RBC Global Asset Management

Market outlook

SPRING 2026

Bull market shaken by war

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The outbreak of war in Iran last month roiled financial markets: oil prices surged, sovereign-bond yields rose, and stocks sold off as investors weighed the possibility of higher inflation and weaker economic growth (exhibits 1 to 3). Fear gripped investors as evidenced by sentiment turning extremely pessimistic, and the VIX Index, which measures volatility, jumped to its highest reading since early 2025 (exhibits 4 and 5). The military conflict remains highly fluid and, in our view, the range of potential outcomes around our base case scenario has widened since the end of February. That said, we recognize that geopolitical shocks, even if they appear scary in the moment and cause significant asset-price volatility, don't often have long-lasting implications for the broader economy and financial markets. Of course, a significant escalation of the war and continued blockage of key oil-shipping routes would heighten threats to the economy and push up inflation. But it is also worth considering that the war could come to an abrupt end. In that case, the economic outlook would improve instantly.

Exhibit 1: WTI crude oil

$US/bbl

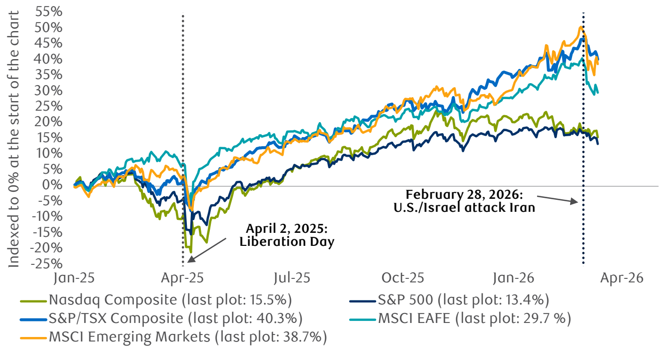
Note: As of March 12, 2026. Source: Bloomberg, RBC GAM

Exhibit 2: U.S. 10-year government bond yield

Note: As of March 12, 2026. Source : Bloomberg, RBC GAM

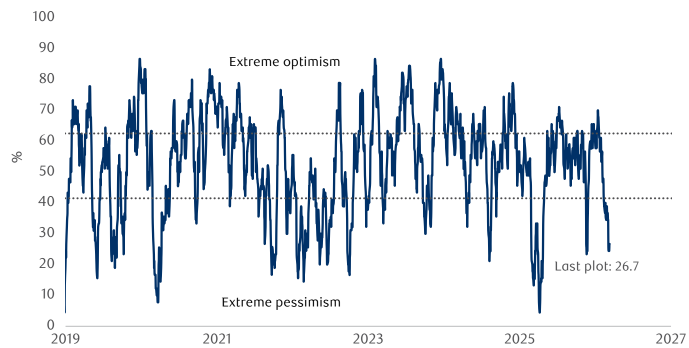
Exhibit 3: Major equity market indices

Cumulative price returns indices in USD



Note: As of March 12, 2026. Source: Bloomberg, RBC GAM

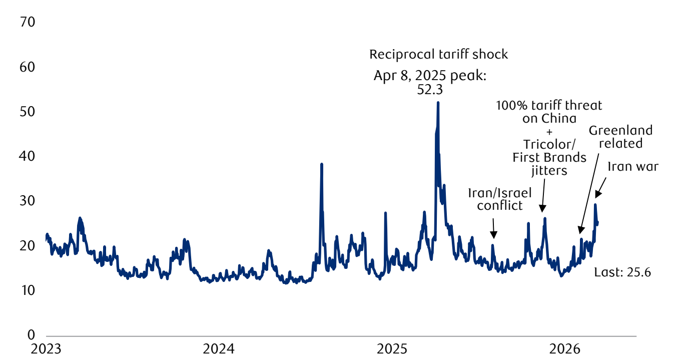
Exhibit 4: Ned Davis Research Daily Trading Sentiment Composite – Percent bulls



Note: As of March 11, 2026. Source: Ned Davis Research, RBC GAM

Our base case view is that the situation in the Middle East will not have a long-lasting impact on the economy. We expect growth to persist this year and next, supported in part by tremendous capital spending related to artificial intelligence (AI) and by expectations that the U.S. Federal Reserve (the Fed) will be able to resume interest-rate cuts in the second half of this year as inflation pressures abate. In this environment, we expect sovereign bonds to deliver low single-digit returns while offering protection should an economic downturn unfold. Stocks continue to offer the potential for superior returns versus fixed income, but they are not offering as much of an advantage as they have in the past, particularly U.S. large-cap stocks. We expect stocks to deliver mid-to-high single-digit returns over the year ahead, with higher returns achieved in regions outside of North America.

