



Capital
Markets



Top 30 Global Ideas for 2025

Third-Quarter Update

EQUITY RESEARCH | July 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 June 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* list remains one 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.

Additions: Barrick Mining (B US), Biogen (BIIB US), Brookfield Corp. (BN US), DuPont de Nemours (DD US), EDP Renovaveis (EDPR PL), Moody's (MCO US), RB Global (RBA US), Wix.com (WIX US)

Deletions: Cameco (CCO CN), Carvana (CVNA US), GFL Environmental (GFL US), Gaming and Leisure Properties (GLPI US), MSCI (MSCI US), Regeneron (REGN US), Xero (XRO AU), Zalando (ZAL GR)

Maintains: Alimentation Couche-Tard (ATD CN), Anheuser-Busch InBev (ABI BB), Boston Scientific (BSX US), Canadian Pacific Kansas City (CP CN), ConocoPhillips (COP US), Constellation Software (CSU CN), Ferrari (RACE IM), GE Vernova (GEV US), Gitlab (GTLB US), HubSpot (HUBS US), Illumina (ILMN US), London Stock Exchange (LSEG LN), Microsoft (MSFT US), PayPal (PYPL US), Pembina Pipeline (PPL CN), Safran (SAF FP), Schneider Electric (SU FP), Shell (SHEL LN), Snowflake (SNOW US), U.S. Bancorp (USB US), Wells Fargo (WFC US), Xylem (XYL US)

Performance Review

Over the past quarter, the Q2/25 *Top 30* list delivered a total return of +14.9% in USD terms, above the MSCI World Index at +11.5%. The best-performing *Top 30* stock selections for Q2/25 were Cameco (+80.3%), GE Vernova (+73.5%) and Carvana (+61.2%). 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 +11.9%.

Changes This Quarter

For Q3/25, in **Financials** we add **Brookfield Corp. (BN US)** and **Moody's (MCO US)**. We view **Brookfield Corp.** as a core holding with a strong history of compounding capital, and future NAV growth potential driven by ample liquidity available to deploy in the current market environment, and

its stake in Brookfield Asset Management. As noted in our recent [in-depth report](#), BN's attractive valuation offers an entry point into a leading franchise poised to benefit from increasing carried interest realizations and the expansion of its Wealth Solutions business. We think **Moody's** is well-positioned for growth driven by private credit expansion, resilient Analytics recurring revenues, and advancements in AI and partnerships. It also stands to benefit from ~\$4.9 trillion in refinancing maturities through 2028, alongside growth in structured finance and emerging markets, while cross-selling and innovation further enhance its revenue potential. We switch out of **MSCI (MSCI US)** while maintaining our Outperform rating.

In **Health Care** we add **Biogen (BIIB US)**, as after years of portfolio refocusing, its pipeline is entering a more catalyst-rich period by 2026, driven by maturing I&I and neuro candidates. We believe that achievable de-risking catalysts could drive as much as 40% upside in the stock if all succeed. In our view, BIIB's valuation, potential Leqembi sales growth, and promising under-the-radar pipeline drivers present strong appreciation potential with limited downside risk. See our [report on Biogen](#) for more detail. We remove **Regeneron (REGN US)** given our recent downgrade to Sector Perform.

In **Industrials** we add **RB Global (RBA US)**, which has made significant progress toward integrating the IAA acquisition, evidenced by customer wins, EBITDA margin improvement, and leverage reduction. Its legacy platform also stands to benefit if the macro softens, with potential for further upside from increased cross-selling of high-margin ancillary services over time. In our view, RBA shares appear attractively valued compared to historical and peer multiples. We switch out of **GFL Environmental (GFL US)** while maintaining an Outperform rating.

In **Information Technology** we add **Wix.com (WIX US)**. The stock has significantly underperformed following a lackluster Q1, where mixed messaging around guidance weighed heavily on investor sentiment, in our view. We see this as an attractive entry point given a compelling path of catalysts ahead, including likely H2 bookings acceleration, a major product launch this fall accompanied by an analyst day, and the high likelihood of price increases early next year. We remove **Xero (XRO AU)** post recent US M&A and equity raising while maintaining an Outperform rating.

In **Materials** we add **Barrick Mining (B US)** and **DuPont (DD US)**. Following multi-year headwinds, **Barrick's** valuation has compressed to an unusually large discount to peers, and we see deep value in the shares. As published in our recent [in-depth report on Barrick](#), while specific catalysts for upside are uncertain (potentially requiring patience through a heavy investment period to 2028 or an unexpected strategic pivot), we believe valuation has disconnected from the underlying business and our analysis suggests a favorable risk/reward proposition. We view execution, buybacks and a supportive gold price environment as critical to drive returns. **DuPont** is poised for strong growth fueled by its Electronics business and gains in Water, Medical Packaging, and Healthcare. The planned spin-off of the Electronics unit by November 2025, alongside potential divestitures of cyclical assets, could fund buybacks or M&A. Undervalued at 10x EBITDA, these catalysts may unlock 20-40% multiple expansion as the market better recognizes its value, in our view.

In **Utilities** we add **EDP Renovaveis (EDPR PL)**. In our view, the stock is trading at a discounted valuation on IC on US renewable regulation (50% of EDPR's business), although the current framework appears reasonably supportive for the company. We expect recurring earnings growth (ex-asset rotation) of 20% in 2025, and believe balance sheet repair could trigger significant share buybacks with the 2025 Capital Markets Day in November.

We remove stocks within the **Energy**, **Consumer Discretionary** and **Real Estate** sectors. We switch out of **Cameco (CCO CN)** following strong share price appreciation over the past quarter. Nevertheless, we reiterate our positive long-term investment thesis as Cameco maintains tier 1 assets across the nuclear value chain, nuclear industry momentum continues to accelerate, and uranium markets remain very tight. We also remove **Carvana (CVNA US)** following strong performance over the past quarter. Finally, we remove **Gaming and Leisure Properties (GLPI US)** and **Zalando (ZAL GR)** in favor of higher conviction ideas in other sectors, while maintaining our 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 (06/30/2025)	Market Cap (MM)	Price Target	Div. Yield (%)	Implied All-in Return (%)
Alimentation Couche-Tard Inc.	ATD CN	Irene Nattel	Outperform	CAD	67.69	64,177	94.00	1.2	40.0
Anheuser-Busch InBev SA/NV	ABI BB	James Edwardes Jones	Outperform	EUR	58.24	116,771	77.00	2.1	34.3
Barrick Mining Corporation	B US	Josh Wolfson	Outperform	USD	20.82	34,815	26.00	2.6	27.5
Biogen Inc.	BIIB US	Brian Abrahams	Outperform	USD	125.59	18,324	213.00	0.0	69.6
Boston Scientific Corporation	BSX US	Shagun Singh	Outperform	USD	107.41	160,062	120.00	0.0	11.7
Brookfield Corporation	BN US	Bart Dziarski	Outperform	USD	61.85	92,781	81.00	0.6	31.5
Canadian Pacific Kansas City Limited	CP CN	Walter Spracklin	Outperform	CAD	107.91	100,399	127.00	0.8	18.5
ConocoPhillips	COP US	Scott Hanold	Outperform	USD	89.74	113,289	115.00	3.5	31.6
Constellation Software Inc.	CSU CN	Paul Treiber	Outperform	CAD	4,993.20	105,814	5,700.00	0.1	14.3
DuPont de Nemours, Inc.	DD US	Arun Viswanathan	Outperform	USD	68.59	28,705	90.00	2.1	33.3
EDP Renovaveis Sociedad Anonima	EDPR PL	Fernando Garcia	Outperform	EUR	9.45	10,040	14.00	1.5	49.7
Ferrari N V	RACE IM	Tom Narayan	Outperform	EUR	416.10	74,482	490.00	0.2	18.0
GE Vernova Inc.	GEV US	Christopher Dendrinis	Outperform	USD	529.15	148,162	445.00	0.0	-15.9
Gitlab Inc	GTLB US	Matthew Hedberg	Outperform	USD	45.11	8,169	62.00	0.0	37.4
HubSpot, Inc.	HUBS US	Rishi Jaluria	Outperform	USD	556.63	30,066	800.00	0.0	43.7
Illumina, Inc.	ILMN US	Conor McNamara	Outperform	USD	95.41	15,170	118.00	0.0	23.7
London Stock Exchange Group plc	LSEG LN	Ben Bathurst	Outperform	GBp	10,635.00	55,978	13,400.00	1.3	27.3
Microsoft Corporation	MSFT US	Rishi Jaluria	Outperform	USD	497.41	3,714,658	525.00	0.6	6.1
Moody's Corporation	MCO US	Ashish Sabadra	Outperform	USD	501.59	90,312	550.00	0.5	10.2
PayPal Holdings, Inc.	PYPL US	Daniel R. Perlin	Outperform	USD	74.32	74,246	88.00	0.0	18.4
Pembina Pipeline Corporation	PPL CN	Maurice Choy	Outperform	CAD	51.13	29,707	62.00	5.6	26.8
RB Global, Inc.	RBA US	Sabahat Khan	Outperform	USD	106.19	19,794	125.00	1.1	18.8
Safran	SAF FP	Ken Herbert	Outperform	EUR	275.90	120,784	285.00	0.5	3.8
Schneider Electric SE	SU FP	Mark Fielding	Outperform	EUR	225.80	126,403	250.00	1.8	12.5
Shell PLC	SHEL LN	Biraj Borkhataria	Outperform	GBp	2,553.50	150,235	3,400.00	4.1	37.3
Snowflake Inc.	SNOW US	Matthew Hedberg	Outperform	USD	223.77	88,210	250.00	0.0	11.7
U.S. Bancorp	USB US	Gerard Cassidy	Outperform	USD	45.25	70,590	50.00	4.4	14.9
Wells Fargo & Company	WFC US	Gerard Cassidy	Outperform	USD	80.12	261,351	88.00	2.0	11.8
Wix.com Ltd.	WIX US	Brad Erickson	Outperform	USD	158.46	9,569	210.00	0.0	32.5
Xylem Inc.	XYL US	Deane Dray	Outperform	USD	129.36	23,401	147.00	1.0	14.6

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 (06/30/2025)	Market Cap (MM)	Price Target	Div. Yield (%)	Implied All-in Return (%)
Additions this quarter:									
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Biogen Inc.	BIIB US	Brian Abrahams	Outperform	USD	125.59	18,324	213.00	0.0	69.6
Brookfield Corporation	BN US	Bart Dziarski	Outperform	USD	61.85	92,781	81.00	0.6	31.5
DuPont de Nemours, Inc.	DD US	Arun Viswanathan	Outperform	USD	68.59	28,705	90.00	2.1	33.3
EDP Renovaveis Sociedad Anonima	EDPR PL	Fernando Garcia	Outperform	EUR	9.45	10,040	14.00	1.5	49.7
Moody's Corporation	MCO US	Ashish Sabadra	Outperform	USD	501.59	90,312	550.00	0.5	10.2
RB Global, Inc.	RBA US	Sabahat Khan	Outperform	USD	106.19	19,794	125.00	1.1	18.8
Wix.com Ltd.	WIX US	Brad Erickson	Outperform	USD	158.46	9,569	210.00	0.0	32.5
Deletions this quarter:									
Cameco Corporation	CCO CN	Andrew Wong	Outperform	CAD	101.22	44,062	100.00	0.1	-1.1
Carvana Co	CVNA US	Brad Erickson	Outperform	USD	336.96	75,142	400.00	0.0	18.7
Gaming and Leisure Properties, Inc.	GLPI US	Brad Heffern	Outperform	USD	46.68	13,248	54.00	6.5	22.2
GFL Environmental Inc.	GFL US	Sabahat Khan	Outperform	USD	50.46	19,932	56.00	0.1	11.1
MSCI Inc.	MSCI US	Ashish Sabadra	Outperform	USD	576.74	44,874	675.00	0.5	17.6
Regeneron Pharmaceuticals, Inc.	REGN US	Brian Abrahams	Sector Perform	USD	525.00	56,474	662.00	0.0	26.1
Xero Limited	XRO AU	Garry Sherrieff	Outperform	AUD	179.80	27,150	230.00	0.0	27.9
Zalando SE	ZAL GR	Richard Chamberlain	Outperform	EUR	28.11	7,356	45.00	0.0	60.1

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 Q2 2025 and since inception (December 2019).

