Top 30 Global Ideas for 2026

Third-Quarter Update

EQUITY RESEARCH | July 8, 2026

For Required Non-U.S. Analyst and Conflicts Disclosures, see page 39

Disseminated: Jul 8, 2026 07:13EDT; Produced: Jul 8, 2026 07:13EDT

Table of Contents

This report is priced as of market close on July 6, 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.

Changes This Quarter

Additions: Apotex Health (APTX CN), Canadian National Railway (CNR CN), Lonza (LONN SW)

Deletions: Alcon (ALC SW), Boston Scientific (BSX US), DuPont de Nemours (DD US)

Maintains: Air Products and Chemicals (APD US), Airbnb (ABNB US), AltaGas (ALA CN), Amazon.com (AMZN US), Applied Materials (AMAT US), AXA (CS FP), Biogen (BIIB US), Brookfield Corp. (BN US), ConocoPhillips (COP US), Constellation Software (CSU CN), Diageo (DGE LN), International Paper (IP US), IQVIA (IQV US), Loblaw (L CN), Merck (MRK US), 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 **Industrials** we add **Canadian National Railway (CNR CN).** We see **CN** trading at a compelling discount to rail peers despite a backdrop of improving network fundamentals, with car velocity improving and accelerating through the first half of the year. Record grain volumes, intermodal share gains, and pricing running ahead of inflation underpin a solid earnings growth outlook, and ongoing capacity investments position CN for meaningful operating leverage as freight volumes recover.

In **Health Care** we add **Apotex (APTX CN)** and **Lonza (LONN SW).** We see **Apotex** as a highly differentiated generics company that is the leader in the attractive CDN generic industry (23% share) and a top-10 player in the US market. Over the next several years, we believe APTX should successfully harness improving industry fundamentals (increasing brand drug loss of exclusivity), capturing a disproportionate amount of economic value due to its strong first to market (FTM) abilities. This strength should allow APTX to maintain industry high ROIC and strong financial metrics vs comps, which we believe should translate into an expanding multiple. For **Lonza**, we see the company as a compelling EPS compounder trading at an attractive valuation relative to its growth profile, offering significant upside potential even without balance sheet re-leveraging. In our view, the market continues to price in historical concerns around capital intensity and returns that are either resolved or analytically mis-framed. In our recent in-depth report on Lonza we set out 13 reasons underpinning our conviction, spanning a novel returns-on-capital framework, a reframing of the relevant peer comparison, and a constructive view on supply-demand dynamics. We believe that an absence of near-term catalysts, rather than being a deterrent, creates an attractive entry point for investors with a longer investment horizon.

In the **Health Care** and **Materials** sectors, we remove **Alcon (ALC SW)**, **Boston Scientific (BSX US)** and **DuPont (DD US)** in favor of higher-conviction stock selections, while maintaining our Outperform ratings on all four names.

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

Performance Review

Over the past quarter, the Q2/26 *Top 30* list delivered a total return of 11.1% in USD terms vs. the MSCI World Index at 12.8%. The best-performing *Top 30* stock selections in Q2/26 were Snowflake (+75%), Applied Materials (+68%) and Safran (+25%). Since inception of our quarterly list at YE2019, the *Top 30* has delivered a total compound annual return of 13.9% vs. the benchmark at 13.4%.

Top 30 Global Ideas for 2026 – Analyst Coverage and Pricing Data

Company	Pricing Symbol	Analyst	Rating	Trading Currency	Closing Price (07/06/2026)	Market Cap (MM)	Price Target	Div. Yield (%)	Implied All-in Return (%)
Air Products and Chemicals, Inc.	APD US	Arun Viswanathan	Outperform	USD	308.86	67,965	341.00	2.3	12.7
Airbnb, Inc.	ABNB US	Brad Erickson	Outperform	USD	147.65	94,644	173.00	0.0	17.2
AltaGas Ltd.	ALA CN	Maurice Choy	Outperform	CAD	52.20	16,266	55.00	2.6	7.9
Amazon.com, Inc.	AMZN US	Brad Erickson	Outperform	USD	244.16	2,654,996	320.00	0.0	31.1
Apotex Health Corp.	APTX CN	Douglas Miehm	Outperform	CAD	34.62	8,135	43.00	0.6	24.8
Applied Materials, Inc.	AMAT US	Srini Pajjuri	Outperform	USD	592.79	473,639	520.00	0.1	-12.2
AXA	CS FP	Ben Cohen	Outperform	EUR	44.17	94,232	48.00	5.6	14.3
Biogen Inc.	BIIB US	Brian Abrahams	Outperform	USD	208.46	30,414	242.00	0.0	16.1
Brookfield Corporation	BN US	Bart Dziarski	Outperform	USD	43.96	98,220	61.00	0.6	39.4
Canadian National Railway Company	CNR CN	Walter Spracklin	Outperform	CAD	172.65	104,902	195.00	2.1	15.1
ConocoPhillips	COP US	Scott Hanold	Outperform	USD	103.58	126,191	152.00	3.3	50.0
Constellation Software Inc.	CSU CN	Paul Treiber	Outperform	CAD	2,757.06	58,426	4,500.00	0.2	63.4
Diageo plc	DGE LN	James Edwardes Jones	Outperform	GBp	1,512.00	33,621	2,000.00	3.2	35.5
International Paper Company	IP US	Matthew McKellar	Outperform	USD	38.58	20,517	45.00	4.8	21.4
IQVIA Holdings Inc.	IQV US	Ryan Halsted	Outperform	USD	205.97	34,974	221.00	0.0	7.3
Loblaw Companies Limited	L CN	Irene Nattel	Outperform	CAD	61.69	71,922	72.00	1.0	17.7
Lonza Group AG	LONN SW	Charles Weston	Outperform	CHF	580.40	40,483	720.00	1.1	25.1
Merck & Co., Inc.	MRK US	Trung Huynh	Outperform	USD	126.78	313,400	142.00	2.7	14.7
Microsoft Corporation	MSFT US	Rishi Jaluria	Outperform	USD	386.74	2,879,279	640.00	0.7	66.2
Moody's Corporation	MCO US	Ashish Sabadra	Outperform	USD	498.78	89,681	610.00	0.5	22.8
RB Global, Inc.	RBA US	Sabahat Khan	Outperform	USD	114.09	21,392	150.00	1.1	32.6
Royal Gold, Inc.	RGLD US	Josh Wolfson	Outperform	USD	201.91	17,119	310.00	0.9	54.5
Safran	SAF FP	Ken Herbert	Outperform	EUR	357.10	149,226	370.00	0.9	4.5
Schneider Electric SE	SU FP	Mark Fielding	Outperform	EUR	278.35	155,833	320.00	1.4	16.4
Snowflake Inc.	SNOW US	Matthew Hedberg	Outperform	USD	262.09	103,526	284.00	0.0	8.4
The Williams Companies, Inc.	WMB US	Elvira Scotto	Outperform	USD	72.82	89,059	83.00	2.9	16.9
U.S. Bancorp	USB US	Gerard Cassidy	Outperform	USD	62.83	97,701	61.00	3.3	0.4
Ventas, Inc.	VTR US	Michael Carroll	Outperform	USD	92.21	44,879	98.00	2.3	8.5
Visa Inc.	V US	Daniel R. Perlin	Outperform	USD	357.25	684,491	395.00	0.8	11.3
Xcel Energy Inc.	XEL US	Stephen D'Ambrisi	Outperform	USD	80.37	48,958	96.00	3.0	22.4

Notes:

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

Source: Bloomberg and RBC Capital Markets estimates

Top 30 Global Ideas for 2026 – Changes This Quarter

Company	Pricing Symbol	Analyst	Rating	Trading Currency	Closing Price (07/06/2026)	Market Cap (MM)	Price Target	Div. Yield (%)	Implied All-in Return (%)
Additions this quarter:									
Apotex Health Corp.	APTX CN	Douglas Miehm	Outperform	CAD	34.62	8,135	43.00	0.6	24.8
Canadian National Railway Company	CNR CN	Walter Spracklin	Outperform	CAD	172.65	104,902	195.00	2.1	15.1
Lonza Group AG	LONN SW	Charles Weston	Outperform	CHF	580.40	40,483	720.00	1.1	25.1
Deletions this quarter:									
Alcon AG	ALC SW	Charles Weston	Outperform	CHF	54.94	27,305	80.00	0.6	46.2
Boston Scientific Corporation	BSX US	Shagun Singh	Outperform	USD	44.60	65,786	100.00	0.0	124.2
DuPont de Nemours, Inc.	DD US	Arun Viswanathan	Outperform	USD	141.05	57,820	180.00	1.8	29.5

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 Q2 2026 and since inception (December 2019).

Ticker	Company	Total Return Q2 2026* (in local currency)	Total Return Q2 2026* (in USD)
SNOW US	Snowflake Inc.	75.5%	75.5%
AMAT US	Applied Materials Inc.	68.3%	68.3%
SAF FP	Safran SA	25.7%	24.5%
BIIB US	Biogen Inc.	21.0%	21.0%
IQV US	IQVIA Holdings Inc.	20.6%	20.6%
USB US	US Bancorp	18.6%	18.6%
SU FP	Schneider Electric SE	19.7%	18.6%
V US	Visa Inc.	18.0%	18.0%
RBA US	RB Global Inc.	16.9%	16.9%
ABNB US	Airbnb Inc.	16.4%	16.4%
AMZN US	Amazon.com Inc.	14.7%	14.7%
CS FP	AXA SA	15.4%	14.4%
MCO US	Moody's Corp.	12.6%	12.6%
IP US	International Paper Co.	12.1%	12.1%
VTR US	Ventas Inc.	11.8%	11.8%
CSU CN	Constellation Software Inc.	13.5%	11.1%
DGE LN	Diageo PLC	9.8%	10.9%
BN US	Brookfield Corp.	8.0%	8.0%
MRK US	Merck & Co. Inc.	5.7%	5.7%
APD US	Air Products and Chemicals Inc.	5.6%	5.6%
ALA CN	AltaGas Ltd.	6.8%	4.5%
MSFT US	Microsoft Corp.	3.9%	3.9%
DD US	DuPont de Nemours Inc.	3.6%	3.6%
WMB US	Williams Companies Inc.	1.0%	1.0%
XEL US	Xcel Energy Inc.	0.7%	0.7%
L CN	Loblaw Companies Ltd.	-4.5%	-6.5%
ALC SW	Alcon AG	-8.5%	-9.3%
COP US	ConocoPhillips	-20.7%	-20.7%
RGLD US	Royal Gold Inc.	-22.3%	-22.3%
BSX US	Boston Scientific Corp.	-28.7%	-28.7%
	Average total return for RBC CM Top 30 Global Ideas in Q2 2026	***11.4%***	***11.1%***

