



Capital  
Markets



# Top 30 Global Ideas for 2026

## Second-Quarter Update

EQUITY RESEARCH | April 7, 2026

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 April 2, 2026, unless otherwise noted.*

## Introduction

**Graeme Pearson** – Co-Head of Global Research

**Mark Odendahl** – Co-Head of Global Research

Our *Top 30 Global Ideas* is a list of high-conviction, long-term, bottom-up best ideas, with quarterly updates that enable dynamic changes into names where we see higher-conviction upside potential.

### Performance Review

Over the past quarter, the Q1/26 *Top 30* list delivered a total return of -4.6% in USD terms vs. the MSCI World Index at -2.6%. The best-performing *Top 30* stock selections in Q1/26 were ConocoPhillips (+36%), Engie (+24%), Williams (+19%) and Royal Gold (+19%). Since inception of our quarterly list at YE2019, the *Top 30* has delivered a total compound annual return of 12.6% vs. the benchmark at 11.8%.

### Changes This Quarter

**Additions:** AltaGas (ALA CN), Applied Materials (AMAT US), AXA (CS FP), Diageo (DGE LN), IQVIA (IQV US), Merck (MRK US)

**Deletions:** Engie (ENGI FP), L'Oréal (OR FP), Palo Alto Networks (PANW US), Shopify (SHOP US), Wisetech Global (WTC AU), Xylem (XYL US)

**Maintains:** Air Products and Chemicals (APD US), Airbnb (ABNB US), Alcon (ALC SW), Amazon.com (AMZN US), Biogen (BIIB US), Boston Scientific (BSX US), Brookfield Corp. (BN US), ConocoPhillips (COP US), Constellation Software (CSU CN), DuPont de Nemours (DD US), International Paper (IP US), Loblaw (L CN), Microsoft (MSFT US), Moody's (MCO US), RB Global (RBA US), Royal Gold (RGLD US), Safran (SAF FP), Schneider Electric (SU FP), Snowflake (SNOW US), Williams (WMB US), U.S. Bancorp (USB US), Ventas (VTR US), Visa (V US), Xcel Energy (XEL US)

This quarter, in **Consumer** we add **Diageo (DGE LN)**, replacing **L'Oréal (OR FP)** as our top idea within our European Consumer Staples coverage. In our view, Diageo stands to benefit from incoming CEO Dave Lewis's brand refresh and cost focus, which should restore competitiveness in the mainstream segment and drive volume growth. The company's strong brand portfolio and Lewis's mainstream expertise position it well to revive sector dynamics, while cash flow should remain resilient as inventory normalizes and capital expenditure moderates.

In **Financials** we add **AXA (CS FP)**. AXA has purposefully shifted toward a higher proportion of technical insurance and capital-light earnings, supporting better earnings quality and growth. This fundamental improvement is evidenced by its ROE, where the gap is now narrowing versus composite peers. Despite this, AXA's P/E discount versus peers has recently widened, creating a compelling re-rating opportunity as execution proof points accumulate, in our view. A potential catalyst is the new 3-year plan, due to be announced in September 2026, where a transformation in the L&H business should begin to bear fruit, and the resilience of P&C business can be better established.

In **Health Care** we add **IQVIA (IQV US)** and **Merck (MRK US)**. In our view, **IQVIA** is a leading global contract research organization (CRO) positioned to benefit from an inflection in biopharma drug development and clinical trial R&D spending the CRO market, with its proprietary data repository providing a competitive moat, enabling it to capitalize on the real-world evidence trend better than peers. Combined with established relationships across large pharma and AI-enhanced service delivery, we believe IQVIA is well-positioned for outperformance. For **Merck**, we see sentiment improving with robust pipeline visibility, as near-term launches and Phase 3 readouts should drive consensus upgrades. While Keytruda faces late-2028 LOE, we anticipate multiple expansion as management deploys cash flow into R&D

and potential M&A throughout 2026, positioning Merck to navigate through the LOE and reignite growth.

In **Information Technology** we add **Applied Materials (AMAT US)**. AMAT has a leadership position in DRAM/HBM, Advanced Logic, and Packaging (CoWoS), and is benefiting from strong GenAI-driven spending. We believe China share loss concerns are overdone and expect double-digit topline momentum to sustain into 2027 despite slower mature node demand. We switch out of **Palo Alto Networks (PANW US)**, **Shopify (SHOP US)** and **Wisetech Global (WTC AU)** in favor of high-conviction ideas in other sectors, while reiterating our view that the recent AI-related selloffs in these names are overdone.

In **Utilities** we add **AltaGas (ALA CN)**. We see 2026 as being a year that will highlight the criticality and strategic positioning of the company's assets, with AltaGas benefitting from its LPG export terminals (which support evolving global demand and Canada's desire to diversify energy exports), elevated commodity prices due to Middle East supply disruptions, and utilities that deliver essential gas supply amid extreme weather conditions and rising demand due to data centers. We see net tailwinds to its financial performance in the near-term that are backed by supportive commodity price and volume dynamics, as well as by new assets. We remove **Engie (ENGI FP)** following strong share price performance since added to the *Top 30* in January, while maintaining our Outperform rating.

In **Industrials** we remove **Xylem (XYL US)** in favor of high-conviction ideas in other sectors, while maintaining our Outperform rating.

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 2026 – Analyst Coverage and Pricing Data

Company	Pricing Symbol	Analyst	Rating	Trading Currency	Closing Price (04/02/2026)	Market Cap (MM)	Price Target	Div. Yield (%)	Implied All-in Return (%)
Air Products and Chemicals, Inc.	APD US	Arun Viswanathan	Outperform	USD	293.55	65,403	325.00	2.4	13.2
Airbnb, Inc.	ABNB US	Brad Erickson	Outperform	USD	124.95	79,843	170.00	0.0	36.1
Alcon AG	ALC SW	Jack Reynolds-Clark	Outperform	CHF	60.32	29,979	80.00	0.5	33.1
AltaGas Ltd.	ALA CN	Maurice Choy	Outperform	CAD	48.67	15,146	50.00	2.8	5.5
Amazon.com, Inc.	AMZN US	Brad Erickson	Outperform	USD	209.77	2,278,732	300.00	0.0	43.0
Applied Materials, Inc.	AMAT US	Srini Pajjuri	Outperform	USD	348.47	278,428	430.00	0.1	23.5
AXA	CS FP	Mandeep Jagpal	Outperform	EUR	40.51	86,424	48.00	5.7	24.2
Biogen Inc.	BIIB US	Brian Abrahams	Outperform	USD	177.34	25,874	233.00	0.0	31.4
Boston Scientific Corporation	BSX US	Shagun Singh	Outperform	USD	62.82	93,944	115.00	0.0	83.1
Brookfield Corporation	BN US	Bart Dziarski	Outperform	USD	40.89	91,786	60.00	0.6	47.3
ConocoPhillips	COP US	Scott Hanold	Outperform	USD	130.52	159,909	118.00	2.6	-7.0
Constellation Software Inc.	CSU CN	Paul Treiber	Outperform	CAD	2,441.27	51,734	4,800.00	0.2	96.9
Diageo plc	DGE LN	James Edwardes Jones	Outperform	GBP	1,391.50	30,941	2,000.00	3.5	47.2
DuPont de Nemours, Inc.	DD US	Arun Viswanathan	Outperform	USD	45.48	18,485	60.00	1.8	33.7
International Paper Company	IP US	Matthew McKellar	Outperform	USD	34.79	18,369	54.00	5.3	60.5
IQVIA Holdings Inc.	IQV US	Ryan Halsted	Outperform	USD	173.26	29,783	221.00	0.0	27.6
Loblaw Companies Limited	L CN	Irene Nattel	Outperform	CAD	64.59	75,903	72.00	0.9	12.4
Merck & Co., Inc.	MRK US	Trung Huynh	Outperform	USD	120.87	300,725	142.00	2.8	20.3
Microsoft Corporation	MSFT US	Rishi Jaluria	Outperform	USD	373.46	2,786,385	640.00	0.7	72.1
Moody's Corporation	MCO US	Ashish Sabadra	Outperform	USD	440.79	79,254	610.00	0.6	39.0
RB Global, Inc.	RBA US	Sabahat Khan	Outperform	USD	98.34	18,419	146.00	1.2	49.6
Royal Gold, Inc.	RGLD US	Josh Wolfson	Outperform	USD	262.63	21,105	375.00	0.7	43.5
Safran	SAF FP	Ken Herbert	Outperform	EUR	287.30	120,058	400.00	1.1	40.3
Schneider Electric SE	SU FP	Mark Fielding	Outperform	EUR	236.15	136,282	290.00	1.8	24.7
Snowflake Inc.	SNOW US	Matthew Hedberg	Outperform	USD	151.85	59,692	245.00	0.0	61.3
The Williams Companies, Inc.	WMB US	Elvira Scotto	Outperform	USD	72.00	87,984	82.00	3.0	16.8
U.S. Bancorp	USB US	Gerard Cassidy	Outperform	USD	52.95	82,390	59.00	4.0	15.4
Ventas, Inc.	VTR US	Michael Carroll	Outperform	USD	83.27	40,036	91.00	2.5	11.8
Visa Inc.	V US	Daniel R. Perlin	Outperform	USD	300.80	581,446	395.00	0.9	32.2
Xcel Energy Inc.	XEL US	Stephen D'Ambrisi	Outperform	USD	80.74	47,156	95.00	3.0	20.7

**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 2026 – Changes This Quarter

Company	Pricing Symbol	Analyst	Rating	Trading Currency	Closing Price (04/02/2026)	Market Cap (MM)	Price Target	Div. Yield (%)	Implied All-in Return (%)
<b>Additions this quarter:</b>									
AltaGas Ltd.	ALACN	Maurice Choy	Outperform	CAD	48.67	15,146	50.00	2.8	5.5
Applied Materials, Inc.	AMAT US	Srini Pajjuri	Outperform	USD	348.47	278,428	430.00	0.1	23.5
AXA	CS FP	Mandeep Jagpal	Outperform	EUR	40.51	86,424	48.00	5.7	24.2
Diageo plc	DGE LN	James Edwardes Jones	Outperform	GBp	1,391.50	30,941	2,000.00	3.5	47.2
IQVIA Holdings Inc.	IQV US	Ryan Halsted	Outperform	USD	173.26	29,783	221.00	0.0	27.6
Merck & Co., Inc.	MRK US	Trung Huynh	Outperform	USD	120.87	300,725	142.00	2.8	20.3

### Deletions this quarter:

Engie	ENGI FP	Joseph Pepper	Outperform	EUR	28.97	69,470	30.00	4.7	8.2
L'Oreal	OR FP	Wassachon (Fon) Udomsilpa	Outperform	EUR	358.20	191,995	430.00	2.1	22.2
Palo Alto Networks, Inc.	PANW US	Matthew Hedberg	Outperform	USD	163.21	136,868	220.00	0.0	34.8
Shopify Inc.	SHOP US	Paul Treiber	Outperform	USD	118.25	154,719	170.00	0.0	43.8
Wisetech Global Limited	WTC AU	Jackson Lee	Outperform	AUD	37.88	12,406	110.00	0.5	190.9
Xylem Inc.	XYL US	Deane Dray	Outperform	USD	121.26	21,936	162.00	1.0	34.6

### 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 – 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 Q1 2026 and since inception (December 2019).

Ticker	Company	Total Return Q1 2026* (in local currency)	Total Return Q1 2026* (in USD)
COP US	ConocoPhillips	36.0%	36.0%
ENGI FP	Engie SA	26.1%	24.1%
WMB US	The Williams Cos Inc.	19.2%	19.2%
RGLD US	Royal Gold Inc.	19.0%	19.0%
APD US	Air Products and Chemicals Inc.	17.9%	17.9%
DD US	DuPont de Nemours Inc.	11.7%	11.7%
XEL US	Xcel Energy Inc.	8.9%	8.9%
VTR US	Ventas Inc.	8.4%	8.4%
L CN	Loblaw Cos Ltd.	4.3%	3.0%
BIIB US	Biogen Inc.	-0.3%	-0.3%
USB US	US Bancorp	-0.8%	-0.8%
SU FP	Schneider Electric SE	-0.4%	-2.0%
OR FP	L’Oreal SA	-1.8%	-3.4%
RBA US	RB Global Inc.	-4.5%	-4.5%
ALC SW	Alcon AG	-4.7%	-5.6%
ABNB US	Airbnb Inc.	-6.1%	-6.1%
AMZN US	Amazon.com Inc.	-7.4%	-7.4%
SAF FP	Safran SA	-6.5%	-8.0%
PANW US	Palo Alto Networks Inc.	-9.0%	-9.0%
XYL US	Xylem Inc.	-11.3%	-11.3%
MCO US	Moody’s Corp.	-11.5%	-11.5%
BN US	Brookfield Corp.	-12.2%	-12.2%
IP US	International Paper Co	-12.7%	-12.7%
V US	Visa Inc.	-13.0%	-13.0%
MSFT US	Microsoft Corp.	-20.9%	-20.9%
SHOP US	Shopify Inc.	-24.8%	-24.8%
CSU CN	Constellation Software Inc.	-24.6%	-25.5%
SNOW US	Snowflake Inc.	-29.9%	-29.9%
BSX US	Boston Scientific Corp.	-33.7%	-33.7%
WTC AU	Wisetech Global Ltd.	-44.6%	-42.7%
<b>Average total return for RBC CM Top 30 Global Ideas in Q1 2026</b>		<b>-4.3%</b>	<b>-4.6%</b>

Indices		Total Return (in local currency) Since Inception** (Annualized)	
		Q1 2026*	
	<b>RBC CM Top 30 Global Ideas</b>	<b>-4.3%</b>	<b>12.5%</b>
SPTSX Index	S&P/TSX Composite Index	4.5%	14.6%
SXXP Index	STOXX Europe 600 Price Index	0.8%	9.4%
AS51 Index	S&P/ASX 200	-0.3%	9.3%
NDDUWI Index	MSCI World Net Total Return US	-2.6%	11.8%
SPX Index	S&P 500 Index	-3.7%	13.7%

Indices		Total Return (in USD) Since Inception** (Annualized)	
		Q1 2026*	
	<b>RBC CM Top 30 Global Ideas</b>	<b>-4.6%</b>	<b>12.6%</b>
SPTSX Index	S&P/TSX Composite Index	3.2%	13.3%
AS51 Index	S&P/ASX 200	3.1%	9.0%
SXXP Index	STOXX Europe 600 Price Index	-0.8%	9.8%
NDDUWI Index	MSCI World Net Total Return US	-2.6%	11.8%
SPX Index	S&P 500 Index	-3.7%	13.7%

**Notes:**

\* Q1 2026 performance from the publication of the Q1 2026 Top 30 list pre-market January 5, 2026 to market close on April 2, 2026. \*\* 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

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## Investment Thesis

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

RBC Capital Markets, LLC  
 Arun Viswanathan, CFA (Analyst) (212) 301-1611, [arun.viswanathan@rbccm.com](mailto:arun.viswanathan@rbccm.com)

Rating: Outperform

Closing Price: USD 293.55

Price Target: USD 325.00

Implied All-in Return (%): 13.2

### Investment summary

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

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

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

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

### Valuation

We value APD using a target P/E multiple of 25x on our 2026E EPS estimate of \$13, resulting in our base-case

price target of \$325. APD has traded in a range of ~20-35x since 2014, averaging ~22x, closer to LIN as it returns to core industrial gas. Furthermore, in 2025, APD has been trading towards the higher end of the range. In this base case, we assume strong hydrogen demand with mega projects coming online as targeted, continued net-zero headwinds, and relatively flat EBITDA margins. Our price target supports our Outperform rating.

