



August 5, 2026

Global Energy Best Ideas List

Our view: In July, the RBC Global Energy Best Ideas List was up 8.9% sequentially compared to the iShares S&P Global Energy Sector ETF (IXC), which was up 13.4% and a hybrid benchmark (75% IXC, 25% JXI – iShares Global Utilities ETF) that was up 9.7% on a sequential basis. This month, we are adding BP p.l.c (LSE: BP) to the RBC Global Energy Best Ideas List.

Total Return Comparison	July	YTD	Inception
iShares S&P Global Energy (IXC)	13.4%	34.6%	80.8%
Hybrid Benchmark (75% IXC, 25% JXI)	9.7%	27.9%	100.4%
RBC Global Energy Best Ideas	8.9%	36.8%	314.5%

July List Changes:

Additions: BP-GB
Removals: None

RBC GLOBAL ENERGY BEST IDEAS LIST								
	Ticker	Rating ¹	Analyst	Mkt Cap (mn)	Date Added	Add Price	Current Price	Price Target
Integrated Energy								
Suncor Energy	SU-CA	OP	Pardy	C\$107,200	3/1/23	C\$45.86	C\$90.79	C\$100.00
BP p.l.c	BP-GB	OP	Borkhataria	GBp 82,447	4/8/26	GBp 525.00	GBp 525.00	GBp 700.00
Exploration & Production								
California Resources	CRC-US	OP	Hanold	\$4,660	9/2/24	\$52.47	\$52.48	\$87.00
Chord Energy Corporation	CHRD-US	OP	Hanold	\$7,707	5/1/24	\$176.98	\$136.89	\$180.00
ConocoPhillips	COP-US	OP	Hanold	\$143,686	5/1/24	\$125.62	\$117.94	\$152.00
Permian Resources	PR-US	OP	Hanold	\$17,164	12/3/25	\$14.74	\$20.50	\$27.00
PrairieSky Royalty	PSK-CA	OP	Harvey	C\$7,924	12/5/24	C\$29.56	C\$34.09	C\$38.00
Canadian Natural Resources	CNQ-CA	OP	Pardy	C\$135,080	4/1/22	C\$38.71	C\$64.93	C\$79.00
Ovintiv Inc.	OVV-US	OP	Pardy	\$16,737	5/1/26	\$38.79	\$60.75	\$85.00
Woodside Energy	WDS-AU	OP	Ramsay	A\$62,641	7/3/24	A\$28.21	A\$32.95	A\$34.50
Oilfield Services								
Enerflex Ltd.	EFXT-US	OP	Mackey	\$2,721	2/1/24	\$5.16	\$22.25	\$33.00
Midstream								
AltaGas Ltd.	ALA-CA	OP	Choy	C\$17,341	8/1/23	C\$26.03	C\$55.58	C\$59.00
Pembina Pipeline Corporation	PPL-CA	OP	Choy	C\$39,569	9/1/22	C\$46.38	C\$68.04	C\$77.00
Cheniere Energy, Inc.	LNG-US	OP	Scotto	\$53,916	6/2/25	\$236.99	\$257.29	\$300.00
Williams Companies, Inc.	WMB-US	OP	Scotto	\$87,469	11/3/25	\$57.87	\$71.51	\$83.00
Utilities, Refiners, Infrastructure & Renewables								
EDP Renováveis, S.A.	EDPR-LIS	OP	Garcia	€14,264	7/2/25	€ 9.48	€13.46	€16.50
Northland Power	NPI-CA	OP	Ng	C\$5,675	12/7/23	C\$22.82	C\$21.70	C\$27.00

Current price as of market close, August 4, 2026 ET.

1-OP = Outperform.

Performance returns do not take into account relevant costs, including commissions and interest charges or other applicable expenses that may be associated with transactions in this Equity Best Ideas list. Past performance is not, and should not be viewed as, an indicator of future performance.