Indices		Total Return (in local currency) Q2 2026*	Total Return (in local currency) Since Inception** (Annualized)
	RBC CM Top 30 Global Ideas	**11.4%**	**13.9%**
SPX Index	S&P 500 Index	14.3%	15.6%
NDDUWI Index	MSCI World Net Total Return US	12.8%	13.4%
SXXP Index	STOXX Europe 600 Price Index	10.8%	10.7%
SPTSX Index	S&P/TSX Composite Index	6.7%	15.1%
AS51 Index	S&P/ASX 200	3.6%	9.5%

Indices		Total Return (in USD) Q2 2026*	Total Return (in USD) Since Inception** (Annualized)
	RBC CM Top 30 Global Ideas	**11.1%**	**13.9%**
SPX Index	S&P 500 Index	14.3%	15.6%
NDDUWI Index	MSCI World Net Total Return US	12.8%	13.4%
SXXP Index	STOXX Europe 600 Price Index	9.8%	11.0%
SPTSX Index	S&P/TSX Composite Index	4.4%	13.5%
AS51 Index	S&P/ASX 200	4.2%	9.3%

Notes:
* Q2 2026 performance from the publication of the Q2 2026 *Top 30* list pre-market April 7, 2026 to market close on July 6, 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

Investment Thesis

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

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

Rating: Outperform	**Closing Price: USD 308.86**
Price Target: USD 341.00	**Implied All-in Return (%): 12.7**

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 FY25 EBITDA margin was 42.2%, 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 26x on our 2026E EPS estimate of $13.10, resulting in our base-case price target of $341. 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

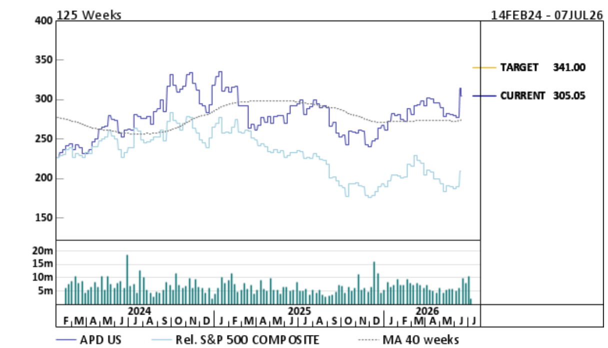
Continued inflation, tariffs, and economic conditions. Air Products sources most of its products locally within region, so tariffs could have a limited impact. However, APD could still see impacts to its international projects. Continued inflation and changes in the supply/demand dynamics could also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

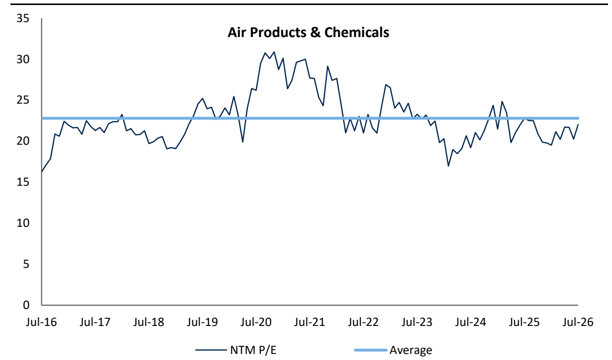
Change in legislation surrounding hydrogen. Currently, there is a push for lower carbon emission fuel, such as hydrogen. A move from gray, to blue, to green hydrogen is already occurring. However, any delay, change, or reversal to this push for hydrogen fuel could impact APD.

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

Rating: Outperform	**Closing Price: USD 147.65**
Price Target: USD 173.00	**Implied All-in Return (%): 17.2**

Investment summary

ABNB is the leader in private & alternative accommodations, a market that continues to expand the overall travel market and take share from traditional hotel modalities. The company is demonstrating strong competitive momentum through strategic product initiatives including Reserve Now Pay Later adoption, flexible cancellation policies, and a simplified host-only fee structure – all driving accelerating room night growth. Through its strong direct customer relationship and AI-powered platform, we believe the company can continue showing organic growth while increasingly unlocking value through hotel expansion, adjacent product monetization, and new sub-verticals.

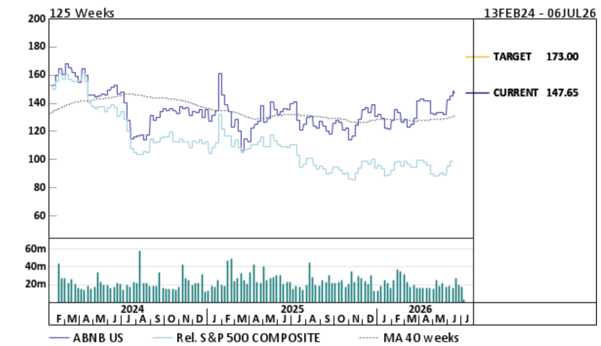
Valuation

The stock trades at 14x 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 20x multiple to our EV/'27E EBITDA to derive our price target of $173 which supports our Outperform rating.

Risks to rating and price target

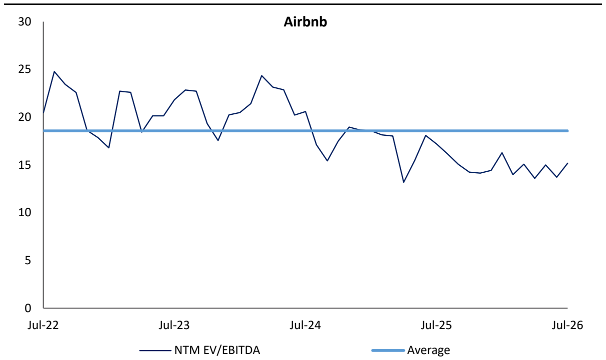
Risks to rating and price target include: (1) virus relapses; (2) an adverse change in the competitive landscape; (3) regulatory changes; (4) natural disasters; (5) situations involving geo-political or social unrest and violence; (6) terrorism; (7) interest rates; and (8) a macroeconomic downturn.

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

AltaGas Ltd. (TSX: ALA)

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

Rating: Outperform	**Closing Price: CAD 52.20**
Price Target: CAD 55.00	**Implied All-in Return (%): 7.9**

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 4.5-5.0x 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 4.5-5.0x (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.

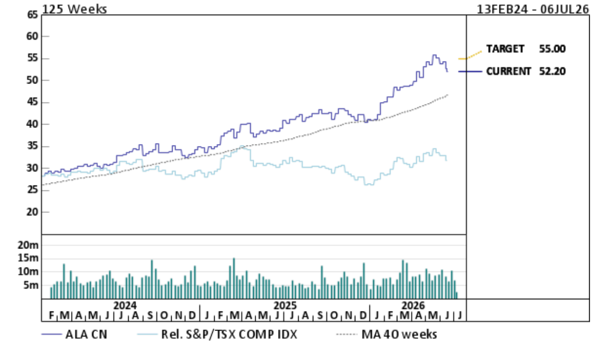
Valuation

Our $55.00/share price target is based on our sum-of-the-parts analysis that results in values of $48.00–61.00/share. Our valuation includes a 19.0–21.0x P/E valuation applied to our 2027 forecast for the Utilities segment. For Midstream, we use a roughly 12.0–14.0x 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

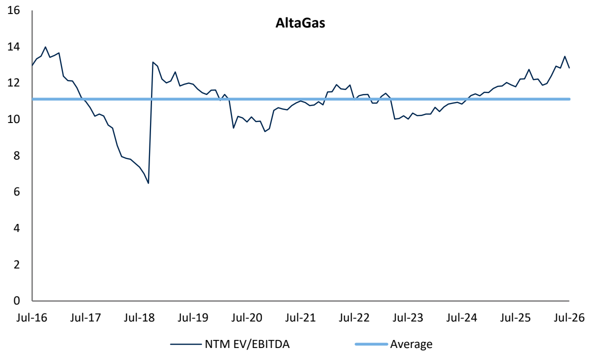
Risks to rating and price target include: (1) negative regulatory decisions; (2) NGL spreads or gas volumes that meaningfully differ from our forecast; (3) projects/acquisitions that fail to gain the confidence of investors; (4) dilutive actions to maintain the BBB- credit rating; and (5) natural gas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

Exhibit 5 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 6 - 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

Rating: Outperform	**Closing Price: USD 244.16**
Price Target: USD 320.00	**Implied All-in Return (%): 31.1**

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.

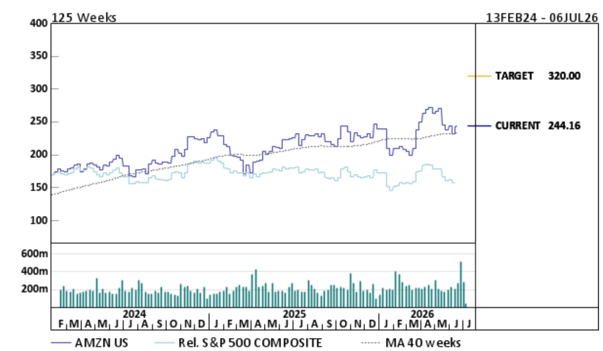
Valuation

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 $320 price target, which is based on 14x EV/our '27E EBITDA.

Risks to rating and price target

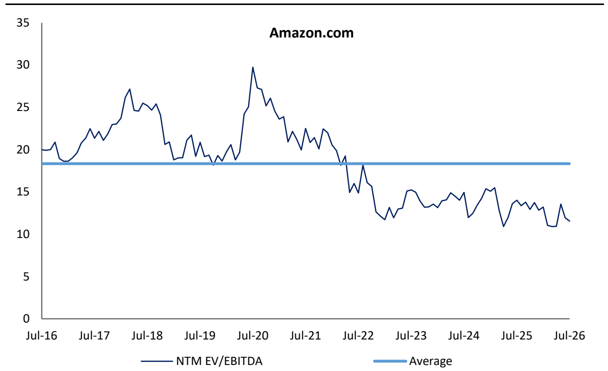
Risks to rating and price target include: (1) challenging integration of ongoing capacity expansion; (2) less sticky or reversionary e-commerce trends post-pandemic; (3) less successful Prime membership adoption in international markets leading to slowing growth and less margin expansion than expected; (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; (6) intensifying competition in cloud; and (7) global macroeconomic slowdown.

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

Apotex Health Corp. (TSX: APTX)

RBC Dominion Securities Inc.
Douglas Miehm (Analyst) (416) 842-7823, douglas.miehm@rbccm.com

Rating: Outperform **Closing Price: CAD 34.62**
Price Target: CAD 43.00 **Implied All-in Return (%): 24.8**

Investment summary

We believe APTX offers a compelling opportunity to invest in Canada's #1 generic pharmaceutical company at a time when industry fundamentals are inflecting meaningfully higher.