### Risks to rating and price target

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

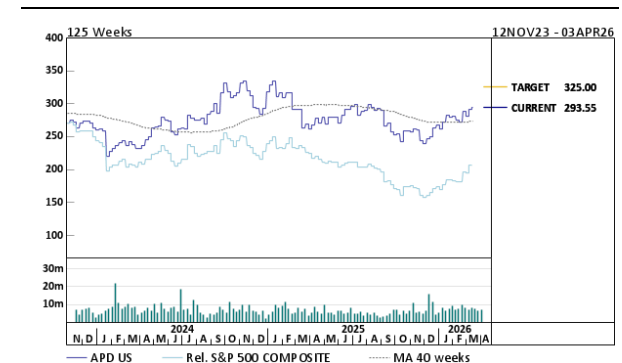
**Inability to implement price increases to offset higher costs.** APD enters into longer, multi-year contracts with its customers. The inability to raise prices to offset cost increases, namely energy costs to run its plants, could continue to erode EBITDA margins.

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

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

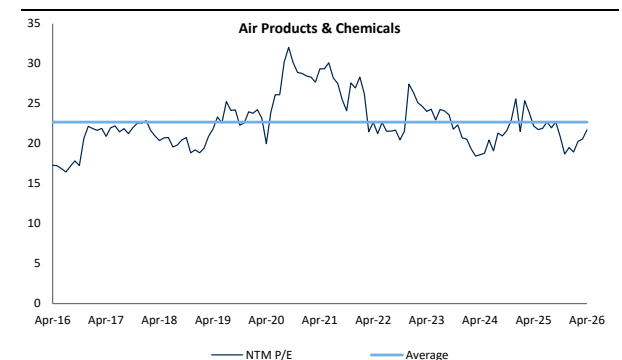
reversal to this push for hydrogen fuel could impact APD.

### Exhibit 1 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

### Exhibit 2 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

## Airbnb, Inc. (NASDAQ: ABNB)

RBC Capital Markets, LLC  
 Brad Erickson (Analyst) (971) 842-9607, [brad.erickson@rbccm.com](mailto:brad.erickson@rbccm.com)

**Rating: Outperform**

**Closing Price: USD 124.95**

**Price Target: USD 170.00**

**Implied All-in Return (%): 36.1**

### Investment summary

ABNB is the leader in private & alternative accommodations, a market that we see both expanding the overall travel market and taking share from existing modalities, such as hotel. Over time, through its strong direct customer relationship, we believe the company can continue showing organic growth as well as increasingly unlock value through monetization via adjacent products and also entering new sub-verticals.

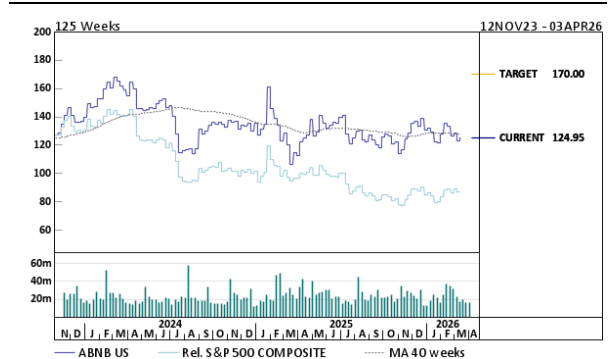
### Valuation

The stock trades at 19x EV/27E EBITDA. We believe a premium valuation may be warranted given the differentiated brand, stronger defensibility against AI disruptions due to brand loyalty and direct usage, clear category leadership, improved competitive positioning in pricing and conversion, and increasing optionality over time. We apply a 27x multiple to our EV/27E EBITDA to derive our price target of \$170 which supports our Outperform rating.

### Risks to rating and price target

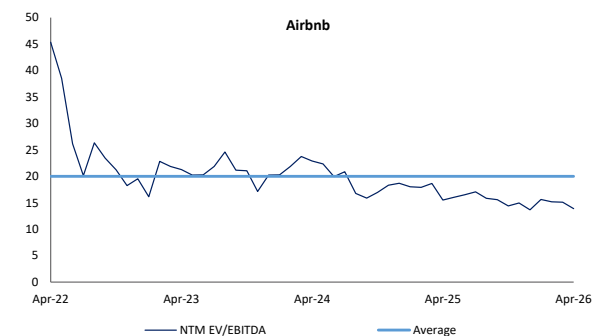
The biggest downside risks for the stock would be virus relapses, an adverse change in the competitive landscape, regulatory changes, natural disasters, situations involving geo-political or social unrest and violence, terrorism, interest rates, and a macroeconomic downturn.

Exhibit 3 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 4 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: [link](#)

## Alcon AG (SWX: ALC)

RBC Europe Limited

Jack Reynolds-Clark, CFA (Analyst) +44 20 74 298877, [jack.reynoldsc Clark@rbccm.com](mailto:jack.reynoldsc Clark@rbccm.com)

Rating: Outperform

Closing Price: CHF 60.32

Price Target: CHF 80.00

Implied All-in Return (%): 33.1

### Investment summary

**Largest Ophthalmology player with broad market-leading positions.** The company is well diversified, with around 87% of recurring revenues, and is the market leader in Cataracts, Retinal surgery and Contact Lenses, with a growing presence in Glaucoma and dry eye (market c\$9bn, +hsd% pa).

**Strength in Cataracts and Contacts drives 7% top-line growth to 2027E.** We expect Alcon's leading portfolio of intraocular lenses (IOLs), upcoming equipment launches and ability to bundle in the US to enable it to benefit from the ongoing shift towards advanced IOLs globally over the medium term, despite increasing competition in the space, in light of feedback from surgeons at the recent Ophthalmology surgery conference (see [note](#)). We also see the company's innovation leadership in Contact Lenses supporting continued share gains in daily and advanced segments over the medium term.

**Incremental margin improvement drives 14% EPS CAGR 2026-28E.** We forecast c.3ppts of EBIT margin accretion to 2027E, split roughly evenly between gross margin and opex. We expect mix benefits from an increasing proportion AT-IOLs, higher consumables sales on an expanded equipment base and growing sales of eye drops to complement efficiencies from ongoing optimisation of the manufacturing network and offset negative mix effects from increasing equipment and daily contact lens sales for c.1.5ppts of GM accretion to 2027E, with the remainder of the accretion driven by productivity gains and operating leverage across SG&A and R&D.

**Bullishness leaves us slightly ahead of consensus.** Our growth assumptions in Surgical and Contact Lenses reflect our bullish view around the impact of new launches across the portfolios over the medium term. Our expectations around margin expansion lead to our 2026E EPS forecasts 1.5% ahead of consensus.

### Valuation

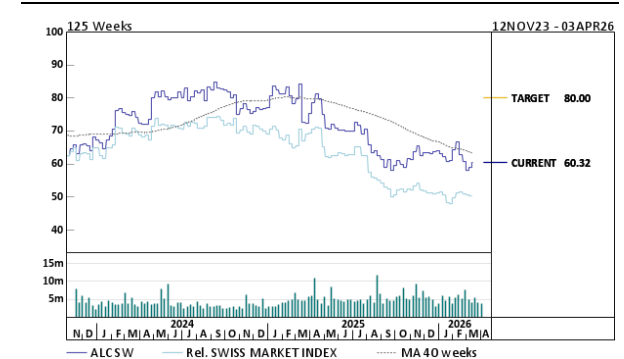
**We apply a P/E of 25x to our 2027 forecasts to arrive at our CHF 80/sh PT, and this supports our Outperform rating.** This multiple is ahead of Ophthalmology peers (average 23x, upper-lower quartile 22-27.6x), which reflects the company's strong market positioning, share gain momentum and exposure to solid growth markets, while also accounting for the increased uncertainty around near-term market volatility. DCF supports our PT – we assume an 8% Cost of Equity, 3% terminal growth and 5-year transition period for an implied fair value of CHF 80/sh.

### Risks to rating and price target

We see a potential risk to gross margins from the increasing mix of daily contact lenses, but see this risk as largely mitigated by the expansion of the company's highly efficient DSM manufacturing lines.

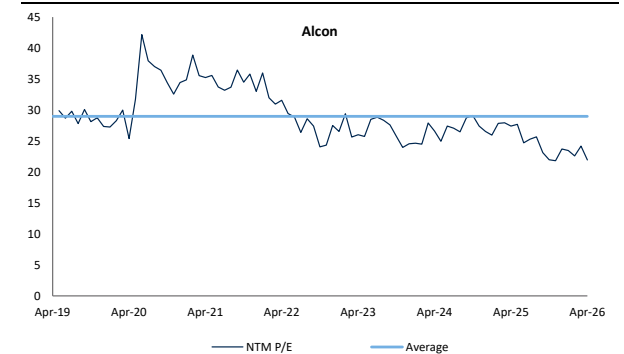
We also see potential risk to growth in cataracts if the shift to advanced technology intraocular lenses slows, as it has done in the past. However, we note that Alcon is well positioned in standard lenses and would likely not suffer share losses.

### Exhibit 5 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

### Exhibit 6 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

## AltaGas Ltd. (TSX: ALA)

RBC Dominion Securities Inc.

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

### Investment summary

We expect the shares of AltaGas to outperform its peers for the following reasons:

**Stronger balance sheet position that supports AltaGas' 5-7% long-term enterprise growth trajectory.** Following the recent equity raise and the decision to retain MVP, AltaGas is positioned to be broadly in line with AltaGas' debt/EBITDA objective of being at or below its 4.65x target (when including 50% of hybrid and preferred capital). More importantly, we continue to see the potential for the company to further reduce its leverage meaningfully below its target, reflecting both new projects and other monetization opportunities.

**Is AltaGas a utility or a midstreamer? The market seems to be saying “neither,” which we believe results in a discounted valuation.** AltaGas’s guidance is for 54–58% of 2026E EBITDA to come from the US regulated gas distribution utilities (Maryland, Virginia, Michigan, and Washington, D.C.) and the remainder from midstream assets (net of corporate costs). With relative balance, we find that utility investors, particularly those looking to play defence, are not enamoured with the higher-risk midstream business, while we find that WCSB-focused midstream investors have historically looked to pure-play stocks levered to industry trends. We believe this approach drives an attractive valuation relative to our sum-of-the-parts framework. While we do not expect a split of the business is likely in the next few years, management noted that it would look to make business decisions to keep future optionality open to maximize

shareholder value via potential changes in its corporate structure.

**Potential catalysts.** Sale of assets that supports the company’s long-term target of 4.65x (when including 50% of hybrid/preferred capital); new long-term take-or-pay contracted infrastructure projects with strong counterparties; additional tolling contracts for West Coast LPG exports, particularly that support the 60% tolling level for all capacity (including REEF if it moves forward); and higher-than-expected frac spreads and/or LPG export margins.

### Valuation

Our \$50.00/share price target is based on our sum-of-the-parts analysis that results in values of \$43.50–56.00/share. Our valuation includes an 18.5–20.5x P/E valuation applied to our 2027 forecast for the Utilities segment. For Midstream, we use a roughly 11.5–13.5x 2027E EV/EBITDA multiple, which is consistent with what we use for the Canadian midstream peers. We believe that the risk-adjusted expected total return to our price target supports our Outperform rating for the shares.

### Risks to rating and price target

Risks to rating and price target include: (1) negative regulatory decisions; (2) NGL spreads or gas volumes that meaningfully differ from our forecast; (3) projects/acquisitions that fail to gain the confidence of investors; (4) dilutive actions to maintain the BBB- credit rating; and (5) natural gas prices and drilling trends in the WCSB.

