

RBC Global Asset Management

RBC GAM long-term capital market assumptions 2026 update

APRIL 2026







Eric Savoie, CFA, MBA, CMT

Senior Investment Strategist
RBC Global Asset Management Inc.



Aaron Ma, MBA, CFA

Associate Investment Strategist
RBC Global Asset Management Inc.

Investor sentiment has waned since the start of the new year with the outbreak of war in Iran and against a backdrop of concerns related to artificial intelligence (AI) disruption and heightened trade-policy uncertainty. The murky macro environment and barrage of geopolitical headlines have stoked financial-market volatility. While there are valid causes for concern in the near term, it is important to remain focused on the powerful multi-decade upward trends in economic and corporate profit growth. These secular trends are unlikely to be meaningfully altered by current events and, in general, equity markets' long-term return potential is largely influenced by the extent to which valuations have priced in these forces. Looking through a long-term lens, we forecast mid-single digit returns in fixed income, and mid-to-high single digit returns in stocks, with the higher end of that range being in regions where valuations are relatively appealing.

This year followed another great year for equities and risk assets. 2025 was the third year in a row of double-digit gains for the S&P 500 with annualized return of 23% over the last three years. Corporate and high yield credit spreads narrowed and ended the year near all-time tights. Financial markets were not without turbulence last year as investors cycled through worries including tariffs and their impacts, recession risk, questions around AI return on investment, financial bubble risk, Fed independence and the potential end of American exceptionalism.

The most consequential risk for markets in 2025 was President Trump's April 2nd announcement of sweeping tariffs on U.S. trade partners which caused a sharp decline in the S&P 500. The drop brought the U.S. stock market just shy of reaching the 20% drawdown threshold that defines a bear market. Markets quickly recovered and set the stage for a powerful rally after Trump relented on the "Liberation Day" tariffs a week later.

In the face of all the above-mentioned challenges, the economy continued to grow last year at a slightly above-trend rate as the tariff headwind proved smaller than feared and fiscal stimulus provided helpful partial offset. Inflation, though still above the 2% level targeted by most central banks, remained fairly calm amid massive tariff hikes. The stability in inflation combined with labour market softness later in the year allowed the U.S. Federal Reserve (Fed) to resume its monetary easing cycle in September after a pause of almost nine months, lowering its policy rate by a total of 75 basis points, through three consecutive 25 basis point cuts, to 3.75%.

The AI theme became even more prominent in 2025 with rapid advancement in capability and ever larger sums of money being committed by the AI hyperscalers to build the physical infrastructure required to scale the technology. AI capital expenditures by the Magnificent 7 mega-cap tech companies grew over 60% in 2025 to over US \$375 billion which drove tremendous gains in these stocks and the S&P 500. Equity markets outside of the U.S. performed even better as earnings broadened out to other regions.

Sovereign bond yields were range bound in many major markets in 2025 with Japanese yields being the main exception. Japanese 10-year bond yields almost doubled, rising 97 basis points to finish the year at 2.06% as economic growth and inflation picked up and large fiscal spending plans were revealed. All asset classes posted positive returns in 2025 led by gold, developed market and emerging market stocks (Exhibit 1). Real Estate Investment Trusts (REITS), U.S. small cap stocks and commodities were the worst performers. Over a long-term horizon, we remain constructive on the outlook for investment returns across

a broad range of asset classes over the next decade and beyond, although we recognize that return potential has moderated somewhat given the scale of recent gains.

Regular gyrations and sometimes violent swings characterize financial markets and asset prices in the near term, but predicting these short-term moves with any great accuracy is extremely difficult. Long-term historical trends tend to be far more stable and dependable, serving as an important anchor for forecasts as markets often return to a more equilibrium/normal state with enough time.

Exhibit 1: Asset performance

Calendar year total return the next decade and beyond

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
27% Small Cap	31% Emerging Markets	0% Aggregate Bonds	31% Value	33% Growth	41% REITS	24% Commodities	29% Growth	35% Growth	64% Gold
21% Mid Cap	27% Growth	-1% Growth	31% Large Cap	25% Gold	39% Commodities	-1% Gold	26% Large Cap	27% Gold	35% Developed Markets
18% Value	26% Developed Markets	-1% TIPS	31% Growth	18% Large Cap	31% Growth	-5% Value	22% Value	25% Large Cap	26% Emerging Markets
12% Emerging Markets	22% Large Cap	-2% Gold	29% REITS	15% Emerging Markets	29% Large Cap	-12% TIPS	18% Developed Markets	14% Mid Cap	21% Growth
12% Large Cap	16% Mid Cap	-5% Large Cap	26% Mid Cap	14% Mid Cap	27% Small Cap	-13% Aggregate Bonds	16% Mid Cap	12% Value	18% Large Cap
10% Commodities	15% Value	-6% REITS	23% Small Cap	11% Small Cap	25% Value	-13% Mid Cap	16% Small Cap	11% Emerging Markets	13% Value
9% REITS	13% Small Cap	-8% Small Cap	23% Developed Markets	11% TIPS	25% Mid Cap	-15% Developed Markets	13% Gold	9% Small Cap	7% Mid Cap
8% Gold	13% Gold	-9% Value	21% Emerging Markets	10% Developed Markets	12% Developed Markets	-16% Small Cap	12% REITS	9% Commodities	7% Aggregate Bonds
7% Growth	5% REITS	-11% Mid Cap	18% Gold	7% Aggregate Bonds	6% TIPS	-18% Emerging Markets	9% Emerging Markets	5% REITS	7% TIPS
5% TIPS	4% Commodities	-14% Commodities	16% Commodities	2% Value	1% Emerging Markets	-18% Large Cap	6% Aggregate Bonds	3% Developed Markets	6% Commodities
3% Developed Markets	4% Aggregate Bonds	-15% Developed Markets	8% Aggregate Bonds	-5% REITS	-2% Aggregate Bonds	-26% REITS	4% TIPS	2% TIPS	6% Small Cap
2% Aggregate Bonds	3% TIPS	-15% Emerging Markets	8% TIPS	-24% Commodities	-4% Gold	-29% Growth	-6% Commodities	1% Aggregate Bonds	3% REITS