Source: RBC Capital Markets estimates, FactSet

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This Month's Additions and Removals from the Global Energy Best Ideas List

Exhibit 1 - This Month's Additions

BP p.l.c. (BP / LN)

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Rating: Outperform

Price target: GBP 700

- **De-leveraging continuing at pace.** BP was the most levered major prior to the Iran/US conflict (net debt/CFFO of 2.2x at YE2025) and is now on track to reach its \$14–18bn net debt target by end-3Q26 on our estimates, well ahead of its initial end-2027 goal. Gearing (ex. leases) is expected to fall to ~10% by YE2026 from 23% at YE2025, effectively removing the primary concern in the investment case, in our view.
- **Leverage to a tight refining market.** With ~45% of Russian capacity offline, ongoing Middle East outages, and product inventories well below seasonal levels, refining remains the tightest part of the energy complex. BP's 1.3mbd of global refining capacity positions it well to capture upside in a tight market, and we expect margins to climb to \$27/bbl on average in 2026 vs. \$13/bbl in 2025.
- **New management points to a renewed, and disciplined, strategy.** At 2Q26 results the new CEO outlined five specific priorities to get BP 'fit to grow'. We should see some of these new priorities, including 'simplifying the portfolio' and 'investing with greater discipline', play out in the near-term (divestments of UK North Sea position and Archaea). A more refined plan on medium term growth targets, potentially in early 2027, should provide more clarity on long-term shareholder value creation.
- BP screens attractively vs. peers on current forward pricing, trading at 3.5x 2026E EV/DACF vs. 4.4x for European peers, and offering a 13%/10% FCF yield in 2026-27E vs. 12%/9% for peers.

Exhibit 2 - This Month's Removals

- There are no removals this month from the RBC Global Energy Best Ideas List.



Investment Highlights

Below, we provide a summary of our analysts' views on each *Best Idea*.

AltaGas Ltd. (ALA)

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Rating: Outperform

Price target: CAD 59.00

- **Stronger price valuation should emerge as AltaGas progresses through its derisking initiatives...** These initiatives reflect: (1) a focus by the company to strengthen the base cash flows (i.e., increased contracting); (2) its pursuit of contracted and/or regulated growth on an equity self-financed basis; and (3) a plan to reduce leverage to at or below its 4.5-5.0x debt/EBITDA target (when including 50% of hybrid and preferred capital).
- **... and growth projects.** AltaGas possesses a combination of medium-sized growth opportunities (e.g., REEF joint venture, expansion of the Pipestone plant), low capital intensity expansions and optimizations at the existing assets (e.g., near-term expansions of MVP), and opportunities to increase returns at its regulated utilities, all of which should help support an attractive growth profile.
- **Increasingly visible path to reaching its long-term debt/EBITDA target with the potential to go lower.** AltaGas believes that the de-leveraging plan in place, following the decision to retain its 10% stake in the Mountain Valley Pipeline (MVP), will allow for the same net near-term de-leveraging as would have been achieved through a full monetization of MVP; further, we believe the market will positively receive steps the company may take to meaningfully lower debt/EBITDA below its target and build balance sheet room, including to take advantage of future opportunities as they arise.

BP p.l.c. (BP / LN)

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Rating: Outperform

Price target: GBp 700

- **De-leveraging continuing at pace.** As one of the most levered names prior to the recent Iran/US conflict (all-in net-debt-to-CFFO 2.2x at YE2025), BP was positioned to see the fastest and most significant de-leveraging from the higher price environment when the Strait of Hormuz closed. We now expect gearing (ex. leases) to fall to 10% at YE2026, vs 23% at YE2025 and on our estimates BP will reach its net debt target of \$14-18bn by the end of 3Q26, even incorporating the repayment of hybrid instruments, and well ahead of the initial target (end-2027). With a much stronger balance sheet, we believe the main concern with the investment-case for the company has effectively been removed and BP is now in a much better position going forward to advance a number of potentially attractive projects in its upstream hopper.
- **Exposure to a very tight market in the downstream.** We continue to see refining as the tightest part of the energy complex currently, with a significant part of global refining capacity offline in Russia (reports suggest ~45% of Russian capacity offline) and ongoing outages in the Middle East. In conjunction with the length of these outages and the closure of the Strait of Hormuz, we have seen refined product inventories draw down to well below seasonal averages. Capacity constraints, limited crude flows through the Strait, the rebuild of inventories and seasonal demand in driving season will make for a very tight market going forward, absent of any significant demand destruction. BP's exposure to refining in the downstream, with 1.3mbd of global refining capacity (post Gelsenkirchen sale), gives it the leverage to capture this upside in a tight market and in 2Q26 we saw the refining & trading segment post its highest quarterly earnings in recent history. Given the dynamics noted above, we expect margins to remain elevated going forward and on our estimates BP's refining margin will climb to \$27/bbl on average in 2026 compared to \$13/bbl in 2025.
- **New management points to a renewed, and disciplined, strategy.** At 2Q26 results management made a concerted effort to demonstrate their focus on disciplined execution, with the CEO outlining five specific priorities to get BP 'fit to grow'. Whilst most of these priorities fall into the "do better" bucket, they should support a concerted effort to catch a clean break from the historical failings of the business. We should see some of these new priorities, including 'simplifying the portfolio' and 'investing with greater discipline', play out in the near-term as BP looks to divest its position in the UK North Sea and as well as some underperforming renewables businesses (Archaea & Lightsource). Looking further out, we expect that a more refined plan on medium term growth targets, potentially in early 2027, should provide more clarity on long-term shareholder value creation.
- From a **valuation** perspective, BP screens as more attractive than peers, in our view. On current market forward pricing it trades on 3.5x 2026E EV/DACF vs the European peer group at 4.4x 2026E and offers 13%/10% FCF yield in 2026-27E compared to the peer group at 12%/9% 2026-27E.