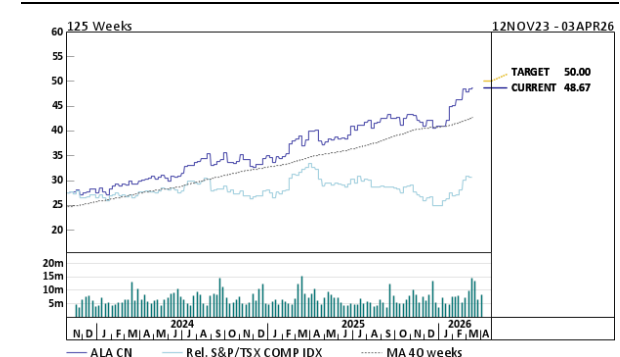
Rating: Outperform

Closing Price: CAD 48.67

Price Target: CAD 50.00

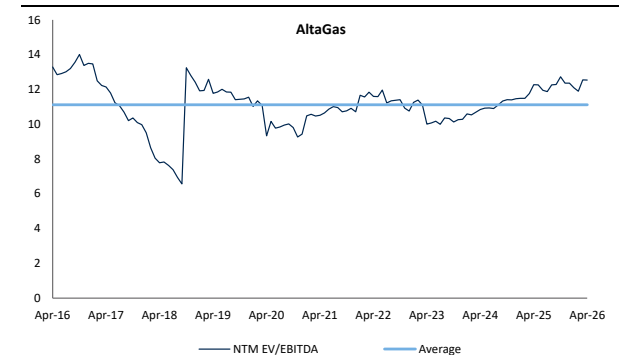
Implied All-in Return (%): 5.5

Exhibit 7 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 8 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: [link](#)

## Amazon.com, Inc. (NASDAQ: AMZN)

RBC Capital Markets, LLC  
 Brad Erickson (Analyst) (971) 842-9607, [brad.erickson@rbccm.com](mailto:brad.erickson@rbccm.com)

Rating: Outperform

Closing Price: USD 209.77

Price Target: USD 300.00

Implied All-in Return (%): 43.0

### Investment summary

AMZN is one of the internet’s largest true alpha dogs, in our view. The company’s unmatched scale and advantage in verticalized e-commerce combined with its industry-leading cloud business gives it many shots on goal for future growth opportunities in new verticals. Our channel checks indicate that the burgeoning advertising business in particular has a massive opportunity to drive accretive growth. Regulatory scrutiny is inevitable but carries relatively low risk to long-term equity value, in our view.

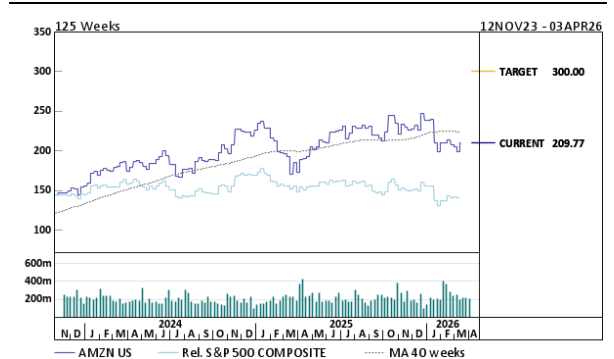
### Valuation

The stock trades at a slight discount to the group. Reasons for the discount are valid in some ways given the law of large numbers limiting growth rates and the multiple ascribed to the low-margin 1P retail business. That said, we believe an in-line multiple is fair given the e-commerce moat that AMZN has developed, combined with rising exposure to highly cash-generative segments such as advertising and cloud. Our Outperform rating is supported by our \$300 price target, which is based on 13x EV/our '27E EBITDA.

### Risks to rating and price target

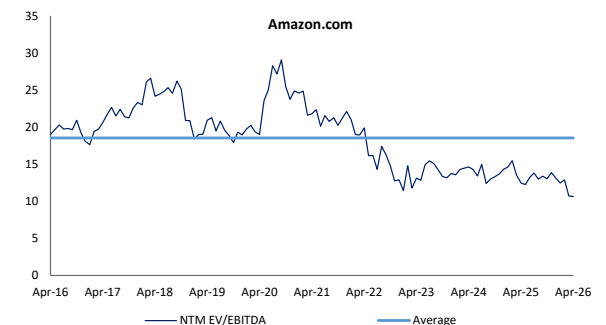
Risks to rating and price target include: (1) challenging integration of ongoing capacity expansion; (2) less sticky or reversionary e-commerce trends post-pandemic; (3) less successful Prime membership adoption in international markets leading to slowing growth and less margin expansion than expected; (4) inability to secure rights to meaningful sports & entertainment content, particularly in Europe; (5) a lack of improvement to the advertising platform’s targeting algorithms and conversion leading to slowing growth; and (6) intensifying competition in cloud; and (7) global macroeconomic slowdown.

Exhibit 9 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 10 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: [link](#)

## Applied Materials, Inc. (NASDAQ: AMAT)

RBC Capital Markets, LLC  
 Srini Pajjuri (Analyst) (415) 515-0779, [srini.pajjuri@rbccm.com](mailto:srini.pajjuri@rbccm.com)

Rating: Outperform

Closing Price: USD 348.47

Price Target: USD 430.00

Implied All-in Return (%): 23.5

### Investment summary

AMAT outperformed the SOX index but lagged US equipment peers YTD due to China headwinds and possibly some share shifts. We are positive on wafer fab equipment (WFE) spending and expect AMAT to grow at least in line in the next 12 months. The company has a particularly strong position in DRAM where we expect spending to outpace overall WFE given the ongoing shortages. Other secular tailwinds include transition to backside power, hybrid bonding, and 4F<sup>2</sup>/3D transistors.

### Valuation

Our base case price target of \$430 is based on 31x CY27E EPS (which compares to 5-year average of 18x) and assumes AMAT can maintain its current multiple through 2026 given DRAM exposure and WFE growth. We believe the premium to historical average is appropriate given our positive views on WFE and DRAM spending for the next two years. Our price target supports our Outperform rating.

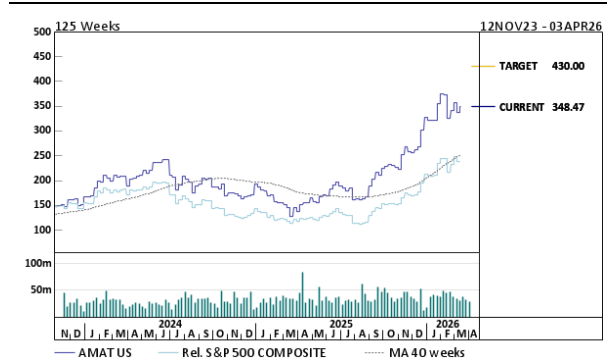
### Risks to rating and price target

**Foundry spending cuts:** TSMC is the primary foundry customer for semicaps and any capex cuts could materially impact WFE. In addition, failure to secure leading edge business at Samsung or Intel could limit upside to semicap spending.

**Export controls:** China accounts for ~30% of revenue. Additional restrictions on tools or serviceable foundries could limit available market and lead to domestic suppliers gaining share from AMAT.

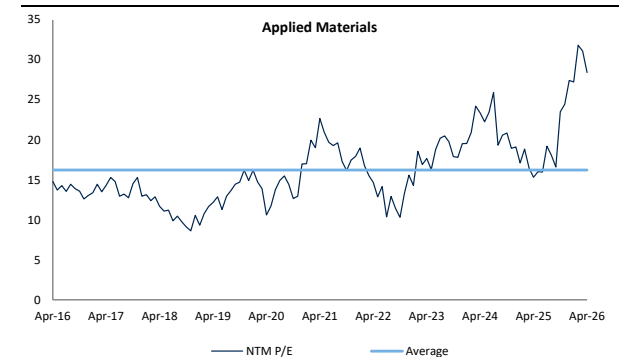
**Domestic China competition:** Local equipment suppliers including Naura, AMEC, and others are shipping competing deposition/etch tools. Technological improvements, export restrictions, and self-sufficiency initiatives could result in domestic suppliers gaining share.

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](#)

## AXA SA (NXT PA: CS)

RBC Europe Limited  
Mandeep Jagpal (Analyst) +44 20 7002 2817, [mandeep.jagpal@rbccm.com](mailto:mandeep.jagpal@rbccm.com)

Rating: Outperform

Closing Price: EUR 40.51

Price Target: EUR 48.00

Implied All-in Return (%): 24.2

### Investment summary

#### A worthy challenger; AXA systematically rebuilt

**A major European insurance player.** AXA is a top 3 European composite insurer with €110bn premiums (FY24), which is well-balanced (~50:50) between P&C and L&H, but also Commercial and Retail. Since 2016, CEO Thomas Buberl has systematically transformed the business towards technical insurance and capital-light fee-based earnings. It has since restructured and strengthened its leadership positions in core markets across P&C, Health, Protection and Savings. AXA now leads globally in Commercial P&C and has a strong presence in Employee Benefits.

**Fundamental improvements yet to be recognised in valuation.** AXA's ROE has improved sharply and now tracks in line with peers at ~14-15%, up from ~3-6% in FY18-20, driven by a shift toward technical and fee-based earnings (now ~85% vs. ~20% in 2008). Strategic exits from ~20 markets and the sale of AXA IM have improved capital efficiency, supporting a sector-leading ~220% SII ratio and a notable step up in shareholder return commitments to a 75% payout ratio. However, despite convergence toward peer-group performance, AXA's P/E discount versus peers has widened further (particularly post-1H25 results), creating compelling re-rating opportunity as execution proof points accumulate.

### Valuation

Our valuation model is based on a sum-of-the-parts (SOTP) analysis where we read across from listed peer multiples for AXA's business lines and use a 9% discount

rate (WACC), which is set relative to other EU composites. It implies an 11x FY27E P/E, which we view as appropriate for AXA's diversified business mix, growth profile, reduced exposure to market risk and potential further upside from L&H turnaround. Our PT of €48 supports an Outperform rating.

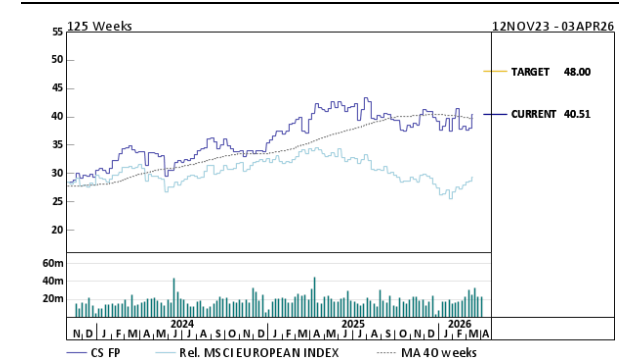
### Risks to rating and price target

**Market cycle & pricing softening.** Reinsurance and large corporate pricing remain under pressure; loss ratio deterioration could offset AXA's volume and efficiency levers if the downturn accelerates. However, we think, given the restructuring of the portfolio with gross and net reductions in nat-cat risk, and a significant repricing of key risks in recent years, margins should remain adequate in the short term.

**L&H execution.** While improvements are tangible, sustained COR improvements and CSM growth >3% pa (not yet delivered in current plan) remain execution-dependent. Protection margins pressured by higher French absenteeism (-70bps H1'25) requires successful pricing actions through FY26. While traditional G/A savings surrenders have largely stabilised, this may continue to be a drag.

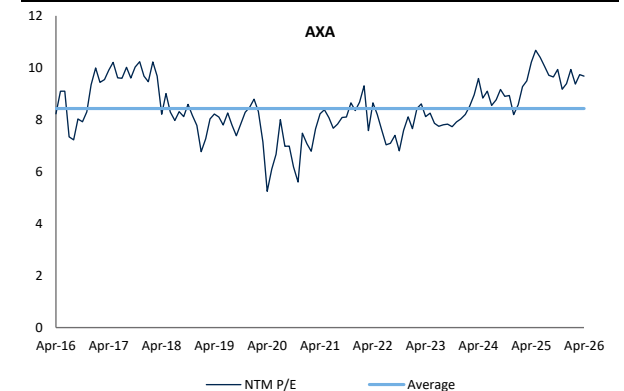
**French political risk & FX sensitivity.** ~25% earnings exposure to France creates uncertainty as relative valuation historically suffers during French political stress. Also, USD depreciation vs EUR is a headwind (H1'25 impact evident). However we note that AXA has significantly immunised its balance sheet from equity market and interest rate movements.

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](#)

## Biogen Inc. (NASDAQ: BIIB)

RBC Capital Markets, LLC  
 Brian Abrahams, M.D. (Head of Global Healthcare Research) (212) 858-7066,  
[brian.abrahams@rbc.com](mailto:brian.abrahams@rbc.com)

Rating: Outperform

Closing Price: USD 177.34

Price Target: USD 233.00

Implied All-in Return (%): 31.4

### 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 (2026+); (2) LLY Kisunla pre-symptomatic data (est. 2027); (3) subcutaneous Leqembi induction decision (May 2026); (4) BIIB080 ph.II data (Mid-’26); and (5) Litifilimab ph.III data in SLE (2H26).

