Dec FY)	C$140	C$255	C$531
Revenue (mln) (C$, Dec FY)	C$960	C$1,790	C$2,939

Enerflex is a supplier of natural gas and CO2 compression, production and processing and power generation equipment and in-house engineering and mechanical services. EFX operates in North America, Australasia, Europe, LATAM and MENA.

DELEVERAGING AND SHAREHOLDER RETURNS FROM THIS NATURAL GAS INFRASTRUCTURE PROVIDER

For the 2nd consecutive year, we have selected Enerflex as our Best Pick in the Canadian Oilfield Services Industry. 2022 was an eventful year for Enerflex, owing to its drawn-out acquisition of Exterran. But in 2023, we expect EFX to display all the characteristics in an energy company that the market has rewarded so far this cycle: free cash generation, rapid balance sheet deleveraging, and direct shareholder returns.

Enerflex addresses the natural gas and the energy/transitional energy infrastructure markets through 3 primary business lines: (1) the direct ownership and operation of energy infrastructure around the world, (2) manufacturing gas processing and compression equipment for sale to producers and midstream providers, and; (3) parts & mechanical services for all of the above.

Of these three business lines, we expect ‘Energy infrastructure’ (direct ownership and operation) will generate approximately 84% of Enerflex’s next-12-month EBITDA. This is important for investors because Energy Infrastructure is highly contracted, providing a considerably more stable stream of EBITDA/cash flow than any typical oilfield service. For many years prior to 2020, “Engineered Systems” (manufacturing) was Enerflex’s primary cash flow engine – and at this point, it’s still a small contributor, though order flows are increasing and a backlog is beginning to build. In our view, Enerfelx’s share price implies little if any value for this segment, though a normalization of its contribution would imply material upside to most estimates.

The steady cash flow from the combined Enerflex and Exterran’s Energy Infrastructure assets and continued recovery in Engineered Systems will combine to generate meaningful Free Cash Flow in 2023 that will be applied directly to the balance sheet.

Once the balance sheet reaches targeted debt levels, EFX will shift toward shareholder returns. We are now including a $0.50/sh dividend by the end of 2023 as a placeholder in our forecasts (up from $0.10/share and a 20% payout of 2024E discretionary cash flow).

Debt reduction plus increased direct shareholder returns have been common themes across the energy complex, and have benefited equity holders. We expect the same for Enerflex in 2023. In our view, this is creating a catalyst-rich environment for Enerflex’s equity. The first goal post will be to show meaningful free cash flow combined with payments on EFX’s credit facility. After reaching its debt targets, the next catalyst will be an increase in shareholder returns. This fact pattern should support the equity moving higher in 2023.

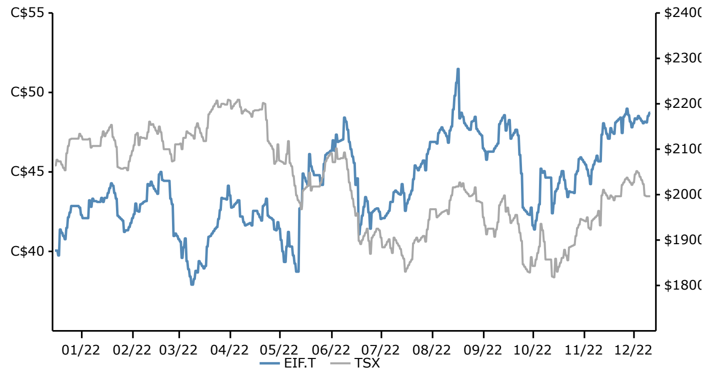
VALUATION

Enerflex is currently priced at 4.2x 2023E EBITDA and 3.2x 2024. Its closest US comparable companies – with businesses that are similar to 98% of EFX EBITDA generation - are priced at 7.7x. We acknowledge a structural discount in Canadian-domiciled OFS companies. Accordingly our target is based on 6.0x Energy Infrastructure and small contribution for Engineered Systems in a ‘value-by-parts’ framework, which works to $15.00.

EXCHANGE INCOME CORPORATION (EIF-TSX)

Steve Hansen, CFA, CPA, CMA

Rating	Strong Buy 1
Target Price	C$62.00
Suitability	A/INC



MARKET DATA

Current Price	C$48.55
Market Capitalization (mln)	C$2172
Current Net Debt (mln)	C$1616
Shares Outstanding (mln, f.d.)	44.7
Dividend / Yield	C$2.52/5.2%
52-Week Range	C$37.79 - C$51.56

KEY FINANCIAL METRICS	2021A	2022E	2023E
EPS C$ (C$, Dec FY)	C$2.23	C$2.96	C$3.96
P/E	21.8x	16.4x	12.3x

Exchange Income Corp. is an acquisition-orientated corporation focused on acquiring competitively advantaged businesses for the purpose of generating stable investor income across Aviation and Manufacturing platforms.

UNDERAPPRECIATED LONG-TERM COMPOUNDER POISED FOR ROBUST GROWTH IN 2023

We have selected Strong-Buy rated Exchange Income Corp. (EIF-TSX) as our *Best Pick* for 2023, a high-conviction call based upon: 1) our constructive view of the company's robust growth prospects; 2) the company's longstanding track record for rewarding shareholders; and, 3) attractive valuation and total return prospects. Additional highlights include:

- **Specialty Aviation: Rapidly Gaining Altitude on Strong Tailwinds**—We foresee multiple tailwinds benefiting EIF's Specialty Aviation & Aerospace platform (~70% of '23E EBITDA) through 2023, including: 1) Northern Airlines: a multi-year backlog of deferred medical visits across the Canadian north, ⇑ freight demand, ⇑ charter demand, and lucrative new contract opportunities; 2) Regional One: robust parts demand & gradual improvements in leasing demand (engines, airframes); 3) PAL: strong embedded growth associated with new long-term contract wins & strategic initiatives (i.e., Canada DFO, Netherlands Coast Guard, Force Multiplier); and, 4) Moncton Flight School: ⇑ demand associated with the acute shortage of qualified pilots.

- **Specialty Manufacturing: Laying the Path to Future Growth**—Dovetailing on a strong 2H22, we also foresee robust tailwinds benefitting EIC's Specialty Manufacturing segment (~30% of '23E EBITDA) including: 1) the recent acquisition of Northern Mat & Bridge—an underappreciated new platform that boasts a formidable competitive position, exemplary management team, and robust industry tailwinds, in our view; 2) Quest: gradual improvements in throughput as supply-chain pressures ease & the company looks to execute on its record backlog; and 3) Legacy Manufacturing: solid organic growth underpinned by WestTower's expanded product offering, increased defense sector activity & general supply chain abatement.