Sustained CDN leadership. APTX holds a 23% Canadian market share (6pp ahead of #2), maintained #1 for 20+ years, in a market characterized by favorable TPF pricing (one of the highest in OECD countries), meaningful barriers to entry, and high consolidation (top four = ~65% share vs. ~24% in the US).

FTM flywheel and selective US strength. Industry-leading FTM rates (76% Canada, 75% US in FY26) drive durable competitive advantages. In the US, APTX takes a tactical approach ~3% overall revenue share but ~15% in targeted areas, with #1 in nasal and #3 in oncology generics.

Accelerating LOE tailwind. According to IQVIA, US branded drug losses of exclusivity are projected to climb +168% (2026E–2030E vs. 2021–2025) and +52% in Canada, driving market CAGRs of ~12% and ~6%, respectively, the strongest five-year setup for generic manufacturers in over a decade.

Class-leading returns. FY26 ROIC of 26% (ex-VLLP) more than doubles the peer average. We forecast 8% revenue and 11% EBITDA CAGR (ex-VLLP) over five years with margins reaching ~33% by FY31E.

Valuation

We derive our $43/sh price target using a DCF framework (8.5% WACC, 3.0% terminal growth rate), which we believe is the more appropriate methodology given intangible capex (~$350–400MM annually from FY27, RBCe) sits below EBITDA and is not captured in traditional EV/EBITDA comparisons. Including intangible capex alongside internal R&D, Apotex's combined pipeline investment intensity reaches ~16% of revenue, the highest among peers and considerably above the peer average of 8.8%. This peer-leading investment, deployed through an asset-light external partnership model, should enable the company to sustain growth through new product launches despite the naturally declining nature of an existing US Gx portfolio. Our model forecasts intangible capex increasing in-line with revenues beyond FY31E ($350MM → $472MM by FY37E), supporting a 3.0% terminal growth rate. Our terminal value implies a TTM adj. EBITDA multiple of 8.9x. Our $43 PT translates to 11.9x FY28E EBITDA and 19.5x FY28E adj. FD EPS, and supports an Outperform rating.

We supplement our DCF with a geographic SOTP, assigning 11.5x to the US (vs. US peers average of 11.3x), 13.0x to Canada (~13% premium reflecting #1 market position, stable TPF pricing and higher GMs), and 10.5x to International, yielding a weighted average multiple of 12.1x and a per-share value of $43.40.

Risks to rating and price target

Industry and pricing risks: Conventional Generics (~46% of ex-VLLP revenue) face steep price erosion in the US driven by heightened competition, expedited regulatory approvals, and buyer concentration, the top three US retail buying groups and hospital GPOs control >90% of the generic market. In Canada, generic pricing is governed by the Tiered Pricing Framework (TPF), which expires October 2028. Any negative pricing revision at the next renegotiation could adversely impact Canadian financial performance.

Volatility in results: Apotex's financial performance is sensitive to the timing and proportion of first-to-market (FTM) product launches, which generate superior economics during 180-day exclusivity periods but can create challenging comparison periods if similar-sized launches are not realized in subsequent periods.

Tariffs and trade uncertainty: US Section 232 tariffs on imported pharmaceuticals take effect July 31, 2026; however, Gx drugs are currently exempt. Apotex does not own US manufacturing facilities. Its April 2026 Halo Pharmaceutical partnership for US-based sterile filling capacity provides partial mitigation. In Canada, the Pharmacare Act could increase pricing pressure through centralized government bulk purchasing.

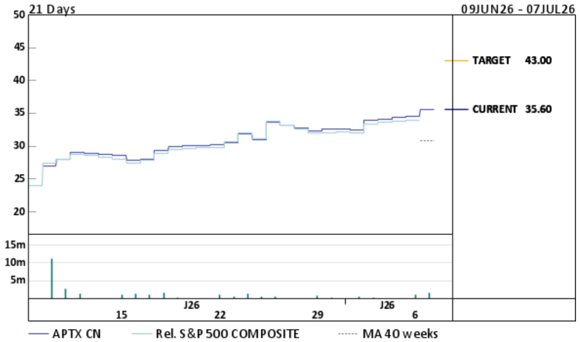
Reliance on acquisitions/in-licensing: We anticipate intangible capex to increase from $61MM (FY26) to $350–400MM annually, a step-change requiring successful deployment at attractive returns. Failure to secure products at reasonable valuations could impact growth and debt servicing.

Regulatory and compliance risks: Apotex's Richmond Hill facility received an FDA Warning Letter (October 2025) and remains in OAI status pending reinspection; 94% of CAPAs are complete. The company estimates ~1% revenue and ~2% EBITDA impact in FY27. A material weakness in internal controls over financial reporting (ERP access controls) remains outstanding, with remediation expected in FY27. *(continued on next page.)*

Shareholder overhang: SK Holdings retains ~52% ownership post-IPO on basic shares outstanding. Lock-up periods expire 180 days post-closing, and potential secondary sales could pressure the stock. SK's interests may not always align with minority shareholders.

Investigations and legal proceedings: Apotex faces US generic pharmaceuticals antitrust litigation with $178MM in outstanding legal provisions. The Litigation Escrow Account has been fully drawn, meaning future settlements will be funded from operating cash flows.

Exhibit 9 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Most recent company note: link

Applied Materials, Inc. (NASDAQ: AMAT)

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

Rating: Outperform	**Closing Price: USD 592.79**
Price Target: USD 520.00	**Implied All-in Return (%): -12.2**

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^2/3D transistors.

Valuation

Our base case price target of $520 is based on 32x CY27E EPS (which compares to 5-year average of 18x, and peer average of 44x) 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.

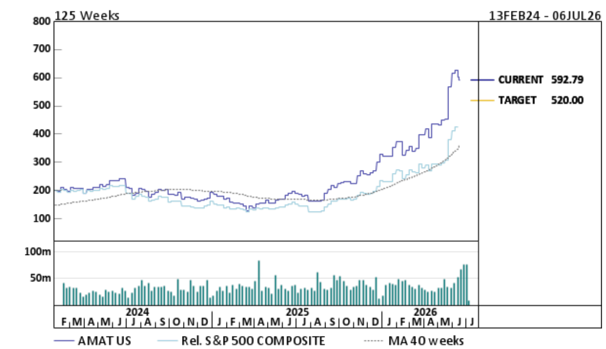
Risks to rating and price target

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.

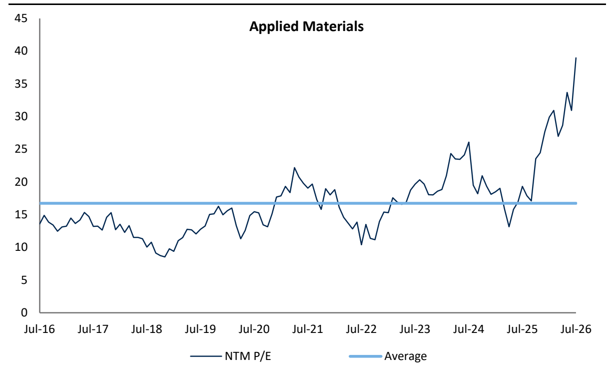
Domestic China competition: Local equipment suppliers including Naura, AMEC, and others are shipping competing deposition/etch tools. Technological improvements, export restrictions, and self-sufficiency initiatives could result in domestic suppliers gaining share.

Exhibit 10 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 11 - Forward consensus P/E history



Source: Factset

Most recent company note: link

AXA SA (NXT PA: CS)

RBC Europe Limited
Ben Cohen (Analyst) +44 20 7002 2456, ben.cohen@rbccm.com

Rating: Outperform | **Closing Price: EUR 44.17**
Price Target: EUR 48.00 | **Implied All-in Return (%): 14.3**

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.

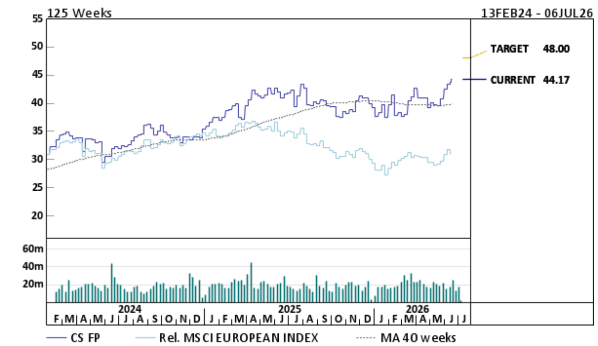
Risks to rating and price target

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.

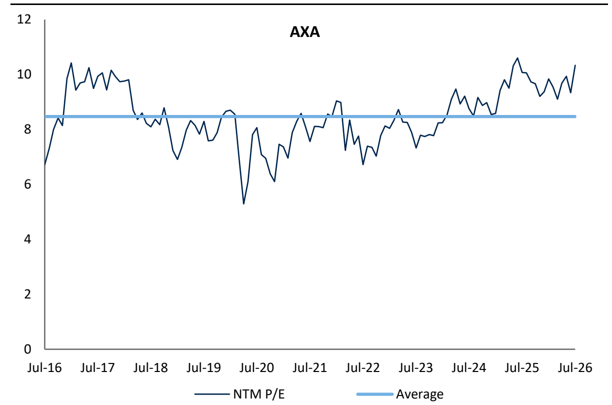
French political risk & FX sensitivity. ~25% earnings exposure to France creates uncertainty as relative valuation historically suffers during French political stress. Also, USD depreciation vs EUR is a headwind (H1'25 impact evident). However, we note that AXA has significantly immunised its balance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

Exhibit 12 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 13 - 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

Rating: Outperform | **Closing Price: USD 208.46**
Price Target: USD 242.00 | **Implied All-in Return (%): 16.1**

Investment summary

We believe BIIB shares reflect increasing enthusiasm for what we view as a promising pipeline, though see additional upside in case of success in high value I&I indications and with next-gen CNS therapies, which may still be viewed as somewhat risky. 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 believe revenues from Biogen's core MS franchise and Spinraza will be flat to down over the long term but still meaningful, while the APLS acquisition could help with BIIB's bottom line profile going forward. Overall, though challenges remain, we see a favorable setup at these levels.

Key positives: (1) potential for significant market opportunity for Leqembi in Alzheimer's; (2) MS franchise should continue to generate meaningful future cash flows; (3) modest 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: (1) continued Leqembi and Skyclarys launch trends (2026+); (2) LLY Kisunla pre-symptomatic data (est. 2027); (3) subcutaneous Leqembi induction decision (August 2026); (4) Diranersen ph.II detailed data (July-'26); and (5) Litifilimab ph.III data in SLE (4Q26).