Ticker	Company	Total Return Q2 2025 (in local currency)	Total Return Q2 2025 (in USD)
CCO CN	Cameco Corp.	70.9%	80.3%
GEV US	GE Vernova Inc.	73.5%	73.5%
CVNA US	Carvana Co.	61.2%	61.2%
SNOW US	Snowflake Inc.	53.1%	53.1%
MSFT US	Microsoft Corp.	32.7%	32.7%
SAF FP	Safran SA	15.3%	25.4%
XRO AU	Xero Ltd.	16.2%	22.4%
ILMN US	Illumina Inc.	20.3%	20.3%
SU FP	Schneider Electric SE	9.0%	18.6%
RACE IM	Ferrari NV	6.9%	16.3%
CSU CN	Constellation Software Inc.	9.6%	15.6%
PYPL US	PayPal Holdings Inc.	13.9%	13.9%
ABI BB	Anheuser-Busch InBev SA/NV	4.1%	13.2%
CP CN	Canadian Pacific Kansas City Ltd.	7.1%	13.0%
WFC US	Wells Fargo & Company	12.2%	12.2%
XYL US	Xylem Inc.	8.6%	8.6%
USB US	US Bancorp	8.4%	8.4%
BSX US	Boston Scientific Corp.	6.5%	6.5%
GFL US	GFL Environmental Inc.	4.5%	4.5%
MSCI US	MSCI Inc.	2.3%	2.3%
ATD CN	Alimentation Couche-Tard Inc.	-4.7%	0.6%
LSEG LN	London Stock Exchange Group PLC	-6.5%	-0.6%
HUBS US	HubSpot Inc.	-2.6%	-2.6%
SHEL LN	Shell PLC	-8.6%	-2.9%
GTLB US	Gitlab Inc.	-4.0%	-4.0%
ZAL GR	Zalando SE	-11.9%	-4.2%
PPL CN	Pembina Pipeline Corp.	-9.9%	-5.0%
GLPI US	Gaming and Leisure Properties	-6.7%	-6.7%
COP US	ConocoPhillips	-13.8%	-13.8%
REGN US	Regeneron Pharmaceuticals Inc.	-17.1%	-17.1%
Average total return for RBC CM Top 30 Global Ideas in Q2 2025		11.7%	14.9%

		Total Return (in local currency)	
		Q2 2025	Since Inception* (Annualized)
Indices			
RBC CM Top 30 Global Ideas		11.7%	14.5%
NDDUWI Index	MSCI World Net Total Return US	11.5%	11.9%
SPX Index	S&P 500 Index	10.9%	14.3%
AS51 Index	S&P/ASX 200	9.7%	9.8%
SPTSX Index	S&P/TSX Composite Index	8.5%	12.0%
SXXP Index	STOXX Europe 600 Price Index	3.3%	8.5%

		Total Return (in USD)	
		Q2 2025	Since Inception* (Annualized)
Indices			
RBC CM Top 30 Global Ideas		14.9%	14.7%
NDDUWI Index	MSCI World Net Total Return US	11.5%	11.9%
SPTSX Index	S&P/TSX Composite Index	14.5%	11.0%
SPX Index	S&P 500 Index	10.9%	14.3%
SXXP Index	STOXX Europe 600 Price Index	12.4%	9.4%
AS51 Index	S&P/ASX 200	15.5%	8.5%

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

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 67.69

Price Target: CAD 94.00

Implied All-in Return (%): 40.0

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 more-focused, cross-regional initiatives to drive incremental sales and consumer value; (2) well-defined initiatives and strategies to optimize procurement and efficiency; (3) focus on localized merchandise pricing, promotions, and assortments; (4) innovative fuel initiatives, including Circle-K gas; (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. Successful execution of well-defined strategies to drive higher sales and earnings from existing operations including sustainable fuel margin in the mid-40s CPG could drive upward revision to forecasted earnings, although we reiterate our view that the F28 targets are unlikely to be reached. 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 an accelerated pace of M&A, both including and excluding 7&i.

Industry performance in North America through COVID and during prior downturns reinforces defensive sector attributes. With gas prices normalizing 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 in excess of \$2.4B to fund activity on NCIB (F25 renewed at 10% of common shares comprising ATD's "public float"), dividend growth, and acquisitions although NCIB currently on pause pending clarity on 7&i. Adjusted net debt/EBITDA ~2.2x pro forma acquisitions (GetGo) well below the post-SFR peak of 3.6x, with normalized estimated balance sheet capacity of >\$15 B.

Valuation

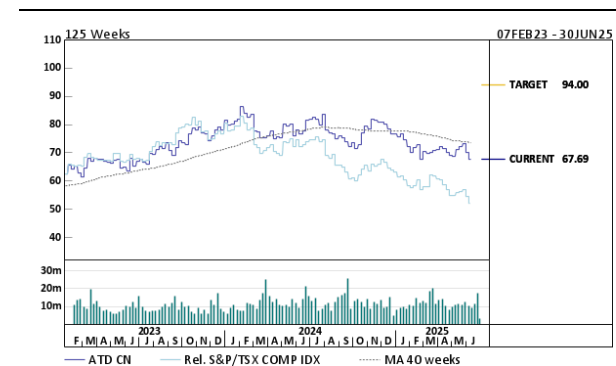
Taking the midpoint of 20.0x LTM Q2/F27E (October 2026E) EPS and 11.5x EBITDA drives our price target to C\$94, which supports our Outperform rating. The EBITDA multiple is about one turn above the long-term average, reflecting overall sector valuation trends and supported by ongoing strong normalized 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

Normalization of 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 ≤\$60k and could be hard-hit by a recession, particularly given inflation and interest rates backdrops. With ATD's

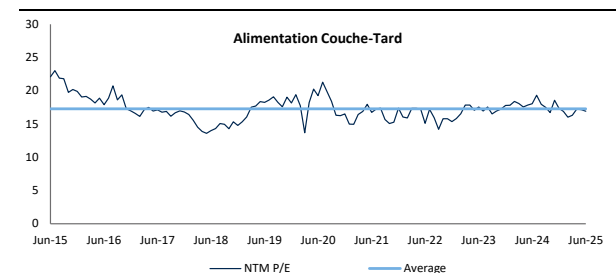
diversified geographic footprint, the risk profile of forecasts includes multiple geographies and currencies, and economic and operating environments, each of which is being impacted at differing levels by current dislocation in Europe. Potential M&A not included in our forecasts, including potential 7&i transaction, could result in earnings/share price that differs from forecasts.

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](#)

Anheuser-Busch InBev SA/NV (BRU: ABI; NYSE: BUD)

RBC Europe Limited

James Edwardes Jones (Analyst) +44 20 7002 2101, james.edwardesjones@rbccm.com
Rating: Outperform
Closing Price: EUR 58.24
Price Target: EUR 77.00
Implied All-in Return (%): 34.3

Investment summary

AB InBev has underperformed the consumer staples sector significantly over the last five years. Some of this has been due to elements out of its control, such as turbulent currency fluctuations in Latin America, but the organic performance has also been volatile. Both factors have also led to an unappealingly large debt pile.

Currencies remain the unknown, but we think AB InBev's grip on the more controllable factors is tightening. The short-term performance has been more consistent, volume growth is improving and ABI's medium-term ambition of 4-8% EBITDA growth looks realistic to us. Its regional margins are underpinned by strong competitive positioning and there might even be some upside in South America. In addition, management seems to understand the negative implications of its debt load for shareholders and has hence made the decision to pass the interim dividend in both 2020 and 2021.

Adding to the long-term investment case is the change in focus of the global beer sector; both AB InBev and Heineken are talking more about investing in the category than before. Given beer has been losing share to spirits for some time while the brewers have been distracted by M&A and underinvesting and the spirits companies have done the reverse, this change in strategy is likely to be fruitful for the brewers.

Lastly there are additional long-term prospects of AB InBev's digital platform: 'Bees'. We think there is little in the share price to reflect this at the moment, but it's an interesting piece of optionality.

We hold an Outperform rating for AB InBev.

Valuation

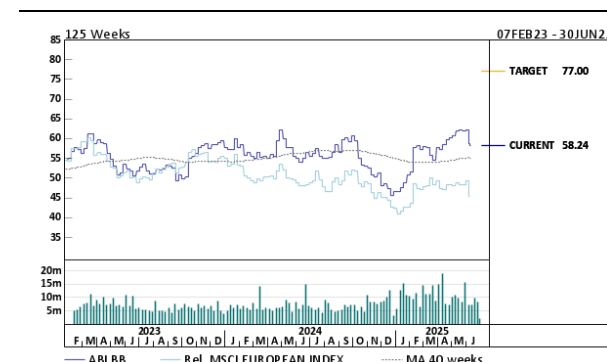
We believe that consumer staples stocks lend themselves to a DCF valuation methodology owing to the relative strength and predictability of their cash flows together with, in some instances, a significant mismatch between capital expenditure and depreciation charged through the profit and loss account, meaning that P&L-based valuation metrics (PE ratio, 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 (8% in this instance) and tax shield at the cost of debt (3.0%). We assume a terminal growth rate of 2.5% per annum from 2035. Under these assumptions, we derive a fair value of €72 per share. Discounting the APV forward by a year at the cost of equity and adding in our dividend forecast for 2025 yields a 12-month price target of €77. Our price target and the implied return support our Outperform rating.

Risks to rating and price target

If the Bud Light controversy in the US continues to attract airtime with consequent impact on the volumes of ABI's largest brand, or negative repercussions spill over into other brands and/or geographies, it would have adverse implications for the group's reputation and profitability. Almost all of ABI's debt is in developed market currencies (principally US\$ and €s). Any delay in paying down debt (for example, as a result of emerging market currency weakness) would be unhelpful for ABI's share price. The US is ABI's largest market and its largest mainstream brands have consistently lost market share; an acceleration in this market share loss, or slowdown in the US market overall, would not be good. ABI is heavily

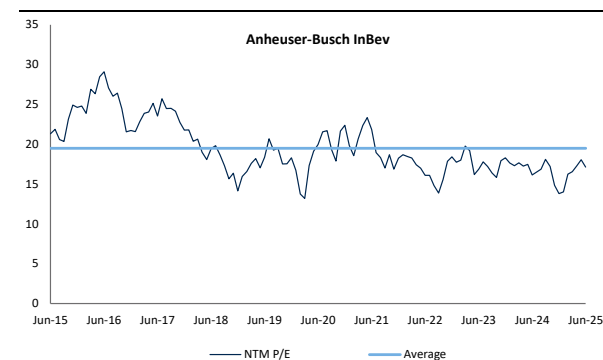
exposed to emerging markets, notably, Brazil, China, Colombia, Mexico and South Africa. A significant deterioration in consumption or market share in these markets would be a downside risk.