- **M&A Optionality with Solid Track Record**—We also see significant M&A optionality not captured in our current estimates. EIC has built an impressive track record at securing accretive tuck-in acquisitions over the past 15 years, including eight deals since early 2020. With its balance sheet in solid shape, we expect this pattern to continue.

- **Underappreciated LT Compounder, Reiterate SB1**—EIC is one of the true long-term 'compounders' within our coverage that consistently rewards shareholders through a combination of capital appreciation and dividend income (5.2% yield), accumulating a 15 yr. total return track record (~18.5% CAGR) that ranks in the top decile of all stocks in the S&P TSX Composite—all without any tangible multiple expansion.

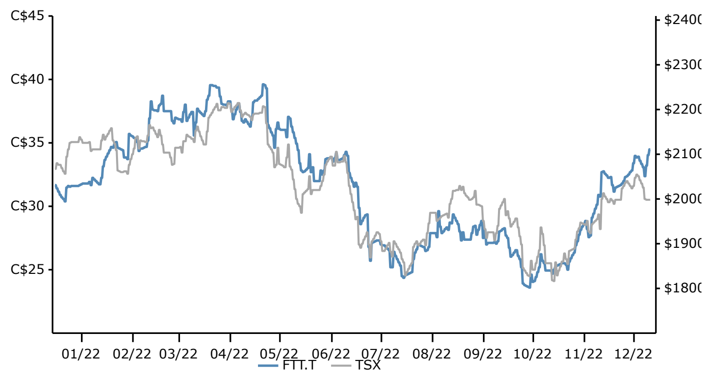
VALUATION

Our $62.00 target is based upon an 8.0x target multiple applied to our 2023 EBITDA estimate, near the upper-end of its 5-year historical range given the firm's outstanding growth prospects.

FINNING INTERNATIONAL (FTT-TSX)

Bryan Fast, CFA

Rating	Outperform 2
Target Price	C$39.00
Suitability	M/ACC



MARKET DATA

Current Price	C$34.13
Market Capitalization (mln)	C$4658
Current Net Debt (mln)	C$1909
Shares Outstanding (mln, f.d.)	154.0
Dividend / Yield	C$0.94/3.1%
52-Week Range	C$23.46 - C$40.20

KEY FINANCIAL METRICS	2021A	2022E	2023E
EPS (C$, Dec FY)	C$2.17	C$3.15	C$2.80
P/E	15.8x	10.8x	12.2x

Headquartered in Vancouver, BC, Finning has exclusive franchise rights to sell Caterpillar equipment, parts, and engines in western Canada, the U.K., Chile, Argentina, and Bolivia.

HITTING NEW HEIGHTS

Earnings capacity on full display, After years of heavy lifting, Finning showcased the earnings capacity of the platform in 2022. During the year, execution and end market tailwinds pushed trailing 12-month EPS beyond the $3/sh watermark, an impressive feat considering the prior cycle peak was sub-$2/sh. We have been vocal about the benefits of Finning's improved model, which coincides with favourable end market strength. With a leap forward in execution, and the increase in performance, we believe this has yet to be fully reflected in the value of shares. As investors take notice, we expect the share price to follow the lead of the company's earnings and push to new highs. For these reasons we have selected Finning as our Best Pick for 2023.

Key markets remain supportive. While it is difficult to envision such broad based strength across all of Finning's geographies as we saw in 2022, we expect the heavily weighted energy and copper markets to continue to outperform. In Western Canada, oil sands producer financials remain supportive, especially as uptime and elevated equipment utilization remains a clear focus. In South America, despite uncertainty around constitutional reform, mining giants are pushing ahead with long-term investment decisions. In fact, just a couple months ago, Finning and Caterpillar announced the replacement of one of the largest haul truck fleets in the world at BHP's Escondida copper mine in northern Chile. Deliveries are expected to begin next year.

Despite the recent run shares are still attractive. The stock is trading at 2.1x book value, which is below the 20-yr average of 2.3x. We believe these levels represent strong downside support, especially given the improvements in the platform. On a relative basis it is still trading at an 8x NTM PE discount to peer Toromont, which is an improvement from 12x earlier this year, but remains well above the historical average at ~3.6x. The spread is increasingly difficult to ignore as Finning continues to deliver operationally.

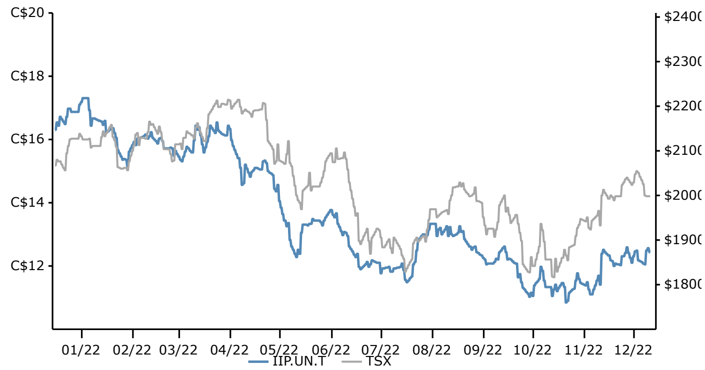
VALUATION

Our $39 price target is based on a multiple of 14x 2023E which compares to the 10-year average of 17x, which we think is an appropriate level as we potentially approach the later stages of the cycle.

INTERRENT REAL ESTATE INVESTMENT TRUST (IIP.UN-TSX)

Brad Sturges, CFA

Rating	Strong Buy 1
Target Price	C$15.75
Suitability	MA/INC



MARKET DATA

Current Price	C$12.62
Market Capitalization (mln)	C$1828
Current Net Debt (mln)	C$1640
Shares Outstanding (mln, f.d.)	144.8
Dividend / Yield	C$0.36/2.9%
52-Week Range	C$10.79 - C$17.32

KEY FINANCIAL METRICS	2021A	2022E	2023E
FFO/Unit (C$, Dec FY)	C$0.51	C$0.53	C$0.57
AFFO/Unit (C$, Dec FY)	C$0.42	C$0.44	C$0.48

InterRent REIT is an active value-add owner and operator of Canadian apartment properties, focusing primarily on larger population centers in Ontario and Quebec.

A VALUE-ADD APPROACH TO CANADIAN MULTIFAMILY RENTAL OPERATIONS COULD SUPPORT ACCELERATING 2023E SP-NOI GROWTH YOY AS LEASING CONDITIONS TIGHTEN IN CANADA'S LARGEST URBAN CENTERS

Montreal MFR Portfolio Experiencing Strong Occupancy Rate Recovery in 4Q22 After Lagging Other Regions Earlier in 2022 YTD: Notably, InterRent's Montreal apartment portfolio (~19% of NOI) offers the most occupancy recovery potential out of the REIT's major operating regions. On its most recent quarterly conference call, InterRent noted that broad MFR leasing demand in Montreal is strengthening in 4Q22, partly due to the return of international students to in-person learning. As a result, InterRent anticipates that its Montreal average occupancy rate could make a full recovery back to the 94% range or higher by late 2022 or early 2023 (vs. ~90% in 3Q22).

