



Capital
Markets



Top 30 Global Ideas for 2025

Fourth-Quarter Update

EQUITY RESEARCH | October 2, 2025

For Required Non-U.S. Analyst and Conflicts Disclosures, see page 38

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This report is priced as of market close on September 30, 2025, unless otherwise noted.

Introduction

Graeme Pearson – Co-Head of Global Research

Mark Odendahl – Co-Head of Global Research

Our *Top 30 Global Ideas* is a list of high-conviction, long-term ideas with quarterly updates that enable dynamic changes into names where we see higher-conviction upside potential. The *Top 30* list is built around bottom-up best ideas that we also view as offering attractive positioning in the current environment.

Performance Review

Over the past quarter, the Q3/25 *Top 30* list delivered a total return of +3.7% in USD terms vs. the MSCI World Index at +7.3%. The best-performing *Top 30* stock selections in Q3/25 were Barrick (+58%), EDP Renovaveis (+18%) and GE Vernova (+16%). Since inception of our quarterly list at YE2019, the *Top 30* has delivered a total compound annual return of +14.7%, above the benchmark at +12.7%.

Changes This Quarter

Additions: Air Products & Chemicals (APD US), CSX Corp. (CSX US), Loblaw (L CA), L'Oreal (OR FP), Nike (NKE US), Palo Alto Networks (PANW US), Ventas (VTR US)

Deletions*: Anheuser-Busch InBev (ABI BB), Canadian Pacific Kansas City (CP CN), GE Vernova (GEV US), Gitlab (GTLB US), London Stock Exchange (LSEG LN), Shell (SHEL LN)

Maintains: Alimentation Couche-Tard (ATD CN), Barrick Mining (B US), Biogen (BIIB US), Boston Scientific (BSX US), Brookfield Corp. (BN US), ConocoPhillips (COP US), Constellation Software (CSU CN), DuPont de Nemours (DD US), EDP Renovaveis (EDPR PL), Ferrari (RACE IM), HubSpot (HUBS US), Microsoft (MSFT US), Moody's (MCO US), PayPal (PYPL US), Pembina Pipeline (PPL CN), RB Global (RBA US), Safran (SAF FP), Schneider Electric (SU FP), Snowflake (SNOW US), U.S. Bancorp (USB US), Wells Fargo (WFC US), Wix.com (WIX US), Xylem (XYL US)

*Note: Illumina (ILMN US) is also removed due to analyst departure.

This quarter, in **Consumer Discretionary** we add **Nike (NKE US)** following our recent [upgrade to Outperform](#). In our view, Nike is taking the right steps, with clear improvement in its Running Footwear offering, positive channel checks, and a refreshed organizational structure that should support faster and more accountable decision-making. We anticipate a steeper revenue recovery to be supported by the 2026 World Cup, driving a narrowing of Nike's relative performance gap and potentially leading to a beat/raise cycle.

In **Consumer Staples** we add **Loblaw (L CN)** and **L'Oreal (OR FP)**, and switch out of **Anheuser-Busch InBev (ABI BB)**. In our view, **Loblaw** is well-positioned to benefit from a secular shift in purchasing patterns and create value for shareholders, underpinned by a store base that skews to discount, industry-leading private label penetration, strong momentum in pharmacy, and a powerful loyalty program. We see valuation upside underpinned by torque on financial performance and flow of funds into quality growth names, particularly against the backdrop of heightened economic uncertainty related to ongoing trade/tariff discussions. For **L'Oreal**, we believe the market underestimates its capability to navigate the challenging beauty market and accelerate top-line growth towards historical levels – while still in its early stages, the Beauty Stimulus plan is working. In our view, the recent share price weakness (along with other more discretionary names and on the back of negative commentaries by its global beauty peers) presents an attractive entry point as we think L'Oreal's foundation remains intact.

In **Industrials**, within **Rails** we add **CSX (CSX US)** following our recent [upgrade to Outperform](#) and remove **Canadian Pacific Kansas City (CP CN)** in favor of CSX, while maintaining our highly positive long-term thesis. In our view, **CSX** is well-positioned in virtually all railroad consolidation scenarios, as follows: (1) UNP/NSC approved, CSX subsequently acquired (very positive); (2) UNP/NSC approved, CSX not acquired, but benefits from step-function acceleration in rail collaboration + takeout premium (positive); (3) UNP/NSC not approved (neutral to CSX at current valuations). Moreover, CSX operations have recently improved meaningfully, and we expect further improvement when ongoing construction projects are completed over the coming months. We remove **GE**

Vernova (GEV US) following +80% share price appreciation year-to-date and our related [downgrade to Sector Perform](#), while noting that GEV continues to benefit from strong demand, positive price dynamics and productivity improvements.

In **Information Technology** we add **Palo Alto Networks (PANW US)** and remove **Gitlab (GTLB US)** while maintaining an Outperform rating. **Palo Alto** recently reported strong FY results and FY/26 guidance, dispelling concerns of organic weakness amid its proposed CyberArk acquisition. We believe Palo Alto is a best-in-class cyber platform that is seeing benefits from AI and is a safe haven as investors question the AI impact to other aspects of software.

In **Materials** we add **Air Products & Chemicals (APD US)**. Our positive thesis is underpinned by APD's "back to basics" strategy, which we believe sets a clear path for high-single-digit EPS growth in 2026-2029 and double-digit growth post-2030. New management's initiatives of right-sizing headcount, pricing and productivity, and partnerships on key projects (Darrow and NEOM) should drive op margins to the high-20s from 24% in FY25. In our view, successful execution of its strategy supported by activist involvement, cost efficiencies, and project de-risking could serve as catalysts for ~30% P/E multiple expansion.

In **Real Estate** we add **Ventas (VTR US)**. We believe Ventas is well-positioned to capitalize on the strong seniors housing backdrop and continues to trade at a reasonable valuation. In our view, seniors housing currently touts the best fundamentals in the REIT industry, and we therefore believe VTR is positioned to deliver above average organic growth and pursue accretive investments. We estimate the stock currently trades at a ~22x 2026 AFFO, a ~4.5x premium to its 10-year historical average, but a noticeable discount to its closet peers (~12x to WELL and ~2x to AHR).

In the **Energy** and **Financials** sectors, we remove **Shell (SHEL LN)** and **London Stock Exchange (LSEG LN)** in favor of higher-conviction ideas in other sectors, while maintaining Outperform ratings on both names.

This report contains detail on our investment thesis for each *Top 30* name, and we encourage you to reach out to our team to continue the dialogue regarding their investment ideas.

Top 30 Global Ideas for 2025 – Analyst Coverage and Pricing Data

| Company | Pricing Symbol | Analyst | Rating | Trading Currency | Closing Price (09/30/2025) | Market Cap (MM) | Price Target | Div. Yield (%) | Implied All-in Return (%) |
|----------------------------------|----------------|---------------------------|------------|------------------|----------------------------|-----------------|--------------|----------------|---------------------------|
| Air Products and Chemicals, Inc. | APD US | Arun Viswanathan | Outperform | USD | 272.72 | 60,762 | 355.00 | 2.6 | 32.8 |
| Alimentation Couche-Tard Inc. | ATD CN | Irene Nattel | Outperform | CAD | 74.25 | 70,396 | 91.00 | 1.1 | 23.6 |
| Barrick Mining Corporation | B US | Josh Wolfson | Outperform | USD | 32.77 | 54,649 | 38.00 | 2.1 | 18.1 |
| Biogen Inc. | BIIB US | Brian Abrahams | Outperform | USD | 140.08 | 20,438 | 219.00 | 0.0 | 56.3 |
| Boston Scientific Corporation | BSX US | Shagun Singh | Outperform | USD | 97.63 | 145,827 | 125.00 | 0.0 | 28.0 |
| Brookfield Corporation | BN US | Bart Dziarski | Outperform | USD | 68.58 | 102,877 | 83.00 | 0.5 | 21.6 |
| ConocoPhillips | COP US | Scott Hanold | Outperform | USD | 94.59 | 118,137 | 113.00 | 3.3 | 22.8 |
| Constellation Software Inc. | CSU CN | Paul Treiber | Outperform | CAD | 3,830.00 | 81,164 | 6,000.00 | 0.2 | 56.8 |
| CSX Corporation | CSX US | Walter Spracklin | Outperform | USD | 35.51 | 66,368 | 41.00 | 1.5 | 16.9 |
| DuPont de Nemours, Inc. | DD US | Arun Viswanathan | Outperform | USD | 77.90 | 32,045 | 94.00 | 1.9 | 22.5 |
| EDP Renovaveis Sociedad Anonima | EDPR PL | Fernando Garcia | Outperform | EUR | 11.26 | 11,969 | 14.00 | 1.2 | 25.6 |
| Ferrari N V | RACE IM | Tom Narayan | Outperform | EUR | 411.60 | 73,676 | 475.00 | 0.7 | 16.1 |
| HubSpot, Inc. | HUBS US | Rishi Jaluria | Outperform | USD | 467.80 | 25,268 | 800.00 | 0.0 | 71.0 |
| Loblaw Companies Limited | L CN | Irene Nattel | Outperform | CAD | 53.83 | 64,121 | 67.00 | 1.1 | 25.5 |
| L'Oreal | OR FP | Wassachon (Fon) Udomsilpa | Outperform | EUR | 368.50 | 197,516 | 420.00 | 1.9 | 15.9 |
| Microsoft Corporation | MSFT US | Rishi Jaluria | Outperform | USD | 517.95 | 3,864,425 | 640.00 | 0.5 | 24.1 |
| Moody's Corporation | MCO US | Ashish Sabadra | Outperform | USD | 476.48 | 85,846 | 550.00 | 0.5 | 16.0 |
| NIKE, Inc. | NKE US | Piral Dadhania | Outperform | USD | 69.73 | 103,730 | 90.00 | 1.9 | 31.0 |
| Palo Alto Networks, Inc. | PANW US | Matthew Hedberg | Outperform | USD | 203.62 | 147,706 | 232.00 | 0.0 | 13.9 |
| PayPal Holdings, Inc. | PYPL US | Daniel R. Perlin | Outperform | USD | 67.06 | 66,993 | 88.00 | 0.0 | 31.2 |
| Pembina Pipeline Corporation | PPL CN | Maurice Choy | Outperform | CAD | 56.27 | 32,693 | 62.00 | 5.1 | 15.2 |
| RB Global, Inc. | RBA US | Sabahat Khan | Outperform | USD | 108.36 | 20,220 | 132.00 | 1.1 | 23.0 |
| Safran | SAF FP | Ken Herbert | Outperform | EUR | 300.10 | 125,422 | 320.00 | 0.8 | 7.4 |
| Schneider Electric SE | SU FP | Mark Fielding | Outperform | EUR | 237.60 | 133,222 | 250.00 | 1.7 | 6.9 |
| Snowflake Inc. | SNOW US | Matthew Hedberg | Outperform | USD | 225.55 | 88,912 | 275.00 | 0.0 | 21.9 |
| U.S. Bancorp | USB US | Gerard Cassidy | Outperform | USD | 48.33 | 75,298 | 53.00 | 4.4 | 14.0 |
| Ventas, Inc. | VTR US | Michael Carroll | Outperform | USD | 69.99 | 32,132 | 77.00 | 2.7 | 12.8 |
| Wells Fargo & Company | WFC US | Gerard Cassidy | Outperform | USD | 83.82 | 2,734,208 | 88.00 | 1.9 | 6.9 |
| Wix.com Ltd. | WIX US | Brad Erickson | Outperform | USD | 177.63 | 10,596 | 210.00 | 0.0 | 18.2 |
| Xylem Inc. | XYL US | Deane Dray | Outperform | USD | 147.50 | 26,683 | 169.00 | 0.8 | 15.4 |

Notes:

Past performance is not necessarily indicative of future performance. Price performance does not take into account relevant costs, including commissions and interest charges or other applicable expenses that may be associated with transactions in these shares.

Source: Bloomberg and RBC Capital Markets estimates

Top 30 Global Ideas for 2025 – Changes This Quarter

| Company | Pricing Symbol | Analyst | Rating | Trading Currency | Closing Price (09/30/2025) | Market Cap (MM) | Price Target | Div. Yield (%) | Implied All-in Return (%) |
|--------------------------------------|-------------------|---------------------------|----------------|---------------------|-------------------------------|-----------------------|-----------------|----------------------|---------------------------------|
| Additions this quarter: | | | | | | | | | |
| Air Products and Chemicals, Inc. | APD US | Arun Viswanathan | Outperform | USD | 272.72 | 60,762 | 355.00 | 2.6 | 32.8 |
| CSX Corporation | CSX US | Walter Spracklin | Outperform | USD | 35.51 | 66,368 | 41.00 | 1.5 | 16.9 |
| Loblaw Companies Limited | L CN | Irene Nattel | Outperform | CAD | 53.83 | 64,121 | 67.00 | 1.1 | 25.5 |
| L'Oreal | OR FP | Wassachon (Fon) Udomsilpa | Outperform | EUR | 368.50 | 197,516 | 420.00 | 1.9 | 15.9 |
| NIKE, Inc. | NKE US | Piral Dadhania | Outperform | USD | 69.73 | 103,730 | 90.00 | 1.9 | 31.0 |
| Palo Alto Networks, Inc. | PANW US | Matthew Hedberg | Outperform | USD | 203.62 | 147,706 | 232.00 | 0.0 | 13.9 |
| Ventas, Inc. | VTR US | Michael Carroll | Outperform | USD | 69.99 | 32,132 | 77.00 | 2.7 | 12.8 |
| Deletions this quarter: | | | | | | | | | |
| Anheuser-Busch InBev SA/NV | ABI BB | James Edwardes Jones | Outperform | EUR | 50.80 | 101,854 | 72.00 | 2.4 | 44.1 |
| Canadian Pacific Kansas City Limited | CP CN | Walter Spracklin | Outperform | CAD | 103.65 | 95,140 | 129.00 | 1.0 | 25.4 |
| GE Vernova Inc. | GEV US | Christopher Dendrinis | Sector Perform | USD | 614.90 | 169,712 | 605.00 | 0.0 | 1.6 |
| Gitlab Inc | GTLB US | Matthew Hedberg | Outperform | USD | 45.08 | 8,164 | 58.00 | 0.0 | 28.7 |
| Illumina, Inc. | ILMN US | RBCCM Global Research | Not Rated | USD | 94.97 | 14,948 | NA | 0.0 | NM |
| London Stock Exchange Group plc | LSEG LN | Ben Bathurst | Outperform | GBp | 8,516.00 | 44,363 | 13,200.00 | 1.7 | 56.7 |
| Shell PLC | SHEL LN | Biraj Borkhataria | Outperform | GBp | 2,646.50 | 153,028 | 3,400.00 | 4.1 | 32.6 |

Notes:

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Source: Bloomberg and RBC Capital Markets estimates

Top 30 Global Ideas – Performance Summary

Although the *Top 30* is not intended to be a relative product, having been created to capture RBC Capital Markets' best ideas on an absolute basis, we compare the performance of the *Top 30* to the MSCI Developed World Index and regional indices to provide context for its returns. See the performance tables below for Q3 2025 and since inception (December 2019).