California Resources (CRC)

Scott Hanold, Analyst

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Rating: Outperform

Price Target: USD 87.00

- **We expect CRC shares to outperform the peer group over the next 12 months.** We believe CRC provides investors with a unique opportunity to own responsibly sourced oil & gas where there is now a more visible path to production resiliency along with exposure to an evolving 'clean energy' (CCS) business with significant upside and growth. We believe the much-improved California oil & gas regulatory environment, momentum, and potential for the Carbon Management Business (CMB), and attractive valuation underpin a strong investment case. Our risk-adjusted NAV is \$80-85/share using a 12% discount rate.
- **Improving outlook for the upstream business.** Established laws are in place providing a runway over the next decade for new oil & gas development. We expect a maintenance to potential modest growth profile comes in 2027/2028 assuming a constructive oil macro outlook. The duration and low subsurface risk nature of CRC's conventional inventory is similar to larger global and/or many Canada (oil sands) E&Ps, with an added benefit of ample capacity and a lower carbon footprint. CRC has a 20+ year drilling inventory of vertical infill development with predictable outcomes with modest declines.
- **Carbon management business just getting started.** CTV first injection was recently achieved, placing CRC among a small group of operators globally that have advanced CCS projects from concept to operation. The company is also progressing other carbon management initiatives including submitting additional permits, signing new MOUs, expanding the clean energy park hub concept, and remaining actively engaged with counterparts regarding its Elk Hills clean power option.

Canadian Natural Resources (CNQ)

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Rating: Outperform

Price target: CAD 79.00

- **Globally distinguished.** We believe Canadian Natural Resources' management committee structure and shareholder alignment are unique factors which distinguish the company globally. CNQ's long-life, low-decline portfolio—anchored by low sustaining capital—affords the company with free cash flow generation throughout the cycle.
- **Strong alignment.** CNQ has no CEO. Instead, the company is stewarded by a management committee. This group meets weekly, and oversees all matters ranging from marketing, finance, sustainability, operations and technology amongst others.
- **Chevron & Shell Deals.** In 2025, Canadian Natural Resources closed its US\$6.5 billion (circa \$8.8 billion) cash acquisition of Chevron's assets in western Canada—including a 20% wi in the Athabasca Oil Sands Project (AOSP) and 70% operated interest in the Duvernay Shale—which was a strategically sound and accretive deal in our books. It also fits CNQ's now familiar playbook of consolidating attractive energy assets in Canada as the majors and others seek to exit. Please see [Chevron Deal—Threading the Needle](#) for more. CNQ also closed its asset swap with Shell, exchanging its 10% working interest in the Scotford Upgrader and Quest Carbon Capture and Storage project for Shell Canada Limited's remaining 10% working interest in the AOSP mines. Please see [Shell AOSP Asset Swap](#) for more details.
- **Updated Shareholder Returns.** Commensurate with the company's fourth-quarter and full-year 2025 results, CNQ refreshed its shareholder returns policy which will now see 60% of free cash flow (adjusted funds flow less all capital and dividends) allocated to shareholder returns via buybacks when net debt is at or above \$16 billion, 75% while net debt is between \$13-\$16 billion, and 100% once net debt is below \$13 billion. Following its first-quarter 2026 results, the company indicated that net debt levels have fallen below the \$16 billion mark, boosting share repurchases to 75% of free cash flow.