Sizable Gain-to-Lease Potential and Tight Canadian MFR Leasing Conditions Can Support Improving 2023E SP-AMR Growth YoY: While we believe that InterRent's annualized turnover rate could further decline, InterRent may generate improving near-term SP-AMR growth YoY, supported by its ~30% AMR gain-to-lease estimate upon suite turnover at September 30. Since the start of 2016, InterRent's historical average SP-AMR growth has been +5.6%. Further, InterRent's SP-AMR growth has accelerated to +6.1% in 3Q22, up +240 bps from a recent low of +3.7% in 2Q22.

NAV Discount Valuation Provides Compelling Entry Point: InterRent currently trades at an ~19% discount to its NAV estimate of $15.50, compared to a historical premium of +4% over the past 5 years. Further, InterRent trades at ~26x 2023E AFFO, which is ~5x turns lower than its 5-year historical average. While InterRent also trades at an ~8x P/AFFO premium to its Canadian MFR peers (historical avg: ~8x), we believe InterRent's premium valuation is warranted given its historical track record of delivering above-average SP-NOI, AFFO/unit and NAV/unit growth YoY.

Key Takeaways: InterRent is poised to benefit from an expected further tightening in Canadian MFR leasing conditions, partly driven by the Canadian Federal Government's (The Feds) increased foreign immigration targets, and a greater number of foreign students returning to Canada's urban cities. We believe the conclusion of The Feds' Canadian MFR sector review, combined with a limited operating and taxation impact for InterRent, could be a material near-term positive catalyst.

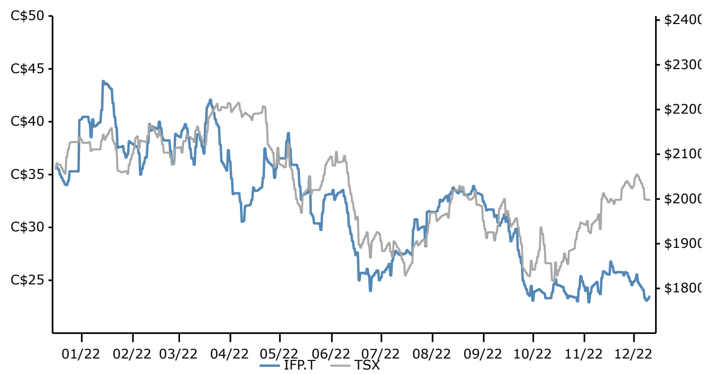
VALUATION

InterRent trades at 26.5x 2023E AFFO (Cdn MFR peers: ~19.5x), ~19% below our $15.50 NAV estimate (4.00% cap rate), and yields 2.9% (2023E AFFO payout ratio: ~76%). InterRent trades at an ~4.5% implied cap rate, or ~$271k per suite. Our $15.75 target price is based on ~33.0x of 2023E AFFO, above its Cdn MFR peers of ~25.0x due to its greater SP-NOI growth and M&A prospects.

INTERFOR CORPORATION (IFP-TSX)

Daryl Swetlishoff, CFA

Rating	Strong Buy 1
Target Price	C$46.00
Suitability	MA/ACC



MARKET DATA

Current Price	C$23.49
Market Capitalization (mln)	C$1207
Current Net Debt (mln)	C$575
Shares Outstanding (mln, f.d.)	51.4
Dividend / Yield	C$0.00/0.0%
52-Week Range	C$22.37 - C$44.56

KEY FINANCIAL METRICS	2021A	2022E	2023E
EPS (C$, Dec FY)	C$12.63	C$11.87	C$5.71
P/E	1.9x	2.0x	4.1x
Lumber (US$/mfbm) (C$, Dec FY)	C$871.00	C$800.00	C$475.00

Interfor Corp. is a Canadian lumber producer with operations in BC, the US and Eastern Canada. The company's total annual capacity of ~5.1 bln fbm is located in the BC Interior (15%), US Northwest (15%), US South (44%), and the Eastern/Atlantic Canada regions (26%).

ASTUTE CAPITAL DEPLOYMENT POSITIONS INTERFOR FOR SECTOR LEADING PERFORMANCE

A pure-play lumber producer with exposure to all North American producing regions Interfor is a top building materials pick. With a relentless focus on invested capital returns, Interfor has wisely deployed superlative free cash flow (FCF); more than doubling trend EBITDA over the past 5 years. Capital allocation has also been balanced between M&A/strategic upgrades and returning cash to shareholders in the form of aggressive share buybacks and a special dividend. While housing sentiment is decidedly negative, our estimates suggest material upside despite assuming break-even commodity pricing. Accordingly, we are adding Interfor to the 2023 *Analysts' Best Picks* list.

Aggressive M&A and Capex outlook backstops margin expansion – Over the past two years, IFP added 2.2 bln fbm of lumber capacity with 4 transactions – augmenting the company's geographic asset diversification while boosting trend EBITDA by an incremental ~$175 mln. With ~ $500 mln allocated to growth capex in the US South since 2017, we estimate this adding another ~$100 mln to trend EBITDA. Looking ahead, we expect further accretive acquisitions with potential for more reasonable price expectations in the future. While this implies further M&A lies ahead, we also highlight the company is in the midst of a US$450 mln US South capex program which we estimate to add an incremental ~$100 mln to steady state EBITDA.

Expect leverage to melt away – With ambitious and opportunistic growth, net debt levels are approaching the upper end of the targeted range. However, we note the company continues to boast ample financial flexibility with liquidity of $520 mln and no material maturities until 2024. In addition, following the sale of the Acorn specialty mill in Apr-22, Interfor has sold all of its BC Coast assets except for 1.67 mln m^3 of AAC. Assuming the tenures transact at $135/$m^3$ (in line with IFP's Great Bear rainforest deal), this implies a $200-225 mln valuation which when coupled with a seasonally strong 1Q23 earnings season backstops the company's ability to deleverage while supporting FCF allocation priorities. We highlight ~5 mln shares are available for repurchase under the current NCIB.

Capacity rationalization on tap – With BC producers ~US$150/mfbm underwater today, we estimate at least 40% of BC capacity is currently offline. While demand for forest products has seen significant challenges in the face of housing affordability and broader macro headwinds, recent industry production curtailment across Western Canadian operations along with high potential for further permanent BC production curtailments supports our conviction that we are at or near cycle bottom pricing. Light end user inventories bode well for the seasonal trade, and we highlight IFP shares gained 56% from Oct-21 to Jan-22 (vs. the TSX +2%). Despite assuming an outlook consistent with a housing and economic recession, the company boasts a modest valuation, trading at just ~3.2x 2023 EV/EBITDA and 0.6x P/ BV with our $46/sh target providing ~90% upside as of this writing.