| Ticker | Company | Total Return Q3 2025 (in local currency) | Total Return Q3 2025 (in USD) |
|---|-------------------------------|--|-------------------------------------|
| B US | Barrick Mining Corp. | 58.3% | 58.3% |
| EDPR PL | EDP Renovaveis SA | 18.2% | 18.1% |
| GEV US | GE Vernova Inc. | 16.3% | 16.3% |
| XYL US | Xylem Inc. | 14.3% | 14.3% |
| DD US | DuPont de Nemours Inc. | 14.2% | 14.2% |
| WIX US | Wix.com Ltd. | 12.1% | 12.1% |
| BIIB US | Biogen Inc. | 11.5% | 11.5% |
| BN US | Brookfield Corp. | 11.0% | 11.0% |
| PPL CN | Pembina Pipeline Corp. | 11.5% | 9.1% |
| SAF FP | Safran SA | 8.8% | 8.7% |
| USB US | US Bancorp | 8.0% | 8.0% |
| ATD CN | Alimentation Couche-Tard Inc. | 10.3% | 7.9% |
| COP US | ConocoPhillips | 6.3% | 6.3% |
| WFC US | Wells Fargo & Co | 5.2% | 5.2% |
| SU FP | Schneider Electric SE | 5.2% | 5.2% |
| MSFT US | Microsoft Corp. | 4.3% | 4.3% |
| SHEL LN | Shell PLC | 4.7% | 2.7% |
| RBA US | RB Global Inc. | 2.3% | 2.3% |
| SNOW US | Snowflake Inc. | 0.8% | 0.8% |
| GTLB US | Gitlab Inc. | -0.1% | -0.1% |
| ILMN US | Illumina Inc. | -0.5% | -0.5% |
| RACE IM | Ferrari NV | -1.1% | -1.1% |
| MCO US | Moody's Corp. | -4.8% | -4.8% |
| CP CN | Canadian Pacific Kansas City | -3.7% | -5.8% |
| BSX US | Boston Scientific Corp. | -9.1% | -9.1% |
| PYPL US | PayPal Holdings Inc. | -9.8% | -9.8% |
| ABI BB | Anheuser-Busch InBev SA/NV | -12.8% | -12.8% |
| HUBS US | HubSpot Inc. | -16.0% | -16.0% |
| LSEG LN | London Stock Exchange Group | -19.5% | -21.0% |
| CSU CN | Constellation Software Inc. | -23.3% | -24.9% |
| Average total return for RBC CM Top 30 Global Ideas in Q3 2025 | | 4.1% | 3.7% |

| | | Total Return (in local currency) | |
|-----------------------------------|--------------------------------|----------------------------------|-------------------------------|
| | | Q3 2025 | Since Inception* (Annualized) |
| RBC CM Top 30 Global Ideas | | 4.1% | 14.6% |
| SPTSX Index | S&P/TSX Composite Index | 12.5% | 13.8% |
| SPX Index | S&P 500 Index | 8.1% | 15.2% |
| NDDUWI Index | MSCI World Net Total Return US | 7.3% | 12.7% |
| AS51 Index | S&P/ASX 200 | 5.1% | 10.3% |
| SXXP Index | STOXX Europe 600 Price Index | 3.5% | 8.7% |

| | | Total Return (in USD) | |
|-----------------------------------|--------------------------------|-----------------------|-------------------------------|
| | | Q3 2025 | Since Inception* (Annualized) |
| RBC CM Top 30 Global Ideas | | 3.7% | 14.7% |
| SPTSX Index | S&P/TSX Composite Index | 10.1% | 12.4% |
| SPX Index | S&P 500 Index | 8.1% | 15.2% |
| NDDUWI Index | MSCI World Net Total Return US | 7.3% | 12.7% |
| AS51 Index | S&P/ASX 200 | 5.8% | 9.2% |
| SXXP Index | STOXX Europe 600 Price Index | 3.5% | 9.6% |

Notes: *Since inception performance calculated from YE2019. Past performance is not necessarily indicative of future performance. Price performance does not take into account relevant costs, including commissions and interest charges or other applicable expenses that may be associated with transactions in these shares.

Source: Bloomberg and RBC Capital Markets



Investment Thesis

Air Products and Chemicals, Inc. (NYSE: APD)

RBC Capital Markets, LLC

Arun Viswanathan, CFA (Analyst) (212) 301-1611, arun.viswanathan@rbccm.com
Rating: Outperform
Closing Price: USD 272.72
Price Target: USD 355.00
Implied All-in Return (%): 32.8

Investment summary

Best-in-class distribution method. APD primarily engages in on-site/pipeline gas distribution. This method typically has longer contract terms than other mediums and has significant barriers of entry due to the need for building a pipeline. Companies face lower risk of disruption from new entrants when they utilize high levels of on-site distribution vs liquid bulk or packaged.

Superior margin profile. APD has consistently grown top line and EBITDA despite market troughs. The company's FY24 EBITDA margin was 41.7%, greater than that of its Industrial Gas peers.

New discipline around CapEx. Following Mantle Ridge's 2024 activist campaign, new CEO Eduardo Menezes has committed to reducing CapEx. APD plans to cut back on underperforming projects, canceling some and refocusing scope to more predictable, core industrial gas for others. Overall, APD plans to reduce CapEx from \$5B in FY25 to \$2.5B in FY30, paving the way for neutral to positive cash flow.

Return to core industrial gas operations. APD's expertise lies in its core industrial gas operations. Not only do pure-play industrial gas companies trade on higher multiples than diversified chemical/gas companies, they are more predictable than APD's historical speculative projects.

Valuation

We value APD using a target P/E multiple of 27x on our 2026E EPS estimate of \$13.15, resulting in our base-case price target of \$355. APD has traded in a range of ~20-35x since 2014, averaging ~22x, closer to LIN as it returns to core industrial gas. Furthermore, in 2025, APD

has been trading towards the higher end of the range. In this base case, we assume strong hydrogen demand with mega projects coming online as targeted, continued net-zero headwinds, and relatively flat EBITDA margins. Our price target supports our Outperform rating.

Risks to rating and price target

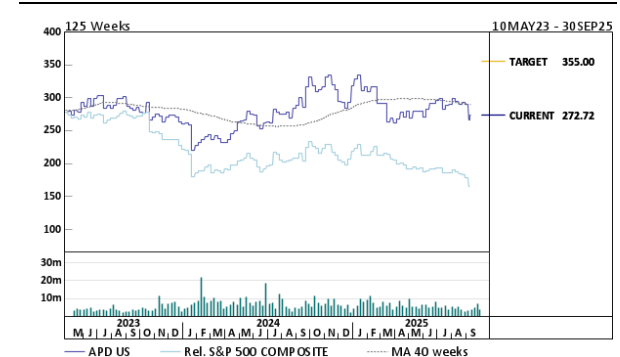
Continued inflation, tariffs, and economic conditions. Air Products sources most of its products locally within region, so tariffs could have a limited impact. However, APD could still see impacts to its international projects. Continued inflation and changes in the supply/demand dynamics could also negatively impact APD's markets.

Inability to implement price increases to offset higher costs. APD enters into longer, multi-year contracts with its customers. The inability to raise prices to offset cost increases, namely energy costs to run its plants, could continue to erode EBITDA margins.

Project delays and geopolitical risks. APD operates in a variety of internationally sensitive geographies, such as Saudi Arabia. Project delays due to government actions would negatively impact sales and margins. Finally, APD's large international presence could result in FX risk.

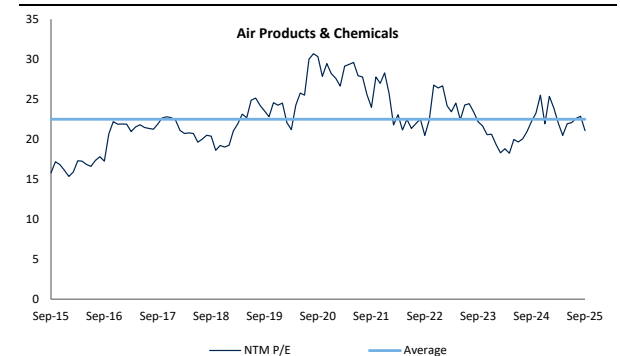
Change in legislation surrounding hydrogen. Currently, there is a push for lower carbon emission fuel, such as hydrogen. A move from gray, to blue, to green hydrogen is already occurring. However, any delay, change, or reversal to this push for hydrogen fuel could impact APD.

Exhibit 1 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 2 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

Alimentation Couche-Tard Inc. (TSX: ATD)

RBC Dominion Securities Inc.

Irene Nattel (Analyst) (514) 878-7262, irene.nattel@rbccm.com

Rating: Outperform

Closing Price: CAD 74.25

Price Target: CAD 91.00

Implied All-in Return (%): 23.6

Investment summary

Despite challenging macro backdrop, multiple avenues for growth, underpinned by: (1) recovery in top-line demand as consumer spending stabilizes and as ATD generates momentum from initiatives to drive incremental sales and consumer value, notably in food and related categories; (2) well-defined initiatives and strategies to optimize procurement and efficiency; (3) focus on localized merchandise pricing, promotions, and assortments; (4) initiatives to optimize fuel GP\$\$; (5) cost optimization; (6) network development; and (7) opportunistic acquisitions.

F28 EBITDA objective of \$10B, \$8.9B excluding new M&A, far exceeds published forecasts, expect management to moderate targets/extend timeline. \$10 B target appeared aggressive when announced early in 2023, protracted headwinds to consumer demand have resulted in a substantially more challenging operating environment. Current F28 EBITDAe consensus (admittedly only 4 forecasts) of \$7.2 B suggests that withdrawal of objectives should largely be a non-event. Having said that, while nature and timing of M&A are impossible to predict, the current macro backdrop and interest rate environment and ATD's attractive cost of capital could give rise to M&A not currently in forecasts.

Despite tepid industry performance in 2024/2025, underlying demand and performance during prior downturns reinforces relatively defensive sector attributes. With gas prices relatively stable and opex growth moderating, sustained elevated gas margins should enable ATD to offset SSS and SSG weakness related to cash-strapped consumer spending trends.

Real-world EV R&D lab in Norway. ATD is the only North American c-store player with a strong footprint in Norway, the global leader in EV sales. With the operation of charging stations on its sites in addition to home and office chargers, ATD is gaining valuable insight into consumer behaviour/revenue opportunities.

Strong B/S + FCF profile with forecast annual FCF close to \$3B to fund activity on renewed F26 NCIB for 10% of common shares comprising ATD's "public float", dividend growth, and acquisitions. Adjusted net debt/EBITDA ~2.2x well below the post-SFR peak of 3.6x, with normalized estimated balance sheet capacity of > \$15 B.

Valuation

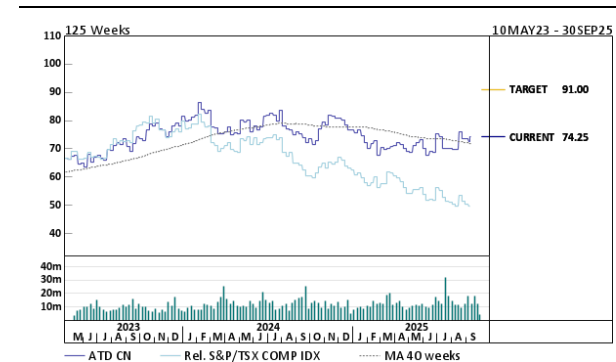
Taking the midpoint of 20.0x LTM Q2/F27E (October 2026E) EPS and 11.5x EBITDA drives our price target C\$91, which supports our Outperform rating. The EBITDA multiple is about one turn above the long-term average, reflecting overall sector valuation trends and supported by ongoing strong normalized underlying performance, relatively recession-resistant business model, and benefits from prior-period merger and acquisition. We believe the multiples are also appropriate relative to our c-store coverage universe based on relative investment attributes.

Risks to rating and price target

Pressure on gas margins without volume improvement would result in earnings below expectations. Substantial dislocation in inside-store volumes could reduce inside-store contribution. Although c-stores typically are relatively recession-resistant, ~50% of US c-store customers have incomes ≤\$50k and have been moderating spending given inflation and interest rates

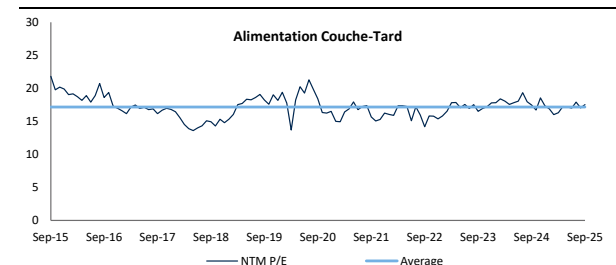
backdrops. With ATD's diversified geographic footprint, the risk profile of forecasts includes multiple geographies and currencies, and economic and operating environments, each of which is being impacted at differing levels by current dislocation in Europe. Potential M&A not included in our forecasts could result in earnings/ share price that differs from forecasts.

Exhibit 3 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 4 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

Barrick Mining Corporation (NYSE: B; TSX: ABX)

RBC Dominion Securities Inc.

Josh Wolfson (Head of Global Metals & Mining Research) (416) 842-9893,

josh.wolfson@rbccm.com

Investment summary

Barrick Mining is a senior gold producer with a globally diversified portfolio of gold and copper assets. Guidance for 2025 includes gold production of 3.15-3.5moz at TCC of \$1,050-1,130/oz and AISC of \$1,460-1,560/oz, and copper guidance is 200-230kt at cash costs of \$1.80-2.10/lb and AISC of \$2.80-3.10/lb.

Investment outlook

Achievement of operating targets, the advancement of key growth projects in 2025, the realization of exploration upside, and the resolution of high outstanding geopolitical risks are priority deliverables. Key project deliverables near-term include PV's ramp-up, and Goldrush advancement.

Barrick has historically outlined a focus on generating growing free cash flow per share, but more recently has shifted to a growth investment focus. This includes advancement of the company's Reko Diq and Lumwana copper development projects.

In 2015, Barrick outlined the potential for material growth at its Fourmile project in Nevada, source of upside over time.

Our Outperform rating is predicated on our view that Barrick's valuation provides greater upside potential relative to peers given the company's growth and resource upside.

Upcoming potential catalysts and milestones include:

(1) PV plant ramp-up (2025-26), expanded tailings

commissioning (4Q29); (2) Mali dispute and potential arbitration updates (2025+); (3) Goldrush commercial production (2026), and steady-state production of +400koz (2028); (4) Reko Diq construction initial production (2028); (5) Lumwana superpit production (2028); (6) Cortez/Robertson initial production (2027); (7) potential sales process for Hemlo, Tongon, and Zaldivar (2025); and (8) Fourmile pre-feasibility study commencement (2025).

Valuation

Our price target of US\$38.00 is based on 1.2x our NAV8% at long-term gold prices of US\$2,600/oz and 17x our 2025–27 Sustaining FCF estimate, equivalent to 7x EBITDA. These multiples are below the average multiples we use to value the large gold producer peers, reflecting Barrick's high-quality asset base, but also above-average geopolitical risk exposure. Our Outperform rating is supported by the implied return to our price target relative to its peers, while accounting for its company-specific risks.

Risks to rating and price target

In addition to general operating and financial risks for Barrick related to commodities (gold and copper) and FX (CAD, CLP, EUR), we highlight: (1) achievement of guidance and 5Y targets, given track record and Loulo's suspension; (2) political risk exposure to Tanzania, DRC, Mali, Pakistan, the Dominican Republic, Argentina, Chile, and PNG; and (3) increasing capital requirements to deliver growth and fund new development projects.

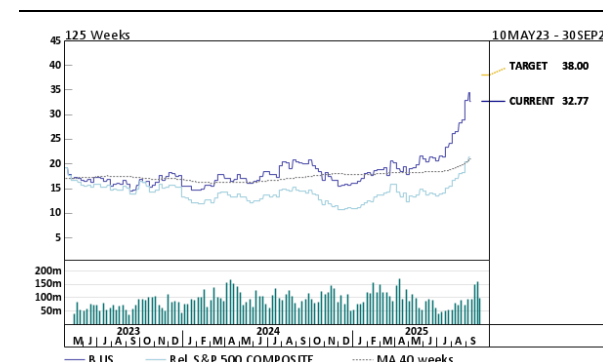
Rating: Outperform

Price Target: USD 38.00

Closing Price: USD 32.77

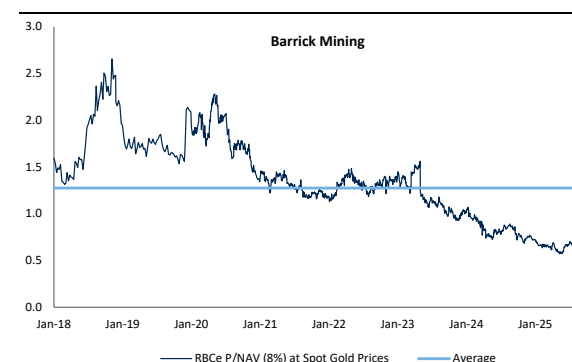
Implied All-in Return (%): 18.1

Exhibit 5 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 6 - RBCe P/NAV history



Source: FactSet and RBC Capital Markets estimates

Most recent company note: [link](#)

Biogen Inc. (NASDAQ: BIIB)

RBC Capital Markets, LLC

Brian Abrahams, M.D. (Head of Global Healthcare Research) (212) 858-7066,

brian.abrahams@rbc.com

Investment summary

We believe BIIB shares may be settling closer to a bottom due to a slower than expected Leqembi uptake, limited NT pipeline opportunities and generic entries competing against the company's MS business; we see limited additional downside from here, and given what appears to be poor buy-side sentiment on the name, we believe this creates an attractive entry point for shares. With Leqembi's subcutaneous prospects from 2026, in our view, there seem to be more upside opportunities than downside risks going forward. We see potentially significant upside on success of the Alzheimer's franchise that may capitalize on meaningful physician appetite for the anti-amyloid class, and competitive profiles from I&I programs; we see downside being capped by the potential for additional cost-cutting and strategic BD, and believe revenues from Biogen's core MS franchise and Spinraza will be flat to down over the long term but still meaningful. Overall, though challenges remain, we see a favorable setup at these levels.