Note: As of December 2025. Total return shown in U.S. dollars based on the following ETF tickers: large cap (SPY), mid cap (IJH), small cap (IJR), growth (IUSG), value (IUSV), emerging markets (VWO), developed markets (VEA), aggregate bonds (AGG), REITS (VNQ), commodities (GSG), TIPS (TIP), gold (GLD). Source: Bloomberg, RBC GAM

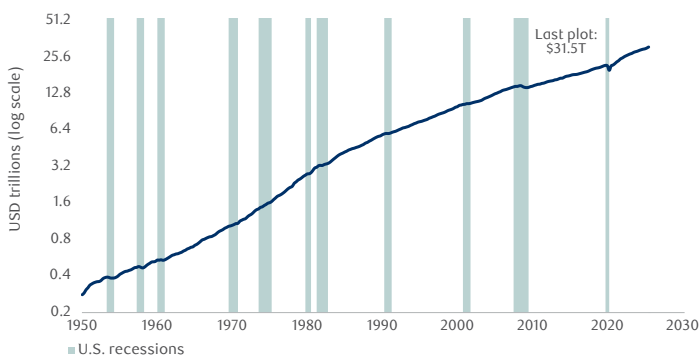


Two long-term trends are especially powerful: the continuous expansion of the economy and the incredible earnings power of corporations and its contribution to stock market gains. Exhibit 2 plots U.S. nominal GDP since 1950 in which the line in the chart moves up and to the right seemingly unbothered by even the 11 economic recessions within the timeframe. Likewise, the lines representing the S&P 500 Index and its earnings per share in Exhibit 3 also clearly travel towards the top-right corner, albeit with more twists and turns, despite having experienced eight

bear markets (price decline of 20% or more) over the same 75-year period. Crucially, the economy, the stock market and corporate profits have never failed to recover from recessions or bear markets and return to their ascending path. Since the 1950s, U.S. nominal GDP has grown at over 6% per year, stocks returned close to 11% per year on a total-return basis and earnings rose over 6% per annum. These enduring trends are central to our thinking and underpin our assumptions for long-term forecasting.

Exhibit 2: U.S. nominal GDP

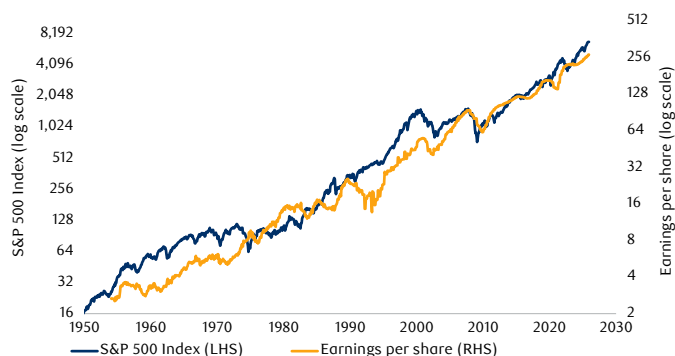
U.S. dollars, seasonally adjusted annual rate (SAAR)