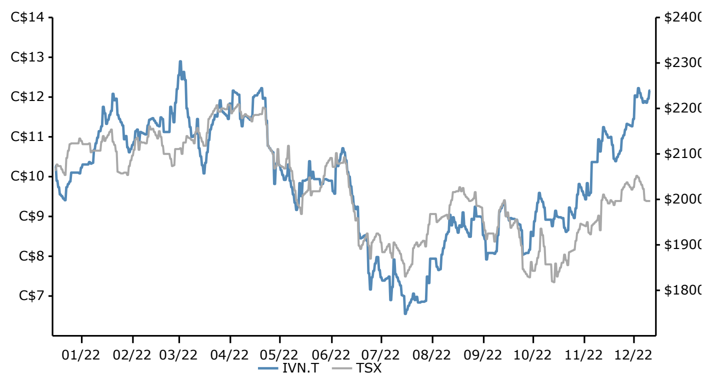
VALUATION

Our $46/sh target assumes US$475/mfbm 2023E SPF and US$500/mfbm SYP lumber pricing and is based on a 5.25x 2023E EV/EBITDA multiple, in line with the building materials average.

IVANHOE MINES LTD. (IVN-TSX)

Farooq Hamed, CA

Rating	Outperform 2
Target Price	C$13.00
Suitability	MA/ACC



MARKET DATA

Current Price	C$11.95
Market Capitalization (mln)	C$14503
Current Net Debt (mln)	$276
Shares Outstanding (mln, f.d.)	1214.0
Dividend / Yield	C$0.00/0.0%
52-Week Range	C$6.41 - C$13.15

KEY FINANCIAL METRICS	2021A	2022E	2023E
EPS ($, Dec FY)	$0.09	$0.37	$0.38
P/E	NM	32.0x	31.1x

Ivanhoe Mines Ltd. is expanding production at its world-class Kamoa-Kakula copper complex in the DRC and has high-quality development assets in South Africa (Platreef) and the DRC (Kipushi).

GROWING COPPER PRODUCTION; TRANSFORMING INTO MULTI ASSET PRODUCER

Over the next two years, IVN is set to transform into a multi-asset, base metal producer with continued operations at the high-grade Kamoa-Kakula copper complex and the development of the Platreef PGM mine and Kipushi zinc mine. In 2023, we expect IVN to continue to grow copper production with the Kamoa-Kakula complex expected to produce well over 400kt copper up from ~340kt copper expected in 2022.

IVN successfully ramped up its Kamoa-Kakula copper complex to an annualized production run rate of 400kt in 2H22 by doubling production capacity earlier in the year. We expect 2023 to be another growth year for IVN as it is expected to de-bottleneck the Kamoa-Kakula plants to a combined capacity of 9.2mtpa in 2Q23. As a result of the successful ramp up to date and the further optimizations expected in 2023, we expect Kamoa-Kakula to produce well over 400kt of copper in 2023, a significant increase from our expectation of ~340kt in 2022. Beyond the growth in 2023, IVN is expected to provide an updated technical report on the Kamoa-Kakula complex in early 2023 highlighting the next growth phase which is expected to grow production to a rate of ~600ktpa by the end of 2024.

In addition to its interest in the Kamoa-Kakula complex, IVN has majority stakes in two advanced development stage products, Platreef and Kipushi, and is exploring the Western Foreland basin.

At Platreef, the company is progressing on Phase 1 UG development and the construction of the concentrator plant. The majority of funding is in place ($450 mln of ~$488 mln capex estimate) and production is expected in 3Q24. Platreef Phase 1 is an initial 700 ktpd UG operation that is expected to produce over 110kozpa of PGM and gold with Phase 2 potential to ramp up to a 5.2 mtpa operation producing ~600koz of PGM and gold by closer to the end of the decade.

At Kipushi, IVN has initiated early construction works and expects to finalize its financing agreement soon at which point the company will release updated capex and construction timeline estimates. Preliminary expectations are for ~18 months construction timeline, development capex of ~ $382 mln, and initial production in 2H24. Over a 14-year mine life, the project is expected to contribute ~240 ktpa Zn at $0.65/lb Zn C1 cash costs.

We acknowledge a key risk being that the company will be balancing three major development projects at the same time, however, we note project financing is largely complete for each project with dedicated development teams in place and construction activities ongoing.

In addition to the operating mine and two development projects, IVN is exploring the Western Foreland Project which consists of a combined area of ~2,407 square kilometers. Exploration activities include drilling at the Makoko West area, the Mushiji prospect and the Makoko Sud target area, as well as mapping and regional stratigraphic drilling to better understand the structural definition around the edge of the basin.

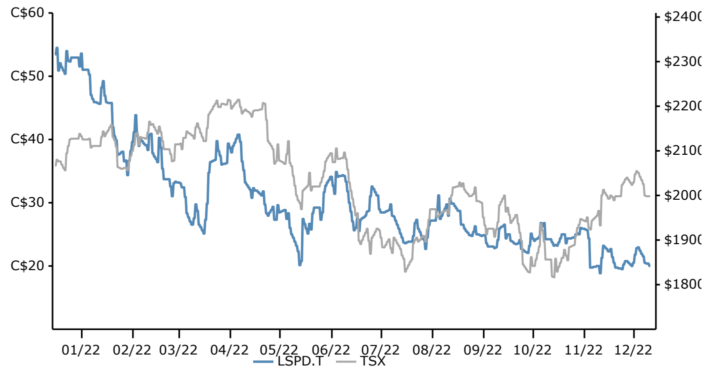
VALUATION

Our valuation is based on a blended weighting of i) a 1.0x multiple to our NAVPS estimate and ii) 6x EV/EBITDA to our NTM EBITDA. Our multiples are in-line with our base metal producer peer group. See Appendix for more details.

LIGHTSPEED COMMERCE INC. (LSPD-TSX)

Steven Li, CFA

Rating	Outperform 2
Target Price	C$43.00
Suitability	MA/ACC



MARKET DATA

Current Price	C$20.68
Market Capitalization (mln)	$2697
Current Net Debt (mln)	(C$1159)
Shares Outstanding (mln, f.d.)	149.7
Dividend / Yield	C$0.00/0.0%
52-Week Range	C$18.84 - C$62.40

KEY FINANCIAL METRICS	2022A	2023E	2024E
EPS ($, Mar FY)	($2.04)	($2.23)	($1.47)
P/E	NM	NM	NM

Lightspeed is a leading point-of-sale software vendor. It provides an easy-to-use, omni-channel, scalable cloud point-of-sale platform for small- and medium-sized businesses in the retail and restaurant verticals.