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, Goldrush advancement, and Porgera's ramp-up.

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.

Our Outperform rating is predicated on our view that Barrick's valuation provides greater upside potential relative to peers given the company's positive upcoming catalysts and encouraging ongoing 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\$26 is based on 1.0x our NAV8% at long-term gold prices of US\$2,600/oz and 15x our 2025–27 Sustaining FCF estimate, equivalent to 5x EBITDA. These multiples are in line with 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.

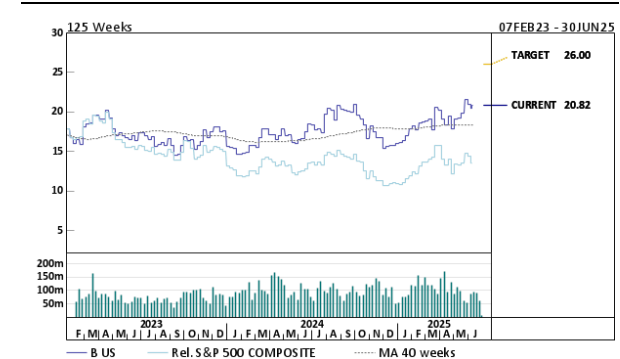
Rating: Outperform

Closing Price: USD 20.82

Price Target: USD 26.00

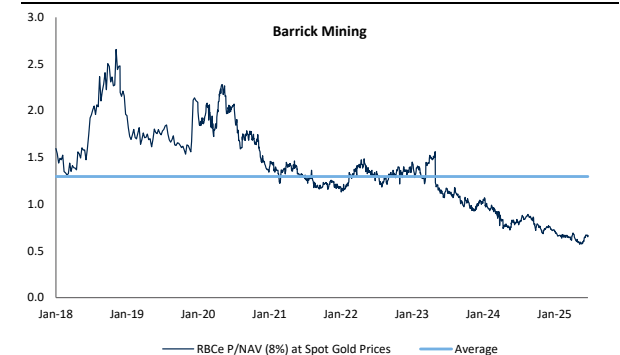
Implied All-in Return (%): 27.5

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 (2025+); (2) subcutaneous Leqembi maintenance decision (31-Aug-25); and (3) filing for subcutaneous Leqembi induction (2H25).

Valuation

Our \$213 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.

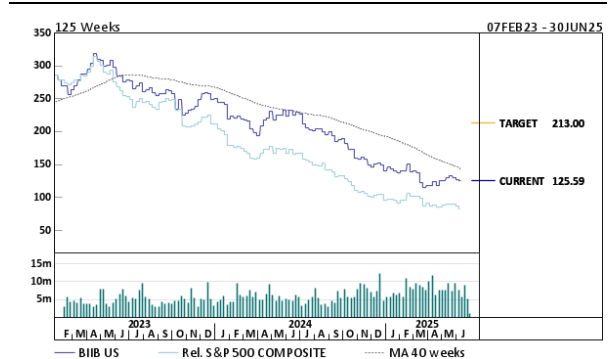
Rating: Outperform

Closing Price: USD 125.59

Price Target: USD 213.00

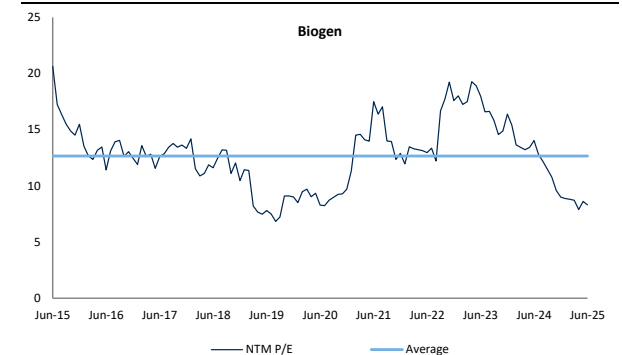
Implied All-in Return (%): 69.6

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 107.41
Price Target: USD 120.00
Implied All-in Return (%): 11.7

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 (2024-26E LRP of 8-10%).

M&A is the #1 focus at BSX in driving category leadership. We expect BSX to continue its disciplined approach to M&A. It spent +\$13B in deals and +\$1B in investments across +50 companies in the last decade with +35 active investments in its VC portfolio.

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 (2024-26E LRP of 8-10%) 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 Acurate Neo2 (TAVI system) in the US; (3) launch of AGENT coronary drug-coated balloon in the US (achieved); (4) next-gen Watchman FLX Pro; and (5) acquisitive on the M&A front given BSX's history of accretive M&A to expand its portfolio offerings.

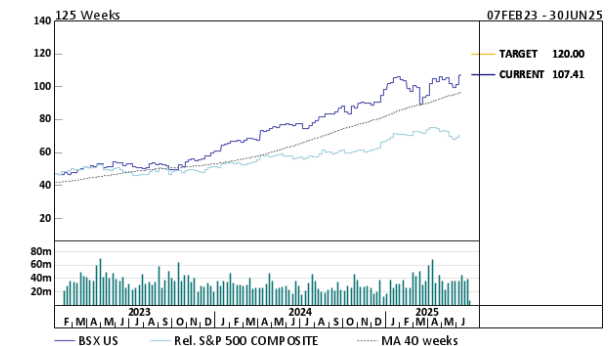
Valuation

Our \$120 price target is an equal blend of: (1) DCF yields a value of \$139 per share and reflects our forecast through 2034 with a 2.0% terminal value growth rate and a WACC of ~9.0%; (2) EV-to-Sales analysis uses a multiple of ~8.3x on 2026E sales, which yields a value of \$114; (3) EV-to-EBITDA analysis uses a ~23.5x multiple on 2026E EBITDA, which yields a value of \$115; and (4) P/E analysis uses a ~34.0x multiple on 2026E EPS, above its 10-year historical NTM P/E average multiple of ~23.0x and below its 10-year peak (~37.0x), which yields a value of \$114. The return implied by our price target supports an Outperform rating.

Risks to rating and price target

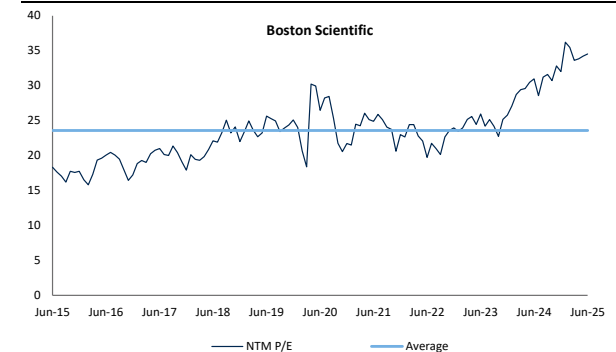
Risks to rating and price target include: (1) competition that can disrupt and take share; (2) R&D efforts or clinical trials that do not materialize; (3) supply chain or manufacturing disruptions; (4) geopolitical risk; (5) FX headwinds; and (6) BSX/AXNX merger does not get regulatory approval.

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 61.85

Price Target: USD 81.00

Implied All-in Return (%): 31.5

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 \$5B 3-year target; (2) wealth Solutions inflows against \$20B annual target and \$300B 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.

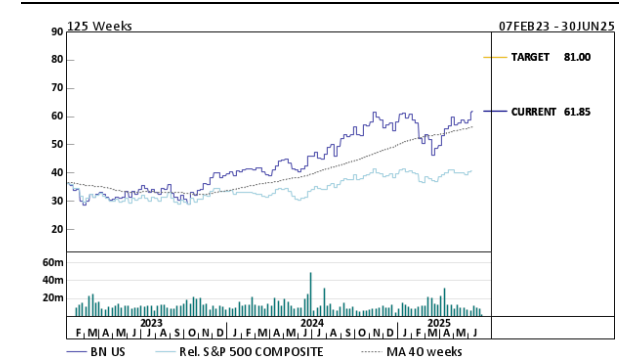
Valuation

Our 12-month price target of USD \$81/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

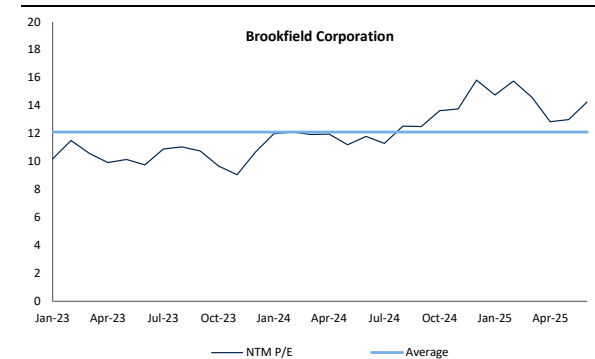
Risks to rating and price target include: (1) a sudden and significant increase in interest rates; (2) sustained capital markets volatility; and (3) real estate, particularly office, values declining precipitously.

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](#)

Canadian Pacific Kansas City Limited (TSX: CP; NYSE: CP)

RBC Dominion Securities Inc.

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

walter.spracklin@rbccm.com

Rating: Outperform

Closing Price: CAD 107.91

Price Target: CAD 127.00

Implied All-in Return (%): 18.5

Investment summary

Our positive view on CP centers on a best-in-class railroad ahead of a transformative acquisition, which we believe will set the stage for significant growth and a material upward valuation re-rate.

CP's purchase of KCS significantly improves network reach. The network advantage of the CP-KCS deal is the most compelling merit of the transaction, in our view. The deal opens up new markets as well as gives CP a meaningful structural advantage versus peers. The transaction significantly increases the company's network reach from Vancouver to Saint John, and now via KCS, down to the ports of Lazaro Cardenas and Veracruz in Mexico. The new network connects six of the seven-largest metro regions in North America in a single-line connection, particularly between the Midwest US / Canada into the Gulf Coast / Mexico and a new third option between the Midwest US and Texas / Mexico.

Diversification a big component of the value proposition in KCS deal. Particularly favourable is the improvement in diversification that comes on both a business line and a geographic basis. Notable is the level of Merchandise exposure that KCS brings to CP, as well as the increased US and new Mexican revenue streams.

Valuation

Our \$127 price target is based on applying a P/E multiple of 22.5x to our 2026 EPS estimate of \$5.63. Our 2026 EPS forecast reflects CP achieving full synergy run-rate on the KSU acquisition in line with guidance provided when the deal was announced. The target multiple is a premium to peers, in our view warranted by CP's operations-focused management team as well as the increased network reach following the KSU acquisition. Our price target supports our Outperform rating.

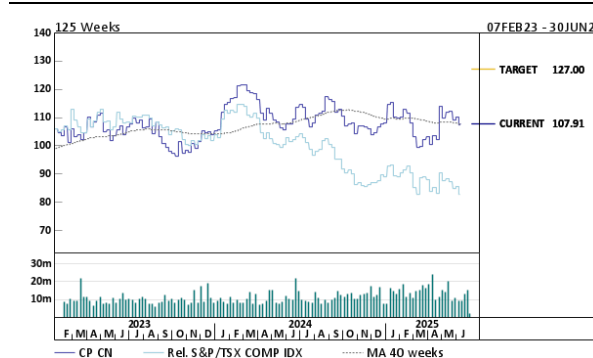
Risks to rating and price target

Risks to rating and price target relate to the acquisition of KSU.