Key positives include: (1) potential for significant market opportunity for Leqembi in Alzheimer's; (2) MS franchise should continue to generate meaningful future cash flows; (3) little credit given to pipeline, and management's recent strategic initiatives could be well received; and (4) reasonable long-term cash flows from anti-CD20 royalties and growing biosimilars business.

Potential catalysts include: (1) continued Leqembi and Skyclarys launch trends (2H25+); (2) subcutaneous Leqembi maintenance launch (2H25+); (3) filing for subcutaneous Leqembi induction (2H25); (4) LLY Kisunla pre-symptomatic data (est. End-'25/Early-'26) and (5) subcutaneous Leqembi initiation decision (Mid-'25).

Valuation

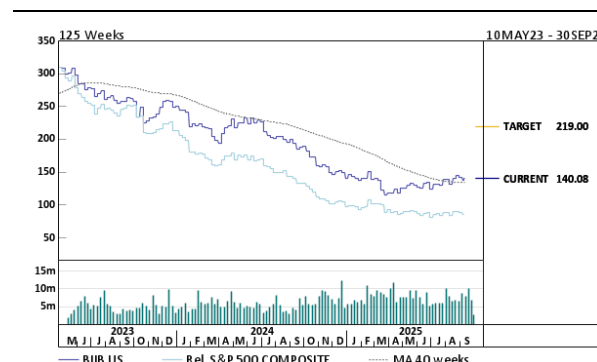
Our \$219 price target is derived from a DCF, which uses a 9.5% discount rate and a 2.0% terminal growth rate. Our price target supports our Outperform rating.

Risks to rating and price target

Risks to rating and price target include: (1) competition, generics, and pricing pressure in MS; (2) competition in SMA; and (3) clinical failure or reimbursement limitations on Alzheimer's antibodies.

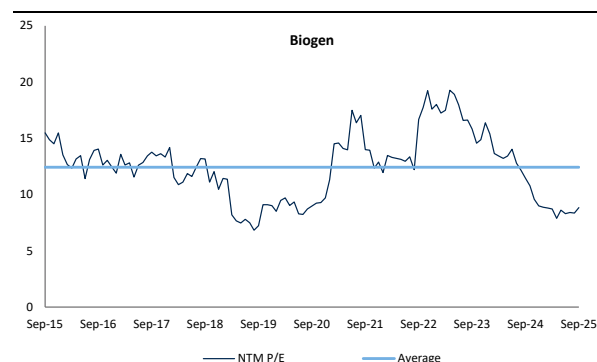
Rating: Outperform
Closing Price: USD 140.08
Price Target: USD 219.00
Implied All-in Return (%): 56.3

Exhibit 7 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 8 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

Boston Scientific Corporation (NYSE: BSX)

RBC Capital Markets, LLC

Shagun Singh (Analyst) (646) 618-6886, shagun.singh@rbccm.com
Rating: Outperform
Closing Price: USD 97.63
Price Target: USD 125.00
Implied All-in Return (%): 28.0

Investment summary

BSX is increasing its WAMGR by shifting into faster growing MedTech end-markets. BSX's shift into higher adjacent growth markets via tuck-in M&A is poised to drive its WAMGR from -1% in 2011-12 to above 9% by 2026. BSX's category leadership strategy driven by product innovation and M&A should drive organic revenue growth above its WAMGR, and at the high end of its stated range (2026-28E LRP of +10%).

BSX introduced its LRP capital allocation strategy during its investor day. First, BSX noted that high-quality tuck-in M&A remains the No. 1 allocation of capital. BSX noted that deployment is based on strengthening category leadership and its portfolio of novel therapies and technologies. Over the last ten years, BSX has executed +40 deals, and has ~45 active investments in its VC portfolio. Second, BSX's goal is to execute share repurchases to offset share dilution. We note that BSX has a healthy balance sheet and investment-grade credit.

Positioned to drive consistent double-digit EPS growth. BSX has a clear pathway to consistent double-digit EPS growth over its LRP period driven by top-tier organic revenue growth (2026-28E LRP of +10%) and strong OM expansion of +150bps over its LRP period.

Farapulse Pulsed Field Ablation (PFA) system launch is ongoing. BSX launched Farapulse in early Q1'24, and the CEO indicated that EP is one of the two strongest

markets in MedTech, with EP being the greatest TAM expansion story in the sector.

Key potential catalysts are as follows: (1) FDA approval for Farapulse PFA in Q1'24 (achieved) followed by full market release; (2) launch of AGENT coronary drug-coated balloon in the US (achieved); (3) next-gen Watchman FLX Pro (achieved); and (4) acquisitive on the M&A front given BSX's history of accretive M&A to expand its portfolio offerings.

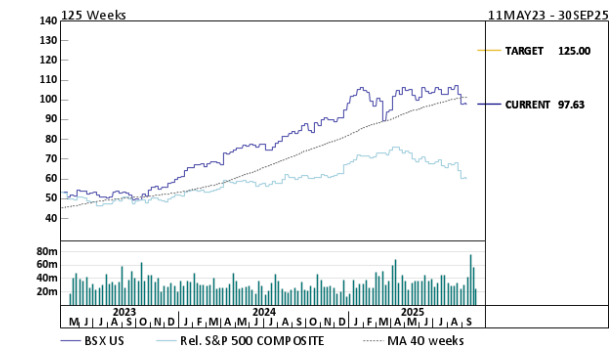
Valuation

Our \$125 price target is an equal blend of: (1) DCF yields a value of \$144 per share and reflects our forecast through 2034 with a 2.0% terminal value growth rate and a WACC of ~8.5%; (2) EV-to-Sales analysis uses a multiple of ~8.5x on 2026E sales, which yields a value of \$119; (3) EV-to-EBITDA analysis uses a ~24.5x multiple on 2026E EBITDA, which yields a value of \$119; and (4) P/E analysis uses a ~34.0x multiple on 2026E EPS, above its 10-year historical NTM P/E average multiple of ~24.0x and below its 10-year peak (~37.0x), which yields a value of \$117. The return implied by our price target supports an Outperform rating.

Risks to rating and price target

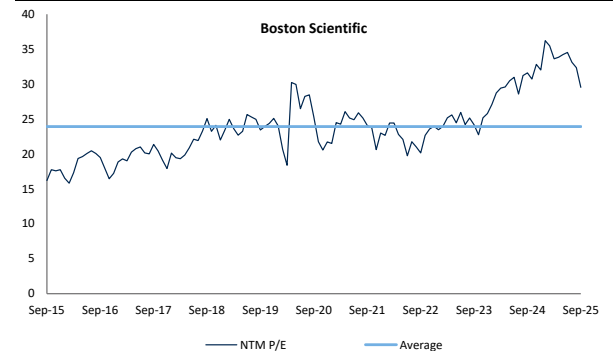
Risks to rating and price target include but are not limited to: (1) competition that can disrupt and take share; (2) R&D efforts or clinical trials that do not materialize; (3) supply chain or manufacturing disruptions; (4) geopolitical risk; and (5) FX headwinds.

Exhibit 9 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 10 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

Brookfield Corporation (NYSE: BN; TSX: BN)

RBC Dominion Securities Inc.

Bart Dziarski, CPA, CA, CBV, CFA (Analyst) (416) 842-8611, bart.dziarski@rbccm.com

Rating: Outperform

Closing Price: USD 68.58

Price Target: USD 83.00

Implied All-in Return (%): 21.6

Investment summary

Why we rate Brookfield Corporation shares

Outperform: We believe Brookfield is a core holding driven by its long-term track record of compounding capital. The company has significant liquidity available to deploy in the current market environment to drive future NAV growth. A controlling position in one of the world's largest, differentiated alternative asset managers drives scale benefit and contributes further to NAV growth. We believe the current valuation provides an attractive entry point into a leading franchise set to benefit from increasing carried interest realizations and its growing Wealth Solutions business.

Key potential catalysts include the following: (1) carried interest realizations against \$6B 3-year target; (2) Wealth Solutions inflows against \$25B annual target and \$350B total asset target in 5 years; and (3) monetization of Transitional & Development Real Estate assets at or above IFRS fair values. Transferring Core Real Estate assets to Brookfield Wealth Solutions and/or selling a portion to 3rd-party investors at or above IFRS fair values.

Valuation

Our 12-month price target is USD \$83/share, derived using a NAV-based methodology assuming a 15% discount to NAV.

We use one-year forward estimated valuations for Brookfield's listed affiliates and BAM.

We apply a 30% discount to the IFRS value of the Real Estate business.

We include a DCF-based valuation for Brookfield Wealth Solutions.

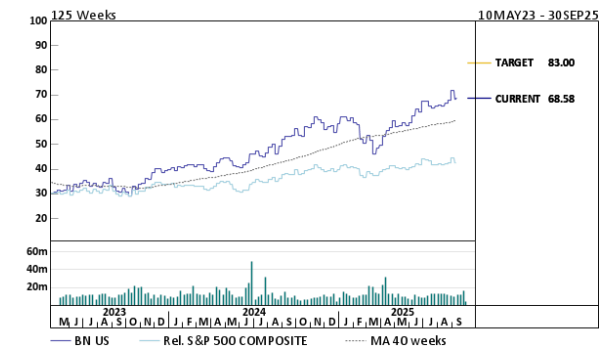
For carried interest, we consider Brookfield's long-term track record and value carry by combining unrealized carry and a multiple of target carry.

Our price target and implied return support our Outperform rating.

Risks to rating and price target

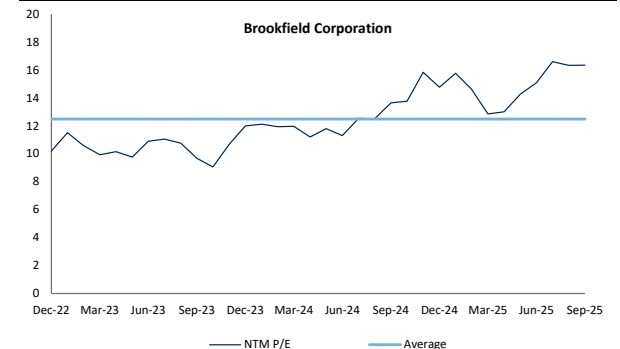
Risks to rating and price target include: (1) a sudden and significant increase in interest rates; (2) sustained capital markets volatility; and (3) real estate, particularly office, values declining precipitously.

Exhibit 11 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 12 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

RBC Capital Markets is a financial adviser to Brookfield Wealth Solutions Ltd, in its recommended cash acquisition of Just Group PLC, announced July 31, 2025.

ConocoPhillips (NYSE: COP)

RBC Capital Markets, LLC
Scott Hanold (Analyst) (512) 708-6354, scott.hanold@rbccm.com

Rating: Outperform

Closing Price: USD 94.59

Price Target: USD 113.00

Implied All-in Return (%): 22.8

Investment summary

We believe COP shares should outperform large-cap E&P peers. COP has a returns-focused value proposition, a strong balance sheet, and peer-leading distributions. The company appears well positioned to maintain competitive FCF generation through various commodity price cycles. The scaled Permian position enhances the outlook with greater FCF generation, asset diversity, and development flexibility.

Management has one of the clearest and most defined investment propositions. COP was an early leader in committing and demonstrating high returns of capital back to shareholders. COP's priorities are: (1) sustain production and pay its dividend; (2) annual dividend growth; (3) A-rated balance sheet; (4) 30+% CFO total shareholder payout; and (5) disciplined investment for CFO expansion.

A global and diverse asset base across the commodity spectrum mitigates unsystematic risk. This also allows spending flexibility to deliver industry-leading returns through the commodity price and economic cycles.

COP has a low break-even point where it can fund its production maintenance capital and dividends at below \$40/bbl (WTI). This is supported by a peer-leading base decline rate that results in a 35% less capital requirement to sustain production than peers.

COP is among the top five largest natural gas marketers in the US. This creates opportunities to enhance transportation and sales mechanisms for margin improvement.

Strong balance sheet. The company's strong balance sheet provides a strategic advantage to increase shareholder value through commodity price cycles.

Valuation

Our \$113/share price target is derived from a combination of evaluating forward EBITDA multiples and our Net Asset Value (NAV). Our target reflects a 7.2x multiple on our 2025 EBITDA estimate, higher relative to peer averages.

Our price target is similar to our \$118/share Net Asset Value (NAV), above the large cap peer average due to peer-leading shareholder return, solid FCF growth rates, a strong balance sheet, and asset diversity. Our NAV is a risked assessment of 3P reserves using the long-term RBC commodity price outlook of \$65/bbl (WTI), \$70/ bbl (Brent), and \$3.50/Mcf (HH).

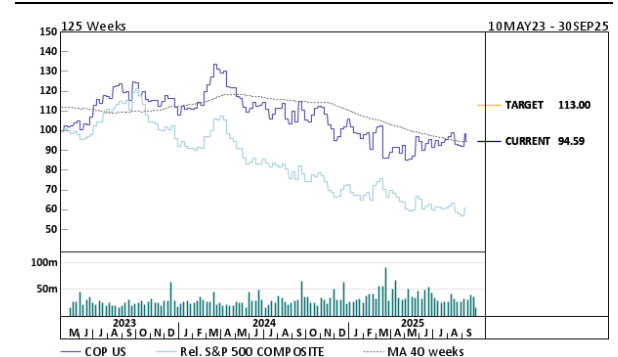
Our price target supports our Outperform rating.

Risks to rating and price target

ConocoPhillips's returns-focused strategy is dependent on strong margins, cost control, and execution. Industry inflation or unforeseen cost overruns could limit the company's ability to deliver significant returns to shareholders and negatively impact the share price.

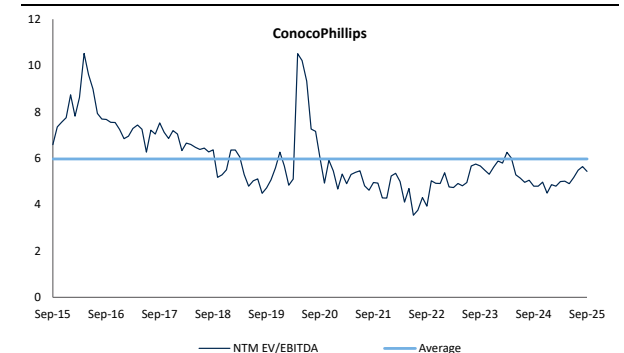
Regulatory changes could adversely impact the company's development opportunities and economics. COP has federal acreage on certain core assets in both the Permian Basin and Alaska that could be impacted by regulatory changes.

Exhibit 13 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 14 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: [link](#)

Constellation Software Inc. (TSX: CSU)

RBC Dominion Securities Inc.

Paul Treiber, CFA (Analyst) (416) 842-7811, paul.treiber@rbccm.com

Rating: Outperform

Closing Price: CAD 3,830.00

Price Target: CAD 6,000.00

Implied All-in Return (%): 56.8

Investment summary

We believe that Constellation Software is likely to generate one of the highest returns for shareholders over the long term in our coverage universe. Our Outperform thesis reflects: (1) Constellation's ability to rapidly compound capital through acquisitions; (2) solid underlying fundamentals as a result of an attractive market structure and ROIC-based performance incentives; and (3) Constellation's valuation is attractive relative to growth potential.

Constellation's ability to rapidly compound capital through acquisitions. Our positive outlook reflects the continued compounding of Constellation's capital deployed at high hurdle rates, along with the scalable nature of Constellation's decentralized business model. The acquisition targets in Constellation's database continue to grow (now estimated at 60k, up from 1.2k in 2006). The 60k acquisition targets imply a large \$300B+ addressable market. We forecast Constellation to deploy a record \$2.25B capital on acquisitions in FY27e, up from \$1.6B in FY24.

Solid underlying fundamentals. Constellation focuses on mission-critical vertical market software (VMS), which offers an attractive market structure. As a result, Constellation benefits from stable organic growth, high margins, and solid FCF conversion. Moreover, the company's ROIC-performance incentives ensure that

managers improve performance over time. As a result, Constellation has experienced 490 bps of margin expansion over the last 10 years. Our outlook calls for adj. EBITDA margins to expand from 26.7% in FY24 to 28.0% in FY27e.