OPPORTUNITY EVERYWHERE

Potential for Upward Revisions. As inflation softens in 2023, market focus will likely turn to company earnings/ forecasts; specifically, how much do they come down in a slowing economy? For this reason, when selecting our *Best Pick,* we identified companies that could actually have higher estimate revisions over the next 12 months. LSPD certainly faces external factors outside its control that could limit upside revisions (FX, potential recession impact on GTV). However, on balance, with Payments monetization inflecting in recent quarters, Capital starting to contribute and Software ARPU looking up, we see LSPD as one of the better positioned names in terms of potential for positive estimate revisions.

Focus on Right Merchant Base. Over the last 12 months, LSPD has refocused its S&M efforts on acquiring merchants that carry higher GTV. Higher GTV merchants are less likely to churn and generate much higher and more sustainable revenue for LSPD. A byproduct of the refocused LSPD, however, has been higher churn with the lower GTV merchants which has made quarterly net additions appear lackluster. At its recent Analyst Day, LSPD disclosed that 84% of its total churn was actually in <$200k merchants, which only represented 5% of total GTV. We believe the market has overreacted to the slower net merchant additions. While smaller merchants still contribute to software ARPU and over time can grow into higher tier GTV (therefore not to be dismissed), generally speaking having a higher mix of merchants in the higher GTV tiers is materially positive (less churn, higher ARPU/quality revenue and lower customer acquisition costs) — all of which creates operating leverage for LSPD.

Payments Runway. LSPD payment monetization at 17% vs. 50%+ for SHOP and 100% for TOST. LSPD believes it can reach 50+% monetization in the medium term. LSPD has lagged peers as its payment roll-out has been more staggered (catering to different geographic regions around the world) but is now ready to ramp monetization with payments launched everywhere. Payments is quite lucrative, as most of the Payments' gross profit drops to the A-EBITDA line.

Lightspeed Capital — New & Growing. Currently, capital advanced is 0.04% of GTV vs. peers in the 1-2% range. Management commentary suggests a good medium-term target would be to get halfway to peers. At current GTV (~$86 bln), this would imply an additional ~$60 mln revenues and almost as much incremental A-EBITDA (given ~90% gross margin).

$2 bln rev/20% A-EBITDA Margin Medium-Term Target. Based on growth matrix provided (subscription growth 10-15% and GPV growth 40-50%), it is possible they get to $2 bln in revenues in the F2026-F2027 timeframe. We don't think the market realizes how lucrative Payment is, but 20% A-EBITDA margin would be eye-catching. The first step is to get to positive A-EBITDA. Management reiterated their confidence they will be A-EBITDA break-even or better next year in F2024 (C2023) at its Analyst Day, and it looked credible given Payments and Capital trajectories.

C$8/share in net cash. At the end of 2Q, LSPD had net cash of $862.6 mln (C$1.2 bln or C$8/share).

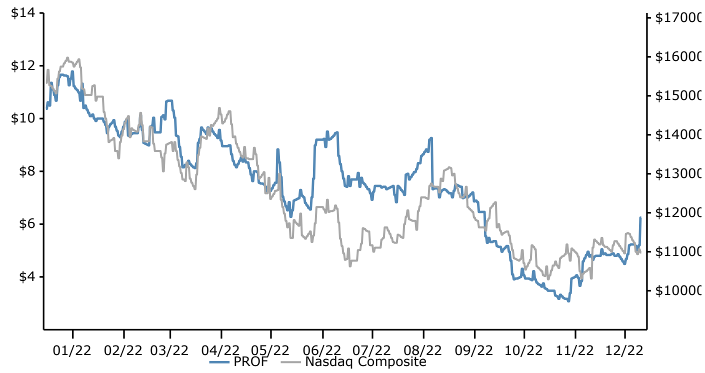
VALUATION

Our target is based on 4x (unchanged) C2023E Rev. at a discount to SHOP at 5.7x based on smaller scale.

PROFOUND MEDICAL CORP. (PROF-NASDAQ)

Rahul Sarugaser, PhD, MASc

Rating	Strong Buy 1
Target Price	$15.00
Suitability	MA/ACC



MARKET DATA

Current Price	$5.27
Market Capitalization (mln)	$82
Current Net Debt (mln)	($62)
Shares Outstanding (mln, f.d.)	20.9
Dividend / Yield	$0.00/0.0%
52-Week Range	$3.10 - $12.07

KEY FINANCIAL METRICS	2021A	2022E	2023E
Revenue (mln) ($, Dec FY)	$7	$8	$11
EV/Revenue (Dec FY)	$4.79	$4.37	$3.12

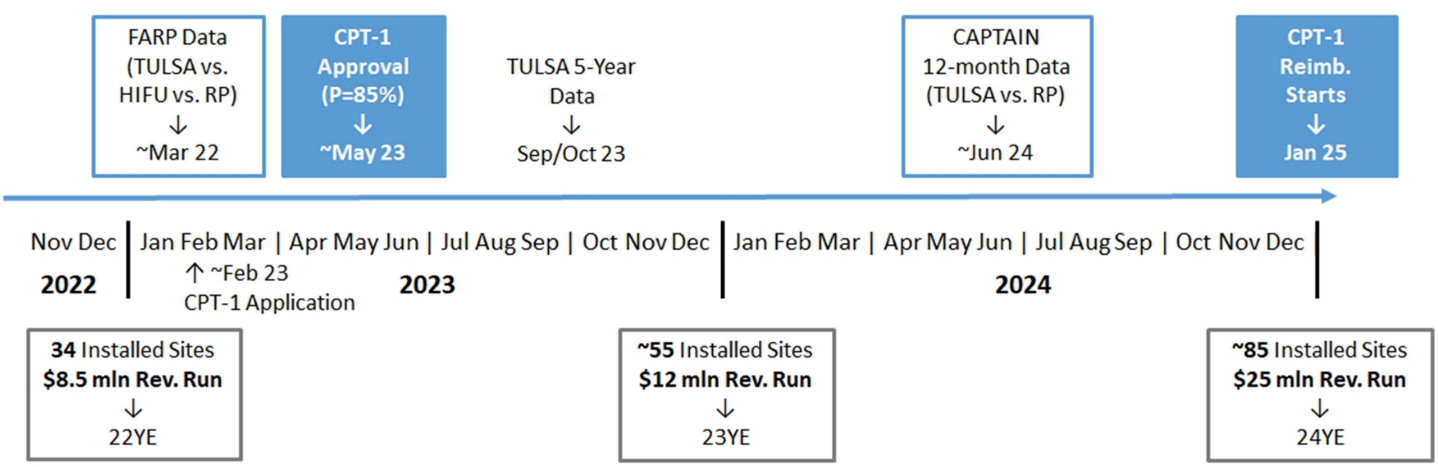
Profound Medical (PROF-Nasdaq) is commercializing a novel incision-free, image-guided therapeutic technology, the TULSA-PRO, which combines real-time magnetic resonance imaging with transurethral, robotically-driven therapeutic ultrasound and closed-loop thermal feedback control. The system is designed to provide precise ablation of pathologic prostate tissue while simultaneously protecting critical surrounding anatomy. TULSA-PRO was given 510(k) marketing authorization by the FDA in 2019, and PROF is rapidly ramping up its marketing efforts in the United States.