Tariff risk. The risk of sustained tariffs increases uncertainty related to our out year volume forecasts, which rely on growth out of Mexico. We therefore flag downside to our transborder estimates should tariffs be sustained and would view CP's EPS growth targets and premium valuation multiple as at risk in such a scenario.

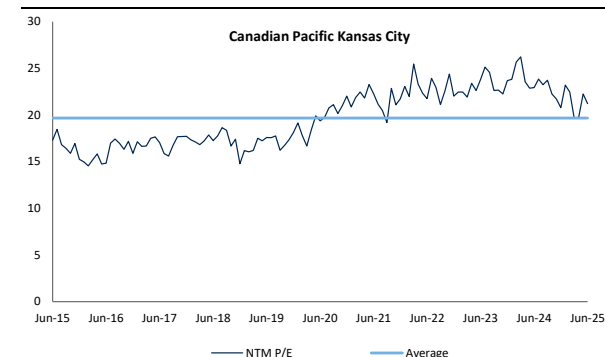
Integration risk. We consider CP management to be one of the top teams in North America and have strong confidence in its ability to execute on the integration of this deal and achieve (or exceed) the announced targets. Moreover, CEO Keith Creel has agreed to contract amendments that would see him lead the company out to at least 2026. However, it is still possible that CP encounters unforeseen headwinds that could potentially impact forecast synergies.

Exhibit 13 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 14 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link](#)

ConocoPhillips (NYSE: COP)

RBC Capital Markets, LLC

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

Rating: Outperform

Closing Price: USD 89.74

Price Target: USD 115.00

Implied All-in Return (%): 31.6

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

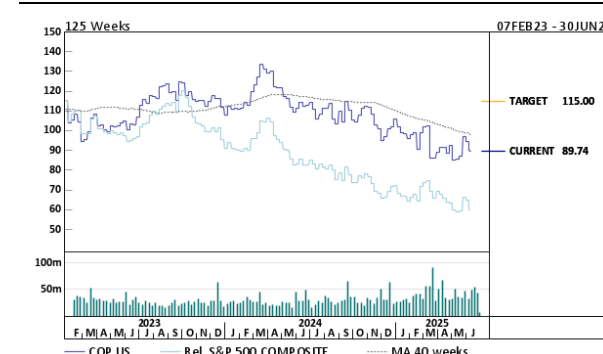
Our \$115/share price target is derived from a combination of evaluating forward EBITDA multiples and our Net Asset Value (NAV). Our target reflects a 7.6x multiple on our 2025 EBITDA estimate, higher relative to peer averages. Our price target is similar to our \$118/share Net Asset Value (NAV), above 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.

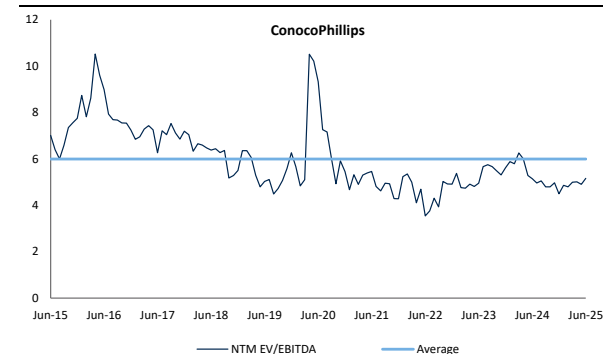
Regulatory changes could adversely impact the company's development opportunities and economics. COP has federal acreage on certain core assets in both the Permian Basin and Alaska that could be impacted by regulatory changes.

Exhibit 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](#)

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 4,993.20

Price Target: CAD 5,700.00

Implied All-in Return (%): 14.3

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 appears attractive.

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 \$2.5B capital on acquisitions in FY26e, 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 27.5% in FY26e.

Constellation's valuation appears attractive. Constellation is trading above Canadian software consolidators on NTM EV/EBITDA. However, we believe Constellation's valuation is attractive given the company's proven ability to compound FCF/share over the long term.

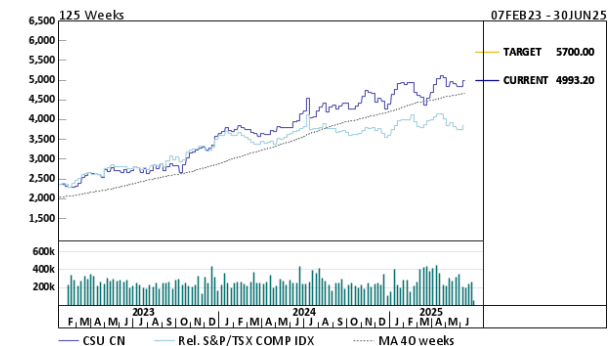
Valuation

Our C\$5,700 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

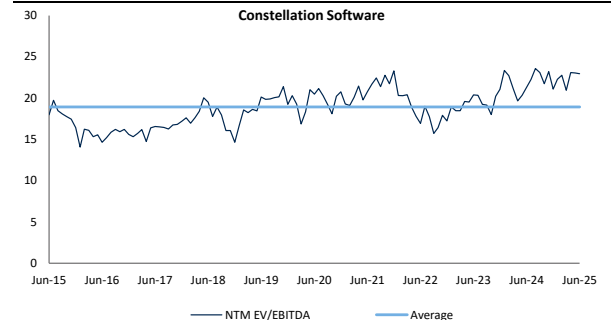
Risks to rating and price target include: (1) inability to find attractive acquisition candidates at high rates; (2) unforeseen challenges managing large acquisitions; (3) unexpected organic growth headwinds; (4) loss of key employees; and (5) a decline in tech market valuations.

Exhibit 17 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 18 - Forward consensus EV/EBITDA 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 68.59
Price Target: USD 90.00
Implied All-in Return (%): 33.3

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.

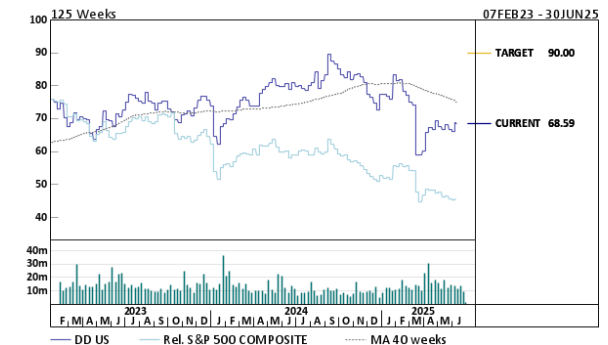
Valuation

We value DD on a forward EV/EBITDA basis using 2025E. We apply a 13x multiple to our 2025E EBITDA of \$3.28B (which includes recent M&A, announced share buybacks and divestitures) to arrive at a price target of \$90/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

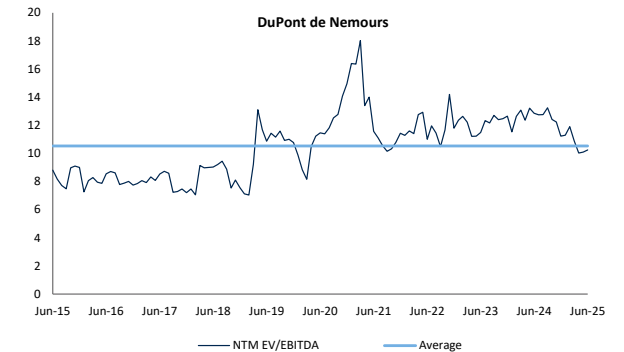
Risks to rating and price target include: (1) slower-than-expected cycle recovery in China and North America; (2) synergy/integration challenges; (3) further delays or failure to optimize spin strategy; (4) continued weakness in electronics/construction markets; and (5) delays in the spin of its electronics 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 9.45

Price Target: EUR 14.00

Implied All-in Return (%): 49.7

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.

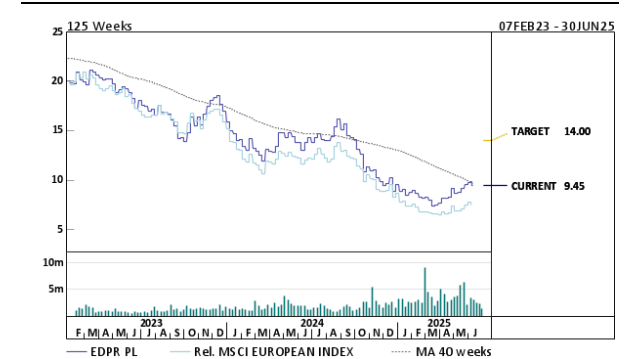
Wind assets in North America, Spain, Portugal, rest of the world and offshore are valued using DCFs with a 5.5% WACC and 3% terminal value. We are assuming a 30Y useful life for wind assets. We are including in our estimates the capacity envisaged and agreed by the company in the 2023-26 strategic plan.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

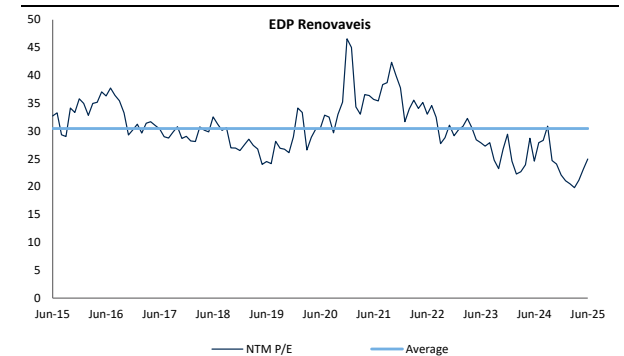
EDPR might be constrained by a combined increase in capex of its projects while merchant/CfD/PPAs prices fall. In addition, cost of financing could increase and the availability of credit in new projects might fall. EDPR might receive compensation from the Colombian government. Load factors might be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

Rating: Outperform

Closing Price: EUR 416.10

Price Target: EUR 490.00

Implied All-in Return (%): 18.0

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.

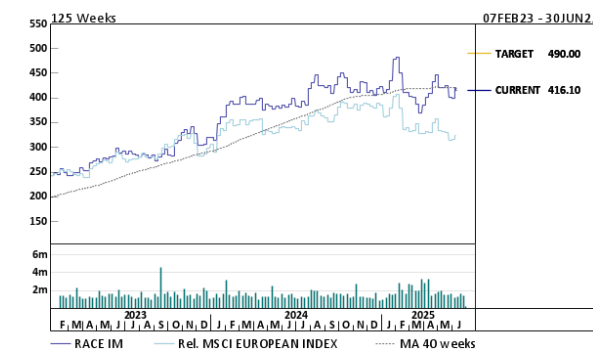
Valuation

Our €490 price target is derived by applying a 32x (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

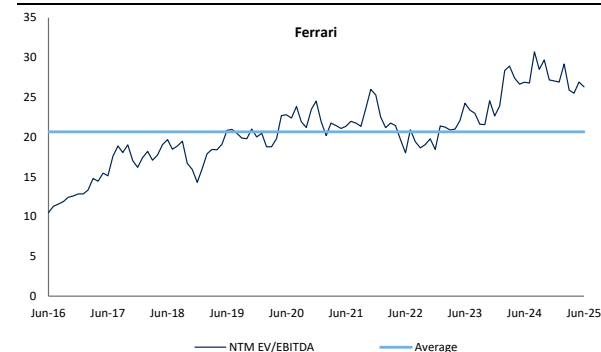
Risks to rating and price target include: (1) challenges to penetrating China; (2) electrification is not in Ferrari's DNA; and (3) premium FUV market is already hyper-competitive.