Note: As of December 31, 2025. Source: Bureau of Economic Analysis

Exhibit 3: S&P 500 Index

Monthly data

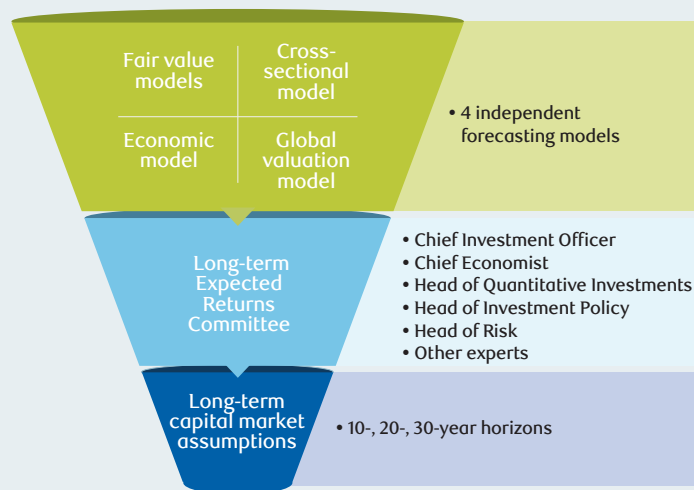


Note: As of December 31, 2025. Source: RBC GAM

With these long-term trends in mind, and using a collection of four distinct models, RBC GAM’s Long-Term Expected Returns Committee (LTERC) generates capital-market assumptions spanning the next 10-, 20- and 30-year periods (Exhibit 4). Each model operates independently but shares a common approach of employing forward-looking parameters in the context of historical results and empirical relationships to provide a long-term view on asset classes. The underlying core assumptions, starting points and calculations differ by model but with a common goal of arriving at multidecade return forecasts for various asset classes. Details of these models are beyond the scope of this paper, but one point of common ground across the models is that the starting point of the forecast is critical. While long-term trends and predictions about the future tend to move glacially, financial markets can swing wildly from year to year or even month to month, and performance ultimately hinges on both the beginning and end point of the investment horizon.

Exhibit 4: Long-term expected returns committee

Multi-model comprehensive approach



Source: RBC GAM

Cash and short-term money market instruments currently offer positive real (or after-inflation) returns for investors, a state in place since the spring of 2023 but rare since the 2008-2009 Global Financial Crisis (GFC). Aggressive interest-rate hikes by central banks in 2022 and 2023 in response to rapid inflation boosted overnight lending rates to a maximum of 5.50% in the U.S. and not far below that in many other developed markets. Many central banks began to cut interest rates in 2024 after significant progress was made on bringing inflation back to targeted levels. The upper-bound of the U.S. federal funds rate now sits at 3.75% after three 25-basis point cuts late last year after a nine month pause, a level that still exceeds inflation and therefore offers investors a positive real return.

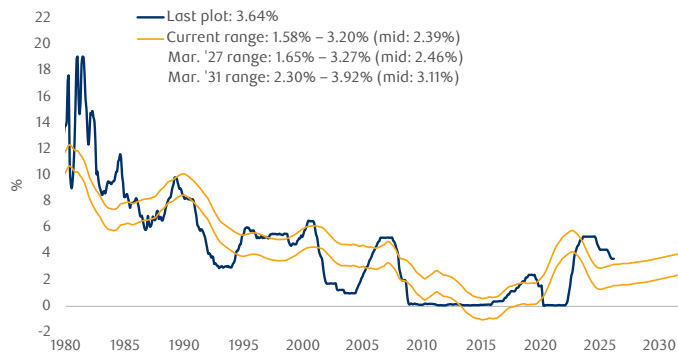
In our view, the near-zero cash return era immediately following the GFC was highly unusual and unlikely to be repeated. We expect long-term returns for cash to exceed the expected rate of inflation going forward. Most of our cash return forecasts are now only marginally below the current short-term interest rates and last year’s long-term forecasts after the latest round of interest rate cuts. We believe most central banks have either completed their rate cutting campaigns or are close to doing so as the current level of interest rates approaches the estimated long-term neutral rate that neither stimulates nor stifles the economy. The U.S. federal funds rate is currently sitting slightly above the upper bound of our modelled equilibrium and would fall within the equilibrium range should the Fed cut rates by 50 basis points by 2027 as the Federal Open Market Committee expects (Exhibit 5). We expect returns for cash to be around 3% per year if held over the longer term as interest rates,

over the course of various cycles, will likely average around the long-term neutral rate.

Bond yields also rose by a meaningful amount since the first rate hike in 2022 and are now situated in the historical yield range (Exhibit 6). This adjustment was unsettling for bondholders in 2022, but it set up much better return potential going forward. The yield-to-maturity on the U.S. 10-year Treasury bond has historically been an outstanding predictor of what an investor would earn from buying and holding this bond for the full term. Looking at over 150 years of history, yields on the 10-year Treasury bond have mostly held in a range from 2% - 5%. The U.S. 10-year yield fell 40 basis points to 4.17% in 2025 which was the first annual decline for the 10-year yield since 2020 and is broadly in line with long-term history. Pulled in different directions by the latest headlines on tariffs, AI, growth and inflation, the 10-year yield was remarkably stable, mostly trading in a range of 4.0% to 4.8%. Weaker labour market data in the back half of the year pushed yields lower to end the year. Consequently, fixed-income returns were solid in 2025, benefitting from both capital appreciation and coupon return. Our latest sovereign bond forecasts are little changed from last year as the marginally lower starting point for yields was at least partially countered by an adjustment to the cost of capital assumptions embedded in our real yield forecasting model. Importantly, our return forecast for government bonds is highly dependent on the yield-to-maturity at the time of the forecast. As a result, any increase in yields would result in a corresponding upgrade to our fixed-income return forecast and vice versa.