Exhibit 5: Volatility Index (VIX) – Chicago Board Options Exchange Market Volatility Index



Note: As of March 11, 2026. Source: Bloomberg, RBC GAM

In determining our recommended asset mix, we consider the balance of risks and opportunities over short and long-term horizons so that our portfolios can withstand a variety of scenarios. This quarter, we have kept our allocations to stocks, bonds and cash unchanged from the prior quarter, with a slight overweight in stocks and a small underweight in bonds. This positioning reflects a constructive base case view, albeit with a heightened uncertainty in the outlook and below-normal risk/reward in stocks versus bonds. Where we did make a change was in our regional equity positioning, increasing our overweight exposure to non-U.S. equities while reducing our U.S. equity allocation to a greater underweight. For a balanced global investor, our current recommended asset mix is 61.0% equities (strategic: "neutral": 60.0%), 38.0% bonds (strategic "neutral": 38.0%) and 2.0% cash.

Geopolitical shocks usually cause only brief market turbulence

A look at how financial markets behaved during past geopolitical shocks may provide a useful guide to how the current situation in Iran could unfold. We constructed a chart that captures the S&P 500 Index's reaction to 42 military conflicts and acts of war of varying length and intensity dating to World War II (Exhibit 6). The data includes the bombing of Hiroshima in 1945, Iraq's attempt to take over Kuwait in 1990 and Russia's invasion of Ukraine in 2022. T=0 on the chart marks the date the event took place, and we've plotted the S&P 500 over the 30 days leading up to the event and the 60 days afterward. The events were grouped into categories such as U.S. aggressor, U.S. target, assassinations, external events and acts of terrorism. The typical experience for these datapoints can be represented by the median, which is plotted for each of these categories separately as well as for all the events grouped together. The chart shows that the S&P 500's median experience was a decline of 3% over five days and the full recovery of losses within 12 days from the event start date. Our conclusion is that financial-market volatility associated with geopolitical shocks tends to be short-lived barring a significant escalation or prolonging of the situation.

A significant tailwind: AI capital expenditures

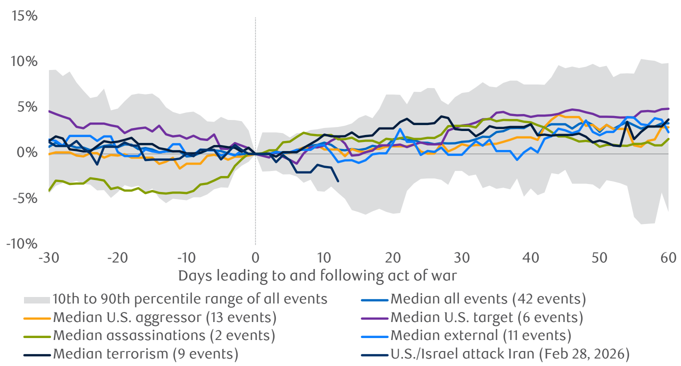
Aside from the war in Iran, the macroeconomic backdrop remains favourable. One of the key tailwinds for economic and corporate profit growth is the significant ramp-up in capital spending in artificial intelligence (AI). The seven biggest U.S. technology companies alone are planning to spend US$648 billion on capital expenditures next year, and the amount is forecast to rise as high as US$756 billion by 2028 (Exhibit 7). These numbers are up from just under US$100 billion in 2020 and suggest a rapidly growing need to build out computing capacity. This massive investment effort is benefiting a variety of sectors and industries beyond technology, including industrial, utility and energy companies.