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](#)

GE Vernova Inc. (NYSE: GEV)

RBC Capital Markets, LLC

Christopher Dendrinis, CFA (Analyst) (212) 428-6522, christopher.dendrinis@rbccm.com

Rating: Outperform

Closing Price: USD 529.15

Price Target: USD 445.00

Implied All-in Return (%): -15.9

Investment summary

We believe shares of GEV will outperform the peer group for the following key reasons:

Margin improvement. The company has undertaken cost-down initiatives to reduce operating costs and is having success in pushing prices higher, which is reflected in better margins in the backlog. Service contracts have higher margins than equipment, and the long duration provides increased earnings visibility. The company has also outlined a growing opportunity from its software solutions and a more streamlined product strategy as additional benefits to margins. We see a path well ahead of the company's 14% by 2028 target.

Electrification underpinning growth in key segments. Secular trends of electrification and increasing decarbonization efforts give us confidence in revenue growth across the portfolio.

FCF expansion. We expect free cash flow increase by ~7.0x from 2023 through 2025. The robust FCF outlook provides GEV with shareholder returns optionality.

Product portfolio positions the company to benefit from the energy transition. In addition to generally benefiting from the secular trend of the energy transition, the company's market leadership in gas power and electrification also positions GEV to benefit from increasing electricity demand, regardless of the pace of the increasing share of renewables.

Valuation

Our \$445 price target uses an EV/EBITDA multiple of ~15x on FY2028E EBITDA of ~\$7.75bn. Our valuation multiple is a ~1x turn discount to the multi-industry industrial peer group EV/EBITDA multiple for FY2026E. We believe the valuation is justified because of the tenor and strength of the order backlog, supporting the long-term value opportunity as the company's margin and FCF should continue to grow above industry deep into the decade. Our price target supports our Outperform rating.

Risks to rating and price target

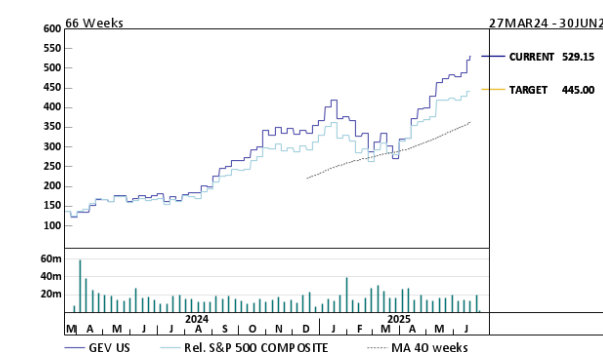
Regulatory and policy environment may impact the demand mix for GEV's products. Key business segments depend on the favorable regulatory and policy environment that encourages utility-scale adoption of renewables. Changes in these policies may adversely impact the company's growth outlook and performance. Further, if policy requires an acceleration of renewables, this may result in lower demand for GEV's gas power segment, which in the near/medium term supports the company's margins and FCF generation.

Product and operational cost-downs. The company continues to be disciplined and effective in its cost-downs, and future financial performance will rely on maintaining cost-downs, despite the introduction of new product lines and technologies and inflationary pressures.

Supply risks. GEV operates in a supply-constrained environment. Constraints of commodity/product availability may result in higher costs to the company.

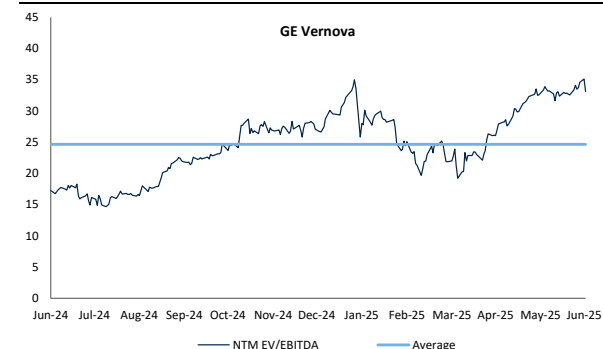
Long bid cycles. The company has engaged in relatively longer bid cycles, which expose it to inflationary costs if protections have not been embedded in the contracts.

Exhibit 25 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 26 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: [link](#)

Gitlab Inc. (NASDAQ: GTLB)

RBC Capital Markets, LLC

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

matthew.hedberg@rbccm.com

Investment summary

We believe GitLab is well positioned to become the center of the DevSecOps ecosystem helping to consolidate spending in a large and growing market.

We believe GitLab's addressable market opportunity for its DevSecOps platform is ~\$40 billion, which should grow over time. In our view, GitLab is well positioned to drive spending away from legacy DIY DevOps approach leveraging point tools manually integrated together, as companies realize the power of a single application for the entire DevSecOps lifecycle. With that said, there is an opportunity to grow by adding and maturing features in more stages of the DevSecOps lifecycle as well as making the features open-source to encourage contributions and further improve the platform. Additionally, we believe there are opportunities to grow within the existing customer base through higher tiered plans and more users, increased adoption of its SaaS offering, and international expansion. Finally, we believe that GitLab is differentiated in having been an all-remote company since its inception, which has enabled broader access to talent across the globe with diverse, specialized and highly in-demand skills that employers with physical locations may not have access to.

Potential catalysts include: (1) ultimate upsell and the Premium price increase; (2) GitLab Dedicated and Duo adoption; (3) international expansion; (4) advancing feature maturity across more stages of the DevSecOps

lifecycle; (5) driving growth through increased S&M with a focus on replacing DIY DevOps within larger organizations and driving customer growth; (6) expansion within existing customer base through more users or move to higher tiered plans; and (7) increased adoption of the faster growing SaaS offering.

Valuation

We calculate our base-case price target of \$62 by applying a 9.5x multiple to our CY/26 revenue estimate. This implies a premium to high-growth peers, in our view, warranted due to a large and expanding TAM that leads to an attractive growth profile as well as the opportunity for upside to growth expectations. Our price target supports our Outperform rating.

Risks to rating and price target

Risks to rating and price target include: (1) intense competition with competition across one to all ten stages of the SLDC, with limited barriers to entry; (2) competition with well-established providers such as Atlassian and Microsoft and larger and better-resourced competitors; (3) reliance on independent open source contributors beyond the company's direct control; (4) market for the services is relatively new and unproven; and (5) limited operating history.

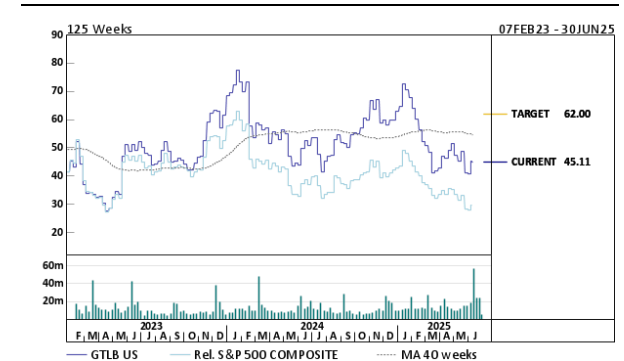
Rating: Outperform

Closing Price: USD 45.11

Price Target: USD 62.00

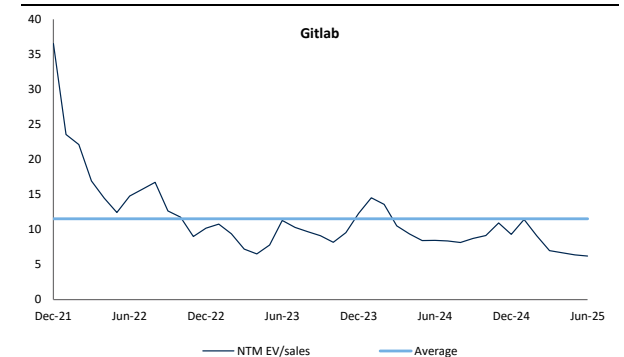
Implied All-in Return (%): 37.4

Exhibit 27 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 28 - Forward consensus EV/sales 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 556.63

Price Target: USD 800.00

Implied All-in Return (%): 43.7

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 include:

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 a 14x EV/revenue multiple to our 2025 estimate of \$3,039M. Our target multiple is a premium to the 40-60 Rule of 40 peer group, warranted in our view by HubSpot's large market opportunity, strong execution track record, and attractive long-term financial profile. Our price target supports our Outperform rating.

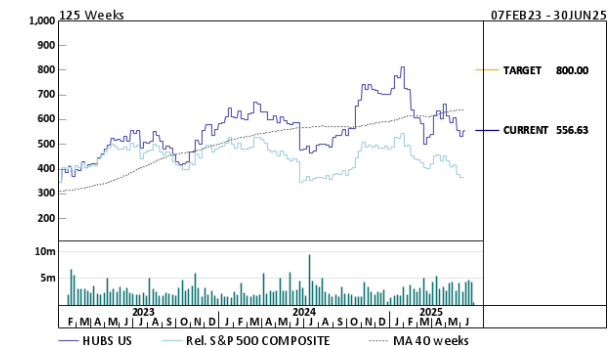
Risks to rating and price target

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.

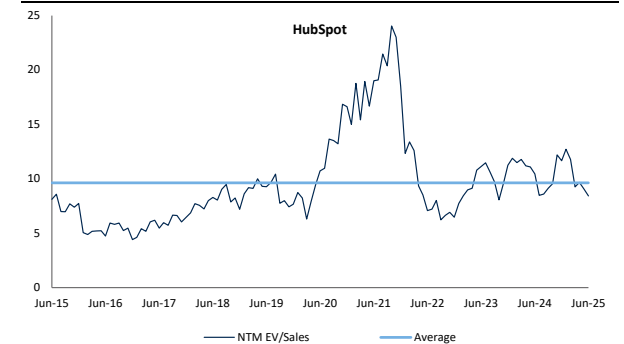
Long-term profitability: Margins have improved and are solid for HUBS growth, but the company's long-term margin structure remains uncertain. We believe the company has a strong enough cash position to achieve positive FCF generation without raising funds.

Exhibit 29 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 30 - Forward consensus EV/sales history



Source: FactSet

Most recent company note: [link](#)

Illumina, Inc. (NASDAQ: ILMN)

RBC Capital Markets, LLC

Conor McNamara, CFA (Analyst) (619) 782-5265, conor.mcnamara@rbccm.com
Rating: Outperform
Closing Price: USD 95.41
Price Target: USD 118.00
Implied All-in Return (%): 23.7

Investment summary

We have an Outperform rating on Illumina with a \$118 price target. We believe Illumina's current stock price over-discounts the likelihood of share erosion from smaller competitors and does not factor in years of R&D spend and product innovation that Illumina has invested in the next-gen sequencing (NGS) market. While we believe a return to sustainable HSD/LDD revenue growth will lead to multiple expansion longer term, we believe China headwinds still prevent that from happening, and thus value ILMN more inline with other LST companies.

Valuation

Our 12-month price target of \$118 is based on applying a 24.2x PE multiple to our 2026 EPS estimates. 24.2x assumes ILMN trades inline with LST incumbents, which over the past year (as of latest FQE) have traded at a 14% premium to the S&P; applying a 14% premium to the QTD (May 2025) S&P PE multiple yields 24.2x. Though ILMN has historically shown growth rates above the incumbent LST group, medium term China headwinds and other macro pressures may prevent ILMN from growing above these peers over the next 12 months, and thus is most likely to trade inline with this group. Our price target supports an Outperform rating.