2023: CPT-1 FULL REIMBURSEMENT + ~2X INSTALLED BASE + STRONG CLINICAL DATA

Driving our 2023 thesis are three catalysts:

1. **~May 2023: Full CPT-1 reimbursement approval**;
2. **Mar. 2023: Data vs. surgery** presented at the European Association of Urology meeting; **Sep./Oct. 2023. 5-year pivotal trial data**;
3. **YE2023: ~50% growth in annualized Rev. based on installed base of devices growing to ~55** (currently 30).

Estimated Catalysts: 2023-2024



Source: Profound Medical, Inc., Raymond James Ltd.

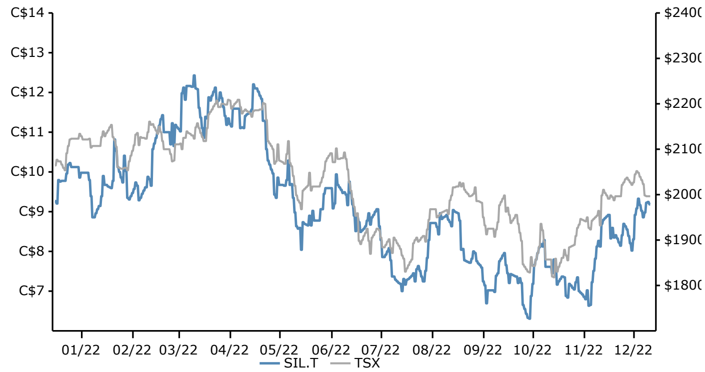
VALUATION

We value PROF using a 12.0x multiple of 2023 EV/Rev, validated against a DCF through 2027 (10% discount, 2% terminal rates).

SILVERCREST METALS INC. (SIL-TSX)

Craig Stanley, M.Sc. Geo

Rating	Outperform 2
Target Price	C$10.50
Suitability	A/ACC



MARKET DATA	
Current Price	C$9.26
Market Capitalization (mln)	C$1357
Current Net Debt (mln)	($1)
Shares Outstanding (mln, f.d.)	146.5
Dividend / Yield	C$0.00/0.0%
52-Week Range	C$6.30 - C$12.99

KEY FINANCIAL METRICS	2021A	2022E	2023E
EPS (C$, Dec FY)	(C$0.16)	C$0.19	C$0.29
P/E	NM	48.0x	32.1x

SilverCrest Metals owns and operates the Las Chispas silver + gold project in Sonora, Mexico.

VIVA LAS CHISPAS

SilverCrest declared commercial production at its Las Chispas Mine in Sonora, Mexico effective November 1, 2022.

Recall construction of the processing plant was initiated in February 2021 and completed on time and on budget in May 2022.

We have been conservative in our modeling: the 2021 feasibility study had 2023 production of 12 mln Ag eq oz (Au:Ag 75:1) whereas we estimate just over 7 mln oz.

As at the end of November, SilverCrest had cash of US$50 mln, debt of US$50 mln, plus an undrawn US$70 mln revolver.

An updated tech report is scheduled for 2Q23. The report will incorporate updated resources and reserves, metallurgical results, reconciliation (mine, stockpile and plant), mine plan, and costs. The resource update will convert a portion of inferred resources (1.24 mln t at 1,071 Ag eq g/t for 27.6 k oz) to the indicated category. The Babi Vista Splay Vein is currently classified as just an inferred resource, yet it has the second highest grade and fourth highest ounces with 12.8 mln Ag eq oz at 1,884 Ag eq g/t (1.3 m width). We note the length-weighted average of 41 infill holes drilled in 2021 is 1 m of 2,497 Ag eq g/t.

The 2021 feasibility study is a snapshot, considering SilverCrest went from discovery to feasibility in just five years with the aim of getting to cash flow in the shortest amount of time. Recall over 45 veins have been identified at Las Chispas but only 21 had sufficient drilling to support a resource (129 mln oz at 1,101 Ag eq g/t) and only 15 made it into reserves (89 mln oz at 822 Ag eq g/t) and the mine plan (of which six contain the majority).

The feasibility study notes the opportunity to expand the plant to 1,750 tpd. This would include the addition of a ball mill, pebble crusher and additional flotation capacity, with the CCD circuit already sized for additional capacity. Two tailings facilities with capacity of 4.5 mln t have been designed, though based on the current mine plan only the East facility (3.5 mln t) will be constructed. We do not incorporate this potential into our model.

Exploration results are expected from El Picacho, located 40 km (85 km by road) northeast of Las Chispas. We currently do not include El Picacho in our valuation, though it could eventually represent a satellite deposit.

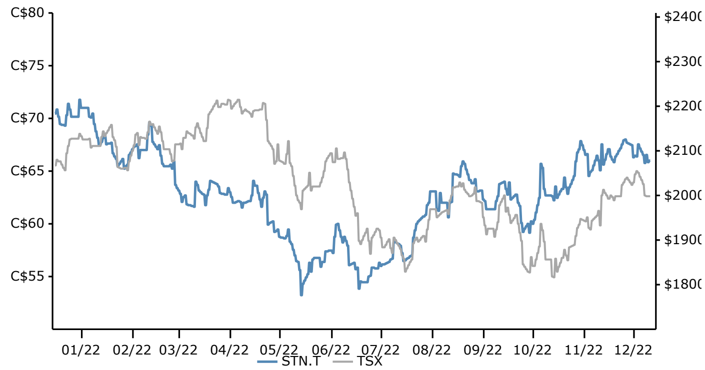
VALUATION

Our target price is based on a 50/50 weighting of 1.8x our NAVPS calculated at Raymond James Ltd.'s metal price forecasts and 10x our two-year forward-looking CFPS estimate, a premium to multiples of precious metal producers under coverage given SilverCrest's extremely high grades and high exposure to silver. See Appendix for more details.

STANTEC INC. (STN-TSX)

Frederic Bastien, CFA

Rating	Strong Buy 1
Target Price	C$80.00
Suitability	M/INC



MARKET DATA	
Current Price	C$65.94
Market Capitalization (mln)	C$7313
Current Net Debt (mln)	C$1810
Shares Outstanding (mln, f.d.)	110.9
Dividend / Yield	C$0.72/1.1%
52-Week Range	C$53.12 - C$72.28

KEY FINANCIAL METRICS	2021A	2022E	2023E
EPS (C$, Dec FY)	C$2.42	C$3.00	C$3.40
P/E	27.3x	22.0x	19.4x

Stantec is a global leader in sustainable engineering, architecture, and environmental consulting. Its vision is to remain a top tier global design firm that maximizes long-term, sustainable value.