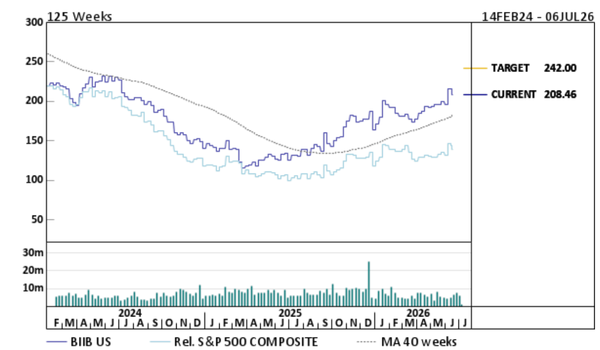
Valuation

Our $242 price target is derived from a DCF, which uses a 9.0% discount rate and a 2.0% terminal growth rate. Our price target supports our Outperform rating.

Risks to rating and price target

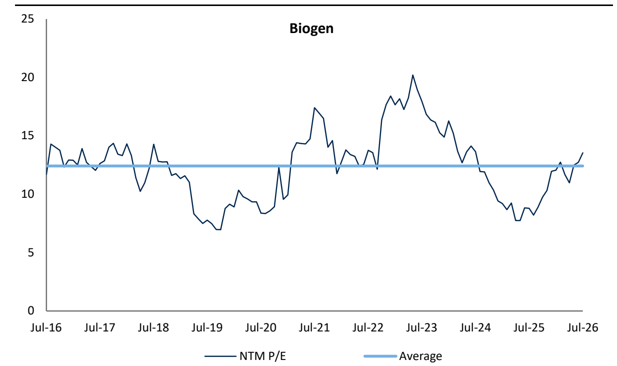
Risks to rating and price target include: (1) competition, generics, and pricing pressure in MS; (2) competition in SMA; and (3) clinical failure or reimbursement limitations on Alzheimer's antibodies.

Exhibit 14 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 15 - Forward consensus P/E history



Source: FactSet

Most recent company note: link

Brookfield Corporation (NYSE: BN; TSX: BN)

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

Rating: Outperform	**Closing Price: USD 43.96**
Price Target: USD 61.00	**Implied All-in Return (%): 39.4**

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 $61/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.

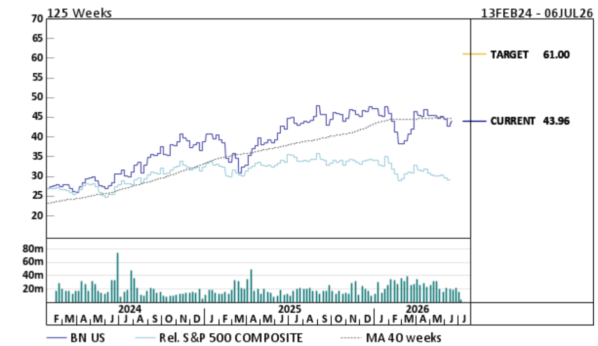
For carried interest, we consider Brookfield's long-term track record and value carry by combining unrealized carry and a multiple of target carry.

Our price target and implied return support our Outperform rating.

Risks to rating and price target

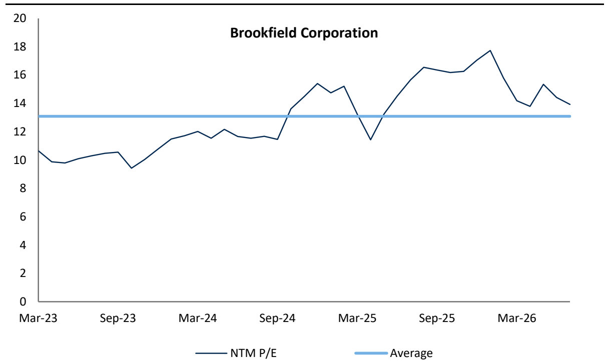
Risks to rating and price target include: (1) a sudden and significant increase in interest rates; (2) sustained capital markets volatility; and (3) real estate, particularly office, values declining precipitously.

Exhibit 16 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 17 - Forward consensus P/E history



Source: FactSet

Most recent company note: link

Canadian National Railway Company (TSX: CNR; NYSE: CNI)

RBC Dominion Securities Inc.
Walter Spracklin, CFA (Co-Head of Global Industrials Research) (416) 842-7877,
walter.spracklin@rbccm.com

Rating: Outperform | **Closing Price: CAD 172.65**
Price Target: CAD 195.00 | **Implied All-in Return (%): 15.1**

Investment summary

Our Outperform rating is based on favourable network dynamics as well as GDP plus growth opportunities and potential for margin improvement, in addition to discounted valuation in our view.

Network performance is strong. CN's network has bounced back nicely following a number of recent one-off items in 2024 and Q1/25. We believe this sets the stage for EPS outperformance looking ahead.

Sentiment has turned negative and valuation is discounted. CN's valuation relative to the group has come off recent highs reflecting several one-off items in 2024 that impacted margins and a weaker than expected industrial backdrop that caused the company to back off its 3-year guidance. CN appears close to the most inexpensive it has been versus the group in the company's history.

Lower FCF intensity. Management guided to lower capex intensity going forward, which we see as a driver of higher FCF conversion. We expect this to open the door for increased shareholder returns as well as higher valuation.

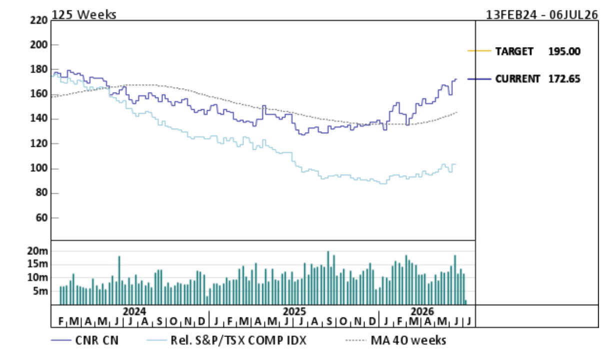
Valuation

Our $195 price target is based on applying a P/E multiple of 22x to our 2027E EPS of $8.88. We model an O/R of ~62% in 2027. The 22x target multiple is below peers, reflecting tariff related volume headwinds. Our price target supports our Outperform rating.

Risks to rating and price target

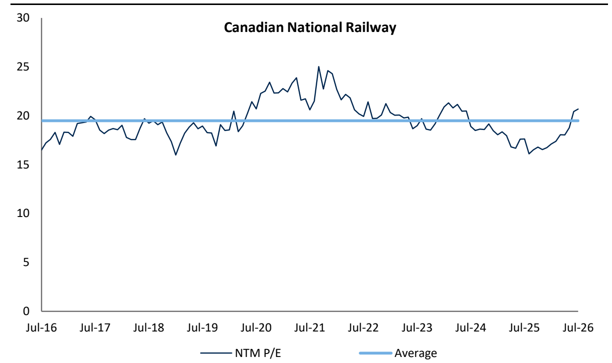
Risks to rating and price target include: (1) worse than expected growth in the near term out of Prince Rupert and Halifax; 2) severe weather impacting crop quality and network fluidity; 3) unfavourable currency fluctuations impacting cross-border freight flows; and 4) economic volatility tempering industrial production and consumer demand.

Exhibit 18 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 19 - Forward consensus P/E history



Source: Factset

Most recent company note: link

ConocoPhillips (NYSE: COP)

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

Rating: Outperform | **Closing Price: USD 103.58**

Price Target: USD 152.00 | **Implied All-in Return (%): 50.0**

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 $152/share price target is derived from a combination of evaluating forward EBITDA multiples and our Net Asset Value (NAV). Our target reflects:

- A 7.5x 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 slightly above our $141/share Net Asset Value (NAV), diverging from large cap peers 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 $75/bbl (WTI), $80/bbl (Brent), and $4.00/Mcf (HH).

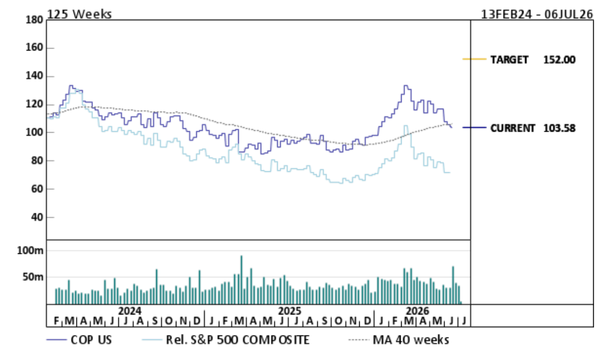
Our price target supports our Outperform rating.

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.

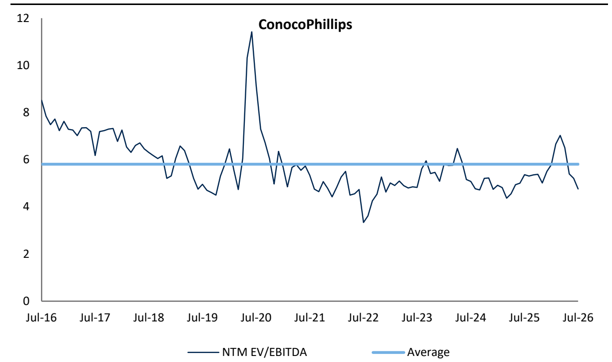
Regulatory changes could adversely impact the company's development opportunities and economics. COP has federal acreage on certain core assets in both the Permian Basin and Alaska that could be impacted by regulatory changes.

Exhibit 20 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 21 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: link

Constellation Software Inc. (TSX: CSU)

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

Rating: Outperform	**Closing Price: CAD 2,757.06**
Price Target: CAD 4,500.00	**Implied All-in Return (%): 63.4**

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 $3.0B capital on acquisitions in FY27e, up from $1.9B 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 20% adj. EBITDA CAGR and 19% FCF/share CAGR over the next two years.

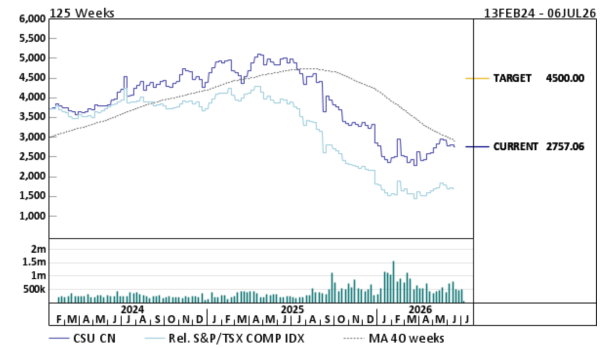
Valuation

Our C$4,500 price target is based on 16x 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

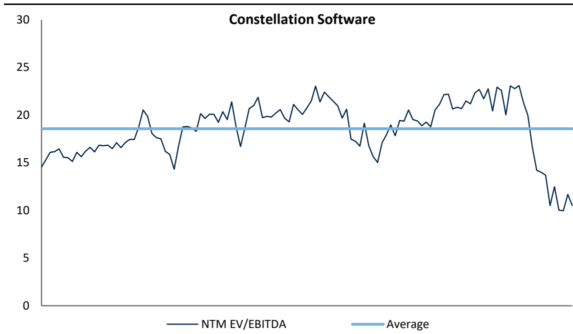
Risks to rating and price target include: (1) inability to find attractive acquisition candidates at high rates; (2) unforeseen challenges managing large acquisitions; (3) unexpected organic growth headwinds; (4) loss of key employees; and (5) a decline in tech market valuations.