Constellation's valuation is attractive relative to growth potential. Constellation is trading below the mid-point of its 5-year range. We see Constellation's valuation as compelling, compared to our forecast for 19% adj. EBITDA CAGR and 18% FCF/share CAGR over the next 3 years.

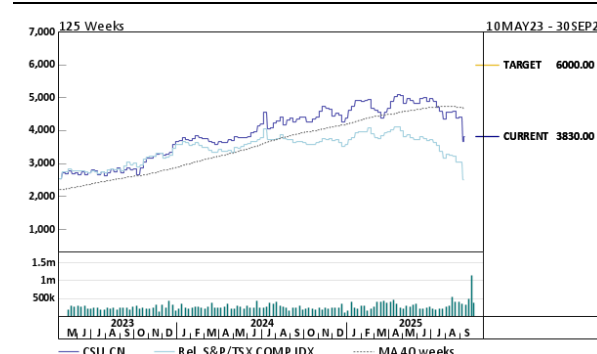
Valuation

Our C\$6,000 price target is based on 27x CY26e EV/EBITDA, justified above Canadian software consolidator peers in our view, given Constellation's faster ability to compound capital in the long term. Constellation has converted 82% of adj. EBITDA into FCF over the last five years. Our price target supports an Outperform rating.

Risks to rating and price target

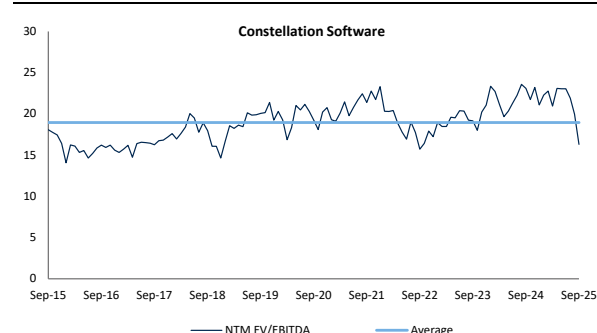
Risks to rating and price target include: (1) inability to find attractive acquisition candidates at high rates; (2) unforeseen challenges managing large acquisitions; (3) unexpected organic growth headwinds; (4) loss of key employees; and (5) a decline in tech market valuations.

Exhibit 15 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 16 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: [link](#)

CSX Corporation (NASDAQ: CSX)

RBC Dominion Securities Inc.

Walter Spracklin, CFA (Co-Head of Global Industrials Research) (416) 842-7877,

walter.spracklin@rbccm.com

Investment summary

Our Outperform rating reflects our view that CSX is well positioned regardless of what happens with rail consolidation going forward. We see three scenarios playing out over the medium-term:

UNP/NSC goes ahead, and CSX gets acquired. We would view this as a best-case scenario.

UNP/NSC goes ahead, and CSX does not get acquired. We believe the market view here is that CSX goes back to the status quo in this scenario, but we see an opportunity for increased rail collaboration and out-sized EPS growth, which we believe is under appreciated.

UNP/NSC does not go ahead. We see this as neutral (negative bias) and as largely priced into the stock at current levels.

CSX is performing well operationally. Another kicker is that operationally CSX has really turned it around and we therefore expect the core CSX business to perform much better looking ahead regardless of what happens with the UNP/NSC merger.

Valuation

Our \$41 price target is based on applying a P/E multiple of 19x to our 2027 EPS estimate of \$2.15. Our base case scenario is based on improving operations and positive pricing trends. Our target multiple reflects the increasing likelihood of rail consolidation. The implied return to our price target supports our Outperform rating.

Risks to rating and price target

Risks to rating and price target include: (1) further decline in global prices for export coal; (2) continued displacement of coal at US utilities on account of persistently low natural gas prices; (3) technological advances in trucking that result in significant share losses; (4) severe network disruption and reduced agriculture production as a result of weather events; and (5) solid operating performance driving volume growth ahead of our expectations.

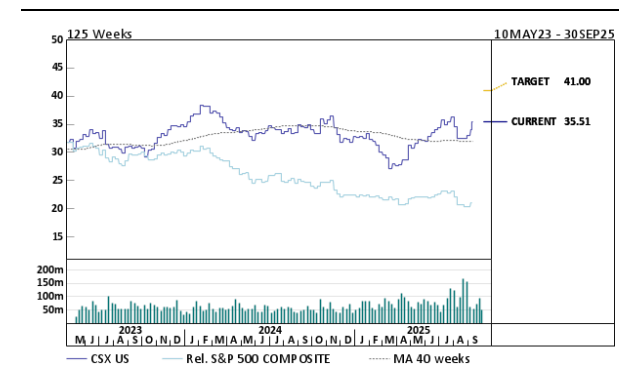
Rating: Outperform

Price Target: USD 41.00

Closing Price: USD 35.51

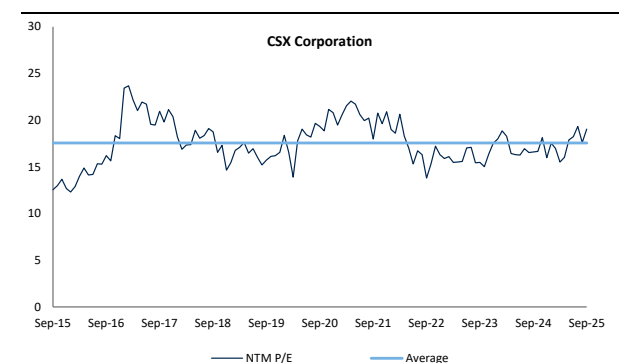
Implied All-in Return (%): 16.9

Exhibit 17 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 18 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

DuPont de Nemours, Inc. (NYSE: DD)

RBC Capital Markets, LLC

Arun Viswanathan, CFA (Analyst) (212) 301-1611, arun.viswanathan@rbccm.com
Rating: Outperform
Closing Price: USD 77.90
Price Target: USD 94.00
Implied All-in Return (%): 22.5

Investment summary

Multiple expansion opportunity as a multi-industrial company. DD is currently going through another portfolio transformation, and we believe DuPont's valuation multiples could increase 2–3x should it successfully market itself as a multi-industrial company. DuPont notes that when comparing against other multi-industrial companies (MMM, HON, and ITW), DuPont provides similar-in-class benchmarks. Additionally, DD is planning to spin its electronics segment (SpinCo to be named Qnity), which it believes could capture a higher valuation multiple (~16x). While it recently canceled its previously planned water spin, this aided in the acceleration of its electronics split (estimated Nov. 2025).

Optionality for shareholder returns. Given proceeds from the upcoming electronics spin, we believe DD has some of the best optionality for capital deployment in the space. DD has noted that it plans to pay down debt with some of the proceeds, but we think it is likely to also pursue share buybacks or accretive M&A.

Limited China Tariff Exposure. DD management has noted exposure to tariff impacts in ~2017-18 were ~\$60M to revenues, and the company has since diversified supply/procurement, and it should not see as much impact in 2025-26. Per DD, ~\$50M of COGS is tied to product imported from China (\$75M from Canada/Mexico), and its China/Hong Kong revenue

exposure is ~19%. Additionally, the recent China Tyvek probe represents only ~0.7% of sales.

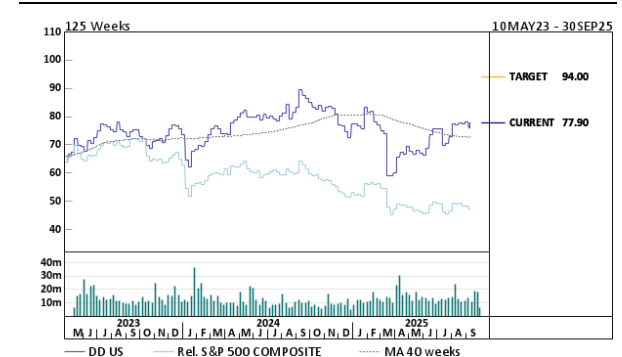
Valuation

We value DD on a forward EV/EBITDA basis using 2026E. We apply a 12x multiple to our 2026E EBITDA of \$3.55B to arrive at a price target of \$94/share. Given the portfolio transformations and buybacks, somewhat offset by lower market multiples we believe DD should trade near the middle of its historical 9–16x multiple range. Our price target supports our Outperform rating.

Risks to rating and price target

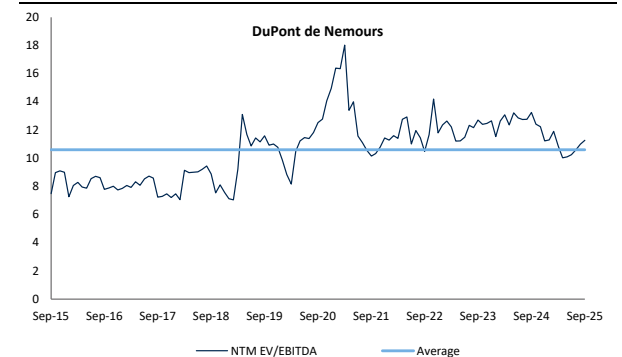
Risks to rating and price target include: (1) slower-than-expected cycle recovery in China and North America; (2) synergy/integration challenges; (3) further delays or failure to optimize spin strategy; (4) continued weakness in electronics/construction markets; and (5) delays in the spin of its electronics businesses.

Exhibit 19 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 20 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: [link](#)

EDP Renovaveis, S.A. (LIS: EDPR)

RBC Europe Limited

Fernando Garcia (Analyst) +44 20 7029 0267, fernando.garcia@rbccm.com

Rating: Outperform

Closing Price: EUR 11.26

Price Target: EUR 14.00

Implied All-in Return (%): 25.6

Investment summary

EDPR is one of the world's largest wind energy producers, with a well-proven track record of accomplishing operating efficiencies and delivering new installed capacity targets. EDPR has consistently carried out AR showing strong value creation vs. IC.

We believe EDPR's revised 2025-26 plan would still deliver additions of 2GW in 2025 and 1GW 2026 (with >2.5GW to be rotated) in those years and EDPR can focus on projects that offer a higher risk return profile. Now that parent balance sheet concerns have been removed, EDPR can focus on more value-accretive projects above cost of capital.

We also expect a recovery in load factors to average levels.

Valuation

Our €14.0 price target is based on a sum-of-the-parts approach:

Wind assets in North America, Spain, Portugal, rest of the world and offshore are valued using DCFs with a 5.5% WACC and 3% terminal value. We are assuming a 30Y useful life for wind assets. We are including in our estimates the capacity envisaged and agreed by the company in the 2023-26 strategic plan.

We value minorities at a 5% premium to book value.

Our net debt includes the institutional partnership liabilities valued at book value.

Value of €4bn investment in 2027E-50E is ~€5/sh.

Our €14.0 price target supports our Outperform rating.

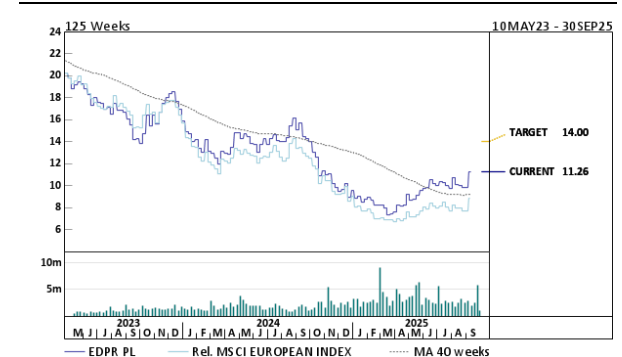
Risks to rating and price target

EDPR might be constrained by a combined increase in capex of its projects while merchant/CfD/PPAs prices fall. In addition, cost of financing could increase and the availability of credit in new projects might fall.

EDPR might receive compensation from the Colombian government.

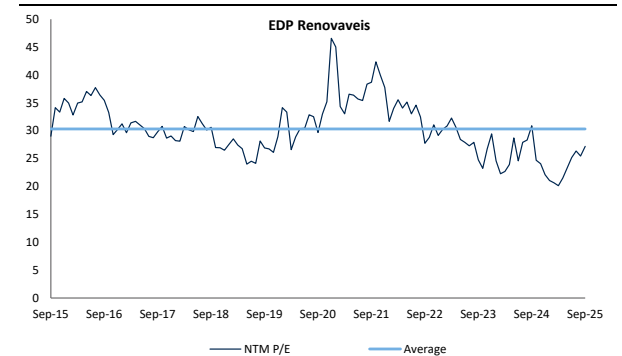
Load factors might be consistently below the long-term average expected by the company.

Exhibit 21 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 22 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

Ferrari N V (MILAN: RACE)

RBC Capital Markets, LLC

Tom Narayan (Analyst) (212) 428-2364, tom.narayan@rbccm.com

Investment summary

Production increase on the horizon. Ferrari's electrification campaign and new E-building facility should enable the automaker to increase its production beyond the legacy plant's 15K/year level.

Ferrari is a luxury stock. Ferrari's EBITDA margins, stock price movements, and customer base are more similar to those of luxury stocks than auto OEMs. More than 40% of Ferrari owners already have at least one Ferrari and customers are largely in the growing UHNW (ultra-high net worth) and millionaire segment, similar to high-end luxury products. Furthermore, like some luxury brands, Ferrari has pricing power and loyalty, especially given the aura of exclusivity that it has garnered among its customers.

Electrification fears overblown. Demand for Ferrari's PHEV products is strong and the company is able to price its EVs higher. Moreover, we expect the company to leverage EV technology to enhance the product—acceleration, handling etc. Finally, Ferrari is open to using partners instead of going it solo on EVs. As such, we expect capital allocation to be prudent.

Potential catalysts include: (1) successful launches; (2) growth of UHNW and millionaire demographic; and (3) take rate of EV products.

Valuation

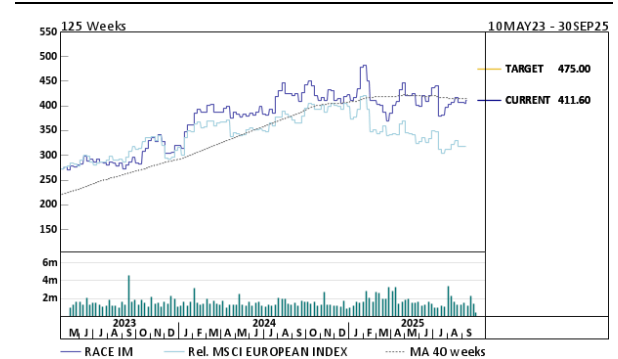
Our €475 price target is derived by applying a 27x (DCF-derived) multiple to our 2025E EBITDA. We then add industrial net cash and subtract underfunded pension liabilities to arrive at our equity value. Our price target supports our Outperform rating.

Risks to rating and price target

Risks to rating and price target include: (1) challenges to penetrating China; (2) electrification is not in Ferrari's DNA; and (3) premium FUV market is already hyper-competitive.

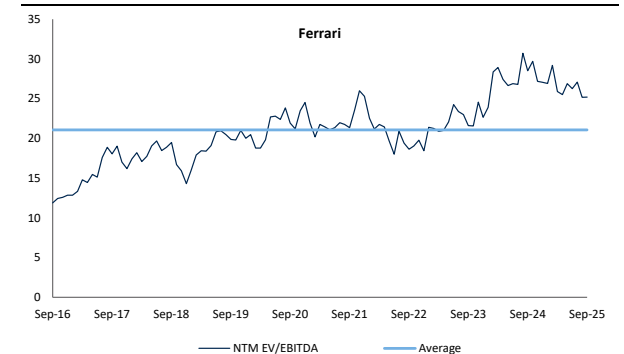
Rating: Outperform
Closing Price: EUR 411.60
Price Target: EUR 475.00
Implied All-in Return (%): 16.1

Exhibit 23 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 24 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: [link](#)

HubSpot, Inc. (NYSE: HUBS)

RBC Capital Markets, LLC
Rishi Jaluria (Analyst) (415) 633-8798, rishi.jaluria@rbccm.com

Rating: Outperform

Closing Price: USD 467.80

Price Target: USD 800.00

Implied All-in Return (%): 71.0

Investment summary

HubSpot is an innovative software player that is transforming from a marketing automation vendor to a fully fledged customer relationship management platform with a primary focus in SMB.

Potential catalysts

Faster-than-expected adoption of newer hubs: We see potential for upside in the model from further acceleration in the adoption and revenue growth of the newer hubs (Service, Payments, CMS, and Operations). Sales Hub represents a larger market opportunity than Marketing; therefore, adoption could also accelerate and drive upside.

We could see improving retention rates: We think success with the CRM Suite, multi-hub adoption, and drift upmarket are likely to continue to lift unit retention rates. Negative dollar churn is very meaningful for unit economics of the business over time.