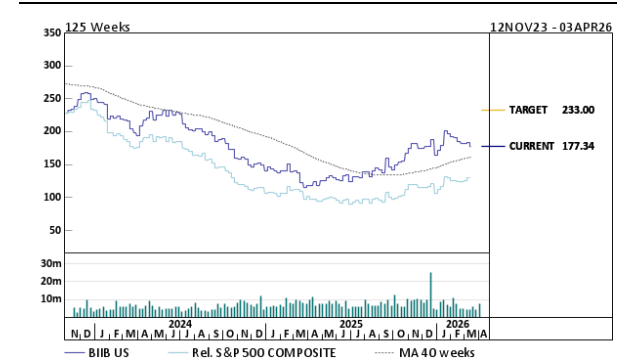
### Valuation

Our \$233 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

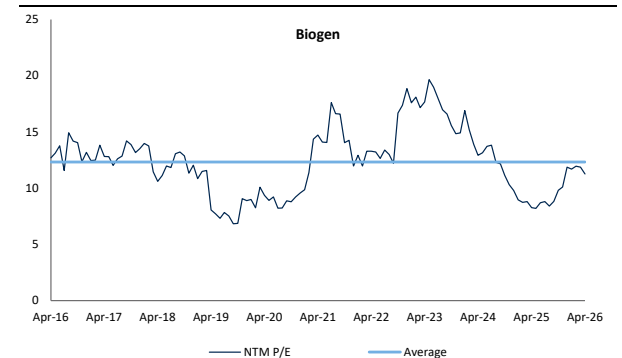
Risks to rating and price target include competition, generics, and pricing pressure in MS; competition in SMA; clinical failure or reimbursement limitations on Alzheimer’s antibodies.

Exhibit 15 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 16 - 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](mailto:shagun.singh@rbccm.com)

Rating: Outperform

Closing Price: USD 62.82

Price Target: USD 115.00

Implied All-in Return (%): 83.1

### Investment summary

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

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

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

**BSX has multiple shots on goal to drive durable double-digit organic revenue and EPS growth during its 2026-28 LRP.** BSX's outlook is driven by the strength in its base business as well as contribution from several key products, including pulsed field ablation (PFA), Watchman (LAAC), and renal denervation (RDN) the full

extent of which is not factored into the LRP. Notably, BSX expects: (1) the \$9B global AFib market to increase to \$15B by 2028E (+DD CAGR), and total EP market growing to ~\$20B by 2028E (+15% CAGR); with (2) PFA mix to increase from +50% today to +80% in 2028E; (3) upside with its Farawave catheter (Farapulse), Farapoint (YE'25E), next-gen Farawave catheter ('27E), and Faraflex ('28E); (4) upside from next-gen Watchman ('27E) and indication expansion; and (5) modest contribution from RDN during its LRP ('28E). Overall, we are encouraged by BSX's LRP targets, which we believe are conservative given multiple shots on goal across its portfolio and contribution from its PFA/LAAC platform.

### Valuation

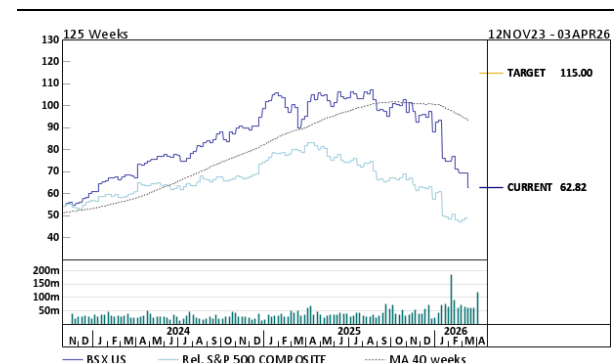
**Our \$115 price target is an equal blend of:** (1) DCF yields a value of \$149 per share and reflects our forecast through 2035 with a 2.0% terminal value growth rate and a WACC of ~9.0%; (2) EV-to-Sales analysis uses a multiple of ~6.0x on 2027E sales, which yields a value of \$94; (3) EV-to-EBITDA analysis uses a ~20.5x multiple on 2027E EBITDA, which yields a value of \$113; and (4) P/E analysis uses a ~26.0x multiple on 2027E EPS, above its 10-year historical NTM P/E average multiple of ~24.0x and below its 10-year peak (~37.0x), which yields a value of \$103. The return implied by our price target supports an Outperform rating.

### Risks to rating and price target

Risks to rating and price target include, but are not limited to: (1) competition that can disrupt and take share; (2) R&D efforts or clinical trials that do not

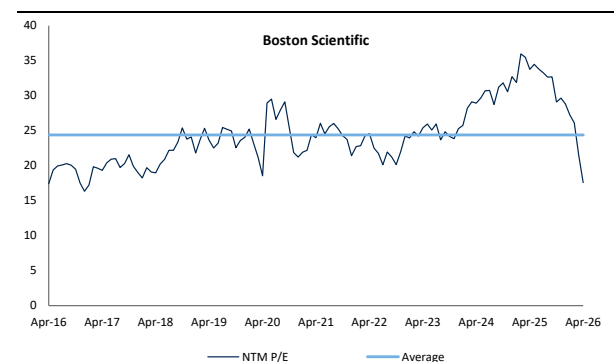
materialize; (3) supply chain or manufacturing disruptions; (4) geopolitical risk; and (5) FX headwinds.

### Exhibit 17 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

### Exhibit 18 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

## Brookfield Corporation (NYSE: BN; TSX: BN)

RBC Dominion Securities Inc.

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

Rating: Outperform

Closing Price: USD 40.89

Price Target: USD 60.00

Implied All-in Return (%): 47.3

### Investment summary

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

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

### Valuation

Our 12-month price target is USD \$60/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 20% discount to the IFRS value of the Real Estate business.

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

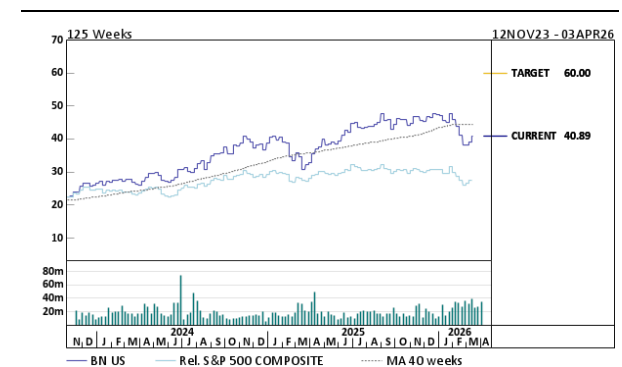
For carried interest, we consider Brookfield’s long-term track record and value carry by combining unrealized carry and a multiple of target carry.

Our price target and implied return support our Outperform rating.

### Risks to rating and price target

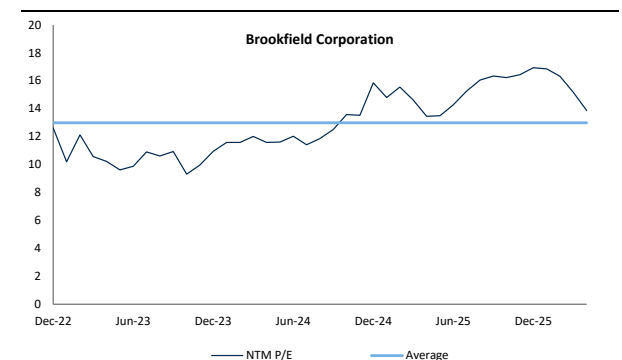
Risks to rating and price target include: (1) a sudden and significant increase in interest rates; (2) sustained capital markets volatility; and (3) real estate, particularly office, values declining precipitously.

Exhibit 19 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 20 - 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](mailto:scott.hanold@rbccm.com)

Rating: Outperform

Closing Price: USD 130.52

Price Target: USD 118.00

Implied All-in Return (%): -7.0

### 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 \$118/share price target is derived from a combination of evaluating forward EBITDA multiples and our Net Asset Value (NAV).

Our target reflects an 8.7x multiple on our 2026 EBITDA estimate, higher relative to peer averages, warranted in our view due to the larger FCF inflection through to 2029E.

Our price target is in line with 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.

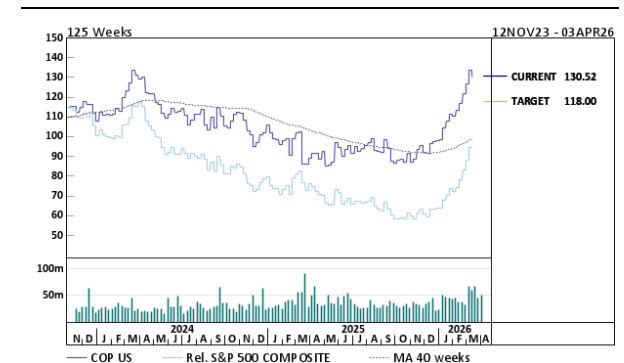
### Risks to rating and price target

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

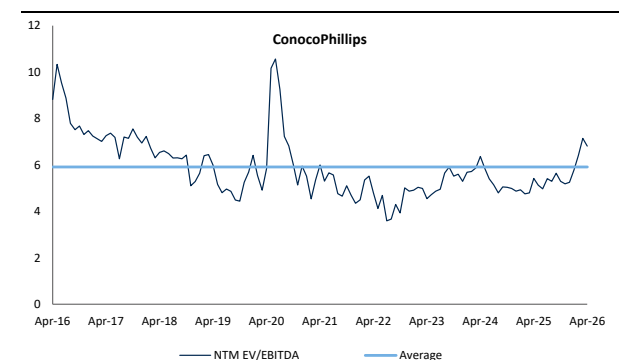
the Permian Basin and Alaska that could be impacted by regulatory changes.

### Exhibit 21 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

### Exhibit 22 - 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](mailto:paul.treiber@rbccm.com)

Rating: Outperform

Closing Price: CAD 2,441.27

Price Target: CAD 4,800.00

Implied All-in Return (%): 96.9

### Investment summary

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

**Constellation’s ability to rapidly compound capital through acquisitions.** Our positive outlook reflects the continued compounding of Constellation’s capital deployed at high hurdle rates, along with the scalable nature of Constellation’s decentralized business model. The acquisition targets in Constellation’s database continue to grow (now estimated at 120k, up from 1.2k in 2006). The 120k acquisition targets imply a large \$600B+ addressable market. We forecast Constellation to deploy \$2.25B capital on acquisitions in FY27e, up from \$1.87B in FY25.

**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 300 bps of margin expansion over the last 10 years.

**Constellation’s valuation is attractive relative to its growth potential.** Constellation is trading at the bottom of its 10-year valuation range. We see Constellation's valuation as compelling, compared to our forecast for 17% adj. EBITDA CAGR and 14% FCF/share CAGR over the next two years.

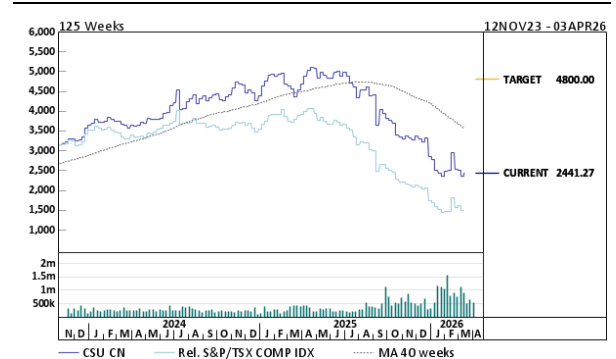
### Valuation

Our C\$4,800 price target is based on 18x CY27e EV/EBITDA, justified above Canadian software consolidator peers in our view, given Constellation’s ability to compound capital at a faster pace in the long term. Constellation has converted 79% of adj. EBITDA into FCF over the last five years. Our price target supports an Outperform rating.

### Risks to rating and price target

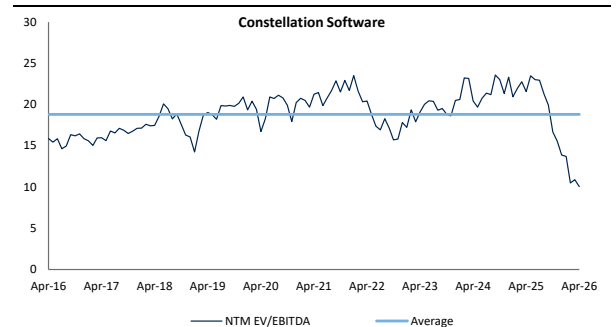
Risks to rating and price target include: (1) inability to find attractive acquisition candidates at high rates; (2) unforeseen challenges managing large acquisitions; (3) unexpected organic growth headwinds; (4) loss of key employees; and (5) a decline in tech market valuations.

Exhibit 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](#)

## Diageo plc (LSE: DGE)

RBC Europe Limited

James Edwardes Jones (Analyst) +44 20 7002 2101, [james.edwardesjones@rbccm.com](mailto:james.edwardesjones@rbccm.com)

Rating: Outperform

Closing Price: GBp 1,391.50

Price Target: GBp 2,000.00

Implied All-in Return (%): 47.2

### Investment summary

We believe that Diageo has an enviable portfolio of brands across multiple price points and the brand armory to restore the competitiveness of its offer in the mainstream segment, the area where incoming CEO Sir Dave Lewis has spent his career. The company strategy to revitalise its mainstream business should revive, not only its volume growth, but also the sector growth dynamics. We also do not think Sir Dave Lewis' lack of experience in the spirits sector would be an issue.

Driving growth for its mainstream business will come at a cost to price mix and margins, notwithstanding plentiful cost saving opportunities. However, the company's cash flow should be largely insulated as excess maturing inventory is run down and capital expenditure reverts to the norm before the company began to plan for +5-7% growth indefinitely.

### Valuation

We believe that consumer staples stocks lend themselves to a DCF valuation methodology owing to the relative strength and predictability of their cash flow together with – in some instances – a significant mismatch between capital expenditure and depreciation charged through the profit & loss account meaning that P&L-based valuation metrics (P/E 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 (8.0% for Diageo) and tax shield at the cost of debt (3.1%). We use

explicit forecasts out to 2027 then assume that revenue growth declines by 0.1% per annum and EBIT margin declines by 10bps per annum until 2040. We assume a terminal growth rate of 2.5% per annum from 2040. This yields an APV of US\$27/£20. Discounting this forward by one year at the cost of equity yields a 12-month price target of £20 net of our forecast dividend payment. Our price target supports our Outperform rating.