Exhibit 22 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 23 - 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

Rating: Outperform	**Closing Price: GBp 1,512.00**
Price Target: GBp 2,000.00	**Implied All-in Return (%): 35.5**

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

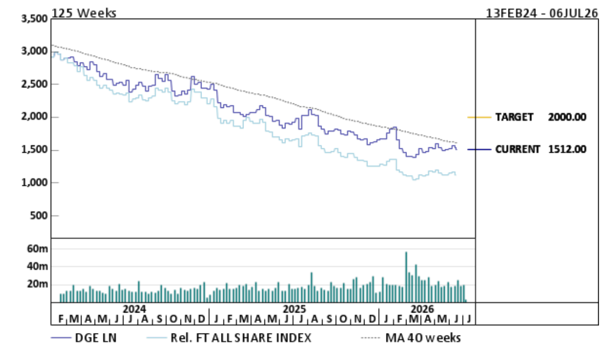
Investor sentiment towards US spirits consumption is a key part of the investment case for Diageo. This sentiment has been subdued as spirits companies experience demand compression due to a combination of post-COVID normalisation and concerns about the economic outlook. If these concerns remain, it 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.

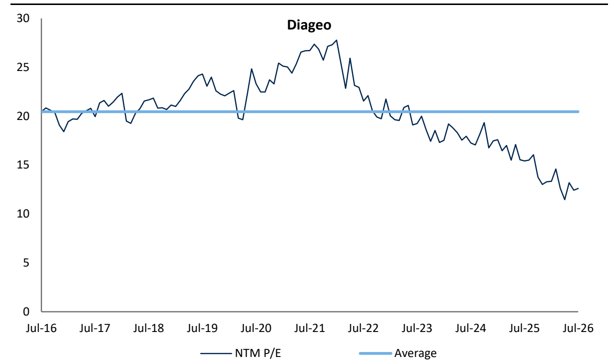
Brewers are competing much more effectively in the 'near beer' category, in our opinion. This might impact on spirits companies' market shares. Higher competition from other spirits company may also impact Diageo's competitive position.

Exhibit 24 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 25 - Forward consensus P/E history



Source: Factset

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

Rating: Outperform	**Closing Price: USD 38.58**
Price Target: USD 45.00	**Implied All-in Return (%): 21.4**

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.

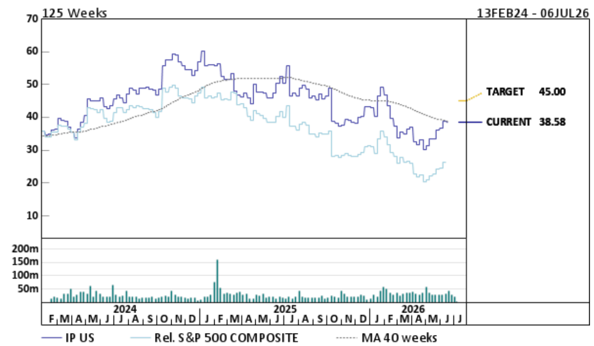
Valuation

Our $45 price target is based on a blended ~7.0x multiple on our trend EBITDA estimate of $5,000MM (85%) and our 2026E EBITDA of $3,298MM (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

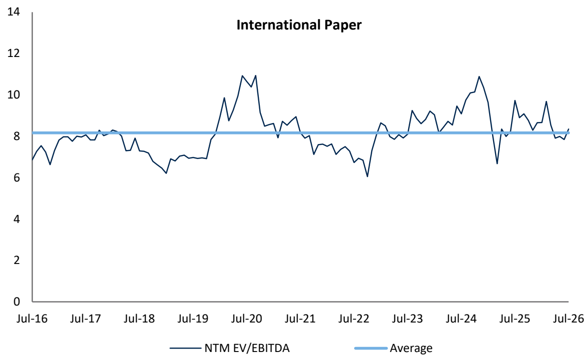
Risks to rating and price target include: (1) weaker economic conditions could have a negative impact on demand for International Paper's products; (2) economic cyclicality, changes in consumer preferences, or imbalances in supply and demand could negatively affect realized pricing; and (3) incremental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

Exhibit 26 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 27 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

IQVIA Holdings Inc. (NYSE: IQV)

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

Rating: Outperform | **Closing Price: USD 205.97**
Price Target: USD 221.00 | **Implied All-in Return (%): 7.3**

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

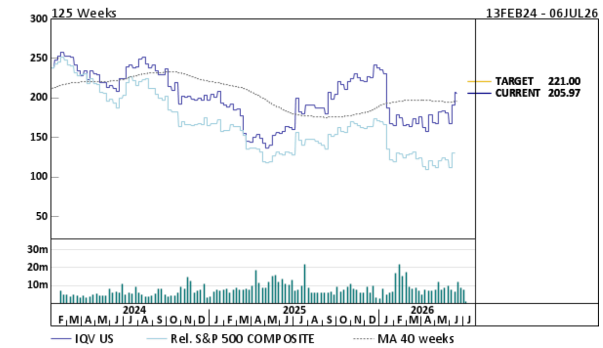
Failure to deliver clinical trials on time: If IQVIA is unable to deliver clinical trials on time due to slower-than-expected patient enrollment, site selection, or lack of experience in an indication, this could impact IQVIA's reputation with clinical study managers who select CROs for services. A series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

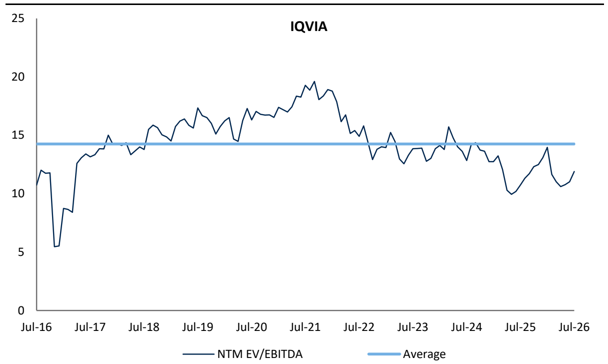
Inability to source clinical trial talent or materials in the US and globally: At any one time, IQIVA is conducting 3,000 clinical trials globally. If IQVIA were unable to source sufficiently trained talent like CRAs in key therapeutic areas like oncology and cardiometabolic, this would slow down the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

Exhibit 28 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 29 - 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

Rating: Outperform | **Closing Price: CAD 61.69**
Price Target: CAD 72.00 | **Implied All-in Return (%): 17.7**

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.

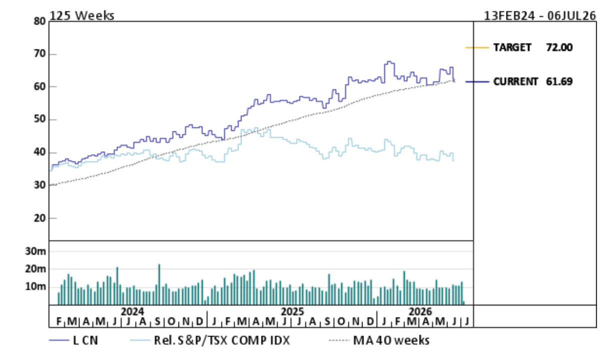
Valuation

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.

Risks to rating and price target

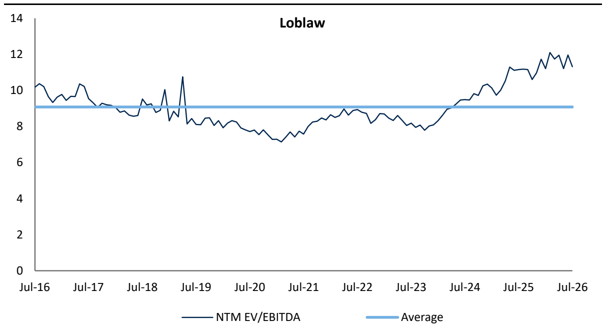
Risks to rating and price target include the ability to offset key input and opex increases, notably labour, and impact of healthcare reform could have a negative impact on earnings growth and share price going forward. Senior leadership changes in 2024 could result in shift in investor perception and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

Exhibit 30 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 31 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

Lonza Group AG (SWX: LONN)

RBC Europe Limited
Charles Weston, CFA (Analyst) +44 20 7429 8425, charles.weston@rbccm.com

Rating: Outperform	**Closing Price: CHF 580.40**
Price Target: CHF 720.00	**Implied All-in Return (%): 25.1**

Investment summary

A 20% EPS compounder at 22x 2027E earnings, with upside potential from balance sheet deployment. We forecast core EPS growing at c.20% pa over 2025-28, driven by 11-12% revenue growth into tight biologics end markets, EBITDA margin expansion from 31.6% to 34.5%, and declining interest costs. The building blocks are capex already spent, not future investment promises.

Returns on capital are better than they look. Our adjusted ROCE framework strips non-productive capital from the denominator, revealing productive-capital returns of c.28% pre-tax today, recovering to the mid-30s by 2030E. On total capital employed including goodwill, Lonza at 20% outperforms Danaher (11%) and Thermo Fisher (13%). The tangible ROCE gap reflects deployment capacity, not business quality.

Free cash flow inflects from negative to over CHF1bn within two years. Capex intensity is declining from its 2022 peak of 29% toward mid-to-high teens, working capital is improving, and operating leverage is compounding through the P&L. Vacaville maturation (CHF550-600m peak EBITDA) and CHF2.5bn+ of M&A firepower post-CHI provide upside not in estimates.

Valuation does not reflect this. At 16.8x 2026E EV/EBITDA, Lonza sits at the CDMO peer median despite being the largest, most diversified, and fastest-growing name in the group. The stock has derated for two years even as earnings have grown c.20% pa. Supply-demand in biologics and ADCs remains tight, governance has improved materially, and the regulatory track record is strong. The absence of a near-term catalyst may discourage momentum capital, but we believe provides an attractive entry point for longer-term investors.

Valuation

We value Lonza using an 18x EBITDA multiple, which is a 10% premium to that implied by peers on an EV/EBITDA to sales CAGR ratio, due to Lonza's diversified end-market exposure and liquidity. Applying this multiple to our 2027 average estimates implies a CHF720 1-year price target. This price target supports our Outperform rating.