Risks to rating and price target

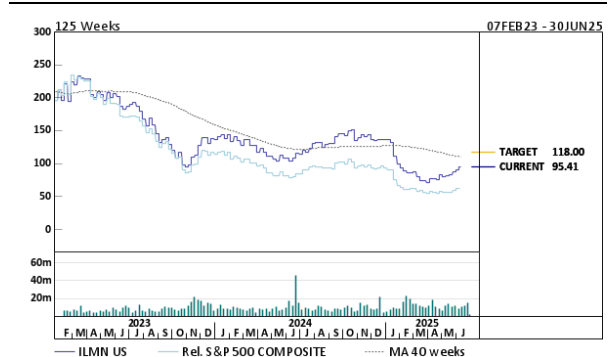
Our estimates are based on the assumption that revenue growth re-accelerates, expenses grow more slowly than revenue, and the tax rate will decline over time. If any of these assumptions prove to be incorrect, our estimates may be too high.

We use a P/E average of other LST companies that face similar market dynamics as ILMN, including increased competition and exposure to customer types with diverse funding sources. If ILMN's share in the NGS market were to be more impacted than our assumptions; and ILMN can't return to revenue or earnings growth inline with other LST companies, ILMN's multiple may continue to trade at a relative discount.

Recent decisions in China may make it impossible for Illumina to operate in the region, which accounts for approximately 7% of sales. If the company loses these sales without any offsetting expense reduction, our estimates could be at risk.

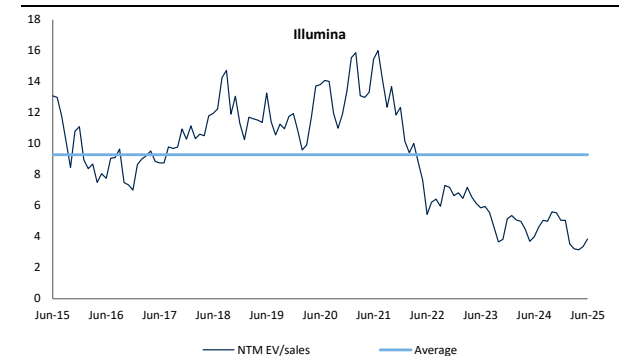
Alternatives to NGS, including long-read sequencing or advanced PCR methods, could damage ILMN's market position.

Exhibit 31 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 32 - Forward consensus EV/sales history



Source: FactSet

Most recent company note: [link](#)

London Stock Exchange Group plc (LSE: LSEG)

RBC Europe Limited

Ben Bathurst (Analyst) +44 20 7429 8910, ben.bathurst@rbccm.com

Rating: Outperform

Closing Price: GBp 10,635.00

Price Target: GBp 13,400.00 Implied All-in Return (%): 27.3

Investment summary

We rate LSEG Outperform, with a £134 price target.

Impressive operational momentum moving into 2025:

2024 was another strong year for LSEG, delivering organic growth of 8%, exceeding stated targets, and a reflection of the improved performance of the group. Commentary on traction and enhancements to the Workspace product through 2024 has boosted our confidence in the medium-term investment case, whilst the risk profile of the shares has been reduced by removal of Refinitiv seller overhang.

Diversified business model with an attractive growth outlook:

LSEG is targeting 'mid-to-high single-digit' organic revenue growth, accelerating from 2025. This growth acceleration should be underpinned by (1) secular drivers; (2) return from elevated recent cap-ex investment; and (3) revenue contribution from MSFT partnership. We expect a step-up in EPS growth over FY24-FY27E.

Favourable exposure to fixed income volatility: LSEG's transactional revenues (c25% of group revenues) tend to benefit when interest rate expectations fluctuate, meaning we see the group as a beneficiary from "higher-for-longer" rate scenarios that look more likely amid the current macro uncertainty.

Strong cash generation to support capital returns and further bolt-on M&A:

Following a period of elevated investment, we expect the underlying EBITDA margin to improve over the medium term, with cap-ex strain also set to fall from 2025, supporting improved cash generation. The group has announced material

buybacks in each of the last three years, and we expect similar returns looking forward, given strong cash generation.

Discount to peers becoming more difficult to justify:

We view the international data providers as the most appropriate peer group for LSEG. With overhang risk now removed we see the argument for a discount as further weakened. The group trades on a FY26E PE of 25x, versus the financial data provider average of 29x. This c15% discount offers a runway for a re-rating in our view.

Valuation

Our price target for London Stock Exchange Group (LSEG) is derived from a discounted cash flow model. We use a three-stage model, whereby we apply a Risk Discount Rate of 7.5% (reflecting our view of the relative risk of LSEG's business model) and a terminal value growth assumption of 3%. We model our DCF on a reported basis, incorporating FX adjustments to our earnings. We also deduct current net debt of £7.1bn to reach our equity value.

Our price target implies a FY 2026E P/E of 30x, which we see as justified given LSEG's strong FCF generation and exposure to structural growth markets. Our price target of 13,400p supports our Outperform rating.

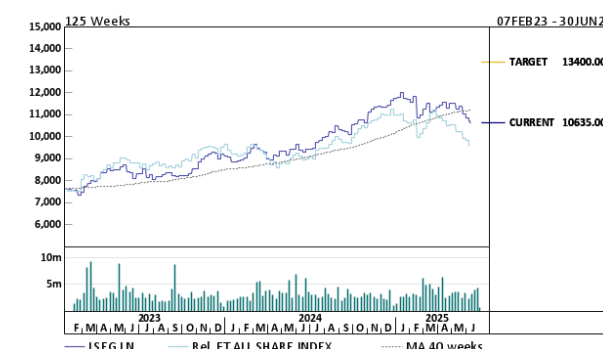
Risks to rating and price target

Execution issues from the Microsoft partnership—such as delays to product releases or weaker-than-expected revenue benefits—could impact the rating of the group, given strong investor sentiment around the partnership.

Competition in each of LSEG's five business areas could lead to a decrease in LSEG's market share in the respective areas.

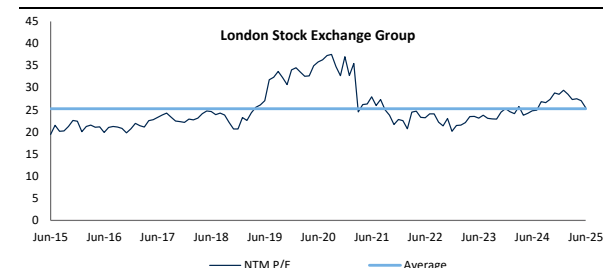
Post Trade is exposed to regulatory uncertainty. Temporary CCP equivalence has been granted to the UK clearing houses until 2028 for euro-denominated IRS.

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](#)

Microsoft Corporation (NASDAQ: MSFT)

RBC Capital Markets, LLC

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

Rating: Outperform

Closing Price: USD 497.41

Price Target: USD 525.00

Implied All-in Return (%): 6.1

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 mid-teens CAGR from FY21-FY24 off an already large \$168B base.

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 (\$10B+ business growing 40%+), 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, as gross margins have expanded ~4 points since FY18 and operating margins ~10 points. 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 \$525 by applying a 38x multiple to our CY25 EPS estimate of \$14.00. 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

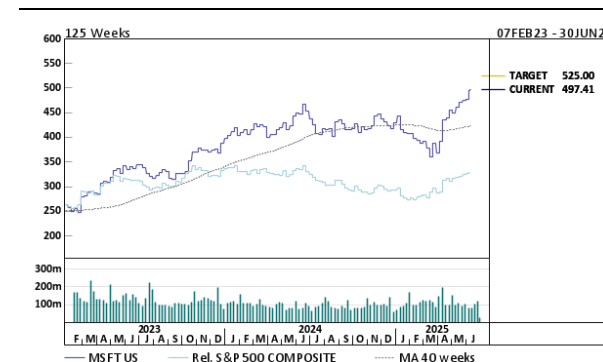
Azure growth could slow: While we maintain the view that public cloud remains early days, a material slowdown in Azure growth could impact the stock and future growth.

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.

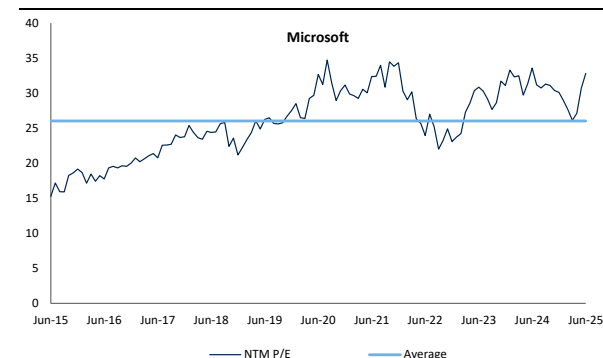
Transformational acquisition: A significant acquisition that depletes the company's net cash position and adds operational pressures on the business could be a risk.

Exhibit 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](#)

Moody's Corporation (NYSE: MCO)

RBC Capital Markets, LLC

Ashish Sabadra (Analyst) (415) 633-8659, ashish.sabadra@rbccm.com
Rating: Outperform
Closing Price: USD 501.59
Price Target: USD 550.00
Implied All-in Return (%): 10.2

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.

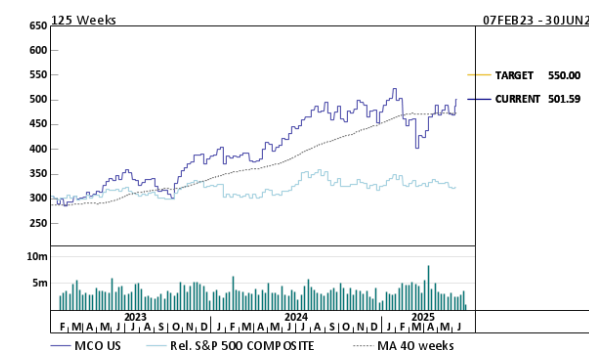
Valuation

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

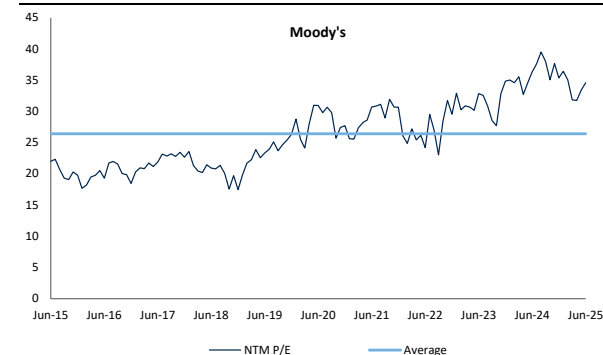
Risks to rating and price target include: (1) significant decline in credit issuance; (2) increased competition for private company data; (3) slowdown in demand for KYC offerings; (4) challenges in integrating acquisitions; and (5) slowdown in demand for Enterprise Risk Services (ERS) software.

Exhibit 37 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 38 - Forward consensus P/E 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 74.32
Price Target: USD 88.00
Implied All-in Return (%): 18.4

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.