Exhibit 5: U.S. fed funds rate

Equilibrium range



Note: As of March 31, 2026. Source: Federal Reserve, RBC GAM

Exhibit 6: U.S. 10-year Treasury note and returns

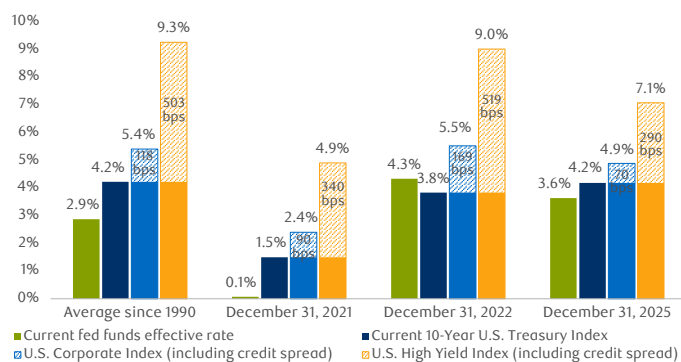


Note: As of March 31, 2026. Source: Deutsche Bank, Macrobond, RBC GAM

For corporate and high yield bonds, a key additional consideration is credit spreads—the extra yield above what government benchmark bonds offer. Spreads continued to narrow in 2025 and are now significantly tighter than they were at the end of 2022 as investors accept the least compensation for the credit risk associated with holding corporate bonds since the late-1990’s (Exhibit 7 and 8). Investment grade (IG) corporate bonds and high yield (HY) bonds are richly valued on this basis with the IG spread at 70 basis points versus the average of 118 basis points, and HY spread at 290 basis points versus the average of

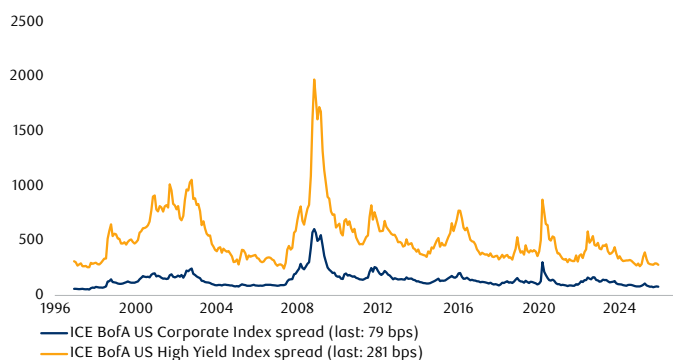
503 basis points. A lower spread reduces the all-in yield, or compensation, available to investors on corporate and high-yield bonds, and any spread widening towards the average would be harmful to returns as widening takes place but improves the setup for future returns. As a result, most of our return forecasts for corporate and high-yield bonds struck at the end of December 2025 were reduced compared to a year ago. That said, we recognize that any widening in spread resulting from uncertainty related to the war in Iran would boost the return potential for corporate bonds.

Exhibit 7: Yield to maturity



Note: Current spread as of December 31, 2025. Shaded areas within the bars indicate the yield spread versus the U.S. 10-year Treasury bond yield. Source: ICE BofA, RBC GAM

Exhibit 8: U.S. corporate and high yield spreads



Note: As of December 31, 2025. Source: Bloomberg, ICE BofA, Bloomberg, RBC GAM

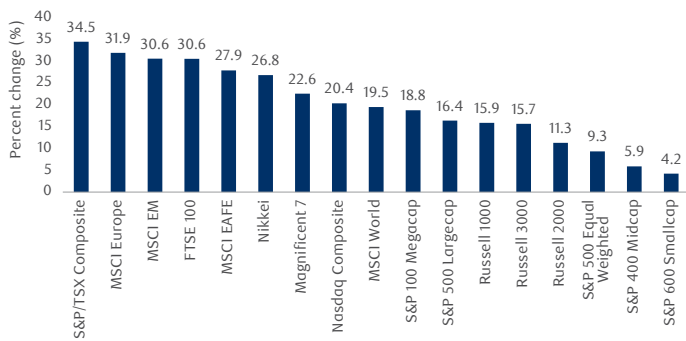


Global equities had another excellent year in 2025 with the MSCI World Index registering a 21.1% gain after two outstanding years with returns of 18.7% in 2024 and 23.8% in 2023. However, unlike in 2023 and 2024, equity returns last year broadened out to markets outside of the U.S. and were no longer as reliant on U.S. large-cap growth stocks (Exhibit 9). While the “Magnificent 7” U.S. mega-cap technology stocks delivered solid returns of 22.6%, equity markets outside the U.S. demonstrated superior performance across multiple regions. Six major non-U.S. indexes outperformed, with returns ranging from Japan’s Nikkei 225 Index at 26.8% to Canada’s S&P/TSX Composite Index at 34.5%. This outperformance was distributed across developed markets (Canada, Europe, U.K., Japan, and developed ex-North America) and emerging markets. The broad advance in equities lifted our composite of global stock markets to

13.2% above fair value, compared to 6.0% above fair value at the end of 2024 (Exhibit 10). Even excluding the most overvalued U.S. equity market, the global stock market is now approaching fair value at a discount of 9.5%. Compared to U.S. equities, non-U.S. markets remain more appealing on a valuation basis.