MOVING UP THE STN-DINGS

Stantec recently came off a quarter of double-digit organic growth. As impressive as this performance was, revenue actually lagged backlog in growth. Organically and on a constant currency basis, the order book is up a remarkable 15% year-to-date. We believe this not only reflects the ongoing strong execution of STN's strategic plan, but also demonstrates the resiliency of the business model amid broader economic headwinds. Reflecting our belief Stantec has sufficiently raised its game to earn a spot in the premier engineering league, we are selecting the stock as one of Raymond James Ltd.'s Best Picks for 2023.

Setting the tone from the top. STN committed to ESG principles long before the acronym became fashionable with investors. For proof consider that 53% of the firm's revenue currently aligns with the United Nations Sustainable Development Goals (SDGs). This explains why the organization consistently tops the sustainability ratings of independent third-party firms. Stantec has also led the charge on corporate responsibility, becoming the first company globally to tie its sustainability-linked loan to its Bloomberg Gender Equality Score, and the first in Canada to direct the proceeds back into the communities it serves.

Growth galore. Underpinning our mid-single-digit internal growth rate expectation for 2023 (and beyond) is a perfect storm of trends unlike anything we have seen in our 15-plus years covering the E&C sector. These include extreme weather, social equality, water reliability, energy transition, and reshoring. STN is notably helping clients harden their assets against increasingly frequent and severe events, working on every advanced water treatment project underway in California, and actively involved in domestic manufacturing capability for essential products (like vaccines, radioactive isotopes, solar panels, electric vehicle batteries, and semiconductors). The design and engineering consultancy is also making inroads in cybersecurity, which positions it well for increased federal funding stemming from the Infrastructure Investment and Jobs Act.

Stantec's backlog is healthy and diversified. It sits at all-time high of $6.2 bln, reflecting growth across end-markets. We like that STN is an undisputed leader in water, with a disproportionately large share of the water utilities' AMP budgets in the UK. That said, we are just as pleased with the level of diversification the organization has attained in recent years, and confident no sector can veer it off course. Geographically, the Cardno and Barton Willmore acquisitions have helped Stantec scale in the US, the UK, and Australia, three countries with infrastructure-friendly agendas. These deals are part of a flurry of M&A activity in the engineering space of late, a trend we expect to continue given our constructive outlook for the sector.

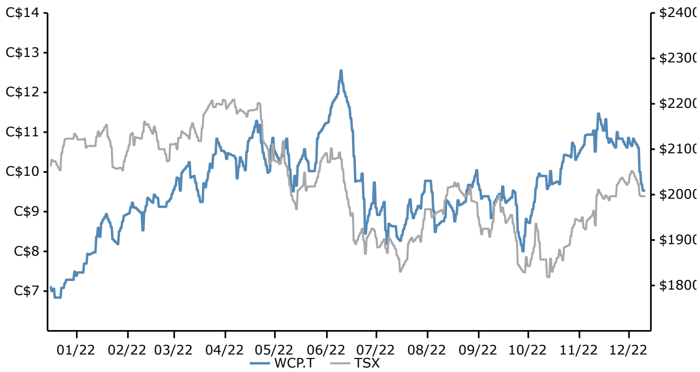
VALUATION

Our target price of $80 is predicated on an EV/EBITDA multiple of 13x our 2023 forecasts. Our approach is reasonable considering the average global engineering and design consultancy trades at roughly 15x current year estimates. It also leaves room for STN's valuation to improve as the firm delivers on its growth priorities and investors reward its impressive ESG attributes.

WHITECAP RESOURCES INC. (WCP-TSX)

Jeremy McCrea, CFA

Rating	Strong Buy 1
Target Price	C$16.00
Suitability	A/INC



MARKET DATA	
Current Price	C$9.55
Market Capitalization (mln)	C$5831
Current Net Debt (mln)	C$1849
Shares Outstanding (mln, f.d.)	618.6
Dividend / Yield	C$0.44/4.6%
52-Week Range	C$6.50 - C$12.71

KEY FINANCIAL METRICS	2021A	2022E	2023E
CFPS (C$, Dec FY)	C$1.83	C$3.77	C$3.66
Debt/EBITDA (Dec FY)	C$0.80	C$0.27	

Whitecap Resources Inc. is a Calgary-based oil and natural gas producer with a production base focused in West Central and Deep Basin Alberta, Saskatchewan, and NEBC.

AN UNDERAPPRECIATED MONTNEY NAME, EXPANDING SHAREHOLDER RETURNS, DISCIPLINED GROWTH AND ESG TAILWINDS

One of the most important attributes for E&P companies is the ability to recognize, pivot, and improve the inventory/land base when needed, for example as we've seen recently with the Canadian E&P landscape shifting from a growth-focused basin to a lower-cost basin. We can't think of another company that has better upgraded its inventory over the last several years than Whitecap, by moving away from the Cardium/Viking and into the Montney/Charlie Lake (and a number of other highly productive plays). This 'rate of change' is typically when a multiple expansion occurs and why we believe this should be the case for WCP. Whitecap's sizable Montney acquisition this year and its stronger-than-expected Montney well results firmly position WCP to be a dominant Montney player. On the contrary, it seems that investors are currently assigning no value to its undrilled inventory as compared to what is being assigned to other Montney operators, hence, we believe the real 'undrilled land value' should start to be reflected in WCP's valuation soon. We reckon that there is a catch-up trade via a multiple expansion that would fairly reflect WCP's growing Montney land position.

Additionally, WCP showcased its focus on strengthening its balance sheet through effective deleveraging to a target Debt/EBITDA ratio <1.0x. Given the enhanced financial position, and supported by growing FCF, the Company increased its base dividends to now yield one of the higher returns among peers at 4.6%.

We believe that WCP presents investors with a compelling near-term investment outlook coupled with attractive long-term prospects. In the near-term, guidance for 2023 points to production per share growth of 21% coupled with a bump in the annual dividend from the $0.44/sh currently to $0.73/sh (and 75% of FCF returned to shareholders). Additionally, WCP investors are getting an underappreciated ESG story that is quietly building momentum as the company is on its way to becoming a material participant in the Saskatchewan carbon sequestration economy. Overall, we believe that neither this ESG optionality nor the quality of the base business/inventory is being reflected in the share price today. With a shift in spending to higher profitability plays, a stronger balance sheet and excess discretionary FFO, we believe the company's multiple is poised to expand more than others – especially if WCP continues its consolidation efforts throughout the basin. As investors look to add energy to their portfolios, we believe WCP is an oil-weighted E&P that has many attractive attributes for investors.