FCF generation: We think HubSpot has reached sustainable FCF generation as product/operational levers kick in. As HubSpot continues to mature its operating model, this should not only provide near-term valuation support but also drive a shift in the valuation focus long-term.

Valuation

We calculate our base-case price target of \$800 by applying an 11.3x EV/revenue multiple to our 2026 revenue. Our price target supports our Outperform rating.

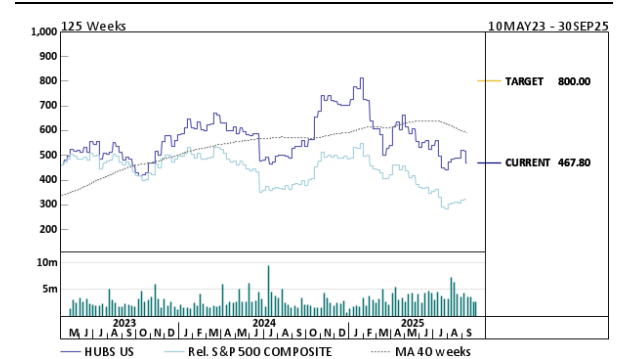
Risks to rating and price target

SMB attrition: The company's annual unit retention rate is in the high 80s. While a meaningful improvement relative to two years ago, it remains higher than most enterprise SaaS providers.

Competition: A very competitive market with risk from new innovation and disruption in the SMB space. However, today, we think HubSpot's competitive position is strong and improving.

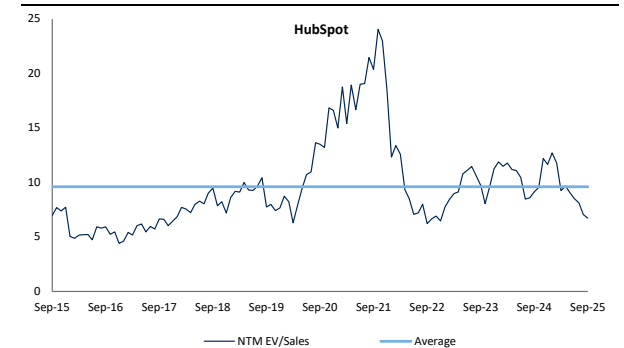
Long-term profitability: Margins have improved and are solid for HUBS growth, but the company's long-term margin structure remains uncertain. We believe the company has a strong enough cash position to achieve positive FCF generation without raising funds.

Exhibit 25 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 26 - Forward consensus EV/sales history



Source: FactSet

Most recent company note: [link](#)

Loblaw Companies Limited (TSX: L)

RBC Dominion Securities Inc.

Irene Nattel (Analyst) (514) 878-7262, irene.nattel@rbccm.com

Rating: Outperform

Closing Price: CAD 53.83

Price Target: CAD 67.00

Implied All-in Return (%): 25.5

Investment summary

Well-positioned for the current environment. Loblaw is exceptionally well-positioned for the current macro backdrop with sector-leading exposure to the discount channel (60% of revenues) and value-oriented private-label penetration (35%) and leading loyalty program (18 MM active members). Focus on surfacing operating leverage and the relative advantage of the L+SC size, focus, and profitability should drive mid-SD EBITDA growth, augmented by consistent share buyback to deliver 8-10% EPS CAGR. With incremental macro headwinds and probable downside to employment levels and GDP, grocer tonnage is likely to remain higher than pre-COVID.

Consistent return of capital to shareholders: Consistent NCIB execution since 2016, with share count at Y/E 2024 25% below 2015. Our model assumes consistent annual share count reduction of ~2.5% over our forecast horizon.

Shifting dynamics and foundational investments put Loblaw in pole position looking ahead to 2027 and beyond. While food e-commerce appears to have plateaued post-pandemic, Loblaw's proactive investment in innovation capital was, and remains, of paramount importance to retaining its leadership position. Online penetration that peaked at high-SD during the pandemic and has settled in mid-SD should continue to improve over the medium term as Loblaw continues proactive work on digitization of health care. As the company pulls away from the competitive set in terms of offering and how it goes to market, investors should increasingly differentiate between Loblaw and the rest of the field.

Proprietary survey supports re-rating argument. We have long argued that Loblaw's relative earnings, returns, and FCF conversion justify a narrowing of the valuation gap to peers. Findings and insights from [RBC Imagine™: Reimagining the weekly shop](#) highlight Loblaw's critical points of differentiation, bolstering our argument that the current trading multiple fails to properly capture Loblaw's competitive positioning and structural advantages/capabilities. Findings underscore Loblaw's leadership on key influencers of consumer behaviour, notably loyalty programs and digital relationships. With seamless crossover across channels and banners, PC Optimum has emerged as the top consumer choice regardless of geography and demographics.

Valuation

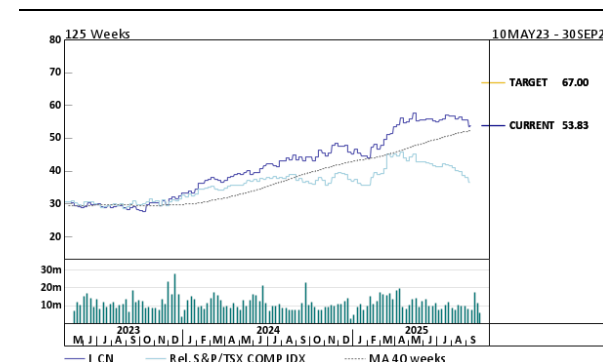
Our \$67 price target is based on a blended valuation methodology whereby we apply 12x EBITDA and 24.5x EPS multiples to Q2/F27 estimates. Our EV/EBITDA multiple is in line with the target valuation we assign to Metro (TSX: MRU), slightly above the average long-term multiple for the consumer sector in Canada, reflecting the company's defensive attributes, but a discount to the growth-oriented names in the space (i.e., DOL), consistent with Loblaw's current earnings growth outlook. Our price target supports our Outperform rating.

Risks to rating and price target

Ability to offset key input and opex increases, notably labour, and impact of healthcare reform could have a negative impact on earnings growth and share price going forward. Senior leadership changes in 2024 could

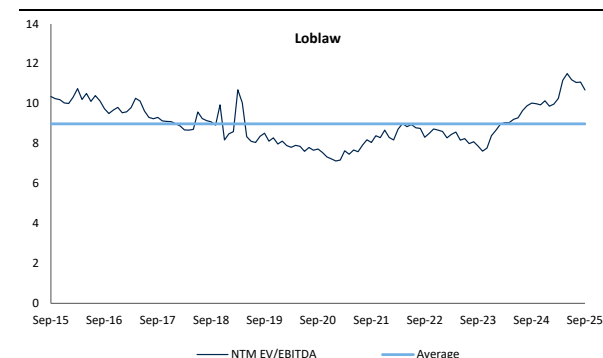
result in shift in investor perception and impact valuation positively or negatively.

Exhibit 27 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 28 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: [link](#)

L'Oreal (NXT PA: OR)

RBC Europe Limited

Wassachon (Fon) Udomsilpa (Analyst) +44 0 20 7029 0783, fon.udomsilpa@rbccm.com

Rating: Outperform

Closing Price: EUR 368.50

Price Target: EUR 420.00

Implied All-in Return (%): 15.9

Investment summary

Our work on hair and skin care markets reinforce our positive view on the beauty category. The sector is well-positioned amidst structural demographic shift, with key players in the markets proactively innovating to support category growth. It is also a hiding place from risks of lower product consumption by Gen Z over the long-term – very real concerns in tobacco and beverages.

We have long admired L'Oréal's ability to identify categories/markets with attractive growth potential and rapidly commit resources to stimulate and capture those opportunities. Additionally, its broad product coverage, marketing firepower and impending ramp-up in innovation/product launches position the company well to strengthen its market leadership further.

It is clear that L'Oréal is not immune to a challenging macro backdrop and its recent performance came in below expectations. However, we see this as temporary and the pace of growth recovery could surprise on the upside. Lowered expectations and de-rating over the last year suggest risk is to the upside.

L'Oréal trades at its 5-year trough valuation on P/E, which we view as attractive, considering its long-term growth trajectory.

Valuation

We believe that consumer staples stocks lend themselves to a DCF valuation methodology owing to the relative strength and predictability of their cash flow together with—in some instances—a significant mismatch between capital expenditure and

depreciation charged through the profit and loss account meaning that P&L-based valuation metrics (PE ratio and EV/EBITDA ratio) can be misleading. We use a derivative of a traditional DCF calculation called adjusted present value (APV) whereby the business's operating cash flows are discounted at its cost of equity (7% for L'Oréal) and tax shield at the cost of debt (3%). Assuming a terminal growth rate of 2.5% after 2040, we derive a fair value for L'Oréal of €399 per share. Discounting the APV forward by a year at the cost of equity and deducting our forecast dividend payment, we obtain a 12-month price target of €420. Our price target supports our Outperform rating.

Risks to rating and price target

A further deterioration in consumer confidence in its key markets (particularly China) would be negative for sales and margins.

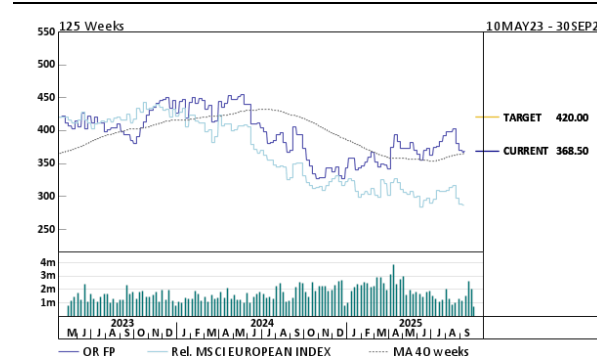
More intensified price competition could negatively affect top-line performance, particularly for the Consumer Product division. New and effective innovation from competitors would lead to a further slow down in Dermatological Beauty.

Worse-than-expected performance of the recent major acquisition, Aesop, would be negative for the shares.

Unsuccessful innovation could affect L'Oréal's market positioning and ability to gain market share.

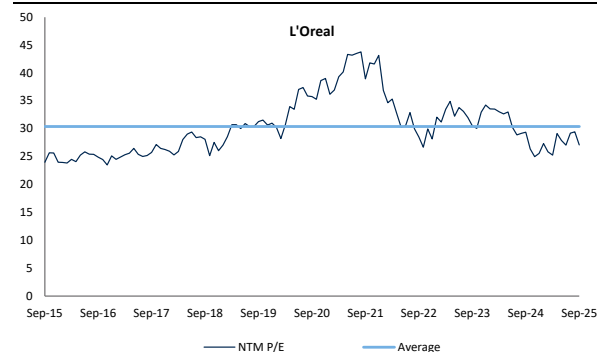
Lower consumption of beauty products on the back of a higher adoption of injectables would be headwinds for the beauty sector.

Exhibit 29 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 30 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

Microsoft Corporation (NASDAQ: MSFT)

RBC Capital Markets, LLC

Rishi Jaluria (Analyst) (415) 633-8798, rishi.jaluria@rbccm.com
Rating: Outperform
Closing Price: USD 517.95
Price Target: USD 640.00
Implied All-in Return (%): 24.1

Investment summary

We like shares of Microsoft for four primary reasons:

Market Leader in Several Important Software Categories. Microsoft is a top vendor across numerous enterprise software markets, including public cloud (Azure), collab (Teams/Office), developer tools (GitHub/Visual Studio), security (Azure AD, Defender), and hyperautomation (Power Platform). In addition, Microsoft holds a top spot in other technology vectors, like video games (Xbox), social networking (LinkedIn), and AR (HoloLens).

Durable Double-digit Growth at Scale. From FY18-FY21, Microsoft sustained a 15% CAGR, adding ~\$60B of revenue to \$168B total. Even more impressive, most of this came organically with \$23B from Azure, \$12B from Office, and \$5B from Gaming (LinkedIn added \$5B). In our base case, we expect Microsoft to maintain a low-teens CAGR from FY22-FY27.

Several Market Expansion Opportunities. We see several large expansion opportunities, underpinning our view that Microsoft can sustain DD growth. Microsoft has historically successfully entered new markets, e.g., hyperautomation, security, and collaboration. We believe the large Office install base, Azure's platform/capabilities, and effective bundling are the enablers. We look to customer experience/engagement as an area to watch given recent investments.

Still Room for Margin Expansion. Microsoft has dispelled the bear thesis that cloud mix-shift would pressure margins. We see gross margins pushing higher,

though at a more measured rate. In addition, we expect the company to keep balancing efficiency gains against investments in future growth, ultimately leading to modest operating margin expansion.

Valuation

We calculate our base-case price target of \$640 by applying a 39x multiple to our CY26 EPS estimate of \$16.80. Our target multiple is slightly above the Mega Cap peer group, warranted in our view by the company's leadership position in key software categories, durable double-digit growth at scale, and room for margin expansion, albeit some hardware/on-premises mix. Our price target supports our Outperform rating.

Risks to rating and price target

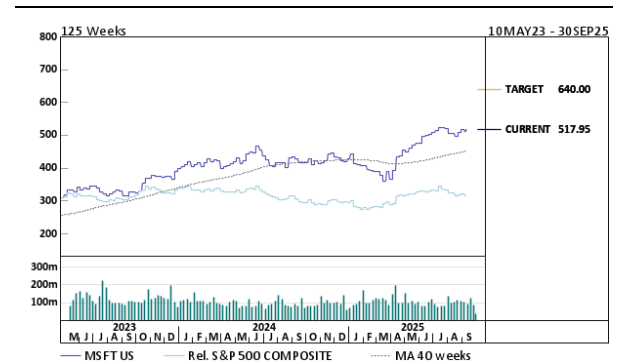
Azure growth could slow: While we maintain the view that public cloud remains early days, a material slowdown in Azure growth could impact the stock and future growth.

Competitive backdrop remains intense: If Microsoft is unable to maintain its leadership across several sub-categories of software and/or continue entering new markets, this could limit its ability to sustain DD growth.

Uneven consumer strategy: While positioning has improved in certain consumer markets (namely gaming), execution has been uneven historically (unable to establish a presence in smartphone and living room ecosystems) which could serve as a competitive risk.

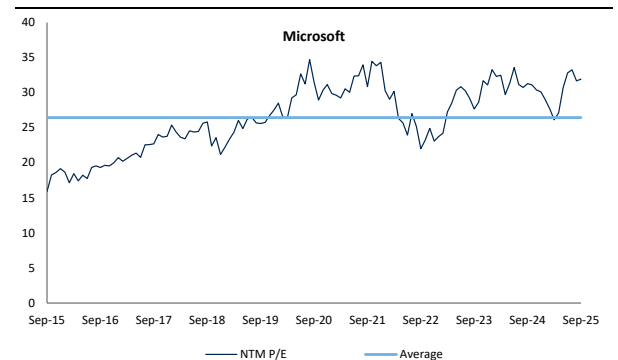
Transformational acquisition: A significant acquisition that depletes the company's net cash position and adds operational pressures on the business could be a risk.

Exhibit 31 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 32 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

Moody's Corporation (NYSE: MCO)

RBC Capital Markets, LLC

Ashish Sabadra (Analyst) (415) 633-8659, ashish.sabadra@rbccm.com
Rating: Outperform
Closing Price: USD 476.48
Price Target: USD 550.00
Implied All-in Return (%): 16.0

Investment summary

Moody's Analytics should sustain low-double-digit revenue growth driven by the focus on integrated risk assessment. Secular trends for credit issuance and pricing increases bode well for a high-single-digit revenue CAGR for the MIS business over the medium term following near-term issuance headwinds. In addition, share repurchases should help deliver upside to the long-term guidance of low-double-digit earnings growth.

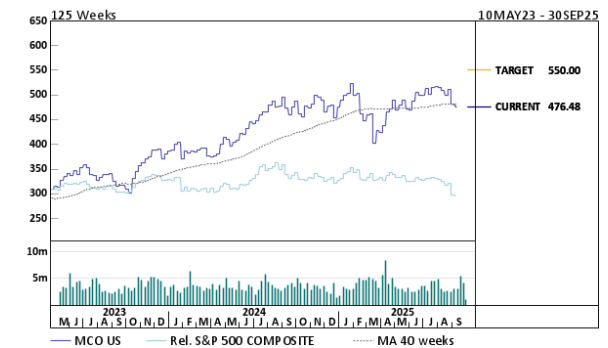
Valuation

Our price target of \$550, which supports our Outperform rating, is based on a ~34x FY26E P/E, which is at the high end of MCO's 5-year NTM PE range given issuance recovery and MA revenue growth acceleration, and the margin expansion we expect in the medium-to-long term.