Cheniere Energy, Inc. (LNG)

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Rating: Outperform

Price target: USD 300.00

- **Value proposition lies in its long-term contracted cash flows.** Cheniere's highly contracted nature (95% contracted through 2035), including long-term take or pay contracts with high quality credit counterparties, supports stable cash flows and the ability to execute through various cycles. LNG has minimal open capacity which limits its exposure to global natural gas prices, although lifting margin could benefit from higher Henry Hub prices, and Cheniere has consistently optimized around volatility through trading around certain positions and directing cargoes to the highest priced markets under IPM agreements. We believe LNG provides a combination of highly visible cash flow and growth coupled with a solid capital return to shareholders through dividends and buybacks.
- **Returning significant cash to shareholders.** LNG is returning significant cash to shareholders via dividends and share buybacks. We expect LNG will continue to execute its capital return strategy going forward given its large remaining share repurchase authorization and solid balance sheet that provides financial flexibility.
- **Potential growth with expansion opportunities.** We believe LNG can also drive longer-term growth beyond midscale. Cheniere currently has liquefaction capacity of ~52MTPA, growing to 60-63MTPA with the completion of Midscale Trains 1-9 and line of sight to 75MTPA through two brownfield expansions - a large scale train at Sabine Pass (SPL Train 7) and another at Corpus Christi (CCL Train 4). Cheniere has fully contracted SPL Train 7 (should receive permit by YE26 and FID thereafter) and contracted half of CCL Train 4 (timeline about a year behind SPL Train 7). At current rates and costs (~\$700/ton), Cheniere could construct these trains at 7x Capex/EBITDA as these projects do not require additional infrastructure.

Chord Energy Corporation (CHRD)

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Rating: Outperform

Price target: USD 180.00

- **We believe CHRD shares will outperform peers over the next 12 months.** CHRD is a pure-play operator in the Williston Basin, and we think there is a decade of drilling inventory that would allow production to stay relatively flat. The company's balance sheet is strong and leverage is de minimis, providing the opportunity to allocate a significant portion of FCF to shareholder returns.
- **FCF allocation.** The company's strategy is to generate high levels of FCF and return that cash to shareholders versus high levels of organic investment. The shareholder-return plan includes a leading fixed dividend that is supplemented by variable dividend payouts and stock repurchases.
- **Shareholder return strategy.** The shareholder-return framework balances returns and balance sheet strength by committing to varying outflows based on the forward leverage profile of commodity prices at \$65/bbl and \$3/Mcf. Specifically, when the leverage ratio is (1) <0.5x, returns are 75+% of FCF, (2) <1.0x returns are 50+% of FCF, or (3) >1.0x returns amount to the base dividend and debt reduction.
- **M&A.** Consolidation remains a consideration but CHRD's 10+ year drilling inventory supporting maintenance production provides the flexibility to be patient. We also think management would consider mergers with a larger company if that could create the best value for shareholders.



ConocoPhillips (COP)

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Rating: Outperform

Price target: USD 152.00

- We believe COP shares should outperform the peer group over the next 12 months.
- The depth, quality, and diversity of the company's global inventory is unmatched to its E&P peers in our view.
- The company's strong balance sheet provides a strategic advantage to increase shareholder value through commodity price cycles.
- COP has a low break-even point where it can fund its production maintenance capital and dividend at below \$40/bbl WTI prices. This defensive posture positions the company favorably should commodity prices take a downturn.

EDP Renováveis, S.A. (EDPR)