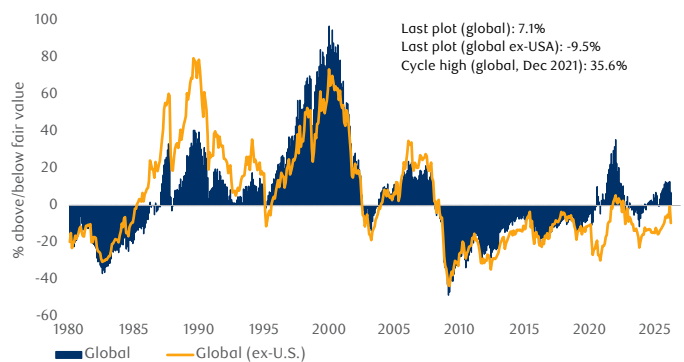
While initial valuation levels provide limited predictive value for short- to medium-term performance, they serve as a fundamental driver of equity investment returns over extended time horizons. Exhibit 11 demonstrates that one-year forward returns exhibit substantial variation regardless of market valuation levels, resulting in minimal predictive capability. Conversely, extending the time horizon to 20 years reveals that S&P 500 valuation accounts for nearly 70% of the index's subsequent realized returns (Exhibit 12).

Exhibit 9: Major indices’ price change in USD
2025 calendar year



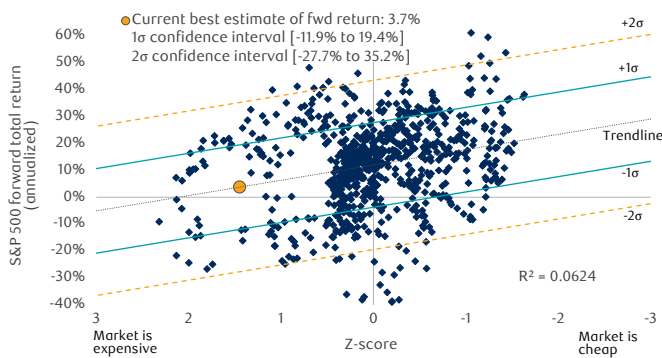
Note: Magnificent 7 includes Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta and Tesla. Source: Bloomberg, RBC GAM

Exhibit 10: Global stock market composite
Equity market indexes relative to equilibrium



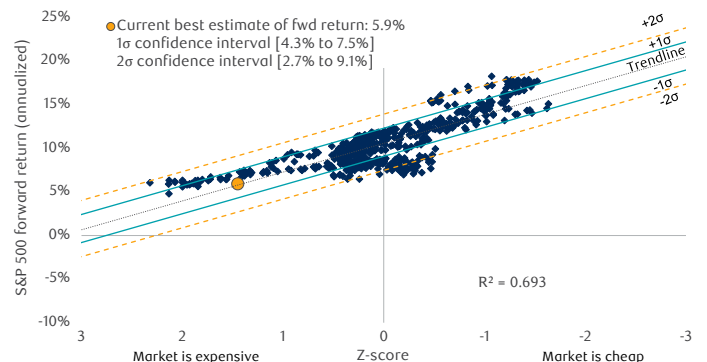
Note: As of March 31, 2026. Source: RBC GAM

Exhibit 11: S&P 500 return versus average valuation metric z-score – 1-year forward total returns



Note: Z-score = number of standard deviations above/below equilibrium. Source: RBC GAM

Exhibit 12: S&P 500 return versus average valuation metric z-score – 20-year forward returns



Note: Z-score = number of standard deviations above/below equilibrium. Source: RBC GAM

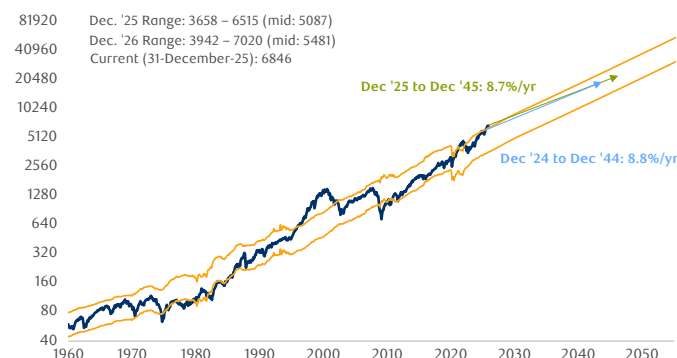
The upward-sloping trendline indicates that undervalued markets generate superior returns relative to overvalued ones. Today's valuation stands at a z-score of 1.4 versus -1.2 during the March 2009 GFC bottom. As the z-score has shifted from deeply negative (significantly undervalued) to more fully valued, average expected total annual returns have declined along the trend line. This z-score progression since the GFC has lowered 20-year forward expected returns from 15.7% to 5.9%.

Our equity valuation model establishes present and prospective fair-value targets for key indices using earnings, inflation, and interest rate inputs across multiple time horizons (Exhibit 13). This model is one of the inputs to RBC GAM's overall expected return forecasts for stocks. The expected return is computed as the rate of return required to get from current index value to fair value at the end of the forecast horizon. Given the stability of these inputs and their market relationships, the fair-value range remains relatively consistent over extended periods. Consequently, initial price levels constitute the primary driver of return forecasts. Following exceptional U.S. equity performance, the S&P 500 now trades above its fair-value channel. While this elevated starting point would typically compress forward return expectations, significant upward earnings revisions have lifted the fair-value band, counteracting this headwind. Should developments in AI lead to faster productivity growth and higher corporate profit margins, it is possible that earnings rise rapidly enough to justify the premium being paid by investors. In this positive scenario, our forecasts could be understating the true return potential for the U.S. large-cap equity market.