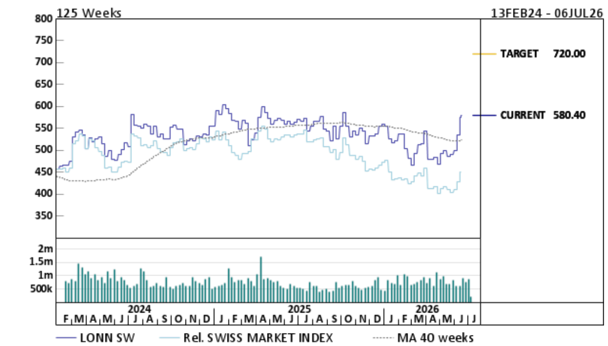
Risks to rating and price target

Overcapacity in biologics manufacturing. If announced pharma investments materialise as incremental supply rather than repackaged plans, utilisation could fall below the c.70% "full" threshold, compressing pricing power. We think this is unlikely, but it remains the consensus bear case.

Execution risk on key assets. Lonza must replace c.CHF600m of Roche revenue at Vacaville with new contracts by 2028, and an OAI classification at any of its 30+ GMP facilities would impair that site's ability to serve US-market customers. Lonza has received no OAI in the past decade, but a slower Vacaville ramp or a single adverse finding could weigh on sentiment.

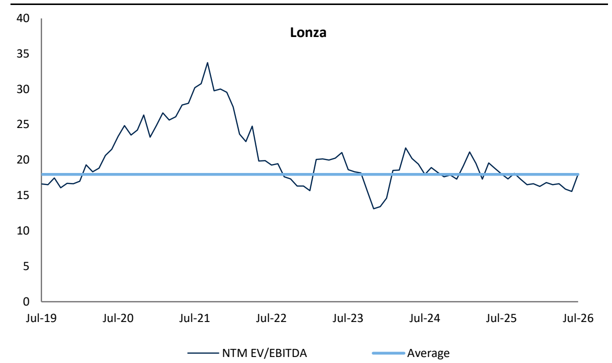
Working capital and FCF trajectory. Our FCF forecasts assume improving inventory days and continued customer contributions. FY2025 outflows of CHF782m (vs a CHF410m 2018-24 average) illustrate the volatility of this line.

Exhibit 32 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 33 - 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

Rating: Outperform | **Closing Price: USD 126.78**
Price Target: USD 142.00 | **Implied All-in Return (%): 14.7**

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.

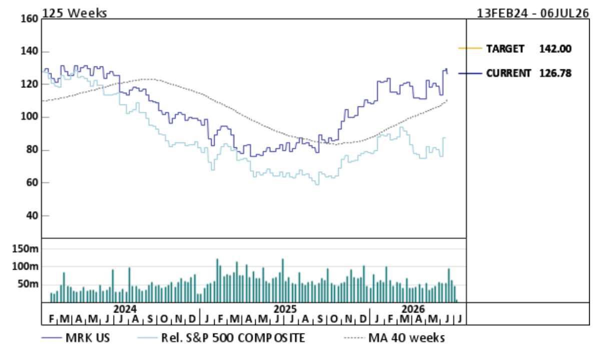
Valuation

Our 12-month price target of $142 is based on a 16x multiple on our forward fully diluted operating EPS forecast of $8.77. 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

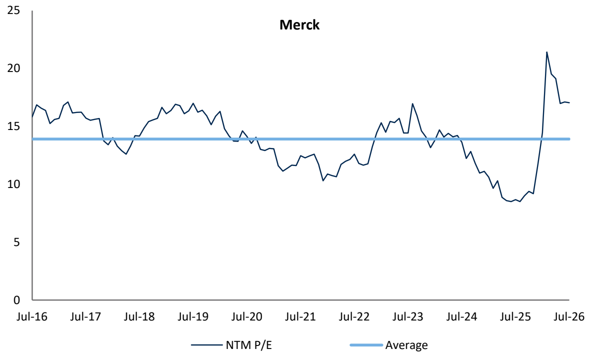
Risks to rating and price target include: (1) unsuccessful commercialization of new large growth drivers – Winrevair, Ohtuvayre; (2) surprise negative pipeline trial results – TL1A. Cidara, V490; (3) if generic/biosimilar companies successfully challenge any of the MRK key patents; (4) delays or rejections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

Exhibit 34 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 35 - Forward consensus P/E history



Source: Factset

Most recent company note: link

Microsoft Corporation (NASDAQ: MSFT)

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

Rating: Outperform | **Closing Price: USD 386.74**
Price Target: USD 640.00 | **Implied All-in Return (%): 66.2**

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 ~30x P/E 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

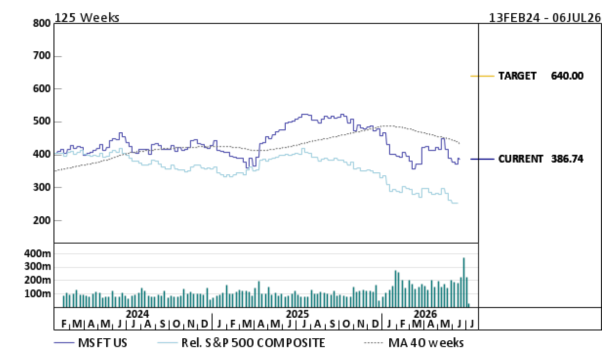
Azure growth could slow: While we maintain the view that public cloud remains early days, a material slowdown in Azure growth could impact the stock and future growth.

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.

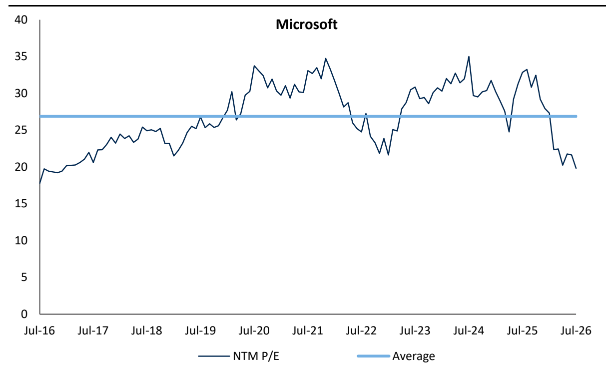
Transformational acquisition: A significant acquisition that depletes the company's net cash position and adds operational pressures on the business could be a risk.

Exhibit 36 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 37 - Forward consensus P/E history



Source: FactSet

Most recent company note: link

Moody's Corporation (NYSE: MCO)

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

Rating: Outperform | **Closing Price: USD 498.78**
Price Target: USD 610.00 | **Implied All-in Return (%): 22.8**

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.

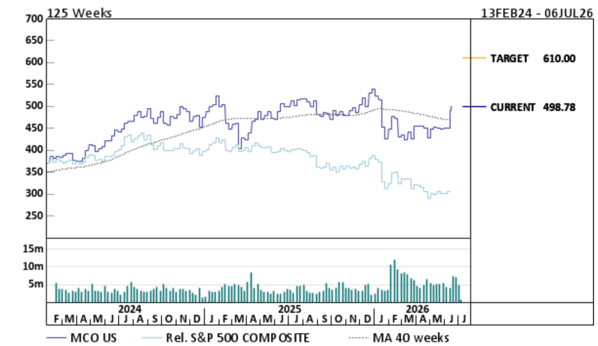
Valuation

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

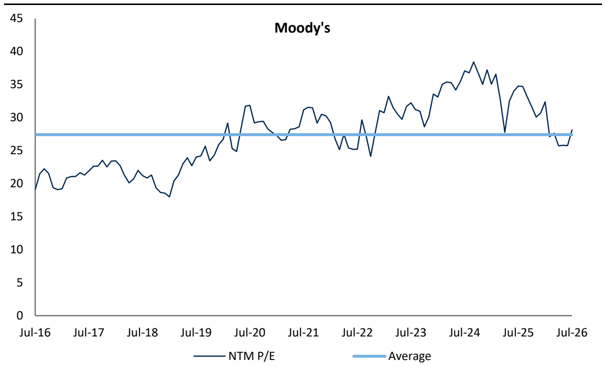
Risks to rating and price target include: (1) significant decline in credit issuance; (2) increased competition for private company data; (3) slowdown in demand for KYC offerings; (4) challenges in integrating acquisitions; and (5) slowdown in demand for Enterprise Risk Services (ERS) software.

Exhibit 38 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 39 - Forward consensus P/E history



Source: FactSet

Most recent company note: link

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

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

Rating: Outperform	**Closing Price: USD 114.09**
Price Target: USD 150.00	**Implied All-in Return (%): 32.6**

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.

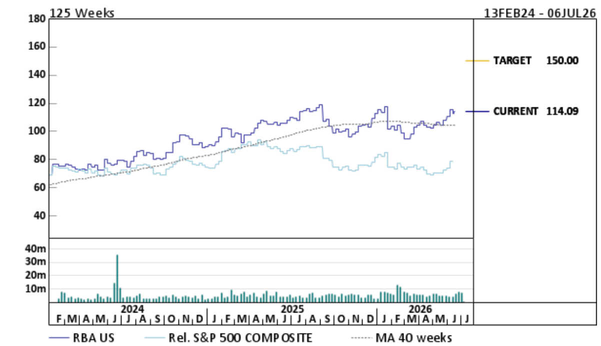
Valuation

Our $150 price target is based on ~30x our blended 2026/2027 Adjusted EPS forecast of $5.00. 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

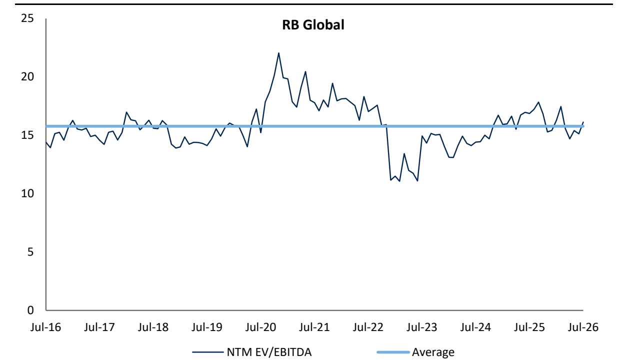
Risks to rating and price target include: (1) integration risks associated with the IAA acquisition; (2) equipment supply constraints impacting the industry for longer than anticipated; (3) risks associated with guarantee/ inventory contracts; and (4) foreign exchange risk.

Exhibit 40 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 41 - 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

Rating: Outperform	Closing Price: USD 201.91
Price Target: USD 310.00	Implied All-in Return (%): 54.5

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.

Investment outlook

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 phase 2 production (2H27), phase 3 FS (2027+); and (9) Great Bear/Kinross construction (2027+), and potential production (2029).