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Rating: Outperform

Price target: EUR 16.50

- **Trading at discount to invested capital.** EDPR is trading at a discount on invested capital in our estimates on US renewable regulation (~50% of EDPR's business), but the current framework appears reasonably supportive for the company. EDPR is developing 1.5GW in the US in 2026-27 through safe harbour, of which 0.3GW with PPAs, and in our view it should achieve significantly higher merchant/PPAs prices for the remaining 1.2GW. The value of the existing installed capacity should increase on higher power prices due to the end of renewable deployment in the US while electricity demand is increasing.
- **Underlying earnings improving.** Recurring earnings growth (ex-asset rotation) increased by 4x y/y in 2025 and we expect further growth in 2026, following periods with low load factors (the renewables index was 5%, 2% and 6% below average in 2025, 2024 and 2023, respectively), lower average selling prices and non-recurring impacts such as Romanian clawbacks and Colombia project delays.
- **Flexibility to consider value-accretive opportunities on lower leverage.** EDPR's message in terms of the commitment to reducing leverage looks reassuring and we believe EDPR can focus on more value-accretive projects above cost of capital.
- **US growth upside.** We believe EDPR's U.S. renewable capacity is set to benefit from rising electricity prices driven by slower renewable deployments and increasing demand, with significant medium-term earnings and valuation upside. We estimate additional EBITDA from recontracting of USD40m/year by 2030 and +USD180m/year by 2035. The company has announced over 5GW US safe-harboured capacity with COD until 2030.



Enerflex Ltd. (EFXT)

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Rating: Outperform

Price target: USD 33.00

- **Exposure to growth trends.** Enerflex stands out as the only stock in our energy services coverage group with positive Street earnings revisions for 2026. After achieving double-digit percentage EBITDA growth in 2025, we expect a measured, but steady pace of growth in 2026 and 2027. The company continues to evaluate over 7GW of power generation opportunities across its Engineered Systems business. Enerflex has made early progress on penetrating this market and in early-2026, (1) received an order to supply power generation units for a large U.S. data center project (deliveries into 2027); (2) completed a FEED study for another data center power generation opportunity; and (3) executed contracts to supply power generation equipment to two North American partners.
- **Improving free cash flow driven by margin expansion.** We expect improvement in free cash flow to be driven by margin expansion alongside stable capital investment. At our numbers, we see meaningful EBITDA margin expansion from 2024 to 2027, reaching 22% — above the group average.
- **Capital allocation strategy broadening to include shareholder returns.** We expect Enerflex to begin to allocate meaningful FCF to shareholders, versus a minimal amount in 2021-2024. To that end, the company has increased its dividend and implemented a share buyback program.
- **Discounted valuation provides return opportunity in our view.** We believe a sum-of-the-parts valuation opportunity is moving closer to reality. Enerflex trades at a 2026E EV/EBITDA multiple of 6.0x; however, there is a clear peer valuation marker for the US contract compression part of its business. We believe continued operational performance and judicious capital allocation should close the gap to peers.

Northland Power (NPI)

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Rating: Outperform

Price target: CAD 27.00

- **Projects under construction should de-risk in 2026.** We believe sentiment and the share price should improve as the company de-risks its major projects under construction in 2026. The offshore wind projects in Poland and Taiwan remain on time and on budget, with the Polish project scheduled to be commissioned by late 2026, while we expect the Taiwan project to be mechanically completed by October 2026, and fully commissioned in early 2027. We expect these projects to generate ~\$550 million of EBITDA and ~\$180 million of free cash flow annually upon completion, representing 44% and 47% of 2025 results, respectively. With most construction costs locked in and fixed interest rates, we believe the projects are significantly de-risked, and the market should begin to reflect more value as key milestones are achieved.
- **More clarity in Taiwan in 2026.** We expect to get better color in Q3/26 on the Taiwan offshore wind project with respect to the pace of commissioning and size of a capital injection in 2026. Management's current guidance is a \$150-200 million capital injection due to the slower-than-expected pace of commissioning activities, but we believe the actual amount will be much lower.
- **Shares trade at an attractive valuation.** We believe NPI shares are attractively valued, trading at a discount to the value of its high-quality operating assets and fully funded projects under construction. We believe the operating assets plus projects under construction should have a value of \$22-29/share, without accounting for the value of additional projects in the company's development pipeline.