VALUATION

Our standard method follows a blended approach. 50% is based on a sum-of-the-parts build up (PDP reserve value + risked upside) which is based on an expected pace of drilling and locations identified to which we arrive at a NAV of $16.35/sh. In addition, we also use an implied EV/EBITDA approach, taking in context historical and relative valuations, and what we suspect investors require on a sustainable Debt-Adjusted FCF yield metric. See Appendix for more details.

Appendix

Cenovus Energy Inc. –Net Asset Value at RJL Price Forecasts

Asset	Unrisked Value ($ mln)	Unrisked Value ($/share)	Risking (%)	Risked Value ($ mln)	Risked Value ($/share)
Foster Creek - Current	$12,792	$6.77	100%	$12,792	$6.77
Christina Lake - Current	$17,823	$9.43	100%	$17,823	$9.43
Sunrise	$5,304	$2.81	100%	$5,304	$2.81
Lloyd Thermal	$5,394	$2.85	100%	$5,394	$2.85
Conventional	$3,250	$1.72	100%	$3,250	$1.72
Offshore	$4,254	$2.25	100%	$4,254	$2.25
Base Upstream	**$48,817**	**$25.83**		**$48,817**	**$25.83**
Refining	$11,859	$6.28	100%	$11,859	$6.28
Total Base Asset Value	**$60,676**	**$32.11**		**$60,676**	**$32.11**
Corporate G&A	-$4,094	-$2.17		-$4,094	-$2.17
Net Debt (includes AROs)	-$10,151	-$5.37		-$10,151	-$5.37
Base NAV	**$46,431**	**$24.57**		**$46,431**	**$24.57**
Oil Sands Expansions	$8,925	$4.72	75%	$6,694	$3.54
Undeveloped Conventional	$2,994	$1.58	75%	$2,246	$1.19
Undeveloped Offshore	$2,501	$1.32	40%	$1,000	$0.53
Total Upside Asset Value	**$14,420**	**$7.63**		**$9,940**	**$5.26**
Upside NAV	**$60,851**	**$32.20**		**$56,371**	**$29.83**

Source: Cenovus Energy Inc., Raymond James Ltd.

Champion Iron Limited –Net Asset Value at RJL Price Forecasts

Valuation	C$mln	C$/Share	% NAV
Bloom Lake	$3,787	$7.05	100%
Mining Asset NAV	**$3,787**	**$7.05**	**100%**
Exploration Credit	$175	$0.33	
Working Capital	$427	$0.79	
Long Term Debt	-$444	-$0.83	
Other	-$65	-$0.12	
Total NAV	**$3,879**	**$7.22**	

Valuation Measures	Weight	Target
Price / NAVPS (x)*	50%	1.0x
EV / NTM EBITDA (x)	50%	5.5x
		$7.39
Target Price:		**$7.50**

**Target NAVPS multiple is applied to the mining assets, with net cash included at par*

Source: Champion Iron Limited, Raymond James Ltd.

Ivanhoe Mines Ltd. –Net Asset Value at RJL Price Forecasts

Valuation		US$ mln	$/share	% of minesite NAV
Platreef	5%	$3,406	$2.81	27%
Kakula-Kamoa	8%	$7,116	$5.86	57%
Kipushi	8%	$549	$0.45	4%
Development Total		$1,500	$1.24	12%
Minesite NAV		**$12,571**	**$10.36**	**100%**
Investments		$0	$0.00	
Corporate		$125	$0.10	
Cash		$663	$0.55	
Total Debt		-$940	-$0.77	
Net Asset Value		**$12,420**	**$10.23**	
Valuation Measures	**Weight**	**Target**		
Price / NAVPS*	90%	$1.00		
EV/EBITDA	10%	$6.00		
Target Price C$:		**$13.00**		

**Target multiple is applied to the mining assets, with net cash included at par*

Source: Ivanhoe Mines Ltd., Raymond James Ltd.

SilverCrest Metals Inc. –Net Asset Value at RJL Price Forecasts

	Discount	($Mln)	(/Share)	(% of NAV)
Precious Metals Assets				
Las Chispas (100.0%), Mexico	5%	$675.4	$4.50	99%
Total Precious Metals Assets		**$675.4**	**$4.50**	**99%**
Balance Sheet & Expenses				
Basic Working Capital		$124.1	$0.83	18%
Value of ITM Instruments		$14.1	$0.09	2%
Estimated Working Capital Additions		$0.0	$0.00	0%
Long-term Debt		($82.7)	($0.55)	-12%
Estimated Debt Additions		$0.0	$0.00	0%
General & Administrative Expense	5%	($47.6)	($0.32)	-7%
Exploration Expense	5%	$0.0	$0.00	0%
Net Financial Assets		**$7.9**	**$0.05**	**1%**
Net Asset Value (US$)		**$683.31**	**$4.55**	
Share Price (C$)			**$9.26**	
NAV Multiple (P/NAV)			**$1.51**	

Source: SilverCrest Metals, Inc., Raymond James Ltd.

Whitecap Resources Inc. –Sum of the Parts NAV Build-Up

Asset	Unrisked Value ($ mln)	Unrisked Value ($/share)	Risking (%)	Risked Value ($ mln)	Risked Value ($/share)
PDP Reserves	$6,960	$11.25	100%	$6,960	$11.25
Acquisitions	$993	$1.61	100%	$993	$1.60
Total Base Asset Value	$7,953	$12.86		$7,953	$12.86
Net Debt (3Q22)	($2,227)	($3.60)		($2,227)	($3.60)
Hedging (3Q22)	($80)	($0.13)		($80)	($0.13)
YTD Well Development	$530	$0.86		$530	$0.85
Base NAV	**$6,176**	**$10.00**		**$6,176**	**$10.00**
Core Inventory:					
Viking	$556	$0.90	35%	$194	$0.30
Cardium	$377	$0.60	35%	$132	$0.20
DeepBasin	$1,827	$2.95	35%	$639	$1.05
SK_Conv	$2,907	$4.70	35%	$1,018	$1.65
Shaunavon	$144	$0.25	35%	$50	$0.10
Montney	$10,523	$17.00	25%	$2,631	$4.25
Duvernay	$488	$0.80	25%	$122	$0.20
Total	**$16,333**	**$26.40**		**$4,786**	**$7.75**
Upside NAV	**$22,509**	**$36.40**		**$10,962**	**$17.70**
G&A	($1,603)	($2.60)		($841)	($1.35)
NAV	**$20,906**	**$33.80**		**$10,121**	**$16.35**

Source: Whitecap Resources Inc., Raymond James Ltd.

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Total Number of Companies	939	100%	259	100%	117		47	

** Columns may not add to 100% due to rounding.*

** Total does not include companies with a suspended rating.*

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