### Risks to rating and price target

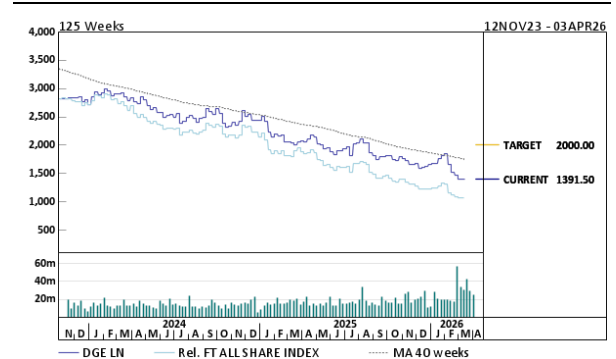
Investor sentiment towards US spirits consumption is a key part of the investment case for Diageo. This sentiment has been subdued as spirits companies experience demand compression due to a combination of post-COVID normalisation and concerns about the economic outlook. If these concerns remain, it would not be helpful for the share price.

Further softened tequila demand in North America would prove the strength in tequila was temporary and would negatively impact Diageo's share price.

Increased usage of GLP-1 may affect the level of users' alcohol consumption, leading to a smaller addressable market for Diageo.

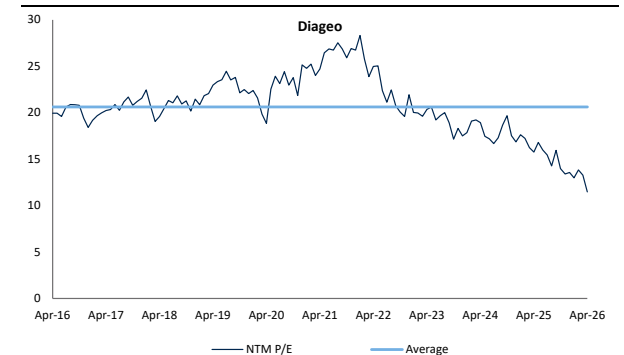
Brewers are competing much more effectively in the 'near beer' category, in our opinion. This might impact spirits companies' market shares. Higher competition from other spirits companies may also impact Diageo's competitive position.

Exhibit 25 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 26 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

## DuPont de Nemours, Inc. (NYSE: DD)

RBC Capital Markets, LLC  
 Arun Viswanathan, CFA (Analyst) (212) 301-1611, [arun.viswanathan@rbccm.com](mailto:arun.viswanathan@rbccm.com)

Rating: Outperform

Closing Price: USD 45.48

Price Target: USD 60.00

Implied All-in Return (%): 33.7

### 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, and it is currently in the process of reclassifying its GICS sector. DuPont notes that when comparing against other multi-industrial companies (MMM, HON, and ITW), DuPont provides similar-in-class benchmarks.

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

**Limited China tariff exposure.** DD management has noted exposure to tariff impacts in ~2017-18 were ~\$60M to revenues, and the company has since diversified supply/procurement, and it should not see as much impact in 2025-26. Per DD, ~\$50M of COGS is tied to product imported from China (\$75M from Canada/Mexico), and its China/Hong Kong revenue exposure is ~19%. Additionally, the recent China Tyvek probe represents only ~0.7% of sales.

### Valuation

We value DD on a forward EV/EBITDA basis using 2026E. We apply a 15.0x multiple to our 2026E EBITDA of \$1.74B to arrive at a price target of \$60/share. Given the portfolio transformations and buybacks, somewhat offset by lower market multiples we believe DD should start trending toward the upper end 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 27 - Share performance and RBC valuation

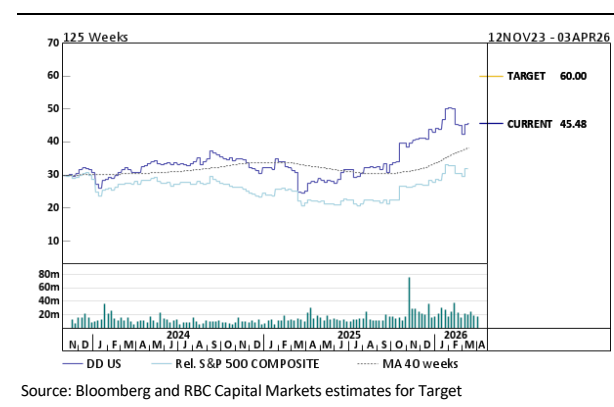
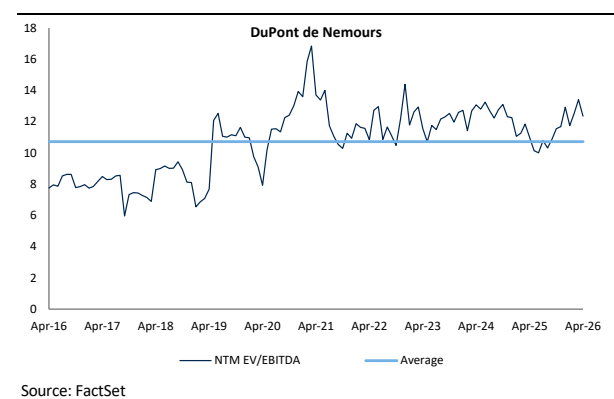


Exhibit 28 - Forward consensus EV/EBITDA history



Most recent company note: [link](#)

## International Paper Company (NYSE: IP)

RBC Dominion Securities Inc.

Matthew McKellar, CFA (Analyst) (403) 476-9042, [matthew.mckellar@rbccm.com](mailto:matthew.mckellar@rbccm.com)

Rating: Outperform

Closing Price: USD 34.79

Price Target: USD 54.00

Implied All-in Return (%): 60.5

### Investment summary

We rate International Paper shares **Outperform**.

We view International Paper as a long-term holding given its leading positions in increasingly consolidated industries. We also like the company’s more focused capital allocation strategy across cost-reduction initiatives, reliability initiatives, and high-return capital projects that can better position the company with time.

**Transformation plan drives incremental upside.** IP has migrated from an integrated forest products company into a focused international packaging company, with the sale of its Global Cellulose Fibers business. We see opportunities for it to accelerate profitable growth and lower its cost structure through lean effectiveness, process optimization, and strategy acceleration. In our view, the split of the EMEA business into its own publicly traded company could help further this trend.

**Manufacturing improvement moves IP’s assets down the cost curve.** International Paper has repositioned its asset base on the lower end of industry cost curves. Disciplined capital spending, targeted at fewer, larger, low-cost mills, should increase free cash flow with time.

### Valuation

Our \$54 price target is based on a blended ~7.75x multiple on our trend EBITDA estimate of \$5,000MM (85%) and our 2026E EBITDA of \$3,526MM (15%). We believe IP should trade near the top of the typical range (6.0–8.0x) for large US paper & forest product companies given the company’s ongoing transformation efforts, improving containerboard fundamentals, and optimized footprint. Our price target supports our Outperform rating.

### Risks to rating and price target

Risks to rating and price target include: (1) weaker economic conditions could have a negative impact on demand for International Paper’s products; (2) economic cyclicality, changes in consumer preferences, or imbalances in supply and demand could negatively affect realized pricing; and (3) incremental industry capacity additions beyond our expectations in containerboard could result in pricing pressure or a need to manage existing capacity in the industry.

Exhibit 29 - Share performance and RBC valuation

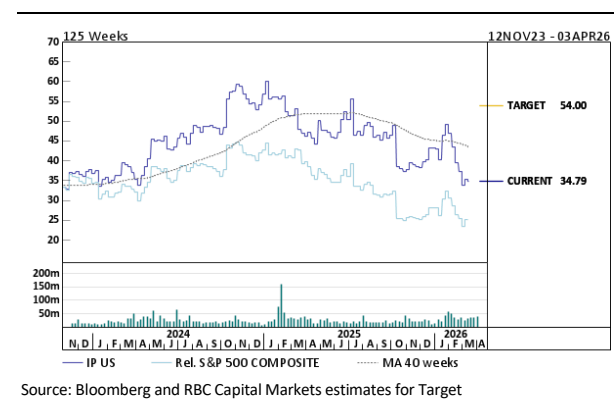
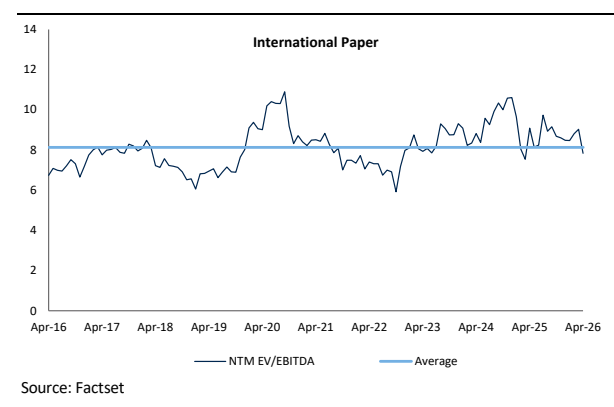


Exhibit 30 - Forward consensus EV/EBITDA history



Most recent company note: [link](#)

## IQVIA Holdings Inc. (NYSE: IQV)

RBC Capital Markets, LLC  
 Ryan Halsted (Analyst) (332) 215-7430, [ryan.halsted@rbccm.com](mailto:ryan.halsted@rbccm.com)

Rating: Outperform

Closing Price: USD 173.26

Price Target: USD 221.00

Implied All-in Return (%): 27.6

### Investment summary

We believe that IQV is poised to benefit from an inflection in the CRO market and stands to benefit relatively more than other global CROs based on its unique information set of over 64 petabytes of unique proprietary data, allowing it to capitalize on the trend of real-world evidence, and its existing strong relationships with large pharma companies.

### Valuation

Our price target of \$221 is based on 12.0x our 2026 IQVIA R&DS EBITDA estimate, one turn below IQV's 3-year average multiple to capture the recent discount given to the stock for its data exposure, and 14.0x our 2026 Commercial Solutions EBITDA, VEEV's current multiple, which represents a recent heavily discounted healthcare tech comp with AI threat overhangs, for a blended multiple of 12.8x. This case contemplates 10% EBITDA growth in the R&DS segment and 5.5% growth in the Commercial Solutions segment. Our price target supports our Outperform rating.

### Risks to rating and price target

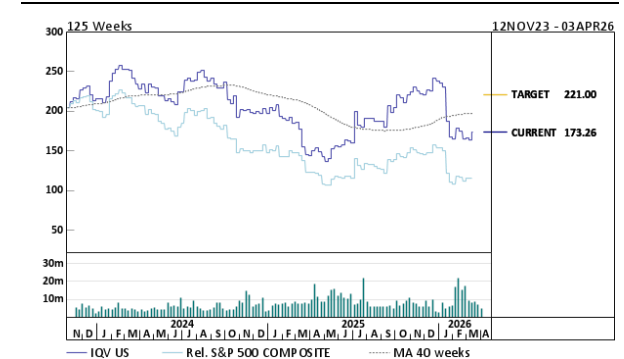
**Failure to deliver clinical trials on time:** If IQVIA is unable to deliver clinical trials on time due to slower-than-expected patient enrollment, site selection, or lack of experience in an indication, this could impact IQVIA's reputation with clinical study managers who select CROs for services. A series of delays or cancellations would negatively impact IQVIA's standing and would negatively impact our price target.

**Inability to secure sensitive patient and clinical trial data:** IQVIA maintains over 1.2 billion comprehensive, longitudinal patient records, an information set of ~64 petabytes of unique proprietary data and receives ~120 billion healthcare records annually. Maintaining the integrity of that data and protecting it from cybersecurity attacks is important to IQVIA's standing as a trust custodian of this sensitive patient information and data. If there was a disruption in its data service or loss of material data, it could negatively impact our price target.

**Government funding delays impacting regulatory agencies:** Government shutdowns and volatility could strain the resources of drug regulatory agencies like the FDA. With less staff or resources to review INDs, NMEs, BLAs and other drug development applications, it could slow down the drug approvals process and impact IQVIA's ability to generate revenue from clinical trial and safety monitoring.

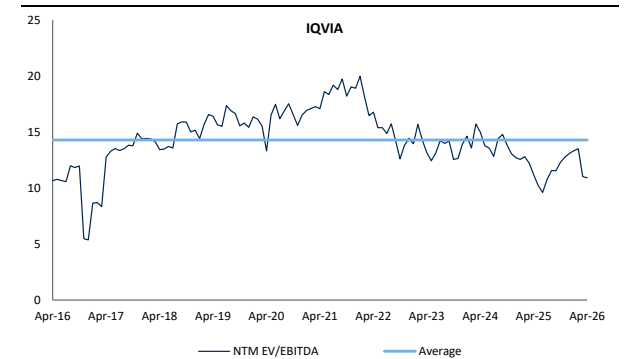
**Inability to source clinical trial talent or materials in the US and globally:** At any one time, IQVIA is conducting 3,000 clinical trials globally. If IQVIA were unable to source sufficiently trained talent like CRAs in key therapeutic areas like oncology and cardiometabolic, this would slow down the start of new clinical trials or lead to cancellation of a clinical trial. This would negatively impact our price target.

Exhibit 31 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 32 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: [link](#)

## Loblaw Companies Limited (TSX: L)

RBC Dominion Securities Inc.

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

### Investment summary

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

**Consistent return of capital to shareholders:** Consistent NCIB execution since 2016, with share count at Y/E 2025 28% below 2015. Our model assumes consistent annual share count reduction of ~2.5% over our forecast horizon.

**Shifting dynamics and foundational investments put Loblaw in pole position looking ahead to 2027 and beyond.** Food e-commerce growth tailwind from partnerships across banners for 3rd party delivery driving high teens e-commerce growth. Loblaw's proactive investment in innovation capital was, and remains, of paramount importance to retaining its leadership position. Online penetration that peaked at high-SD during the pandemic and has settled in mid-SD should continue to improve over the medium term as Loblaw continues proactive work on digitization of health care. As the company pulls away from the competitive set in terms of offering and how it goes to

market, investors should increasingly differentiate between Loblaw and the rest of the field.