Ovintiv Inc (OVV)

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Rating: Outperform

Price target: USD 85.00

- **Streamlined Portfolio.** Ovintiv's \$2.7 billion acquisition of NuVista (closed February 3, 2026) provides inventory depth in the oil-rich window of the Alberta Montney directly adjacent to its operations, which has boosted the company's oil & condensate production in the play to about 85,000 bbl/d pro-forma. Additionally, the company recently closed the sale of its Anadarko Basin assets (April 9, 2026) for gross cash consideration of \$3.0 billion (\$2.82 billion net), directing the bulk of the proceeds toward net debt reduction, mirroring our prior analysis in [Upgrading to Outperform](#). Aside from some staggering, these two announced deals mirror Ovintiv's announced [\\$2.4 billion cash acquisition](#) of Montney assets from Paramount Resources in November 2024 that was largely funded by its coinciding \$2.0 billion Uinta disposition. All said, the transactions serve to complete the company's portfolio streamlining process into two high-quality basins—the Permian and Montney.
- **Shareholder Returns Outlook.** With the bulk of its balance sheet deleveraging now behind it, the company has greater flexibility to allocate free cash flow to shareholder returns. As such, Ovintiv is now targeting to return 60%+ of free cash flow (across dividends + buybacks) to shareholders on an annualized basis (under current pricing) in 2026 versus its previous signal of returning 50%-75%. What this means is that the company's buybacks could ramp up materially in the second half. Over the longer term, Ovintiv remains committed to returning 50%-100% of its free cash flow to investors across dividends and buybacks.
- **Montney & Permian Inventory Depth.** Following the NuVista acquisition, Ovintiv now holds 15-20 years of premium inventory in the Montney oil window. The company also has 12-15 years of inventory in the Permian that it would deem as premium.



Pembina Pipeline Corporation (PPL)

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Rating: Outperform

Price target: CAD 77.00

- **Well-positioned to benefit from higher WCSB production.** Whether it be uncontracted capacity or within its contract structures that blend minimum take-or-pay levels with fee-for-service upside as volumes grow, we expect Pembina to benefit from growing gas and liquids volumes in the Western Canada Sedimentary Basin (WCSB). Further, growing volumes could result in contract extensions and/or incremental new contracts that support Pembina's base business and/or underpin new expansion projects.
- **Strong free cash flow generation offers a range of capital allocation opportunities.** We believe Pembina's tried and tested financial guardrails offer the company an effective risk framework to execute a low-risk strategy that ultimately delivers sustainable organic growth and attractive dividends to shareholders on a self-funded basis. Over the 2026-2030 period, the company expects to generate a positive free cash flow after dividends and all capex, which we view as attractive particularly given elevated capex levels associated with its announced growth projects, including Cedar LNG.
- **Solid base of business with a commodity kicker.** Pembina's guardrails target over 80% of EBITDA coming from fee-based revenues, primarily underpinned by take-or-pay or cost-of-service contracts, which underpin the dividend. As upside optionality, Pembina's Marketing division can benefit from leveraging its asset base to take advantage of various commodity spreads.

Permian Resources (PR)

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Rating: Outperform

Price target: USD 27.00

- **Highly competitive Delaware position.** The company has large, contiguous acreage positions in the core of the southern and northern Delaware Permian with a 12-15 year inventory alongside a sizable position in the southern Midland Permian. Consolidation remains a consideration but PR's 12+ year drilling inventory supporting maintenance production provides the flexibility to be patient and opportunistic.
- **Operational performance driving 2026.** Management appears confident in the ability to hold capital flat at these levels while generating strong FCF with the dividend covered down to \$40/bbl (WTI). Operationally, PR remains solid demonstrated by a strong step-up in organic production while spending relatively unchanged. We think PR can maintain the higher production base on a similar capital spend YoY due to operational and financial efficiencies.
- **Shareholder return strategy remains strong.** Management prioritizes a strong, growing fixed dividend along with stock buybacks. The fixed dividend (3% yield) likely gets a boost in 2027 and stock buybacks are more opportunistic against the current macro backdrop. Remaining FCF further enhances an already strong balance sheet (0.7x leverage ratios). Excess shareholder returns could be allocated to M&A, but PR is focusing on ground game-transactions in the near term. The opportunity set appears more on smaller transactions with commodity macro volatility hindering larger deals.