Risks to rating and price target

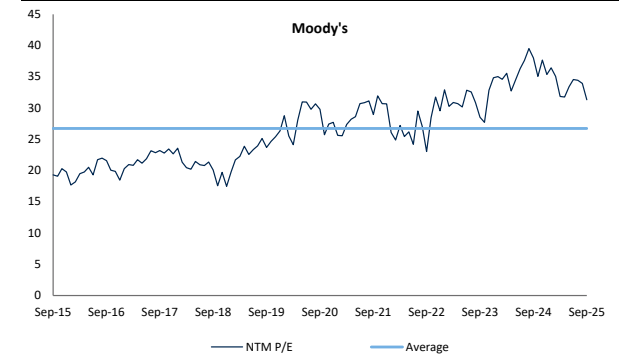
Risks to rating and price target include: (1) significant decline in credit issuance; (2) increased competition for private company data; (3) slowdown in demand for KYC offerings; (4) challenges in integrating acquisitions; and (5) slowdown in demand for Enterprise Risk Services (ERS) software.

Exhibit 33 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 34 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

NIKE, Inc. (NYSE: NKE)

RBC Europe Limited

Piral Dadhania (Analyst) +44 20 7429 8644, piral.dadhania@rbccm.com

Rating: Outperform

Closing Price: USD 69.73

Price Target: USD 90.00

Implied All-in Return (%): 31.0

Investment summary

Risk/reward is favourable for Nike at this point in its turnaround, with sufficient evidence of improving product in key technical areas and a future pipeline that looks sufficiently aggressive relative to peers.

Further, we view the World Cup 2026 event year as providing a revenue acceleration catalyst in Nike's home USA market which we believe is under-appreciated by consensus estimates, and which we believe should underpin a faster recovery profile.

With a revised organisational setup, we believe Nike is better positioned to act faster and be more nimble than in the past and we are encouraged by the step up in demand creation expenses to 10% of revenues.

We estimate Nike can return to a mid-single digit revenue growth profile, with gross margins around 45-46% and EBIT margins of 12-13% which implies mid-term EPS of \$4 and mid-term annual FCF of \$6bn.

Valuation remains stubbornly high relative to earnings/margin/sales metrics, which was also the case in the declining phase of Nike's equity story, and we therefore expect it to remain so in the recovery phase.

Valuation

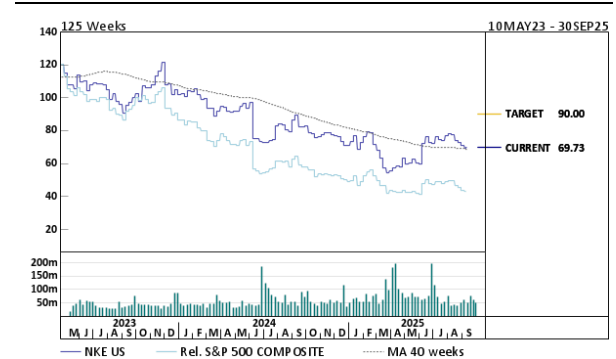
We use a DCF analysis to derive a 12-month price target of \$90. The implied return to our price target supports our Outperform rating, and at our price target Nike would trade at 30x CY27E P/E, which is slightly above its 10-year historic average.

The core assumptions behind our DCF valuation are a WACC of 8.0% (incorporating a levered beta of 0.9, risk-free rate of 3.5%, equity risk premium of 5.0%, and pre-tax cost of debt of 3.0%), our explicit five-year forecasts, +7% FCF CAGR in the medium term (years 5–10) and a 2.5% terminal growth rate.

Risks to rating and price target

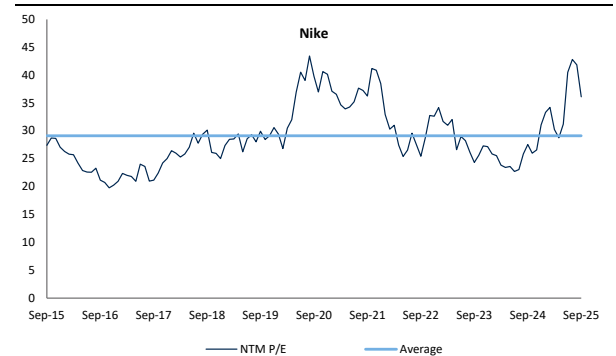
Risks to rating and price target include: (1) slowing US consumer demand environment and/or rotation away from sporting goods; (2) Nike and Air Jordan brand loses relevance in an increasingly competitive sportswear market; (3) Nike price positioning is too elevated relative to peers; (4) World Cup 2026 commercial opportunity is less than estimated; (5) mid-term margin recovery potential is lower than historic levels; and (6) Higher wholesale focus amplifies inventory cycles.

Exhibit 35 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 36 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

Palo Alto Networks, Inc. (NYSE: PANW)

RBC Capital Markets, LLC

Matthew Hedberg (Head of Global TIMT Research) (612) 313-1293,

matthew.hedberg@rbccm.com

Investment summary

Palo Alto Networks is a provider of next-generation network and endpoint security. The company should be able to grow into a growing network and endpoint security market by expanding within its customer base while increasing its reach to new customers through a larger portfolio, geographical expansion, and share shift. We view Palo Alto as well positioned to benefit from an increasingly complex security and threat landscape and as an industry leader in security.

Growth drivers

Above-market growth opportunity by taking share from legacy security vendors, which could be aided by platformization deals.

Land, expand, and retain strategy for maximizing value from existing install base.

Potential market gains from a disruptive subscription business.

International growth opportunities.

Opportunity for margin expansion through economies of scale.

Benefits from the increased focus on data security due to ongoing breaches and increased regulation.

Valuation

Our \$232 price target assumes that shares trade at an EV/FCF multiple of 38x our CY/26 estimate, a slight premium to LC peers. Our price target and multiple reflect our confidence in the momentum of next-gen billings and durability of network security given improved consistency as well as new visibility provided for the strategic outlook. The implied return to our price target supports our Outperform rating.

Risks to rating and price target

Improvements around the product line and impact from sales incentives to drive product growth are taking longer than expected.

The macro environment remains uncertain; although the security market remains robust, a slowdown in global activity could hinder results.

Dependency on channel partners is significant and concentrated among several large global distributors.

Palo Alto could face increased competition as it continues to take share either from legacy providers or new entrants to the security market.

The company could encounter operational difficulties as it attempts to continue to rapidly increase in scale.

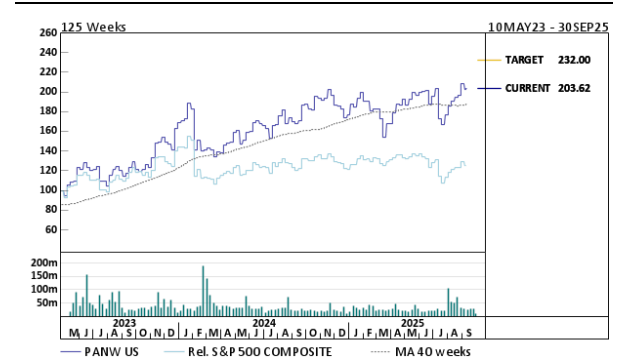
Rating: Outperform

Closing Price: USD 203.62

Price Target: USD 232.00

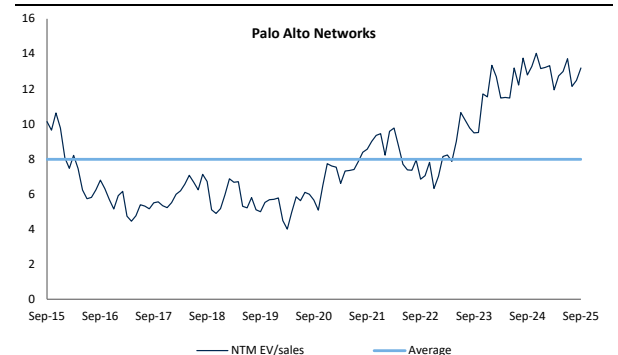
Implied All-in Return (%): 13.9

Exhibit 37 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 38 - Forward consensus EV/sales history



Source: Factset

Most recent company note: [link](#)

PayPal Holdings, Inc. (NASDAQ: PYPL)

RBC Capital Markets, LLC

Daniel R. Perlin, CFA (Analyst) (410) 625-6130, daniel.perlin@rbccm.com

Rating: Outperform

Closing Price: USD 67.06

Price Target: USD 88.00

Implied All-in Return (%): 31.2

Investment summary

We believe PYPL's pivot to narrow its investment and innovation focus on Branded checkout, Braintree (unbranded), and Venmo monetization could enable the company to re-establish itself as a leader in eCom and mobile payments. In the near-term, we think PYPL needs to demonstrate its ability to drive better margins in unbranded transactions via moving to smaller merchants and expanding international. As proof-points to the success of this strategy emerge, we believe the stock could begin to re-rate higher.

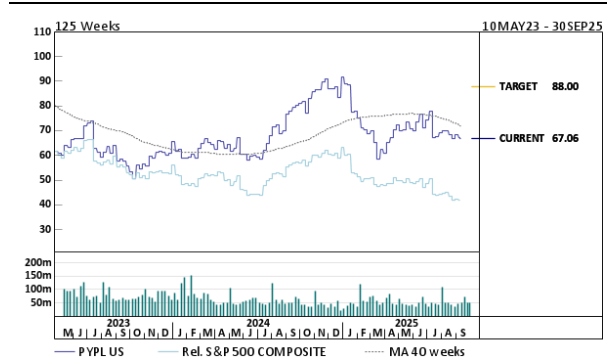
Valuation

Our price target of \$88 is 15x our FY26 adj. EPS estimate and supports our Outperform rating. Our multiple reflects current peer group multiples. As PYPL continues to increasingly focus on driving consumer engagement, which should result in higher monetization rates, we believe its growth rates can begin to accelerate and thus support higher valuation.

Risks to rating and price target

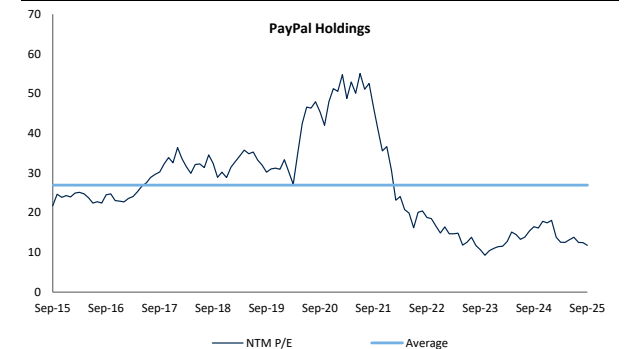
Risks to rating and price target include: (1) accelerated decline in the company's take rate beyond what has been contemplated; (2) increasing competition in the global payments landscape pressuring PayPal's leadership position; (3) unexpected regulation, especially if it slows growth or precludes PYPL from certain operations; and (4) macroeconomic weakness.

Exhibit 39 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 40 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

Pembina Pipeline Corporation (TSX: PPL; NYSE American: PBA)

RBC Dominion Securities Inc.

Maurice Choy, CFA, CA, CPA (Analyst) (604) 257-7632, maurice.choy@rbccm.com

Investment summary

We expect Pembina's shares to outperform its peers for the following key reasons:

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 contracted infrastructure opportunities including NGL fractionation expansion and/or pipeline 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 2024-2026 period, the company expects to generate largely neutral to slightly 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 more than 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.

Potential catalysts include: (1) improved investor sentiment toward energy and midstream stocks; (2) additional volumes for the conventional pipeline system; (3) government programs that strengthen oil and gas producing customers; and (4) increased Montney producer activity on the back of the sanctioning of the third-party LNG Canada project.

Valuation

Our \$62.00/share price target is based on an EV/EBITDA multiple of 12.0-12.5x 2026E. For much of the last 15 years, Pembina's shares have traded within a range of roughly 10–13x EBITDA (although its peak valuation was in the range of 20x). With improving market fundamentals, new growth projects, and a stronger focus on capital allocation versus the past, we believe there is support for the stock trading in the upper half of its historical valuation range. We believe that the relative risk-adjusted expected total return to our price target supports our Outperform rating on the shares.

Risks to rating and price target

Risks to rating and price target include: (1) a weak market for energy including lower-than-expected throughput on the pipeline systems; (2) regulatory intervention; (3) the ability to complete new projects on time and on budget; (4) operational issues; (5) reduced margins in the midstream and marketing segment; and

Rating: Outperform

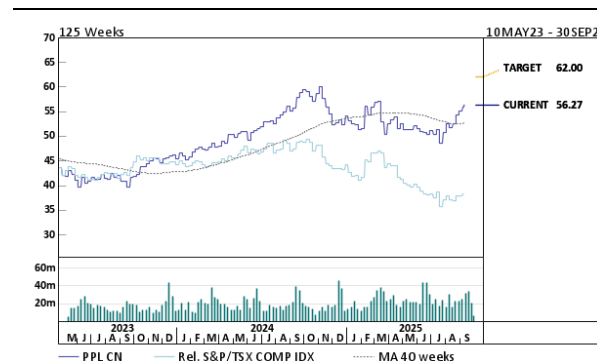
Closing Price: CAD 56.27

Price Target: CAD 62.00

Implied All-in Return (%): 15.2

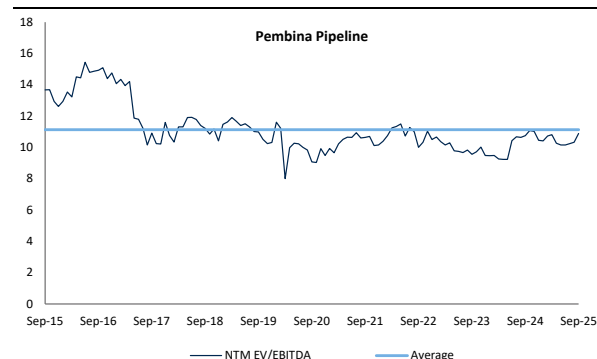
(6) acquisitions, investments and/or projects that fail to gain the confidence of investors.

Exhibit 41 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 42 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: [link](#)

RB Global Inc. (NYSE: RBA; TSX: RBA)

RBC Dominion Securities Inc.

Sabahat Khan (Analyst) (416) 842-7880, sabahat.khan@rbccm.com

Rating: Outperform

Closing Price: USD 108.36

Price Target: USD 132.00

Implied All-in Return (%): 23.0

Investment summary

Entering a “counter-cyclical” period that should be beneficial to Ritchie Bros.’ legacy business – Ritchie Bros. (excl. IAA) generates ~75–80% of its GTV from the Construction and Transportation end-markets. The combination of easing supply chain constraints and the uncertain backdrop could provide a favorable setup for Ritchie Bros.’ legacy auction business. Amidst this backdrop, we would expect the supply of used equipment to increase, which we believe would more than offset any potential weakness in the pricing of used equipment (as Ritchie Bros. can sell more services on greater equipment volume transacting through its channels).

IAA presents a meaningful multi-year opportunity – We believe this is an attractive deal/acquisition for Ritchie Bros. and we think the company will be successful in realizing the stated cost synergies of \$100–120MM (actioned run-rate synergy target already achieved ahead of schedule). As for revenue synergies (\$350–900MM of EBITDA contribution), these are the proverbial cherry on top if even partially realized (we see the biggest potential for growing IAA’s domestic sales and Ritchie Bros.’ GTV).

Positioned for growth across multiple channels – Over the last decade, Ritchie Bros. has undertaken a strategic shift toward becoming a multi-channel, full-service marketplace for customers looking to buy, sell, and

manage their used equipment (as compared to its historical positioning as purely an auctioneer). To support this evolution, the company has leveraged investments in its technology platforms and undertaken a number of tuck-in acquisitions. Further, the evolution of the legacy business combined with the opportunity ahead for IAA provides a favorable setup for investors over the medium-to-long term, in our view.

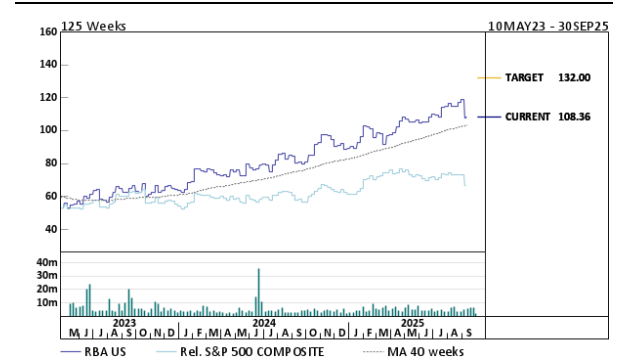
Valuation

Our \$132 price target is based on ~30x our 2026 Adjusted EPS forecast of US\$4.40. We value RB Global at a premium to Auctioneers/Online marketplaces peers based on the current operating backdrop, RB Global’s organic growth outlook, its FCF profile, and the contribution/synergies we expect from the company’s acquisition of IAA. Our price target supports our Outperform rating.