Asset mix and balanced portfolio implications

Comparing our return expectations across the various asset classes, we acknowledge that the attractiveness of U.S. stocks versus government bonds has diminished following three years of outsized gains in the U.S. large-cap equity market. The spread between our expected returns on U.S. stock and bonds (i.e. the equity risk premium) is currently in negative territory and has fluctuated around zero since the spring of 2024 (Exhibit 14). A negative equity risk premium means that, in the event that rapid corporate profit growth fails to be sustained, equity investors may not be adequately rewarded for assuming the additional investment risk associated with holding stocks versus bonds.

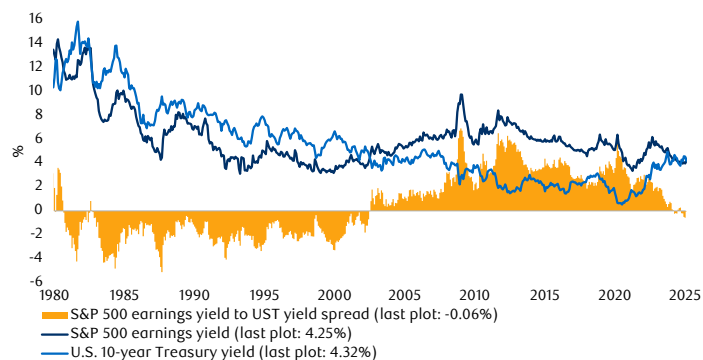
Exhibit 13: S&P 500 equilibrium
Normalized earnings & valuations



Source: RBC GAM

“The spread between our expected returns on U.S. stock and bonds is currently in negative territory and has fluctuated around zero since the spring of 2024.”

Exhibit 14: S&P 500 earnings yield
12-month trailing earnings/index levels



Note: As of March 31, 2026. Source: RBC GAM

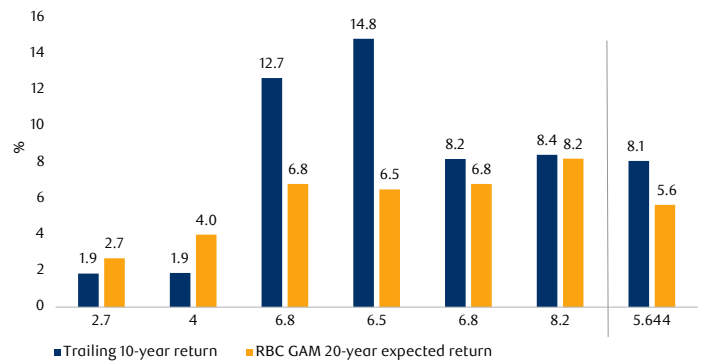
Based on current and projected interest rates, bond yields, stock prices, and economic and corporate earnings trajectories, our latest long-term return forecasts struck at the end of December 2025 anticipate low-single digit cash returns, mid-single digit fixed income performance, and mid- to high-single digit equity returns. A sample balanced portfolio with our updated return expectations is expected to generate an annualized return of 5.6% over the next 20 years, which is materially less than the 8.1% actual return achieved over the last decade (Exhibit 15). Current elevated equity valuations translate to lower equity return expectations compared to what we have been accustomed to over the last decade but should be partially offset by higher expected returns on fixed income resulting from higher yields.

The U.S. benchmark S&P 500 Index produced an annualized return of 14.8% over the last 10 years but we expect the normalization of rich valuations to pare returns to 6.5% over the next 20 years. Mean reversion in valuation should affect emerging market stocks the least with the trailing 10-year return roughly equal to our 20-year expected return forecast of 8.2%.

In contrast, long-term expected returns for sovereign fixed income and cash exceed returns achieved over the last decade. Short-term and long-term interest rates are now higher, more in line with historical average levels, compared to the unusually low rates experienced in the post-GFC period.

This upward adjustment in interest rates and mean reversion in equity valuations should reduce the performance gap between bonds and stocks and contribute more equally to the return of balanced funds.

Exhibit 15: Sample balanced fund asset class returns and long-term expected returns



Note: As of December 31, 2025. Sample balanced fund weights: 2% FTSE Canada 30 day T-Bill Index, 38% FTSE Canada Universe Bond Index, 21% S&P/TSX Composite, 22% S&P 500 Index, 13% MSCI EAFE Index and 4% MSCI Emerging Markets Index. Source: Bloomberg, RBC GAM