PrairieSky Royalty (PSK)

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Rating: Outperform

Price target: CAD 38.00

- **Largest royalty owner in WCSB – Diversified.** PrairieSky's 2026E/27E production profile is 64%/64% liquids-weighted with royalty revenue driven by liquids at 94%/90%. PrairieSky is the largest royalty landowner in the WCSB (18.6 million acres; 9.9/8.7 million acres Fee/GORR lands) and is supported by some of the top operators. The company has significant lands in all key plays throughout the WCSB. We expect 2026E/27E corporate production to increase by 4%/3% with the Mannville Heavy, Clearwater and Duvernay plays leading the pack in activity. The royalty business model is also insulated from industry cost inflation, providing margin stability. See our recent quarterly note [here](#) and PSK's Investor Day highlights [here](#).
- **Multi-lateral tailwind – Ample inventory for growth.** PrairieSky has the largest Clearwater royalty acreage position with over 1.4 million acres namely with its key operating partner, Spur Petroleum. PSK's current Clearwater royalty volumes map towards ~2,800 bbl/d with play activity effectively doubling over the prior three years. PSK has also seen the implementation of modern drilling techniques into established fields, most notably in the Mannville Heavy Oil stack, which accounts for 14% of the company's FPV (future potential value) and 2,590 future locations. The company owns ~1.3 million acres of royalty land within the play, namely with its key counterparties (Canadian Natural Resources Ltd., Caltex Trilogy, and others) where total royalty volumes are in the range of 1,000 bbl/d. Activity levels in the stack and low supply costs suggest to us that PSK is well positioned to benefit, where we forecast 15-20% YoY growth within the play assuming crude prices remain at current levels. Multi-lateral prospects now constitute roughly one-third of drilling activity and 15–20% of corporate royalty volumes, suggesting that overall share of volumes will increase.
- **FCF allocation – Focus on the buyback, sustainable dividend.** During 2025, PSK reinitiated their buyback program after being dormant since 2021. At its last Investor Day, the PSK team noted a preference for buybacks over dividends, though this is largely a function of stock valuation and positioning in the market cycle. On strip, we estimate a 54%/58% effective payout ratio in 2026/27.

Suncor Energy Inc. (SU)

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Rating: Outperform

Price target: CAD 100.00

- **Impressive Leadership Team.** President & CEO Rich Kruger wasted no time making his presence felt within the company and market following his appointment in April 2023. What's clear to us is that the emphasis on high-performance and accountability has been well-received throughout the entire organization, a driving force behind strong operating and financial momentum over the past few years.
- **2026 Investor Day.** Suncor's 2026 Investor Day laid out a new improvement plan (2025-28) which is aimed at \$2 billion in incremental mid-cycle free funds flow (US\$65 WTI) supported by additional upstream production of 100,000 bbl/d, a 10% uplift in its refinery capacity to 511,000 bbl/d, and a US\$5/bbl reduction in its corporate WTI break-even to US\$38 (sustaining capital). The company also reaffirmed that its annual capital investment will remain at \$6 billion or less on an ongoing basis, which had been a lingering concern amongst investors we speak with. At the same time, the company is targeting lower sustaining capital requirements over time, opening up headroom for economic investments including 100,000 bbl/d of efficient upstream growth supported by both its in-situ and mining operations.
- **Long-Term Bitumen Supply Options.** Suncor's in-situ development roadmap consists of a sequenced set of repeatable SAGD projects, primarily 60,000 bbl/d phases with an expected RLI of 30+ years. The unique differentiator of Suncor's plan is that development will be semi-brownfield in nature given the geographic concentration of its existing assets at Firebag and Base Mine, from which existing infrastructure like steam generation, solvent production, and utilities can be leveraged. All in all, over the next decade or so, the company is planning roughly 400,000 bbl/d of largely in-situ capacity development at a solid average capital cost of about \$30,000/bbl/d.
- **Shareholder Returns.** Alongside its second-quarter 2026 results, Suncor increased the level of its monthly buybacks by 43% to \$500 million per month (vs. \$350 million previously announced at its March 2026 Investor Day) beginning in August 2026. Based on our outlook for the company's free cash flow generation amid quite low net debt levels, Suncor's \$500 million of monthly repurchases look sustainable into 2027.

Williams Companies, Inc. (WMB)

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Rating: Outperform

Price target: USD 83.00

- **We think WMB is well positioned to benefit from growing power and natural gas demand.** We expect WMB will be among the biggest beneficiaries of growing power and natural gas demand given its existing asset footprint and attractive opportunity set that can drive growth through 2030 and beyond. WMB's transmission projects, anchored around Transco expansions, should meaningfully grow capacity and visible cash flows over time. WMB is evaluating additional high-return, fast-to-market Power Innovation projects with hyper-scalers that can drive meaningful EBITDA growth with no commodity/power price risk.
- **Strong balance sheet can support growth.** WMB's balance sheet strength provides the financial flexibility to pursue incremental growth and remain within its targeted leverage range of 3.5-4.0x, in our view. While leverage may move to the high-end of the range in the short term, we believe the low build multiples and relatively fast in-service timelines would drive it lower at an accelerated pace as projects are placed into service.
- **Potential for growth beyond our estimates.** Our estimates could prove conservative as we do not include any transmission projects that have not already been announced. WMB has a large backlog of identified potential transmission projects that could come online from 2027-2033 and would drive incremental growth at attractive build multiples.