Risks to rating and price target

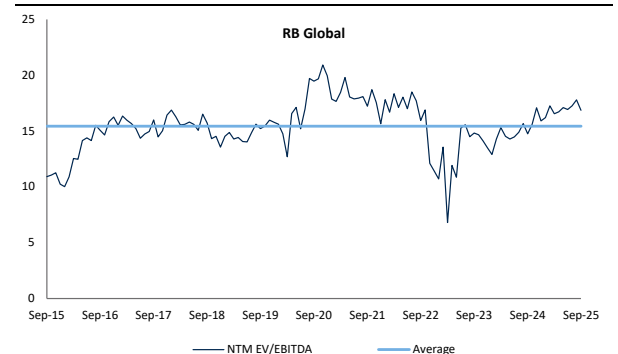
Risks to rating and price target include: (1) integration risks associated with the IAA acquisition; (2) equipment supply constraints impacting the industry for longer than anticipated; (3) risks associated with guarantee/inventory contracts; and (4) foreign exchange risk.

Exhibit 43 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 44 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: [link](#)

Safran (NXT PA: SAF)

RBC Capital Markets, LLC

Ken Herbert (Analyst) (415) 633-8583, ken.herbert@rbccm.com

Rating: Outperform

Closing Price: EUR 300.10

Price Target: EUR 320.00

Implied All-in Return (%): 7.4

Investment summary

We view Safran as a high-quality aerospace and defense supplier, with strong exposure in the narrowbody engine market. Investors are primarily focused on the Aerospace Propulsion segment, particularly with the CFM56 program, the primary profit driver for the segment, and execution on the LEAP, the next-generation narrowbody engine program.

We believe key positive catalysts for SAF-FR will come from continued strength in the commercial aftermarket, execution on LEAP, potential upside to the 2028 targets provided at its 2024 CMD, and capital allocation optionality. We believe the valuation disconnect with US peers provides upside potential.

Valuation

Our €320 price target is based on applying a 27.3x multiple to our 2027 FCF/share estimate of ~€11.73. We believe a multiple at the high end of historical ranges is appropriate considering the outlook for margin upside, catalysts associated with capital allocation, the company's low leverage, and strong market fundamentals. The implied return to our price target supports our Outperform rating.

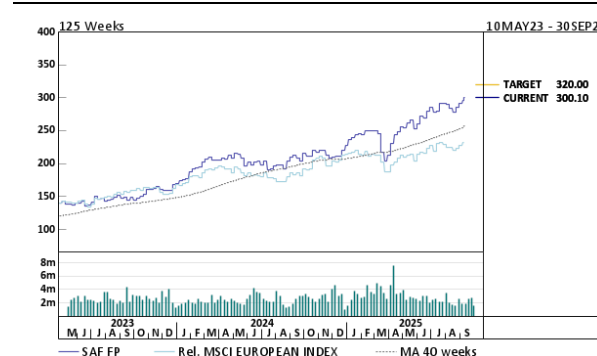
Risks to rating and price target

The primary risks to our rating and price target are focused in the company's civil aerospace business. Specifically, we highlight risks associated with passenger and cargo travel levels, airline maintenance spending schedules and MRO capacity and lead times, as well as work scopes and the availability of spare parts and material lead times. The company also faces risk from the pace of new aircraft deliveries and aircraft interior modification and retrofit spending.

We also highlight the engine supply chain's ability to support expected LEAP engine production increases, as well as the overall health of the aerospace supply chain and risks associated with sanctions and trade policies, capital spending by suppliers, and necessary investments in people and working capital.

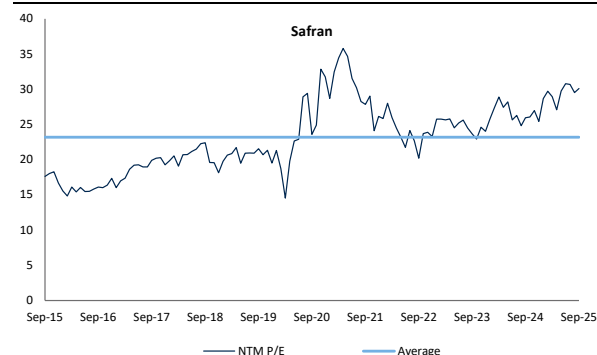
The company also faces risks from: exchange rates and currency hedging strategies, as well as airlines' and lessors' access to capital to support aircraft purchases and investments; global defense spending, technology advancements in propulsion and other areas, and timing of defense contracts and investments; and global geopolitical risks.

Exhibit 45 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 46 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

Schneider Electric (NXT PA: SU)

RBC Europe Limited

Mark Fielding (Analyst) +44 20 7002 2128, mark.fielding@rbccm.com
Rating: Outperform
Closing Price: EUR 237.60
Price Target: EUR 250.00
Implied All-in Return (%): 6.9

Investment summary

Schneider is a high-quality business and we expect robust delivery over the next few years. It has targets for 7-10% per annum organic growth and we forecast ~7% run-rate. This supports an ~9% EPS CAGR to 2029E which we see as underpinning the valuation.

Global leader: Schneider Electric is a global leader in electrical distribution, automation, and energy management products. The company serves the markets for non-residential & residential buildings, industrial & machines, utilities & infrastructures, datacentres and networks. Schneider has top two positions globally in many of the markets it competes in, in particular in the low/medium voltage and UPS markets.

Robust growth: At its November CMD, Schneider set a 4 year 7-10% per annum organic sales CAGR. Schneider's organic growth over the last 5-year period, has averaged 7.4%. We forecast 7-8% per annum average growth over the next 2 years.

Sustainability leader: Schneider has a longstanding track record of a focus on sustainability with strong scores from the relevant rating agencies.

Capital allocation: Schneider's capital allocation has become more targetted and we see the Aveva minority acquisition in 2022 and the India JV buyout set for 2026

as more housekeeping outliers rather than a change in pattern. The balance sheet remains robust at forecast 1.1x net debt / EBITDA at end 2026E.

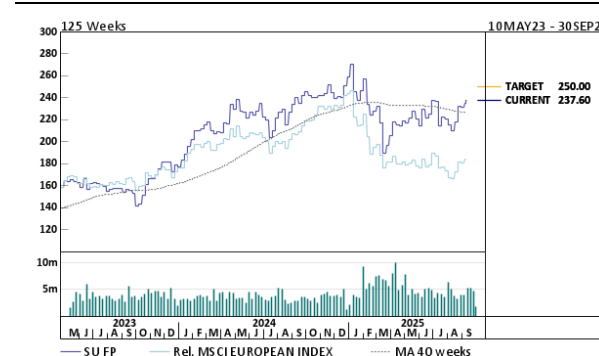
Valuation

We use a combination of EV/EBIT and DCF valuations, giving us a price target of €250. We use a forward EV/EBIT multiple of 19x25E (set at a slight premium to the Electrical peers in view of Schneider's above-average margin and medium-term growth profile), which we apply to 2025E EBITA returning €240. Meanwhile, our DCF returns €254 (using a 7.3% WACC, perpetuity growth of 3.5% and a 20.5% EBITA margin). Averaging the two results in a rounded €250 price target, which supports our Outperform rating.

Risks to rating and price target

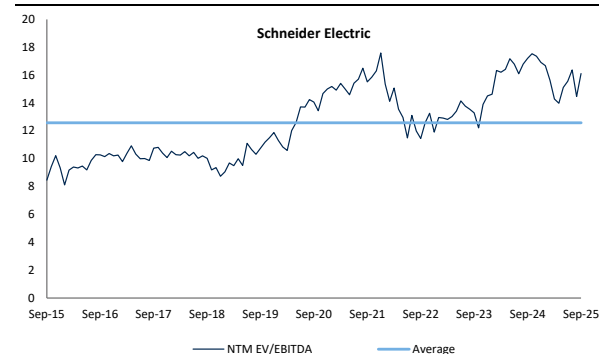
Risks to rating and price target include EPS sensitivity to the economic growth backdrop which could accelerate or decline, Schneider's exposure to Chinese construction activity (we estimate ~5% of sales are driven by this), and exposure to emerging market currencies (Schneider has not been able to shift its production into emerging markets as quickly as its sales mix has shifted). M&A also remains a risk area, both positive and negative, as it remains a core area of the strategy. There are also valuation sentiment risks, most specifically around the datacenter exposure and sentiment on that market.

Exhibit 47 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 48 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: [link](#)

Snowflake Inc. (NYSE: SNOW)

RBC Capital Markets, LLC

Matthew Hedberg (Head of Global TIMT Research) (612) 313-1293,

matthew.hedberg@rbccm.com

Investment summary

Cloud remains the center of gravity for data: We believe 2025 will increasingly show stability and ultimately improvement in cloud spend, partially benefiting from easier compares. We believe this bodes well for Snowflake, as consumption trends are likely to improve in 2025 as macros stabilize/improve.

A more competitive Data Cloud: Historically, Snowflake was a Cloud Data Warehousing platform, but it has evolved into a Data Cloud platform, which supports use cases across data warehousing, data lakes, and beyond. We believe its move into the data lake market through Snowpark should enable cross-sell into BI use cases and increasingly GenAI.

GenAI should drive higher consumption: We believe that a modern data strategy is a precursor to a GenAI strategy and that Snowflake is well positioned given the large amount of data on its platform, as new GenAI offerings should help drive incremental workload utilization. We think a more material impact on results is likely in 2025 and beyond as new products go into GA. Ultimately, we believe GenAI remains a key tailwind to support the company's long-term growth and margin targets.

SNOW is not inexpensive but deserves a premium valuation, in our view: We believe the premium valuation is warranted based on Snowflake's best-in-

class growth, TAM expansion opportunities, management team, and scaling FCF margins.

Valuation

We calculate our base-case price target of \$275 by applying an 18.5x multiple to our CY/26 revenue estimate. This is a premium to the 30%+ growth peers, in our view warranted by the best-in-class growth, TAM expansion opportunities, and scaling FCF margins. Our price target supports our Outperform rating.

Risks to rating and price target

Consumption trends could fluctuate, particularly in difficult economic times.

High level of competition in the market from large established public cloud providers as well as emerging cloud native vendors.

The company's ability to attract new customers or expansion within existing customers and its ability to maintain high retention rates.

Failure to invest adequately and continue to innovate can create risk of losing share to competitors.

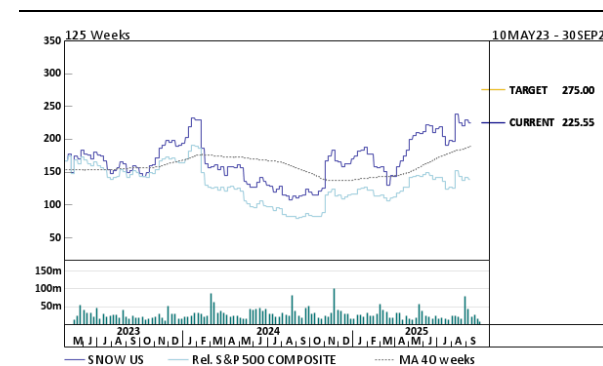
Rating: Outperform

Closing Price: USD 225.55

Price Target: USD 275.00

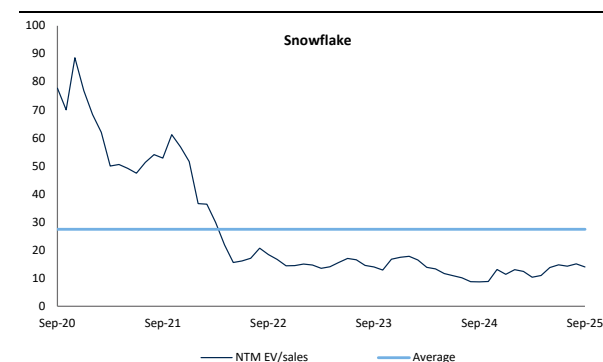
Implied All-in Return (%): 21.9

Exhibit 49 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 50 - Forward consensus EV/sales history



Source: FactSet

Most recent company note: [link](#)

U.S. Bancorp (NYSE: USB)

RBC Capital Markets, LLC

Gerard Cassidy (Co-Head of Global Financials Research) (207) 780-1554,

gerard.cassidy@rbccm.com

Investment summary

We rate USB shares Outperform for the following reasons:

New Leadership: Following 40 years in the banking industry and 8 years as CEO of USB, Andy Cecere has retired. Gunjan Kedia assumed the CEO role on April 15. She has reiterated the financial goals and targets that were laid out at USB's investor day in September 2024. One of the key targets is to drive 200+ basis points (bps) of operating leverage and in the 2Q25 positive operating leverage was 217 bps.

Best in Class: USB has demonstrated, through the compound annual growth rate of shareholder returns over the last 10–20 years, that it has consistently been one of the best-performing commercial banks in the US. The company's focus on growing tangible book value and dividends per share has driven this performance, in our view.

Medium-Term Financial Targets: USB's medium-term financial targets include return on assets of 1.15-1.35%, return on tangible common equity in the high-teens, mid-single digit fee income growth, an efficiency ratio in the mid-to-high 50s and a consistent commitment to positive operating leverage.

Great Steward of Shareholders' Capital: Management has the utmost respect for shareholders' capital, in our opinion. USB has consistently returned 60–80% of earnings each year through dividends and stock repurchases.

Strong Asset Quality: USB has demonstrated strong underwriting skills throughout a credit cycle which has served it very well. It is willing to sacrifice balance sheet and earnings growth to protect the integrity of its balance sheet.

Balanced Revenue Mix: In 2Q25, net interest revenue was ~58% of total core revenue and fee revenue was ~42%. This mix has been a key ingredient of its best-in-class ROE.

Inflection Point: Following general underperformance over the last two years, USB is at an inflection point in 2025 where headwinds are becoming tailwinds as investments the company has made over the last decade begin to bear fruit, driving revenue growth that should outpace expense growth moving forward. USB will look to achieve this success through the interconnectedness of its businesses and deepening relationships with customers while shifting its capital expenditures strategy from defensive to offensive.

Valuation

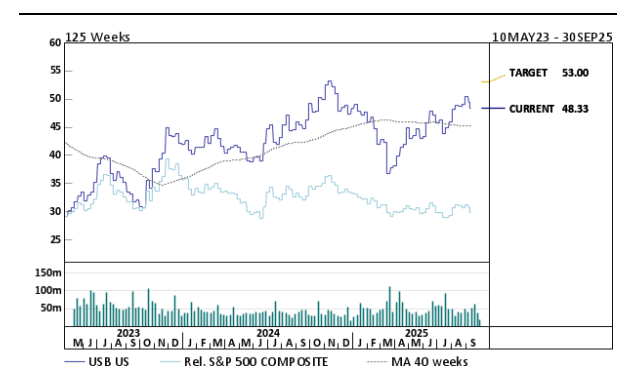
Our price target of \$53 equates to 10.9x our 2026 EPS estimate, 1.40x 3Q26E book value, and 1.80x 3Q26E tangible book value. These multiples are consistent with the highest-quality banks in the peer group. Our price target primarily reflects our profitability and risk assessment of the company relative to a peer group of similar companies, as well as current economic expectations. Our price target and implied return support our Outperform rating.

Rating: Outperform
Closing Price: USD 48.33
Price Target: USD 53.00
Implied All-in Return (%): 14.0

Risks to rating and price target

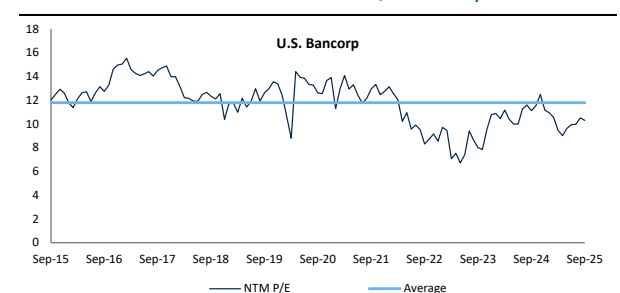
Macroeconomic concerns due to recent tariff announcements are the largest risk to our rating and price target. An economic downturn, higher inflation and policy uncertainty could lead to worsening credit quality and high provisions.