Asset assumptions

Annualized return expectation

Fixed Income	Reference Index	As of	As of	Change	As of	As of	Change	As of	As of	Change
		Dec. 2024	Dec. 2025		Dec. 2024	Dec. 2025		Dec. 2024	Dec. 2025	
		10-year ER (%)	10-year ER (%)		20-year ER (%)	20-year ER (%)		30-year ER (%)	30-year ER (%)	
US Cash	FTSE CD 1 Month Index	3.30	3.35	▲ 0.05	3.25	3.25	▲ 0.00	3.25	3.20	▼ -0.05
CDN Cash	FTSE Canada 30 day T-Bill Index	2.90	2.80	▼ -0.10	2.90	2.70	▼ -0.20	2.90	2.65	▼ -0.25
GBP Cash	FTSE U.K. Sterling Euro Deposit (1M) (LOC)	3.50	3.10	▼ -0.40	3.30	2.85	▼ -0.45	3.25	2.70	▼ -0.55
Euro Cash	FTSE Euro Euro Deposit (1M) (LOC)	2.00	1.55	▼ -0.45	2.00	1.40	▼ -0.60	2.05	1.40	▼ -0.65
Japan Cash	FTSE Japanese Yen Euro Deposit (1M) (LOC)	0.70	0.60	▼ -0.10	0.60	0.35	▼ -0.25	0.75	0.40	▼ -0.35
EM Cash	JP Morgan ELM1+	3.95	3.75	▼ -0.20	3.95	3.75	▼ -0.20	3.95	3.75	▼ -0.20
CDN Provincial Bonds	FTSE Canada Provincial Bond Index	4.35	4.25	▼ -0.10	3.90	4.10	▲ 0.20	3.80	4.00	▲ 0.20
CDN Federal Bonds	FTSE Canada Federal Bond Index	3.55	3.80	▲ 0.25	3.20	3.65	▲ 0.45	3.10	3.55	▲ 0.45
CDN Government Bonds	FTSE Canada All Government Bond Index	3.95	4.05	▲ 0.10	3.55	3.90	▲ 0.35	3.45	3.80	▲ 0.35
CDN Corporate Bonds	FTSE Canada All Corporate Bond Index	4.60	4.40	▼ -0.20	4.35	4.30	▼ -0.05	4.25	4.25	▲ 0.00
CDN Universe Bonds	FTSE Canada Universe Bond Index	4.15	4.15	▲ 0.00	3.75	4.00	▲ 0.25	3.65	3.90	▲ 0.25
US Government Bonds	ICE BofA 1-10 Year U.S. Treasury Index	4.80	4.60	▼ -0.20	4.20	4.40	▲ 0.20	4.05	4.35	▲ 0.30
US Corporate Bonds	ICE BofA 1-10 Year U.S. Corporate Index	5.40	5.15	▼ -0.25	4.90	4.95	▲ 0.05	4.80	4.85	▲ 0.05
UK Government Bonds	ICE BofA 1-10 Year U.K. Gilt Index	5.05	4.90	▼ -0.15	4.35	4.40	▲ 0.05	4.20	4.20	▲ 0.00
UK Corporate Bonds	ICE BofA 1-10 Year Sterling Corporate Index	5.95	5.85	▼ -0.10	5.45	5.30	▼ -0.15	5.30	5.05	▼ -0.25
Euro Government Bonds	Iboxx EUR Sovereigns	3.80	3.65	▼ -0.15	3.30	3.30	▲ 0.00	3.20	3.15	▼ -0.05
Euro Corporate Bonds	Iboxx EUR Corporates	4.75	4.50	▼ -0.25	4.35	4.05	▼ -0.30	4.25	3.85	▼ -0.40
Asian Bonds	HSBC Asian Local Bond Index LCL	2.00	2.30	▲ 0.30	2.00	2.30	▲ 0.30	2.00	2.30	▲ 0.30
World Government Bonds	FTSE WGBI	4.40	4.75	▲ 0.35	3.60	3.75	▲ 0.15	3.45	3.65	▲ 0.20
HY Bonds	ICE BofA U.S. High Yield Index	6.00	6.15	▲ 0.15	5.75	6.00	▲ 0.25	5.70	5.95	▲ 0.25
EM Bonds	JPM EMBI Global Diversified USD	5.75	5.25	▼ -0.50	5.40	5.25	▼ -0.15	5.35	5.30	▼ -0.05
Global Bonds	Bloomberg Global Aggregate Bond Index	4.75	4.60	▼ -0.15	4.25	4.30	▲ 0.05	4.15	4.20	▲ 0.05
Equities		10-year ER (%)	10-year ER (%)		20-year ER (%)	20-year ER (%)		30-year ER (%)	30-year ER (%)	
CDN Equities	S&P/TSX Composite	7.25	6.05	▼ -1.20	7.55	6.80	▼ -0.75	7.70	6.95	▼ -0.75
U.S. Equities	S&P 500	4.40	4.80	▲ 0.40	6.05	6.50	▲ 0.45	6.85	7.35	▲ 0.50
U.S. Mid Caps	S&P 400	8.15	8.60	▲ 0.45	7.90	8.05	▲ 0.15	7.65	7.70	▲ 0.05
U.S. Small Caps	S&P 600	9.60	10.40	▲ 0.80	8.70	9.05	▲ 0.35	8.30	8.40	▲ 0.10
U.K. Equities	FTSE All-Share	8.90	7.55	▼ -1.35	8.40	7.50	▼ -0.90	8.05	7.35	▼ -0.70
Europe Equities ex UK	MSCI Europe ex U.K. LCL	8.50	7.50	▼ -1.00	8.20	7.35	▼ -0.85	7.90	7.30	▼ -0.60
Asian Equities	MSCI AC Asia Pac LCL	6.10	5.45	▼ -0.65	6.10	5.90	▼ -0.20	6.35	6.35	▲ 0.00
Asia ex. Japan Equities	MSCI AC Asia Pacific ex. Japan	10.05	8.95	▼ -1.10	8.50	8.45	▼ -0.05	8.20	8.45	▲ 0.25
China Equities	MSCI China	9.25	6.85	▼ -2.40	7.90	6.60	▼ -1.30	7.20	6.40	▼ -0.80
Japan Equities	Nikkei 225 Average PR JPY	5.95	4.75	▼ -1.20	5.55	4.90	▼ -0.65	5.50	5.15	▼ -0.35
Australian Equities	S&P/ASX 200	6.20	5.40	▼ -0.80	7.05	6.25	▼ -0.80	7.50	6.75	▼ -0.75
Developed Markets (World)	MSCI World	5.60	5.40	▼ -0.20	6.40	6.35	▼ -0.05	6.75	6.80	▲ 0.05
EM Equities	MSCI EM LCL	9.35	7.85	▼ -1.50	9.30	8.20	▼ -1.10	10.10	9.15	▼ -0.95
EAFE Equities	MSCI EAFE	8.10	6.85	▼ -1.25	7.65	6.80	▼ -0.85	7.45	6.85	▼ -0.60