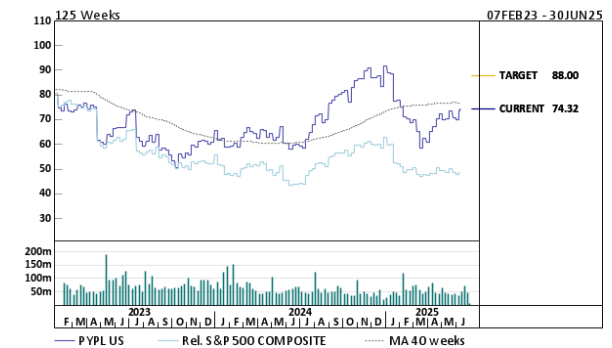
Valuation

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

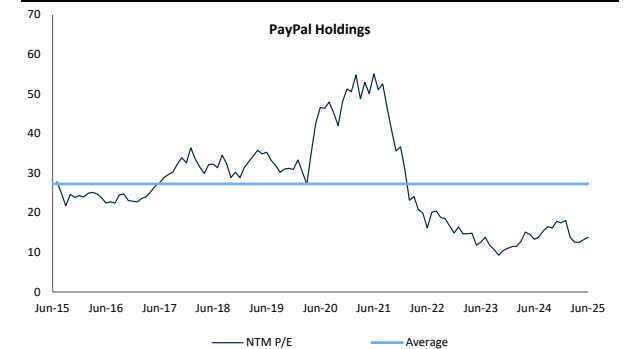
Risks to rating and price target include: (1) accelerated decline in the company's take rate beyond what has been contemplated; (2) increasing competition in the global payments landscape pressuring PayPal's leadership position; (3) unexpected regulation, especially if it slows growth or precludes PYPL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

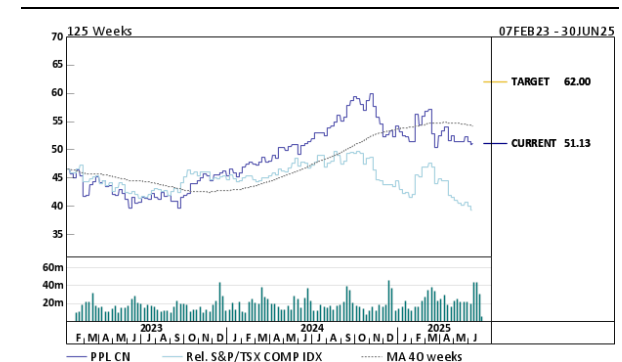
Price Target: CAD 62.00

Closing Price: CAD 51.13

Implied All-in Return (%): 26.8

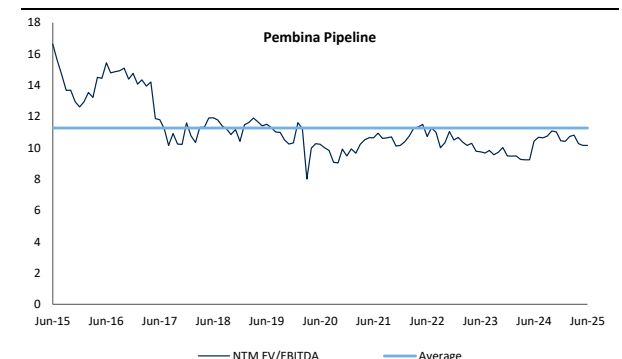
(6) acquisitions, investments and/or projects that fail to gain the confidence of investors.

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 106.19

Price Target: USD 125.00

Implied All-in Return (%): 18.8

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.

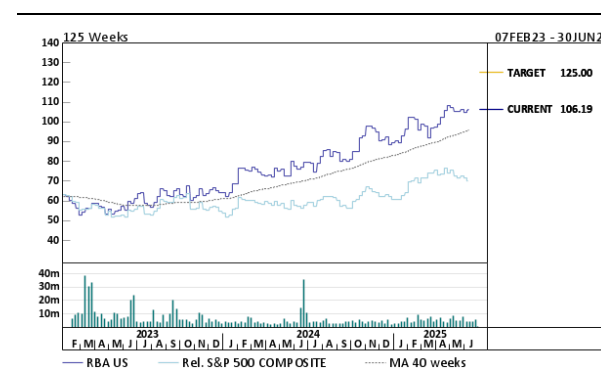
Valuation

Our \$125 price target is based on ~28.5x our 2026 Adjusted EPS forecast of US\$4.39. 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

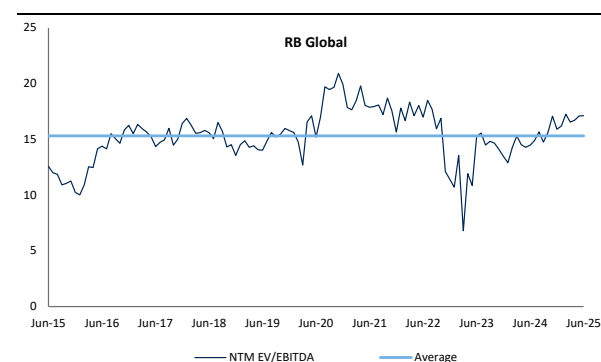
Risks to rating and price target include: (1) integration risks associated with the IAA acquisition; (2) equipment supply constraints impacting the industry for longer than anticipated; (3) risks associated with guarantee/inventory contracts; and (4) foreign exchange risk.

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 275.90

Price Target: EUR 285.00

Implied All-in Return (%): 3.8

Investment summary

We rate Safran (SAF-FR) Outperform with a €285 price target. 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 €285 price target is based on applying a 26.3x multiple to our 2026 FCF/share estimate of ~€10.82. 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.

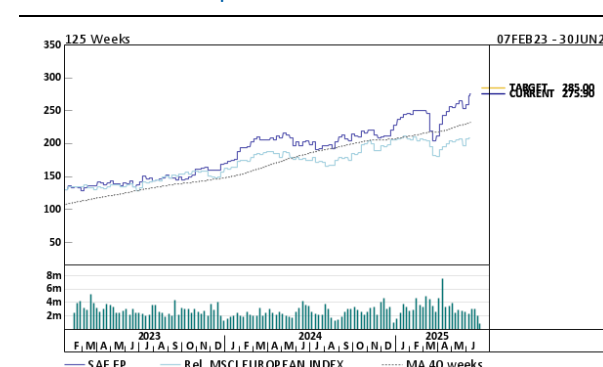
Risks to rating and price target

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.

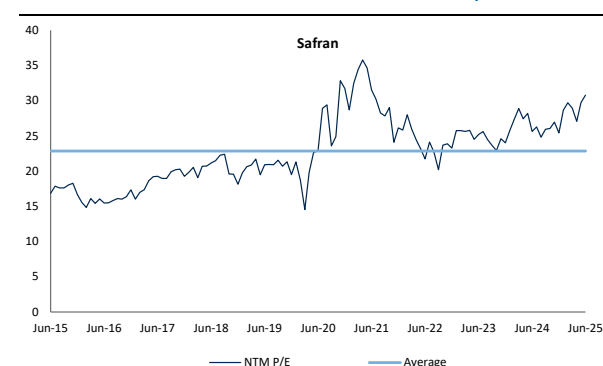
The company also faces risks from: exchange rates and currency hedging strategies, as well as airlines' and lessors' access to capital to support aircraft purchases and investments; global defense spending, technology advancements in propulsion and other areas, and timing of defense contracts and investments; 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 225.80

Price Target: EUR 250.00

Implied All-in Return (%): 12.5

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 ~8% run-rate. In this context we see the valuation discount to the peer group as unjustified.

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 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.

Improving capital allocation: Schneider's capital allocation has improved, becoming more shareholder-friendly. Looking at the last twelve years of spending, the trends are clear. Acquisitions steadily declined from

accounting for over 60% of operating cashflow in 2011 (three-year rolling basis) to more like 10-20% in recent years, and we see the Aveva minority acquisition in 2022 as an outlier rather than a change in pattern.

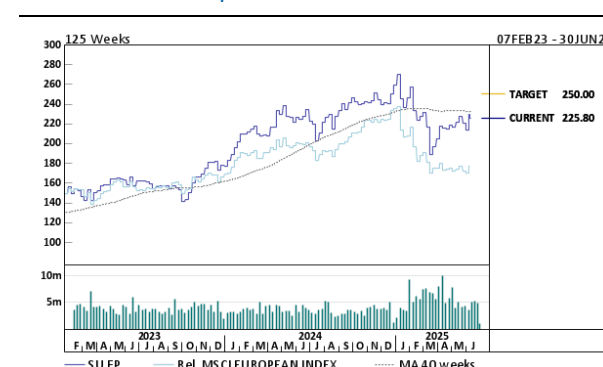
Valuation

We use a combination of PE 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

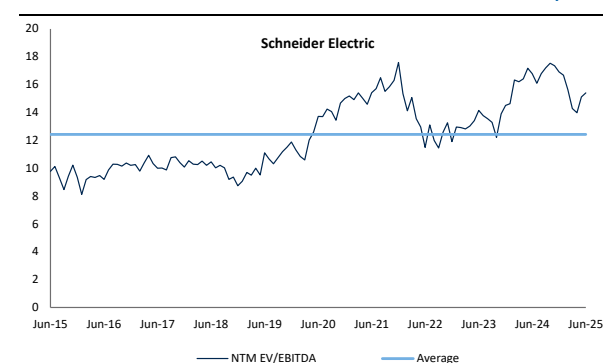
Risks to rating and price target include: (1) EPS sensitivity to the economic growth backdrop which could accelerate or decline; (2) Schneider's exposure to Chinese construction activity (we estimate ~5% of sales are driven by this); and (3) exposure to emerging market currencies (Schneider has not been 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](#)

Shell PLC (LSE: SHEL; NYSE: SHEL)

RBC Europe Limited

Biraj Borkhataria, CFA (Head of Global Energy Transition Research) +44 20 7029 7556,

biraj.borkhataria@rbccm.com

Investment summary

Key reasons for our positive stance:

Operational turnaround. 1Q25 results marked yet another quarter of earnings coming in above market expectations with the drive from the new management on improving operational performance appearing to be coming through across a number of divisions. We think this should support cash generation over the coming years, supported by its oil leverage and #1 presence in a growing LNG market.

Resilient distributions. We think Shell's balance sheet (current ~5% gearing) should allow for buybacks to continue at the current pace, even in a lower price scenario through 2025. Sustained buybacks in the face of falling share prices mean share count reductions could be more rapid than anticipated, which in turn could drive higher DPS growth over time.

More rateable earnings. One of the aspects of the investment case that we've been highlighting has been around volatility, and our calculations suggest that earnings and cash flow volatility is lower than US peers despite the trading business seemingly adding to it. This seems to be underappreciated by the market with a difference between perception and financials.

Valuation

We value Shell based on a 50/50 weighting between SOTP and normalized EV/DACF using a multiple of 7x. This leads to a price target of 3,400p, which supports our Outperform rating.

Risks to rating and price target

Risks to rating and price target include: (1) overcapacity in LNG as Shell is involved in multiple growth projects whilst also being the largest supplier of LNG globally; (2) sustained weakness in US gas prices constraining profitability of gas drilling in the US; (3) security risk in key areas in the Middle East and North Africa where Shell is highly exposed; and (4) fiscal risk and uncertainty surrounding regulation in the oil & gas industry. In general, all international integrated oil companies are exposed to resource price fluctuations, political/security risk, execution risk, and environmental/permitting risks.