Exhibit 51 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 52 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

Ventas, Inc. (NYSE: VTR)

RBC Capital Markets, LLC
Michael Carroll, CFA (Head of US Real Estate Research) (440) 715-2649,
michael.carroll@rbccm.com

Rating: Outperform

Closing Price: USD 69.99

Price Target: USD 77.00

Implied All-in Return (%): 12.8

Investment summary

Ventas, Inc. (VTR) is among the largest healthcare REITs and maintains a diverse portfolio consisting of nearly every healthcare property type. SHOP is the largest segment of the portfolio and is in the middle of its recovery from the impact of COVID-19.

Potential catalysts:

SHOP trends could reaccelerate quicker than expected.

The SHOP has delivered solid growth over the past few years, but results are still well below pre-COVID levels. We currently expect results will hit pre-COVID levels in 2H25 but, given the strong backdrop, this could be achieved sooner.

Investment focus could resume. The company could be more active taking advantage of the dislocated private markets, acquiring seniors housing communities at a discount (v. historical levels). However, we believe VTR would likely need a better cost of capital that would allow management to be more aggressive.

ESG focus could attract a new class of investors. VTR has been deemed a leader in ESG by multiple industry publications, and this focus could attract new investors.

Valuation

Price target justification: Our price target of \$77/share is ~23.5x our \$3.29/share 3Q26-2Q27 AFFO estimate. This multiple reflects our expectation of 7 years of elevated AFFO growth (~10.0%) and a long-term multiple of ~20.5x, which would still reflect a premium to the pre-COVID (2017–1Q19) average of ~17x and is above the high end of that trading range of 13.3-19.5x. Our price target supports our Outperform rating.

October 2, 2025

NAV: We estimate the in-place NAV at \$49.31/share but, given the growth outlook, this estimate increases to \$61.38/share at YE26 (looking at 2027) from \$53.78/share at YE25 (looking at 2026).

Risks to rating and price target

The greatest risks to our estimates, recommendation, and price target center around general market conditions, consumer preferences and regulatory trends including but not limited to availability and cost of capital, seniors desire and willingness to move into a seniors housing facilities, and changes to the healthcare delivery system including potential cuts to government funded programs. We highlight a few company-specific risks below, and investors can find a more inclusive risk section in the company's filings with the Securities and Exchange Commission.

Other company-specific risks:

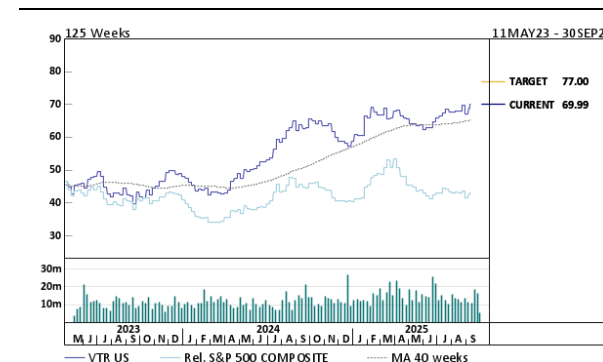
SHOP growth outlook could be more muted. While the SHOP fundamental backdrop remains attractive, results could be more muted in the near-term if residents' families elect to delay decisions and operating cost pressures persist. This would also have an impact on VTR's growth potential and could compress the stock's multiple.

Leverage is at the upper end of the target range. Net debt to EBITDA (company-defined) is 5.7x compared to the 5.0–6.0x target. We expect the SHOP recovery to drive these metrics lower over time.

Potential NIH budget changes: Ventas' R&I platform/Wexford exposure (8%) could be impacted if

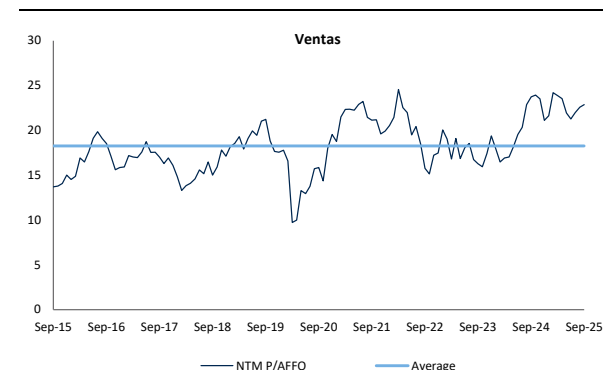
the new Administration meaningfully reduces the NIH budget.

Exhibit 53 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 54 - Forward consensus P/AFFO history



Source: Factset

Most recent company note: [link](#)

Wells Fargo & Company (NYSE: WFC)

RBC Capital Markets, LLC
Gerard Cassidy (Co-Head of Global Financials Research) (207) 780-1554,
gerard.cassidy@rbccm.com

Rating: Outperform

Closing Price: USD 83.82

Price Target: USD 88.00

Implied All-in Return (%): 6.9

Investment summary

Our Outperform rating on Wells Fargo's shares is primarily driven by the following key fundamental factors:

Reporting Structure: WFC classifies its management reporting into four primary operating segments: Consumer Banking and Lending which reported \$1.9B or ~36% of net income in 2Q25; Commercial Banking, \$1.1B or ~21% of net income; Corporate and Investment Banking, \$1.7B or ~34% of net income; and Wealth and Investment Management, \$480M or ~9% of net income. We note that the Corporate segment reported a net income of \$328M.

Improving Efficiencies: Since Charlie Scharf arrived at WFC as CEO, he has had a focus on reducing the company's high expense levels and improving its efficiency ratio. In the first quarter (4Q19) as CEO, WFC's efficiency ratio was 79%. Through his cost savings initiatives launched at the start of 2021 he has been able to reduce the efficiency ratio to 64% in 2Q25.

Cease and Desist Order and Asset Cap: The Federal Reserve's Cease and Desist Order (C&D) from 2018 limited the company's ability to grow by putting an asset cap on the size of its balance sheet. The Federal Reserve announced in early June that WFC is no longer subject to the asset growth restriction from the 2018 enforcement action, paving the way for accelerated growth, but the other provisions will remain in place until the bank satisfies the requirements for their termination. In addition to this C&D, WFC has one other

enforcement action that it is working on with the regulators. The company continues to make progress in revamping its risk and control framework and settling their various enforcement actions, terminating 14 orders since 2019.

Strong Capital Levels: WFC has excess capital with a CET1 ratio of 11.1% based as of 2Q25. Over time and after the Basel III Endgame proposal is finalized, we expect the company will work to bring down its CET1 ratio through larger stock buybacks.

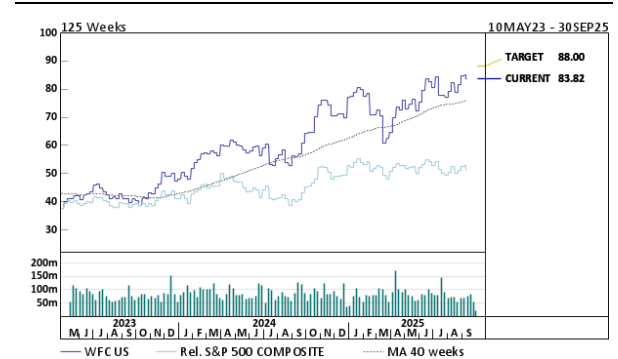
Valuation

Our price target of \$88 is 13.2x our 2026 EPS estimate, 1.64x 3Q26E book value, and 1.96x 3Q26E tangible book value. These multiples are consistent with being the highest-quality bank in the peer group. Our price target primarily reflects our profitability and risk assessment of the company relative to a peer group of similar companies, as well as current economic expectations. Our price target and implied return support our Outperform rating.

Risks to rating and price target

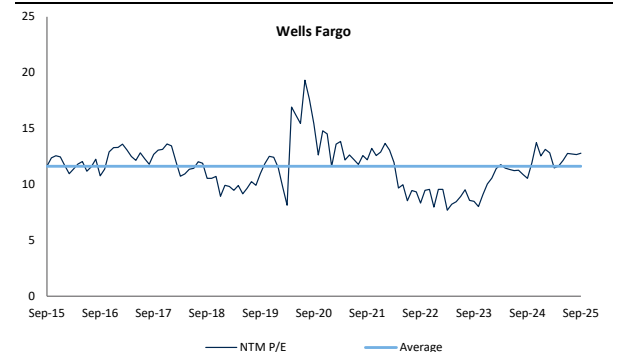
We believe macroeconomic concerns, driven by the recent tariff announcements are the largest risk to our rating and price target. An economic downturn driven by higher inflation and policy uncertainty could lead to a deterioration of credit quality and lead to high provisions. If the current trade policies were to lead to a recession or stagflation, we believe the banking sector would be adversely affected.

Exhibit 55 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 56 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

Wix.com Ltd. (NASDAQ: WIX)

RBC Capital Markets, LLC

Brad Erickson (Analyst) (971) 842-9607, brad.erickson@rbccm.com

Rating: Outperform

Closing Price: USD 177.63

Price Target: USD 210.00

Implied All-in Return (%): 18.2

Investment summary

Wix has long been viewed as a leader in the DIY/DIFM market for static web design, and in the past 4-5 years has started developing products to address customers looking for fuller E-commerce capabilities. We believe the company plays well into the secular trend of structurally higher new business formation levels vs. pre-COVID, is a durable & defensive model, has sustainable pricing power as it is raising price at the moment, possesses a more robust product portfolio vs. competitors and has an underappreciated LT FCF story.

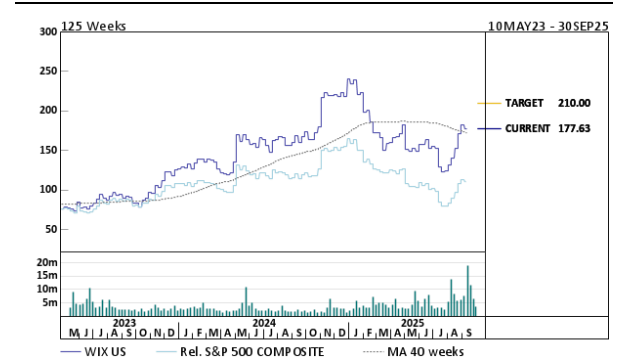
Valuation

Our \$210 price target is based on 17x EV/'26E FCF. Relative to our internet coverage universe, the stock trades at a premium to the group which is warranted, in our view, given the significant operating leverage and FCF growth we think the company can generate over the coming 2-3 years. We believe price increases likely see minimal churn, organic sub growth re-accelerates through both stabilizing partner agency & direct creator pipelines into '25E, Fx headwinds largely abate and the company continues to maintain if not increase its cost cut levels already announced. Our \$210 price target justifies our Outperform rating.

Risks to rating and price target

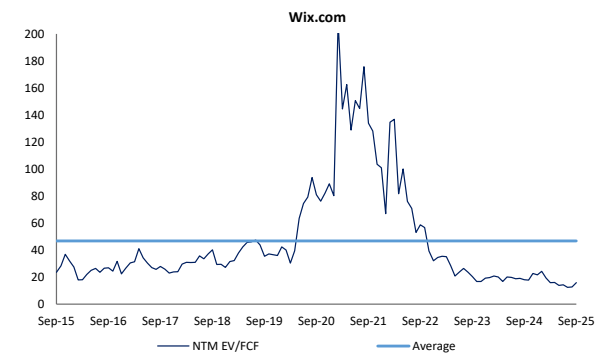
Competition both for E-commerce customers as well as Web presence, increased churn particularly of recently added customers, failure to expand into both new geographies as well as new verticals, and a macro slowdown causing many SMB failures. Separately, given the periodic social unrest going on in Israel at the moment, business continuity appearing threatened is a risk.

Exhibit 57 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 58 - Forward consensus EV/FCF history



Source: FactSet

Most recent company note: [link](#)

Xylem Inc. (NYSE: XYL)

RBC Capital Markets, LLC
Deane Dray, CFA (Co-Head of Global Industrials Research) (212) 428-6465,
deane.dray@rbccm.com

Investment summary

Largest US water pure-play with attractive defensive growth and sustainability appeal. Xylem is the largest US pure-play water technology solutions provider, with a commanding first-mover advantage in the multi-year adoption of smart water systems. Growing digitally enabled products is longer term a margin tailwind. Xylem also benefits from scarcity value (limited water pure-plays) and sustainability appeal.

Potential catalysts

Advanced Infrastructure Analytics (AIA) is an incubator of new smart water solutions. AIA consists of Pure Technologies and Xylem's digital solutions platform, which includes its acquisitions of EmNet, Visenti, HYPACK, and Valor Water Analytics. We would characterize AIA as an "incubator" of new water technologies within the Xylem portfolio, with a mandate to develop and pilot innovative software and data analytics.

COVID-19 pandemic accelerated adoption of smart water offerings. Xylem believes the pandemic accelerated trends that had already been emerging in the water utilities space, such as remote asset and workforce management, automated operations, and remote monitoring. The increasing focus on the affordability of capex and productivity of opex by utilities customers should also spur conversions to its digital offerings.

Evoqua synergies. Where the deal gets compelling, will be the "old school" revenue synergies; namely taking Evoqua treatment services internationally and increasing the share of wallet with municipalities.

Valuation

Our \$169 price target assumes XYL trades to a 45% premium to our 2026E target group P/E multiple of 22.0x, above the midpoint of its historical relative P/E range of 25%-50%. We believe that our target multiple is warranted given encouraging long-term trends in the water utility end market, a mix-shift to digital, revenue and cost synergy opportunities, PFAS remediation tailwind on the horizon, capital allocation, and investments in new smart water solutions that we expect to ramp over the coming years. On our 2026 cash EPS estimate, this underpins our price target, which supports our Outperform rating.

Risks to rating and price target

Economic conditions. Macro trends such as inflation/deflation, credit availability, currency, commodity costs and availability, and supply chain could all cause Xylem's results to differ from our estimates.

Europe. At 24% of revenues, Xylem carries one of the higher exposures to Europe in the sector.

Foreign exchange. FX headwinds from the appreciation of the USD would have an outsized negative impact on sales.

Regulations. Xylem's solutions are often a beneficiary of new regulations on water quality, efficiency, and usage. However, regulations can also affect which technology wins in a competitive new market.

Acquisitions. A failure to identify and integrate acquisitions successfully could prevent the company from reaching its full growth potential.

Rating: Outperform

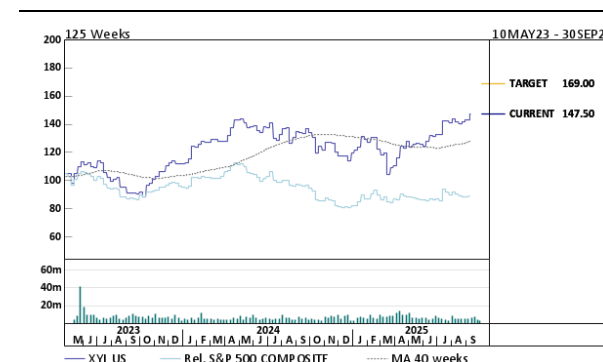
Closing Price: USD 147.50

Price Target: USD 169.00

Implied All-in Return (%): 15.4

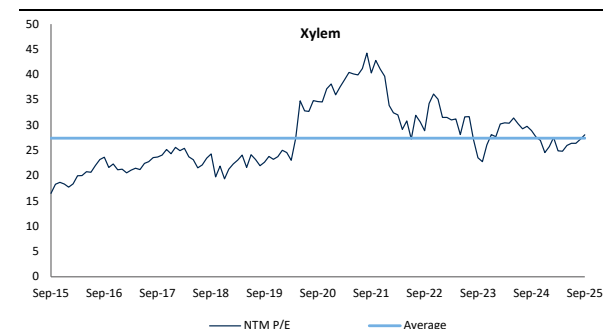
Competition. The global water sector remains highly competitive. The rise of credible Chinese players in the global water market is a key risk factor.

Exhibit 59 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 60 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

Required disclosures

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Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

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| Distribution of ratings | | | | |
|--------------------------------------|-------|---------|--------------------|---------|
| RBC Capital Markets, Equity Research | | | | |
| As of 30-Sep-2025 | | | | |
| Rating | Count | Percent | Investment Banking | |
| | | | Serv./Past 12 Mos. | |
| | | | Count | Percent |
| BUY [Outperform] | 862 | 59.24 | 277 | 32.13 |
| HOLD [Sector Perform] | 552 | 37.94 | 140 | 25.36 |
| SELL [Underperform] | 41 | 2.82 | 5 | 12.20 |

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