**Proprietary survey supports re-rating argument.** We have long argued that Loblaw's relative earnings, returns, and FCF conversion justify a narrowing of the valuation gap/eventual premiumization relative to peers. Findings and insights from [RBC Imagine™: Reimagining the weekly shop](#) highlight Loblaw's critical points of differentiation, bolstering our argument that valuation convergence more appropriately captures Loblaw's competitive positioning and structural advantages/capabilities. Findings underscore Loblaw's leadership on key influencers of consumer behaviour, notably loyalty programs, digital relationships and expanding footprint in discount channel. With seamless crossover across channels and banners, PC Optimum has emerged as the top consumer choice regardless of geography and demographics, further enhanced by growing contribution to earnings of high margin revenue streams including digital media and supply chain as a service.

### Valuation

Our \$72 price target is based on a blended valuation methodology whereby we apply 12x EBITDA and 25x EPS multiples to F27 estimates. Our EV/EBITDA multiple is in line with the target valuation we assign to Metro (TSX: MRU), slightly above the average long-term multiple for the consumer sector in Canada, reflecting the company's defensive attributes, but a discount to the growth-oriented names in the space (i.e., DOL), consistent with Loblaw's current earnings growth outlook. Our price target supports our Outperform rating.

Rating: Outperform

Closing Price: CAD 64.59

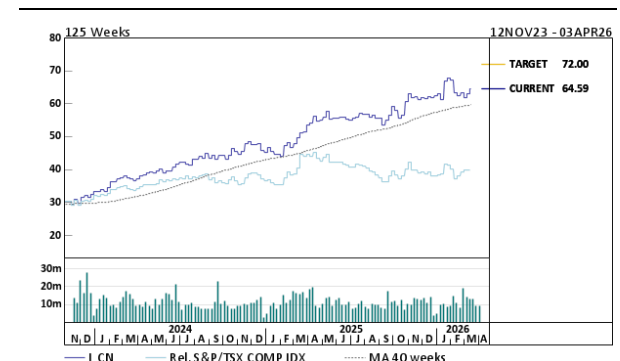
Price Target: CAD 72.00

Implied All-in Return (%): 12.4

### Risks to rating and price target

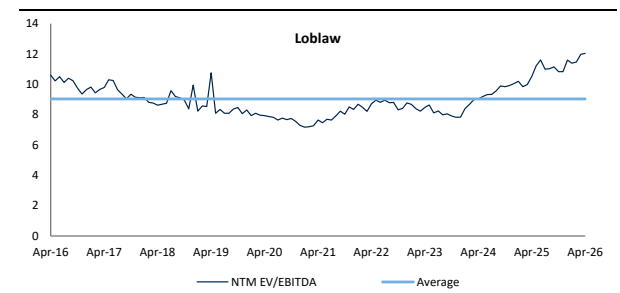
The ability to offset key input and opex increases, notably labour, and impact of healthcare reform could have a negative impact on earnings growth and share price going forward. Senior leadership changes in 2024 could result in shift in investor perception and impact valuation positively or negatively.

### Exhibit 33 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

### Exhibit 34 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: [link](#)

## Merck & Co., Inc. (NYSE: MRK)

RBC Capital Markets, LLC  
 Trung Huynh (Analyst) (415) 212-0012, [trung.huynh@rbccm.com](mailto:trung.huynh@rbccm.com)

Rating: Outperform

Closing Price: USD 120.87

Price Target: USD 142.00

Implied All-in Return (%): 20.3

### Investment summary

Merck's sentiment has markedly improved as it moves past Gardasil concerns with robust pipeline visibility, particularly oral PCSK9 and CADENCE programs. Over the next 12-18 months, we expect enthusiasm to continue with near-term launches and P3 readouts driving consensus upgrades. While the market frets over Keytruda's late-2028 loss of exclusivity, this de-risking and management's track record gives us confidence in an early-2030s return-to-growth versus consensus erosion well into the mid-2030s. We anticipate multiple expansion as management deploys cash flow into R&D and potential M&A throughout 2026, positioning Merck to navigate through the LOE and reignite growth.

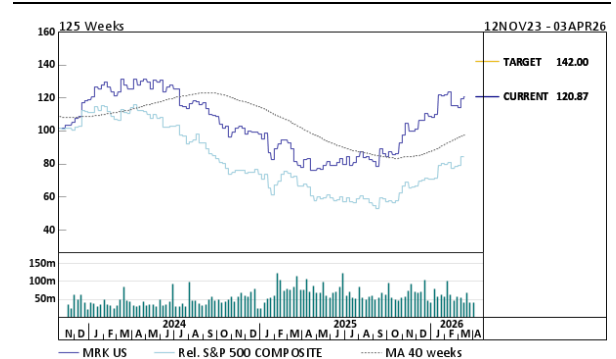
### Valuation

Our 12-month Price Target of \$142 is based on a 16x multiple on our forward fully diluted operating EPS Forecast. We think Merck's near-term catalyst calendar and long-term earnings profile justify a multiple ~2 turns above peers. This supports our Outperform rating.

### Risks to rating and price target

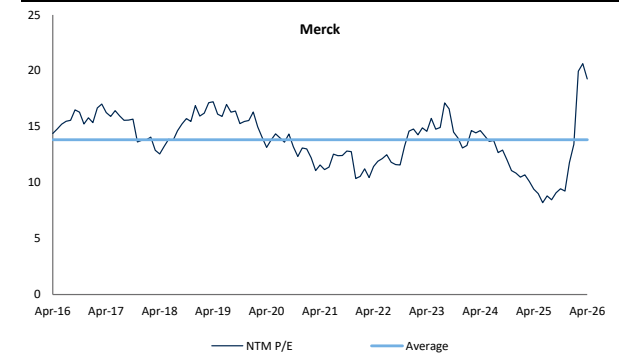
Risks to rating and price target include: (1) unsuccessful commercialisation of new large growth drivers – Winrevair, Ohtuvayre; (2) surprise negative pipeline trial results – TL1A, Cidara, V490; (3) if generic/biosimilar companies successfully challenge any of the MRK key patents; (4) delays or rejections for approval of investigational assets – enlicitide; and (5) macro conditions improve better than expectations and investors rotate away from defensive names.

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](#)

# Microsoft Corporation (NASDAQ: MSFT)

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

**Rating: Outperform** **Closing Price: USD 373.46**  
**Price Target: USD 640.00** **Implied All-in Return (%): 72.1**

## Investment summary

We like shares of Microsoft for four primary reasons:

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

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

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

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

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

## Valuation

We calculate our base-case price target of \$640 by applying a ~32x multiple to our CY27 EPS estimate. 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 37 - Share performance and RBC valuation

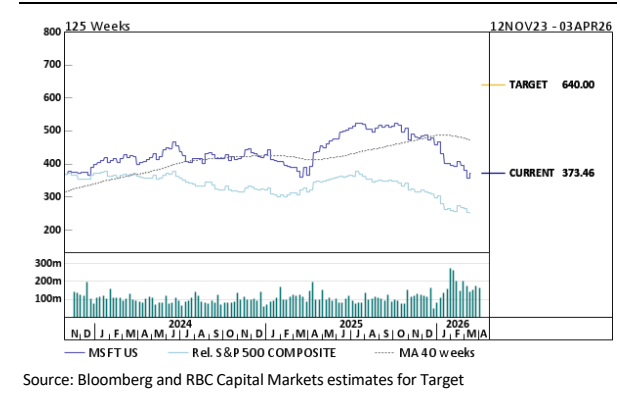
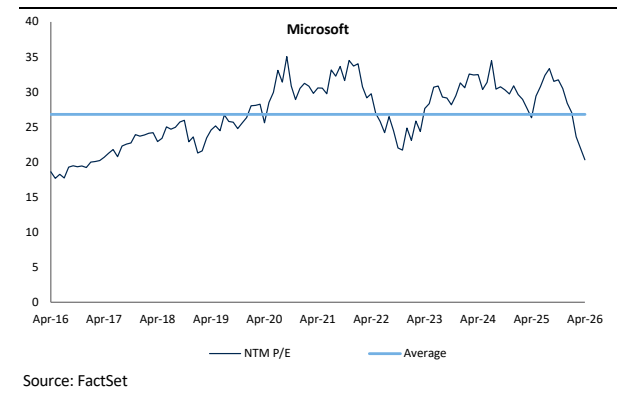


Exhibit 38 - Forward consensus P/E history



Most recent company note: [link](#)

## Moody's Corporation (NYSE: MCO)

RBC Capital Markets, LLC  
 Ashish Sabadra (Analyst) (415) 633-8659, [ashish.sabadra@rbccm.com](mailto:ashish.sabadra@rbccm.com)

**Rating: Outperform**

**Closing Price: USD 440.79**

**Price Target: USD 610.00**

**Implied All-in Return (%): 39.0**

### Investment summary

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

### Valuation

Our price target of \$610, which supports our Outperform rating, is based on a ~31x FY27E P/E, which is at the high end of MCO's 5-year NTM PE range given growth in issuance and MA revenue/ARR growth acceleration in FY26E, 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 39 - Share performance and RBC valuation

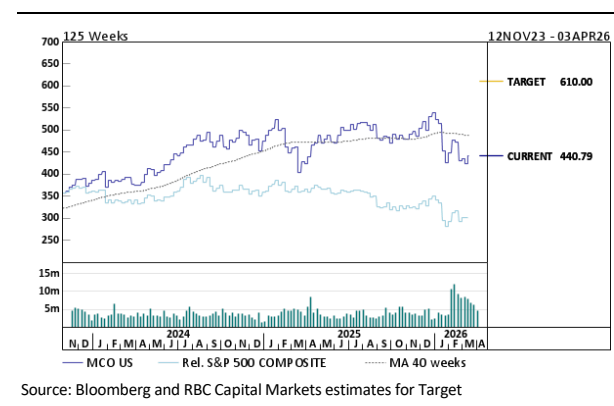
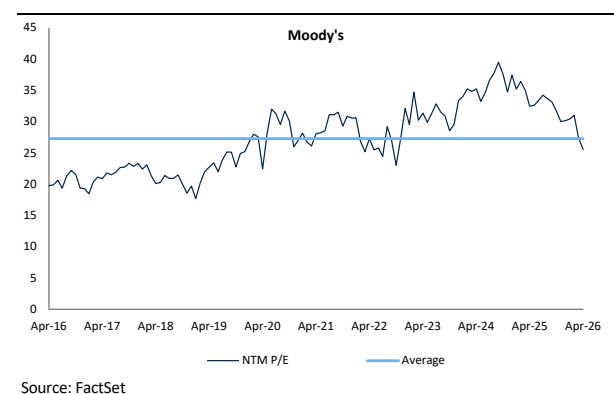


Exhibit 40 - Forward consensus P/E history



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](mailto:sabahat.khan@rbccm.com)

Rating: Outperform

Closing Price: USD 98.34

Price Target: USD 146.00

Implied All-in Return (%): 49.6

### 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.

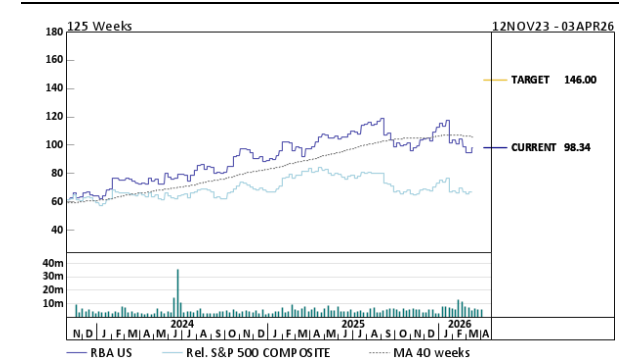
### Valuation

Our \$146 price target is based on ~30x our blended 2026/2027 Adjusted EPS forecast of \$4.88. 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

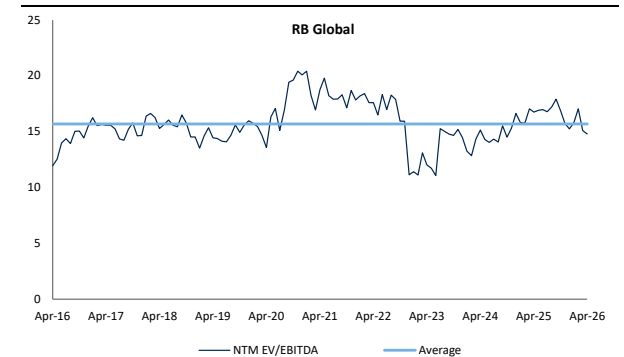
Risks to rating and price target include: (1) integration risks associated with the IAA acquisition; (2) equipment supply constraints impacting the industry for longer than anticipated; (3) risks associated with guarantee/inventory contracts; and (4) foreign exchange risk.

Exhibit 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](#)

## Royal Gold, Inc. (NASDAQ: RGLD)

RBC Dominion Securities Inc.

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

[josh.wolfson@rbccm.com](mailto:josh.wolfson@rbccm.com)

### Investment summary

Royal Gold is a senior royalty & streaming company with a diversified portfolio of 178 properties, including 37 producing and 22 development-stage precious and base metals assets, and royalties on approximately 119 early-stage exploration/evaluation stage properties.

Following SAND-HCU acquisition, RGLD maintains strong portfolio diversification with long term production stability.

RGLD maintains no material capital commitments, and in our view the company is well positioned to generate significant FCF, supporting potential asset acquisitions and dividend increases.