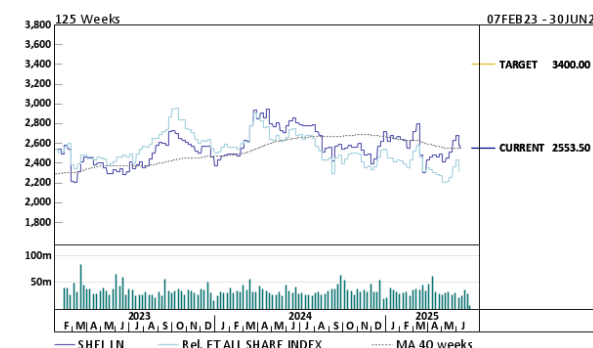
Rating: Outperform

Closing Price: GBp 2,553.50

Price Target: GBp 3,400.00

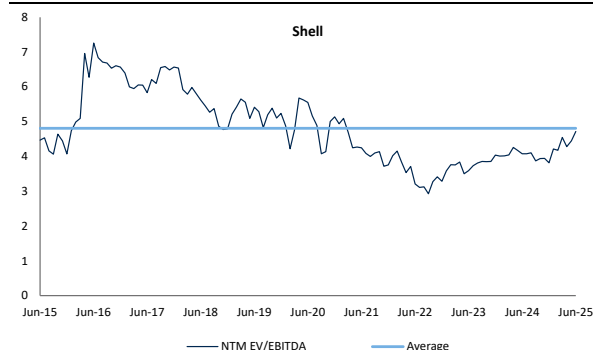
Implied All-in Return (%): 37.3

Exhibit 49 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 50 - 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 \$250 by applying a 17x 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

Risks to rating and price target include: (1) consumption trends could fluctuate, particularly in difficult economic times; (2) high level of competition in the market from large established public cloud providers as well as emerging cloud native vendors; (3) the company's ability to attract new customers or expansion within existing customers and its ability to maintain high retention rates; and (4) failure to invest adequately and continue to innovate can create risk of losing share to competitors.

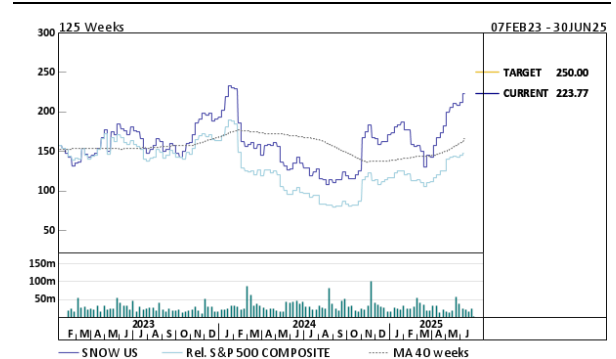
Rating: Outperform

Closing Price: USD 223.77

Price Target: USD 250.00

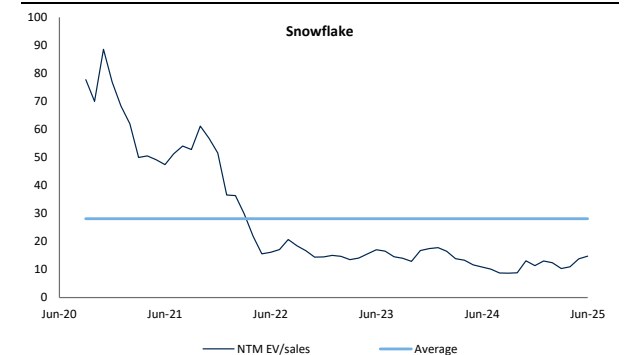
Implied All-in Return (%): 11.7

Exhibit 51 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 52 - 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 1Q25 positive operating leverage was 270 bps.

Best in Class: USB has demonstrated, through the compound annual growth rate of shareholders' return 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 (ROA) of 1.15–1.35%, return on tangible common equity (ROTCE) in the high-teens, fee income growth in the mid-single digits, 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 1Q25, net interest revenue was ~59% of total core revenue and fee revenue was ~41%. 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 driving the interconnectedness of its businesses, deepening relationships with customers while simultaneously shifting its capital expenditures strategy from defensive to offensive.

Valuation

Our price target of \$50 is based on the expected price to book value ratio using the expected 2Q25 book value per share and our estimated 2Q26 book value per share. This equates to 10.3x our 2026 EPS estimate, 1.35x 2Q26E book value, and 1.74x 2Q26E 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

Price Target: USD 50.00

Closing Price: USD 45.25

Implied All-in Return (%): 14.9

Risks to rating and price target

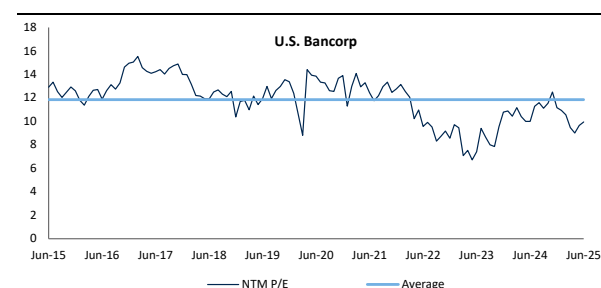
An economic downturn driven by higher inflation and policy uncertainty could lead to a deterioration of credit quality and lead to high provisions.

Exhibit 53 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 54 - Forward consensus P/E 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 80.12
Price Target: USD 88.00
Implied All-in Return (%): 11.8

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 \$1.7B or ~35% of net income in 1Q25; Commercial Banking, \$794M or ~16% of net income; Corporate and Investment Banking, \$1.9B or ~40% of net income; and Wealth and Investment Management, \$392M or ~8% of net income. We note that the Corporate segment reported a net income of \$78M.

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 69% in 1Q25.

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 1Q25. 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.

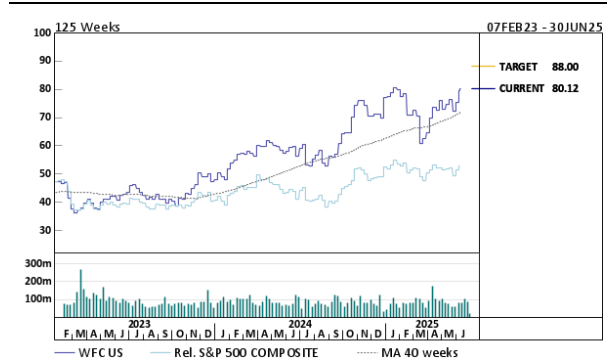
Valuation

Our price target of \$88 is 13.0x our 2026 EPS estimate, 1.61x 2Q26E book value, and 1.91x 2Q26E 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.

Risks to rating and price target

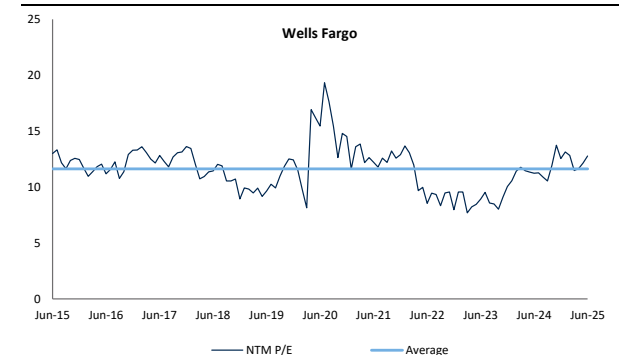
We believe macroeconomic concerns, driven by the recent tariff announcements are the largest risk to our rating and price target. An economic downturn driven by higher inflation and policy uncertainty could lead to a deterioration of credit quality and lead to high provisions. If the current trade policies were to lead to a recession, 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 158.46

Price Target: USD 210.00

Implied All-in Return (%): 32.5

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.

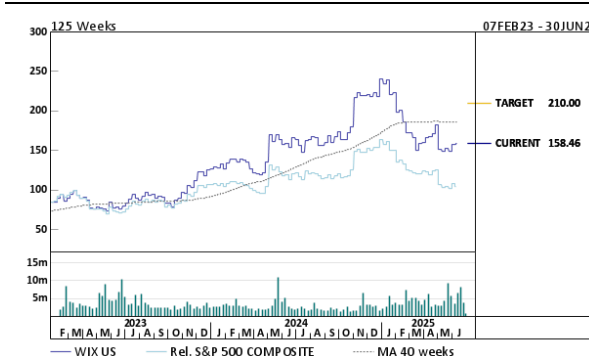
Valuation

Our \$210 price target is based on ~18x 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

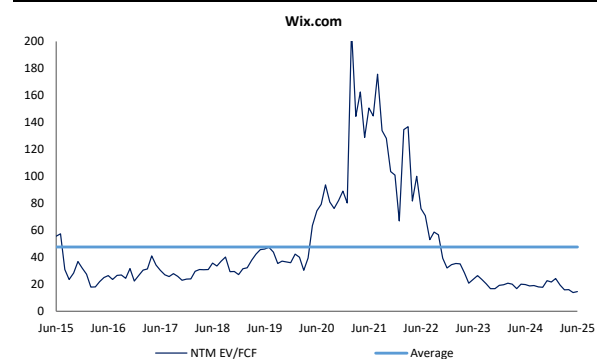
Risks to rating and price target include: (1) competition both for E-commerce customers as well as Web presence; (2) increased churn particularly of recently added customers; (3) failure to expand into both new geographies as well as new verticals; and (4) a macro slowdown causing many SMB failures. 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 \$147 price target assumes XYL trades to a 30% premium to our 2026E target group P/E multiple of 22.0x, near the low-end of its historical relative P/E range of 25%-50%. We believe that this target relative 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.

Rating: Outperform

Closing Price: USD 129.36

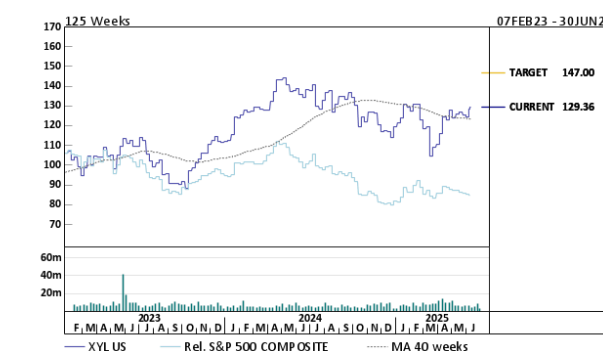
Price Target: USD 147.00

Implied All-in Return (%): 14.6

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

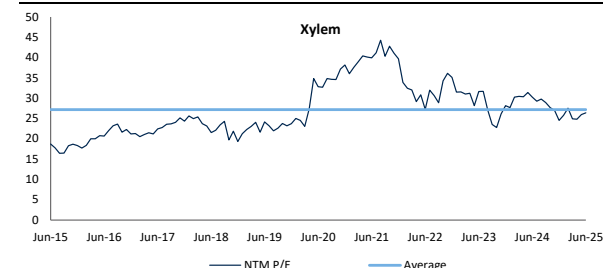
Competition. The global water sector remains highly competitive. The rise of credible Chinese players in the global water market is a key risk factor.

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.

Underperform (U): Returns expected to be materially below sector average over 12 months.

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Distribution of ratings				
RBC Capital Markets, Equity Research				
As of 30-Jun-2025				
Rating	Count	Percent	Investment Banking	
			Serv./Past 12 Mos.	
			Count	Percent
BUY [Outperform]	866	58.87	283	32.68
HOLD [Sector Perform]	561	38.14	151	26.92
SELL [Underperform]	44	2.99	5	11.36

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