Woodside Energy (WDS)

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Rating: Outperform

Price target: AUD 34.50

- **Woodside's provides world-class Australian and international LNG and high margin offshore oil project exposure with a goal to double the size of its global LNG portfolio to ~24 mmtpa (subject to project sell downs) and deliver 50% production growth to around 300 mmboe by the early 2030s.**
- **Sangomar (WDS 82% and Operator)** Phase 1 offshore Senegal, West Africa has produced at around nominal capacity of c100,000 bopd (gross) since start up in June 2024 (beyond company guidance) from strong reservoir performance and excellent operating reliability. We continue to see material expansion upside in this project.
- **Scarborough (WDS 75% and operator)** in Western Australia was 98% complete at 30 June and remains on budget and on track for first LNG in late 4Q 2026. Scarborough adds 5 mmtpa of new Pluto LNG T-2 LNG nominal production capacity.
- **Trion (WDS 60% and operator)** in the ultra deep water Gulf (Mexican side) was 64% complete at 30 June with first oil of at least 100,000 bopd (gross) targeted in 2028. We see asset upside from an increased recovery factor, northern field area development, and potential tie backs.
- **Louisiana LNG (WDS 90% HoldCo, WDS 54% InfraCo)** foundation three train 16.5 mmtpa project remains on budget and schedule and was 28% complete at 30 June, with T-1 expected on stream by 2029 and T-2 and T-3 in the following consecutive years. Project equity sell downs have brought in high quality partners, Stonepeak Partners (40% of InfraCo) and Williams (10% of HoldCo) and we expect at least two further HoldCo equity sales that also include LNG offtake.
- **Woodside net operating cash flow** is projected to grow at a CAGR of more than 6% through to 2032 (Mid-Case) to ~US\$9bn after Woodside's next generation cash-generative assets (Scarborough, Trion and Louisiana LNG) come online.
- **Capital allocation framework** is supported by a dividend payout ratio based on more than 50% of underlying NPAT, with payments made at the 80% level for more than a decade. We expect Woodside's dividend payout ratio to be maintained at 80% going forward, and see gearing reducing after Scarborough comes on stream.



Portfolio tracking

The RBC Capital Markets Global Energy Best Ideas List highlights our Research Analysts' highest conviction names across the global energy sector at the time of their addition into the list. Our objective is to highlight individual stocks that are expected to outperform the iShares Global Energy ETF (IXC) and a hybrid benchmark with a weighting towards the iShares Global Utilities ETF (JXI).

A long-only portfolio, the RBC Capital Markets Global Energy Best Ideas List is set up as follows:

- There is no limit to the number of names included in the RBC Capital Markets Global Energy Best Ideas List.
- Individual holdings are deemed to be weighted equally, with weights reset every month or any time that there is a change to the list.
- Names added to the list will remain on the list for at least one full month, i.e., there will be no mid-month additions/deletions. If we discontinue research coverage of a company included on the RBC Global Energy Best Ideas List, the stock will be removed from the list as of the next monthly publication.
- The RBC Global Energy Best Ideas has a mandatory stop loss mechanism as follows: a stock will be removed from the list if it is down 20% in the current year or down 20% since being added to the list.
- We will use the most recent closing price prior to the list being published, unless noted otherwise, as the price used for performance calculations. Therefore, any additions to or deletions from the list are recorded as have being made at their most recent closing price.
- Dividends will be added to returns from stock price movements on the day that stocks go ex. dividend.
- We will provide a monthly update on the constituent names of the list as well as past performance on or around the start of each month.
- We will include only stocks on which we have research coverage.
- We do not make provisions for taxes and/or trading commissions when adding or removing stocks from the portfolio.

Note: Total return data for the list as well as relevant indices are from Bloomberg and FactSet.



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