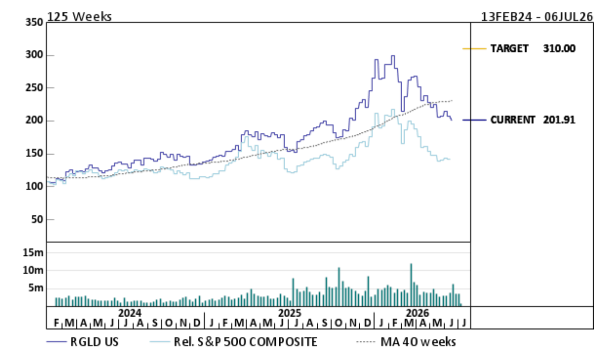
Valuation

Our RGLD price target of US$310.00 is based on 1.9x our NAV5% at a long-term gold price of US$4,000/oz and 18x our 2026–28 SFCF estimate, which would be equivalent to 16x 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

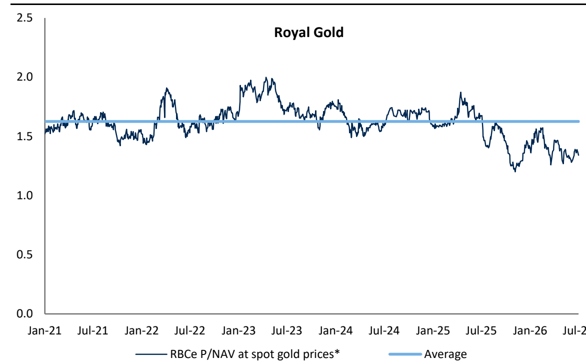
In addition to general operating/technical, financing, and commodity (gold, silver, copper) risks, we highlight the following risks to our rating and price target: (1) achievement of ramp-up and production targets at Mount Milligan/Centerra, in particular throughput and recoveries; (2) US tax changes, 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.

Exhibit 42 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 43 - 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

Rating: Outperform | **Closing Price: EUR 357.10**
Price Target: EUR 370.00 | **Implied All-in Return (%): 4.5**

Investment summary

We rate Safran (SAF-FR) Outperform with a €370 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 €370 price target is based on applying a 28x multiple to our 2028 FCF/share estimate of €13.23. 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.

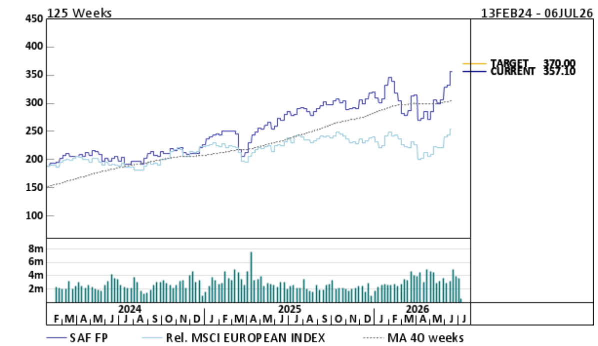
Risks to rating and price target

The primary risks to our rating and price target are focused on 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.

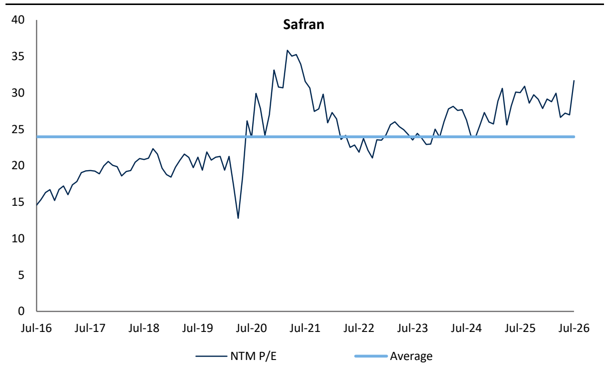
The company also faces risks from: exchange rates and currency hedging strategies, as well as airlines' and lessors' access to capital to support aircraft purchases and investments; global defense spending, technology advancements in propulsion and other areas, and timing of defense contracts and investments;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

Exhibit 44 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 45 - 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

Rating: Outperform | **Closing Price: EUR 278.35**
Price Target: EUR 320.00 | **Implied All-in Return (%): 16.4**

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.

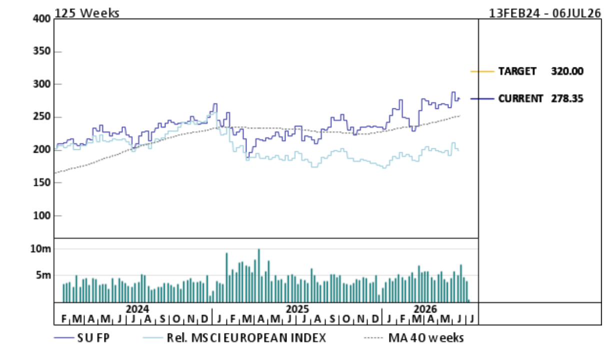
Valuation

We use a combination of EV/EBIT and DCF valuations, giving us a price target of €320. We use a forward EV/EBIT multiple of 20x 27E (set in line with the Electrical / datacenter peers), which we apply to 2027E EBITA returning €323. Meanwhile, our DCF returns €312 (using a 7.2% WACC, perpetuity growth of 3.5% and a 22% EBITA margin). Averaging the two results in a rounded €320 price target, which supports our Outperform rating.

Risks to rating and price target

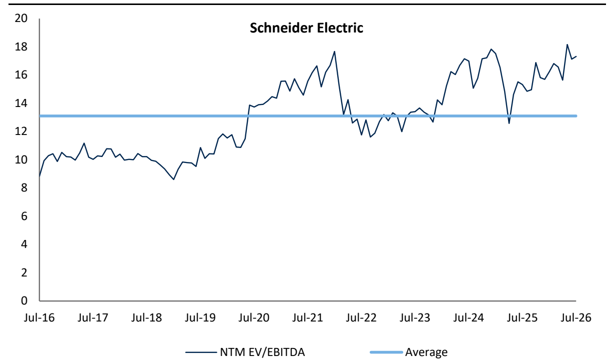
Risks to rating and price target include EPS sensitivity to the economic growth backdrop which could accelerate or decline, Schneider's exposure to Chinese construction activity (we estimate ~5% of sales are driven by this), and exposure to emerging market currencies (Schneider has not been able to shift 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 46 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 47 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: link

Snowflake Inc. (NYSE: SNOW)

RBC Capital Markets, LLC
Matthew Hedberg (Head of Global TIMT Research) (612) 313-1293,
matthew.hedberg@rbccm.com

Rating: Outperform	Closing Price: USD 262.09
Price Target: USD 284.00	Implied All-in Return (%): 8.4

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.

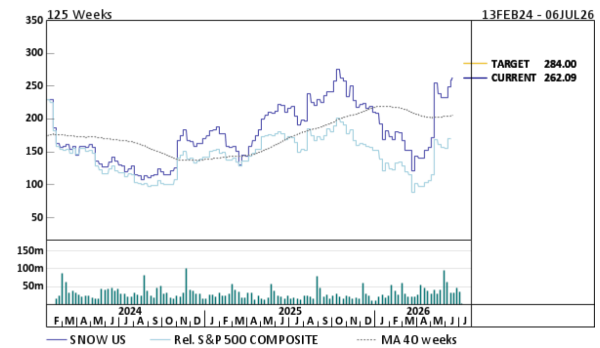
Valuation

We calculate our base-case price target of $284 by applying a 14.5x 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

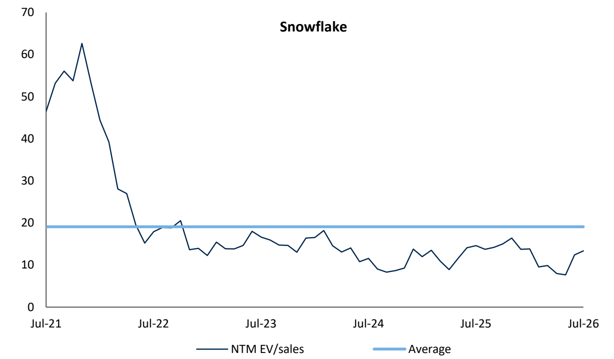
Risks to rating and price target include: (1) consumption trends could fluctuate, particularly in difficult economic times; (2) high level of competition in the market from large established public cloud providers as well as emerging cloud and AI native vendors; (3) the company's ability to attract new 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 48 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 49 - 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

Rating: Outperform	Closing Price: USD 72.82
Price Target: USD 83.00	Implied All-in Return (%): 16.9

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.

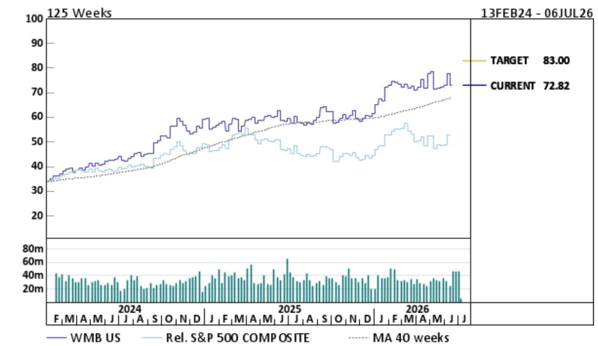
Valuation

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), 10x 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 $83/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 ~15x.

Risks to rating and price target

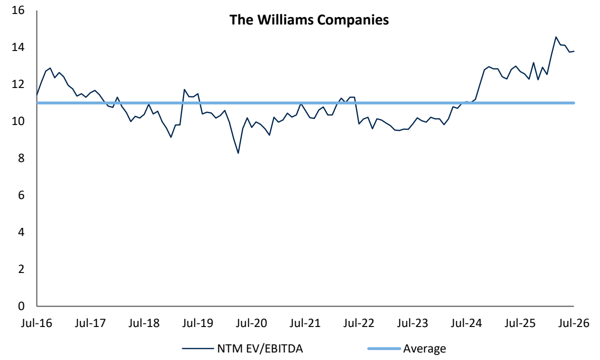
Risks to rating and price target include: (1) project execution risk; (2) commodity price downturn that drives lower volumes through WMB's gathering systems; (3) slower-than-expected natural gas demand growth; and (4) broader macroeconomic slowdown.

Exhibit 50 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 51 - 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

Rating: Outperform	**Closing Price: USD 62.83**
Price Target: USD 61.00	**Implied All-in Return (%): 0.4**

Investment summary

We rate USB shares Outperform for the following reasons:

Positive Operating Leverage: Management is focused on driving 200+ bps of operating leverage. In 1Q26 positive core operating leverage was 401 bps compared to the 453 bps reported in 4Q25.