### Upcoming potential catalysts and milestones include:

(1) PV/Barrick plant ramp-up to steady state (2026); (2) Khoemacau/MMG expansion construction commencement (2026) and initial production upside (2028); (3) Rainy River/New Gold underground ramp-up (2026-2028); (4) Fourmile/Barrick FS (2029); (5) MARA/Glencore initial production (2030+); (6) Gualcamayo/Minas construction (2027); (7) Hod Maden/SSR Mining construction decision (2026) and potential production (2028+); (8) Platreef/Ivanhoe shaft 3 (1H26), phase 2 production (2H27), phase 3 FS (2027+); and (9) Great Bear/Kinross EIS full submission (1Q26), construction (2025-2028), and potential production (2029).

### Valuation

Our RGLD price target of US\$375.00 is based on 2.0x our NAV5% at a long-term gold price of US\$3,000/oz and 19x our 2026–28 SFCF estimate, which would be equivalent to 17x EBITDA. These multiples are modestly below the average for the large cap royalty & streaming group, supported by the company’s current favourable cash flow and financial positioning, but offset by higher long-term production risks relative to peers. Our Outperform rating is supported by RGLD’s 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/technical, financing, and commodity (gold, silver, copper) risks, we highlight: (1) achievement of ramp-up and production targets at Mount Milligan/Centerra, in particular throughput and recoveries; (2) US tax changes, in particular for offshore businesses; (3) high asset concentration risk with Mount Milligan/Centerra; (4) achievement of development, ramp-up, and production targets at Khoemacau; (5) permitting of tailings facility and the successful ramp-up of Pueblo Viejo/Barrick; and (6) reinvestment risk as portfolio includes maturing assets.

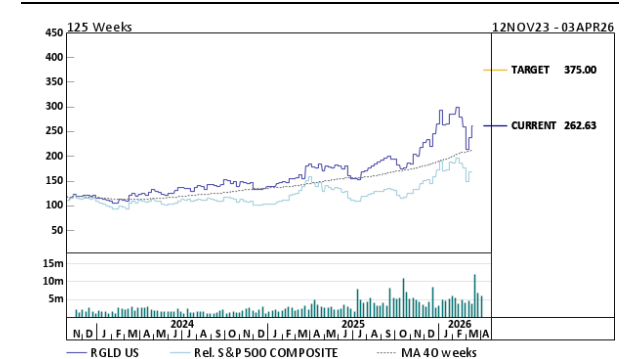
Rating: Outperform

Closing Price: USD 262.63

Price Target: USD 375.00

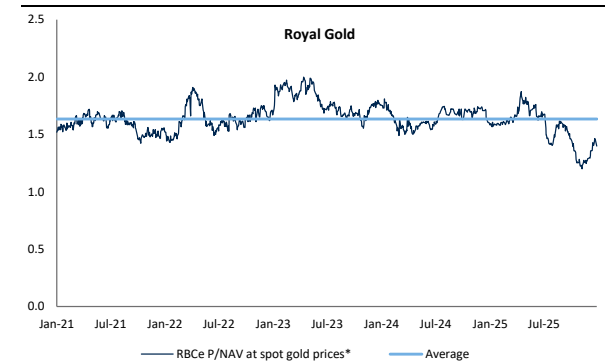
Implied All-in Return (%): 43.5

Exhibit 43 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 44 - RBCe P/NAV



\* Generally discounted at 5%; higher risk, earlier stage, or non-precious metals assets are discounted at a higher rate.

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](mailto:ken.herbert@rbccm.com)

Rating: Outperform

Closing Price: EUR 287.30

Price Target: EUR 400.00

Implied All-in Return (%): 40.3

### Investment summary

We rate Safran (SAF-FR) Outperform with a €400 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, upside to the 2028 outlook, and capital allocation optionality. We believe the valuation disconnect with US peers provides upside potential.

### Valuation

Our €400 price target is based on applying a 31x multiple to our 2028 FCF/share estimate of ~€12.90. We believe a multiple at the high end of historical ranges is appropriate considering the outlook for margin and FCF 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.

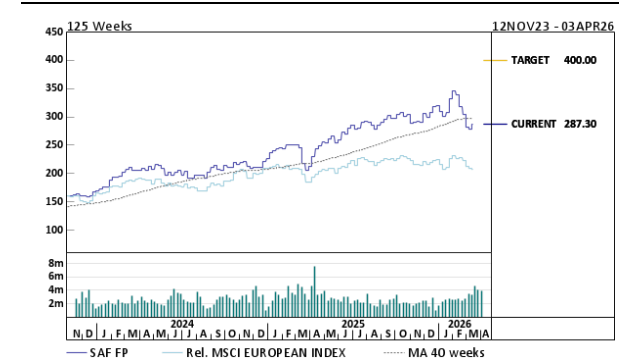
### Risks to rating and price target

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.

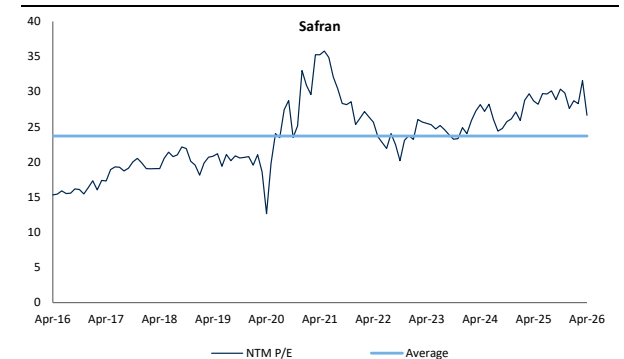
The company also faces risks from: exchange rates and currency hedging strategies, as well as airlines' and lessors' access to capital to support aircraft purchases and investments; global defense spending, technology advancements in propulsion and other areas, and timing of defense contracts and investments;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

RBC Europe Limited  
 Mark Fielding (Analyst) +44 20 7002 2128, [mark.fielding@rbccm.com](mailto:mark.fielding@rbccm.com)

Rating: Outperform

Closing Price: EUR 236.15

Price Target: EUR 290.00

Implied All-in Return (%): 24.7

### Investment summary

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

**Global leader:** Schneider Electric is a global leader in electrical distribution, automation, and energy management products. The company serves the markets for non-residential & residential buildings, industrial & machines, utilities & infrastructures, datacenters 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:** Schneider has a 5-year 7-10% per annum organic sales CAGR. Schneider’s organic growth over the last 5-year period, has averaged 11%. We forecast 9% per CAGR to 2030E underpinned by strong Datacenter growth (~1/4 of the group today).

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

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

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

### Valuation

We use a combination of EV/EBIT and DCF valuations, giving us a price target of €290. We use a forward EV/EBIT multiple of 18x 27E (set in line with the Electrical / datacenter peers), which we apply to 2027E EBITA returning €293. Meanwhile, our DCF returns €289 (using a 7.5% WACC, perpetuity growth of 3.5% and a 21.5% EBITA margin). Averaging the two results in a rounded €290 price target, which supports our Outperform rating.

### Risks to rating and price target

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

Exhibit 47 - Share performance and RBC valuation

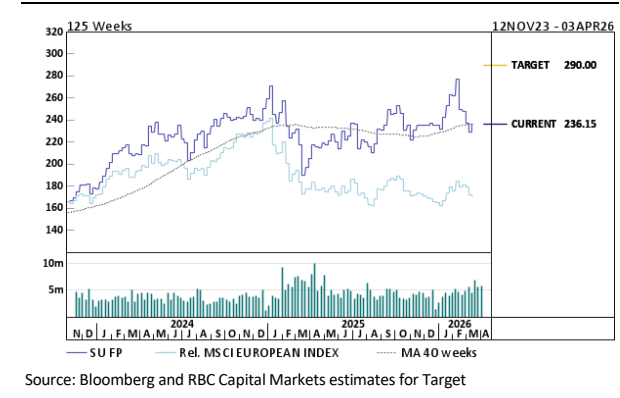
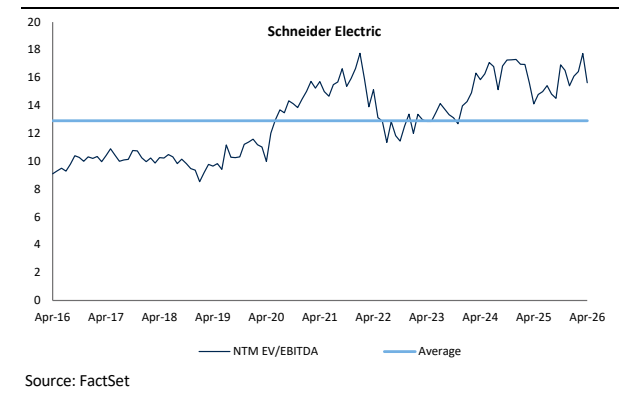


Exhibit 48 - Forward consensus EV/EBITDA history



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](mailto:matthew.hedberg@rbccm.com)

Rating: Outperform

Closing Price: USD 151.85

Price Target: USD 245.00

Implied All-in Return (%): 61.3

### Investment summary

**Cloud remains the center of gravity for data.** We believe 2026 will increasingly show stability and ultimately improvement in cloud spend, partially benefiting from increased AI workload. We believe this bodes well for Snowflake, as consumption trends are likely to improve in 2026 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.

**AI 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 2026 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.

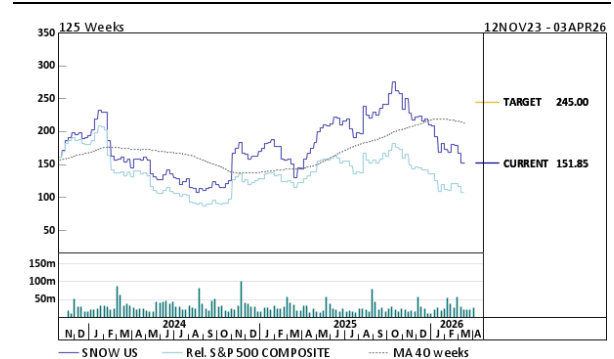
### Valuation

We calculate our base-case price target of \$245 by applying a 13x multiple to our CY/27 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

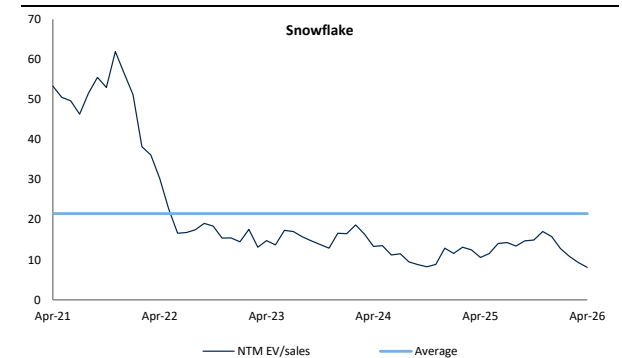
Risks to rating and price target include: (1) consumption trends could fluctuate, particularly in difficult economic times; (2) high level of competition in the market from large established public cloud providers as well as emerging cloud and AI native vendors; (3) the company's ability to attract new 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.

Exhibit 49 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 50 - Forward consensus EV/sales history



Source: FactSet

Most recent company note: [link](#)

## The Williams Companies, Inc. (NYSE: WMB)

RBC Capital Markets, LLC  
Elvira Scotto, CFA (Analyst) (212) 905-5957, [elvira.scotto@rbccm.com](mailto:elvira.scotto@rbccm.com)

Rating: Outperform

Closing Price: USD 72.00

Price Target: USD 82.00

Implied All-in Return (%): 16.8

### Investment summary

We believe WMB is among the best positioned companies within our coverage universe to benefit from growing natural gas demand. WMB has a long runway for growth given its backlog of high-return projects as well as an attractive opportunity set of additional potential projects that can drive growth into the next decade. Importantly, WMB remains focused on executing on its backlog of growth projects while maintaining its strong balance sheet. We rate WMB Outperform.

**Potential catalysts to the stock include:** (1) new high return natural gas pipeline and storage announcements; (2) additional Power Innovation projects with longer-term contracts; (3) increased producer activity in the Haynesville Shale and in the Northeast; and (4) accretive bolt-on acquisitions.

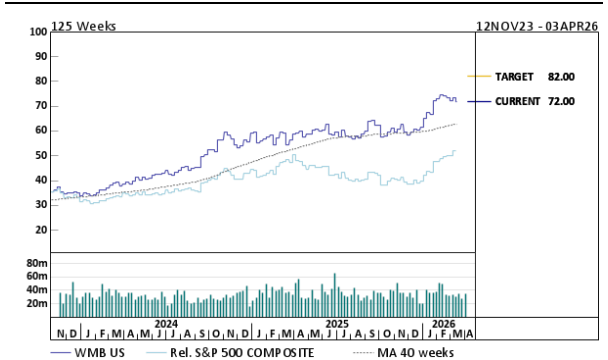
### Valuation

We value WMB on an SOTP basis by applying target EV/EBITDA multiples to WMB’s consolidated cash flows. Specifically, we apply EBITDA multiples to our 2030E segment EBITDA estimates of 12x TPG (excluding power innovation), 9x Power Innovation, 10x Northeast G&P, 10x West, 8x Gas and NGL Marketing Services, and 5x Other. After taking out net debt and minority interest, we arrive at an implied price target of \$82/share (for consolidated 2030E EV/EBITDA multiple of ~11x), which supports our Outperform rating. Our price target implies a consolidated 2027E EV/EBITDA multiple of ~14x.