Notes: Asset assumptions as of December 31, 2025.

1. Fixed income indices may have compositional differences which could impact the comparability of return expectations between regions.
2. Fewer of our models contribute to forecasts for U.S. small cap and U.S. mid cap equities and, as a result, less breadth of information is contained in these figures as compared to other asset classes.
3. History suggests that asset valuations at the onset of an investment holding period have a meaningful impact to subsequent realized returns over long horizons.

Disclosure

This material is provided by RBC Global Asset Management (RBC GAM) for informational purposes only and may not be reproduced, distributed or published without the written consent of RBC GAM or the relevant affiliated entity listed herein. RBC GAM is the asset management division of Royal Bank of Canada (RBC) which includes RBC Global Asset Management Inc. (RBC GAM Inc.), RBC Global Asset Management (U.S.) Inc. (RBC GAM-US), RBC Global Asset Management (UK) Limited (RBC GAM-UK), and RBC Global Asset Management (Asia) Limited (RBC GAM-Asia), which are separate, but affiliated subsidiaries of RBC.

In Canada, the material may be distributed by RBC GAM Inc., (including PH&N Institutional), which is regulated by each provincial and territorial securities commission. In the United States (US), this material may be distributed by RBC GAM-US, an SEC registered investment adviser. In the United Kingdom (UK) the material may be distributed by RBC GAM-UK, which is authorised and regulated by the UK Financial Conduct Authority (FCA), registered with the US Securities and Exchange Commission (SEC), and a member of the National Futures Association (NFA) as authorised by the US Commodity Futures Trading Commission (CFTC). In the European Economic Area (EEA), this material may be distributed by BlueBay Funds Management Company S.A. (BBFM S.A.), which is regulated by the Commission de Surveillance du Secteur Financier (CSSF). In Germany, Italy, Spain and Netherlands the BBFM S.A. is operating under a branch passport pursuant to the Undertakings for Collective Investment in Transferable Securities Directive (2009/65/EC) and the Alternative Investment Fund Managers Directive (2011/61/EU). In Switzerland, the material may be distributed by BlueBay Asset Management AG where the Representative and Paying Agent is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. In Japan, the material may be distributed by BlueBay Asset Management International Limited, which is registered with the Kanto Local Finance Bureau of Ministry of Finance, Japan. Elsewhere in Asia, the material may be distributed by RBC GAM-Asia, which is registered with the Securities and Futures Commission (SFC) in Hong Kong. In Australia, RBC GAM-UK is exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of financial services as it is regulated by the FCA under the laws of the UK which differ from Australian laws. All distribution-related entities noted above are collectively included in references to “RBC GAM” within this material.

This material is not available for distribution to investors in jurisdictions where such distribution would be prohibited.

The registrations and memberships noted should not be interpreted as an endorsement or approval of RBC GAM by the respective licensing or registering authorities.

This material does not constitute an offer or a solicitation to buy or to sell any security, product or service in any jurisdiction; nor is it intended to provide investment, financial, legal, accounting, tax, or other advice and such information should not be relied or acted upon for providing such advice. Not all products, services or investments described herein are available in all jurisdictions and some are available on a limited basis only, due to local regulatory and legal requirements. Additional information about RBC GAM may be found at www.rbcgam.com. Recipients are strongly advised to make an independent review with their own advisors and reach their own conclusions regarding the investment merits and risks, legal, credit, tax and accounting aspects of all transactions.

Any investment and economic outlook information contained in this material has been compiled by RBC GAM from various sources. Information obtained from third parties is believed to be reliable, but no representation or warranty, express or implied, is made by RBC GAM, its affiliates or any other person as to its accuracy, completeness or correctness. RBC GAM and its affiliates assume no responsibility for any errors or omissions in such information. Opinions contained herein reflect the judgment and thought leadership of RBC GAM and are subject to change at any time without notice.

Some of the statements contained in this material may be considered forward-looking statements which provide current expectations or forecasts of future results or events. Forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Do not place undue reliance on these statements because actual results or events may differ materially.