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 ROA of 1.15-1.35%, ROTCE in the high-teens, mid-single digit fee income growth, an efficiency ratio in the mid-to-high 50s and a consistent commitment to positive operating leverage.

Great Steward of Shareholders' Capital: Management has the utmost respect for shareholders' capital, in our opinion. USB has consistently returned 60–80% of earnings each year through dividends and stock repurchases. Over the next 12 months, we believe the company's return of capital will fall into the 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 1Q26, net interest revenue was ~59% of total core revenue and fee revenue was ~41%. This mix has been a key ingredient of its best-in-class ROE.

Inflection Point: Following general underperformance over the last two years, USB reached an inflection point in 2025 and is moving through 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.

Value creation: Long-term shareholder returns are driven by TBV per share and dividend per share growth, in our opinion. USB's 1Q26 TBV per share of $29.56 increased 1.5% sequentially and 15% year-over-year. Additionally, its book value per share of $37.93 increased 1.0% sequentially and 11% year-over-year.

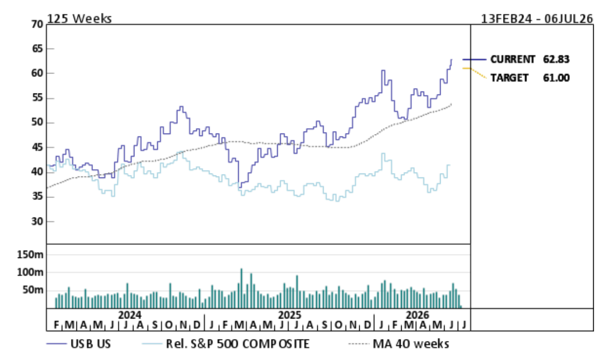
Valuation

Our price target of $61 is 12.0x our 2026 EPS estimate, 1.51x 1Q27E book value, and 1.89x 1Q27E 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

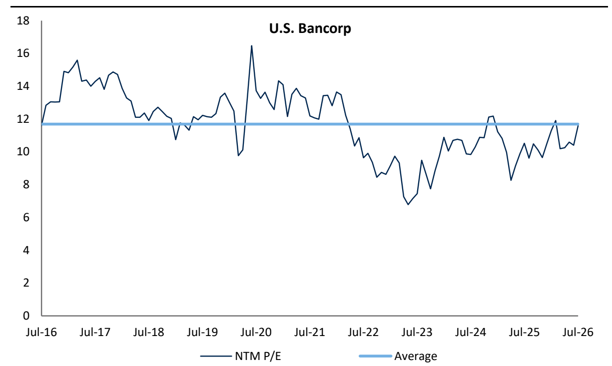
Macroeconomic concerns driven by the hostilities in the Middle East are the largest risk to our rating and price target. Additionally, an economic downturn driven by higher inflation and policy uncertainties could lead to a deterioration of credit quality and lead to high loan loss provisions.

Exhibit 52 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 53 - Forward consensus P/E history



Source: FactSet

Most recent company note: [link]()

Ventas, Inc. (NYSE: VTR)

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

Rating: Outperform	**Closing Price: USD 92.21**
Price Target: USD 98.00	**Implied All-in Return (%): 8.5**

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).

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

Valuation

Price target justification: Our price target of $98/share is ~26x our $3.78/share 2H27/1H28 AFFO estimate. This multiple reflects our expectation of 7 years of elevated AFFO growth (~11.6%) and a long-term multiple of ~21.5x, which would still reflect a premium to the pre-COVID (2017–1Q19) average of ~17x and is above the high end of that trading range of 13.3-19.5x. Our price target supports our Outperform rating.

NAV: We estimate the in-place NAV at $58.76/share. Given the growth outlook, this estimate increases to $77.56/share at YE27 (looking at 2028) from $67.77/share at YE26E (looking at 2027).

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 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.

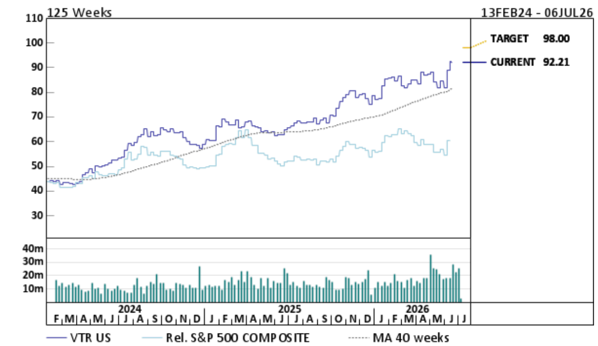
Other company-specific risks:

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 appear 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.

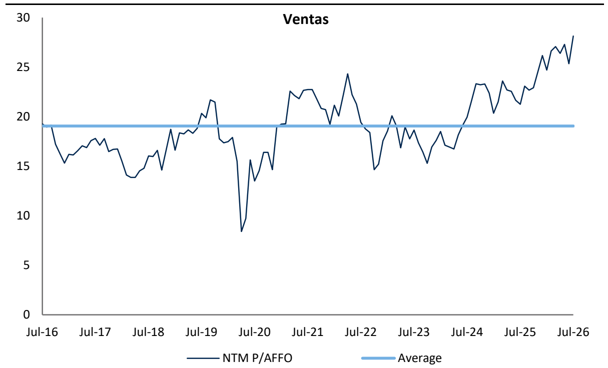
Potential NIH budget changes: Ventas' R&I platform/Wexford exposure (8%) could be impacted if the US Administration meaningfully reduces the NIH budget.

Exhibit 54 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 55 - 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

Rating: Outperform	**Closing Price: USD 357.25**
Price Target: USD 395.00	**Implied All-in Return (%): 11.3**

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.

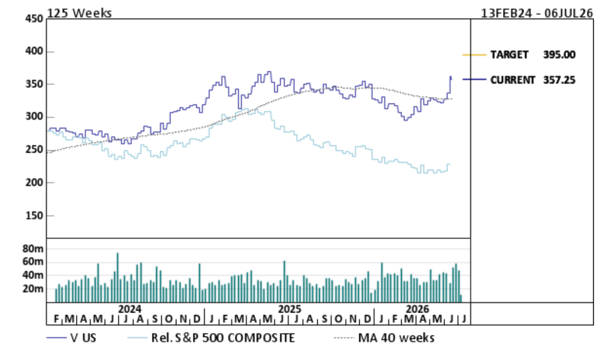
Valuation

Our price target of $395 is based on 29x our CY26 EPS estimate of $13.61, 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

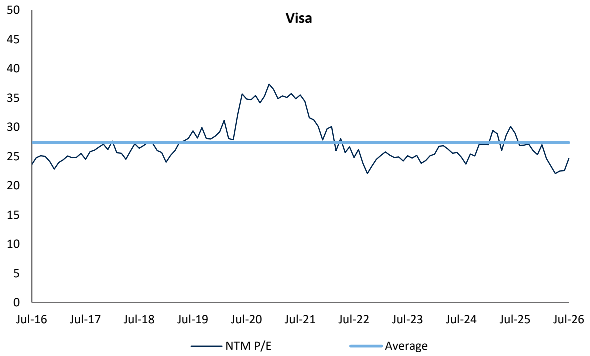
Risks to rating and price target include: (1) a persistent slowdown in payment volumes and cross-border travel as a result of macro conditions; (2) increased regulatory scrutiny; and (3) pushback from large financial institutions on pricing.

Exhibit 56 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 57 - 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

Rating: Outperform	**Closing Price: USD 80.37**
Price Target: USD 96.00	**Implied All-in Return (%): 22.4**

Investment summary

We rate Xcel Outperform with a PT of $96. 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%).

Valuation

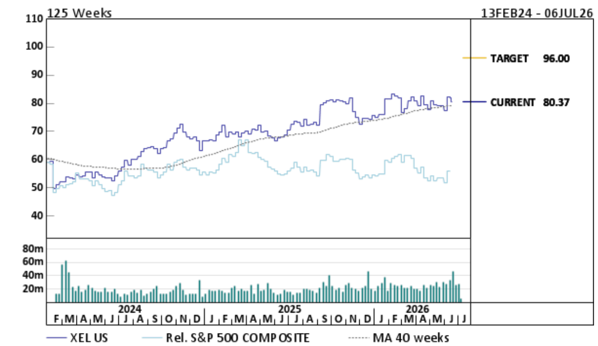
Our $96 PT is based on a SOTP approach using our 2029 estimates, which reflects: (1) a 10% premium to regulated electric peers for PSCO; (2) a 5% premium to regulated electric peers for NSPM; (3) a 7.5% premium to regulated electric peers for SPS; (4) a 15% premium to regulated electric peers for NSPW; and (5) an 8.1% premium to an electric peer group average multiple for parent drag. Our $96 price target implies a consolidated 17.5x 2029E P/E which represents an 8.2% premium to the group at 16.1x. Our price target supports our Outperform rating.

Risks to rating and price target

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

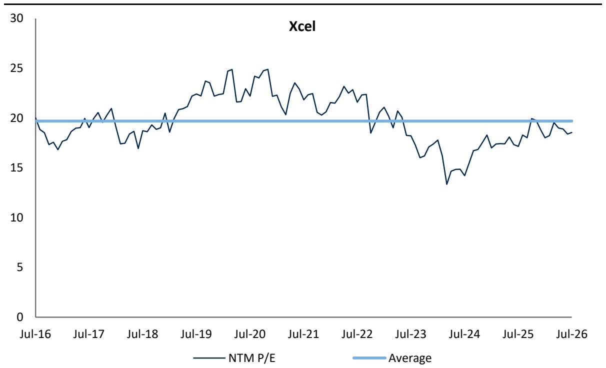
Upside risks to rating and price target include: (1) incremental generation above the 5-10GW needed at SPS and 5-14GW needed at PSCO; and (2) regulatory improvement in less favorable jurisdictions such as CO.

Exhibit 58 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 59 - Forward consensus P/E history



Source: Factset

Most recent company note: link

Required disclosures

Non-U.S. analyst disclosure

One or more research analysts involved in the preparation of this report (i) may not be registered/qualified as research analysts with the NYSE and/or FINRA and (ii) may not be associated persons of the RBC Capital Markets, LLC and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's "sector" is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

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

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

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

Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.

Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

Risk Rating: The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of Ratings
RBC Capital Markets, Equity Research

As of 06-30-2026

			Investment Banking Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [Outerform]	**927**	**57.94**	**290**	**31.28**
HOLD [Sector Perform]	**626**	**39.12**	**161**	**25.72**
SELL [Underperform]	**47**	**2.94**	**3**	**6.38**

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to https://www.rbccm.com/global/file-414164.pdf or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.

For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link:
https://rbcnew.bluematrix.com/sellside/MAR.action

The 12 month history of Quick Takes can be viewed at https://www.rbcinsightresearch.com/.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

Disclaimer