### Risks to rating and price target

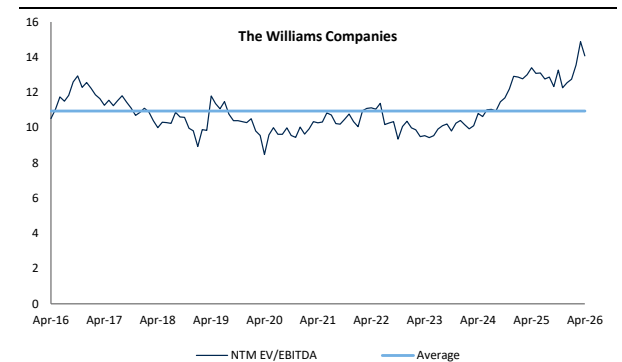
Risks to rating and price target include: (1) project execution risk; (2) commodity price downturn that drives lower volumes through WMB’s gathering systems; (3) slower-than-expected natural gas demand growth; and (4) broader macroeconomic slowdown.

Exhibit 51 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 52 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: [link](#)

## U.S. Bancorp (NYSE: USB)

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

Rating: Outperform

Closing Price: USD 52.95

Price Target: USD 59.00

Implied All-in Return (%): 15.4

### 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 for the sixth consecutive quarter, the 4Q25 positive core operating leverage was 440 bps compared to the 530 bps reported in 3Q25.

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

**Medium-Term Financial Targets:** USB's medium-term financial targets include return on assets of 1.15-1.35%, return on tangible common equity in the high-teens, mid-single digit fee income growth, an efficiency ratio in the mid-to-high 50s and a consistent commitment to positive operating leverage. In the 4Q25, USB met all of its medium-term financial targets.

**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. Over the next 12 months, we believe the company's return of capital will fall into middle-to-upper part of that range.

**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 4Q25, net interest revenue was ~58% of total core revenue and fee revenue was ~42%. This mix has been a key ingredient of its best-in-class ROE.

**Inflection Point:** Following general underperformance over the last two years, USB reached an inflection point in 2025 and is entering 2026 with headwinds becoming tailwinds as investments the company has made over the last decade begin to bear fruit, driving revenue growth that should outpace expense growth moving forward. USB will look to achieve this success through the interconnectedness of its businesses and deepening relationships with customers while shifting its capital expenditures strategy from defensive to offensive.

**Value creation:** Long-term shareholder returns are driven by TBV per share and dividend per share growth, in our opinion. USB's 4Q25 TBV per share of \$29.12 increased 4.6% sequentially and 18.2% year-over-year. Additionally, its book value per share of \$37.55 increased 4.6% sequentially and 18.2% year-over-year.

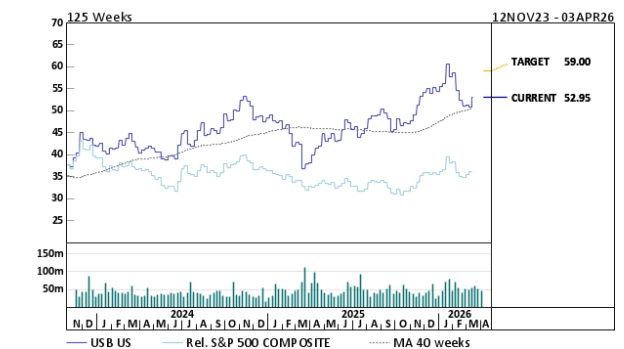
### Valuation

Our price target of \$59 is 11.7x our 2026 EPS estimate, 1.47x 4Q26E book value, and 1.85x 4Q26E tangible book value. These multiples are consistent with being the highest-quality bank in the peer group. Our price target primarily reflects our profitability and risk assessment for the company relative to its peer group, as well as current economic expectations. Our price target and implied return support our Outperform rating.

### Risks to rating and price target

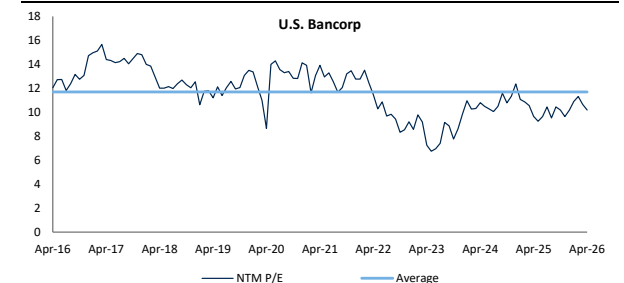
Macroeconomic concerns driven by the Trump Administration's tariff policies are the largest risk to our rating and price target. An economic downturn driven by higher inflation and policy uncertainty could lead to a deterioration of credit quality and lead to high provisions.

### 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](#)

## Ventas, Inc. (NYSE: VTR)

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

Rating: Outperform

Closing Price: USD 83.27

Price Target: USD 91.00

Implied All-in Return (%): 11.8

### Investment summary

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

### Potential catalysts:

**SHOP trends should remain elevated.** The SHOP has delivered solid growth over the past few years, and given the current backdrop, this should persist for at least the next ~5 years.

**Investment focus could resume.** The company could be more active taking advantage of the dislocated private markets, acquiring seniors housing communities at a discount (v. historical levels).

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

### Valuation

**Price target justification:** Our price target of \$91/share is ~25.5x our \$3.58/share 2027 AFFO estimate. This multiple reflects our expectation of six years of elevated AFFO growth (~11.5%) and a long-term multiple of ~22x, which would still reflect a premium to the pre-COVID (2017–1Q19) average of ~17x and is above the high end of that trading range of 13.3-19.5x. Our price target supports our Outperform rating.

**NAV:** We estimate the in-place NAV at \$56.02/share. Given the growth outlook, this estimate increases to \$67.83/share at YE26 (looking at 2027) from \$58.06/share at YE25 (looking at 2026).

### Risks to rating and price target

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

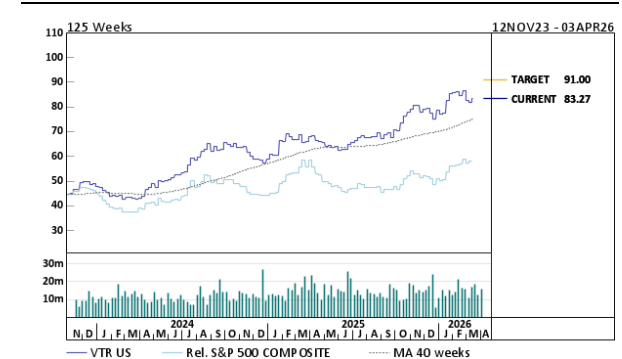
### Other company-specific risks:

**Investment accretion could be limited by competitive market.** Private market participants’ interest in the seniors housing space has noticeably picked up. We believe this will push up valuations, but for now, there appears to be plenty of acquisition opportunities for VTR to pursue.

**SHOP outlook could be limited if supply returned.** Given the fundamental backdrop remains historically strong, we believe it is a matter of time before development activity ramps.

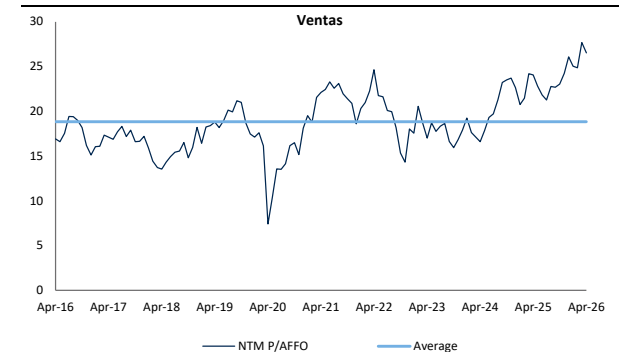
**Potential NIH budget changes:** Ventas’ R&I platform/Wexford exposure (8%) could be impacted if the new Administration meaningfully reduces the NIH budget.

Exhibit 55 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 56 - Forward consensus P/AFFO history



Source: Factset

Most recent company note: [link](#)

## Visa Inc. (NYSE: V)

RBC Capital Markets, LLC  
 Daniel R. Perlin, CFA (Analyst) (410) 977-0821, [daniel.perlin@rbccm.com](mailto:daniel.perlin@rbccm.com)

Rating: Outperform

Closing Price: USD 300.80

Price Target: USD 395.00

Implied All-in Return (%): 32.2

### Investment summary

We believe V is a core long-term holding and an “indexed” way to play payments and benefit from three global secular trends: (1) continued share gains in global cash-to-digital conversion; (2) capturing new payment flows via its network-of-networks strategy; and (3) increased utilization of value-added services. In addition, the TAM for new payment flows is ~4x the size of PCE and V is <1% penetrated, value-added services should grow 2x consumer payments, and the cross-border recovery continues to unfold.

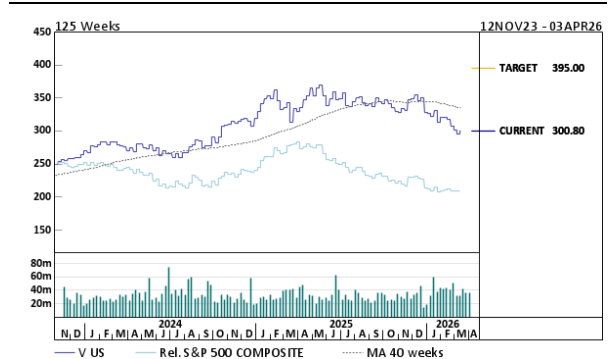
### Valuation

Our price target of \$395 is based on 30x our CY26 EPS estimate of \$13.20, generally in line with Visa’s fundamental peers. Underlying our EPS estimates are expectations for double-digit revenue growth, partly driven by a resumption of global cross-border travel. Our price target supports our Outperform rating.

### Risks to rating and price target

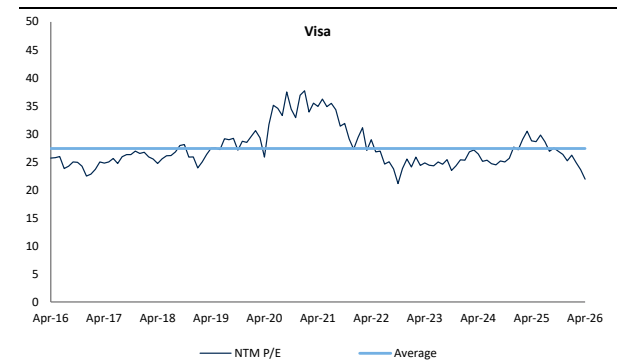
Risks to rating and price target include: (1) A persistent slowdown in payment volumes and cross-border travel as a result of macro conditions; (2) increased regulatory scrutiny; or (3) or pushback from large financial institutions on pricing.

Exhibit 57 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 58 - Forward consensus P/E history



Source: Factset

Most recent company note: [link](#)

## Xcel Energy Inc. (NASDAQ: XEL)

RBC Capital Markets, LLC  
 Stephen D'Ambrisi (Analyst) (212) 428-6462, [stephen.dambrisi@rbccm.com](mailto:stephen.dambrisi@rbccm.com)

Rating: Outperform

Closing Price: USD 80.74

Price Target: USD 95.00

Implied All-in Return (%): 20.7

### Investment summary

We rate Xcel Outperform with a PT of \$95. With the overhang from the Marshall Fire behind XEL, we expect investors to underwrite significant capital expenditure upside relating to generation needs, and look for relative premium to expand back to historical average levels (~8%). We expect XEL's 3Q25 roll forward will drive their rate base CAGR near 11%, resulting in an above-consensus 8.6% 4Y EPS CAGR through '29.

### Valuation

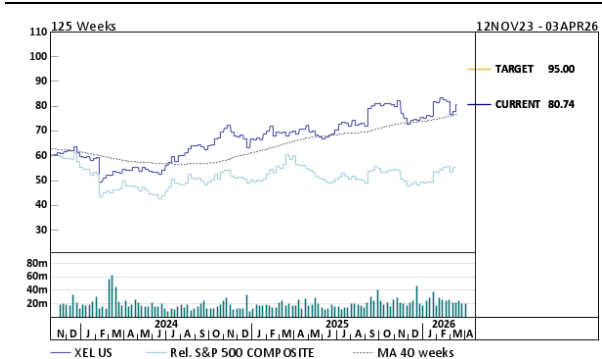
Our \$95 PT is based on a SOTP approach using our 2028 estimates, which reflects (1) a 10% premium to regulated electric peers for PSCO; (2) a 5% premium to regulated electric peers for NSPM; (3) a 7.5% premium to regulated electric peers for SPS; (4) a 15% premium to regulated electric peers for NSPW; and (5) an 8.2% premium to an electric peer group average multiple for parent drag. Our \$95 price target implies a consolidated 19.2x 2028E P/E which represents an 8.2% premium to the group at 17.8x. Our price target supports our Outperform rating.

### Risks to rating and price target

Downside risks include: (1) unfavorable outcome in the 2025-26 PSCO rate case; and (2) wildfire activity.

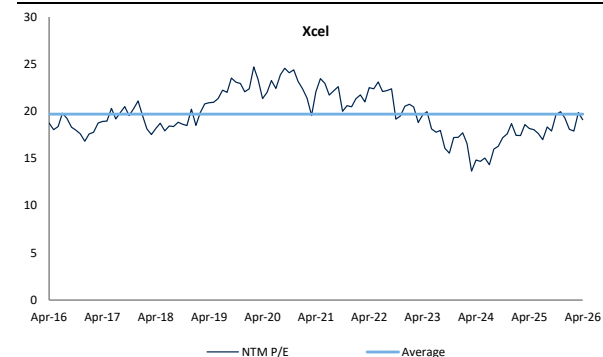
Upside risks include: (1) incremental generation above the 5-10GW needed at SPS and 5-14GW needed at PSCO; and (2) regulatory improvement in less favorable jurisdictions such as CO.

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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**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 31-Mar-2026				
Rating	Count	Percent	Investment Banking	
			Serv./Past 12 Mos.	
			Count	Percent
BUY [Outperform]	899	57.52	286	31.81
HOLD [Sector Perform]	612	39.16	153	25.00
SELL [Underperform]	52	3.33	5	9.62

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