Fed on pause, but is likely resumes rate cutting later this year

Rate cuts from 2025 are another boost to the economy and more could be coming in the second half of 2026. The reason the Fed is on hold again for now is that the two pieces of its dual mandate – ensuring maximum employment and price stability – are moving in opposite directions. Slowing job gains suggest more rate cuts, while inflation currently above the Fed's 2.0% target would tend to rule out further easing

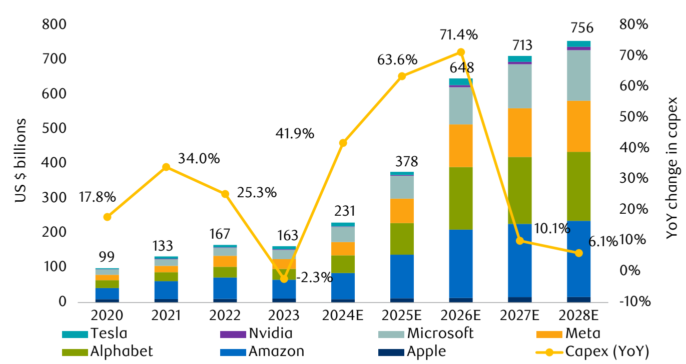
Exhibit 6: S&P 500 through acts of war since WW2

Indexed to 0% at date of event



Date: As of March 12, 2026. Chart captures 42 acts of war dating back to 1941. Full list of events captured in this chart can be found in the Appendix under Exhibit 6A. Source: Bloomberg, Macrobond, Ned Davis Research, RBC GAM

Exhibit 7: Magnificent 7 capital expenditures

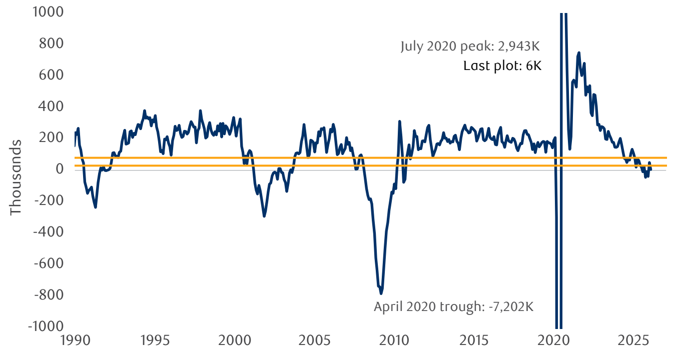


Note: As of March 11, 2026. Source: Bloomberg, RBC GAM (exhibits 8 and 9). The war in Iran further complicates the picture, as higher energy prices stemming from the conflict are an added source of inflationary pressure. The war-related spike in oil prices is unlikely to be sustained, in our view, allowing the Fed under new Chair Kevin Warsh to resume rate cuts later this year. The futures market aligns with this view and is pricing in 25 basis points to 50 basis points in Fed cuts over the year ahead (Exhibit 10). This indicator is roughly in line with our own forecast for 50 basis points of cuts between now and early 2027.

Government bonds offer low return potential, modest valuation risk

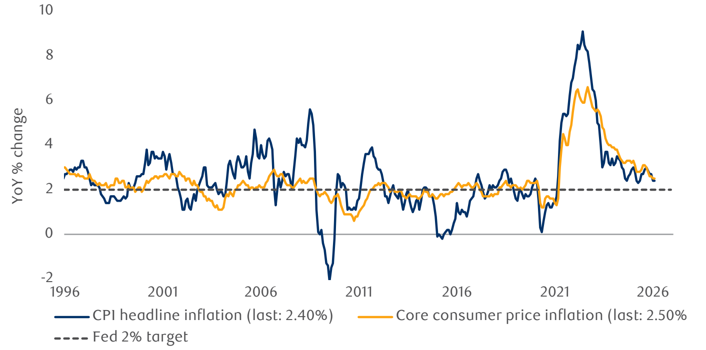
Sovereign-bond yields have fluctuated over the past quarter as investors weigh the effects of elevated government-debt levels and stimulative global fiscal policies amid an uncertain macroeconomic environment. The U.S. 10-year yield traded between 3.94% and 4.30% in the past quarter, ending the month of February toward the bottom of the range. But yields began climbing back toward the upper end of that range in early March as investors became concerned that the war in Iran could keep inflation higher for longer. At current levels, yields in all major regions that we track are above our modelled estimates of equilibrium and suggest only modest valuation risk (page 12).

Exhibit 8: United States
Monthly change in non-farm employment (3mma)



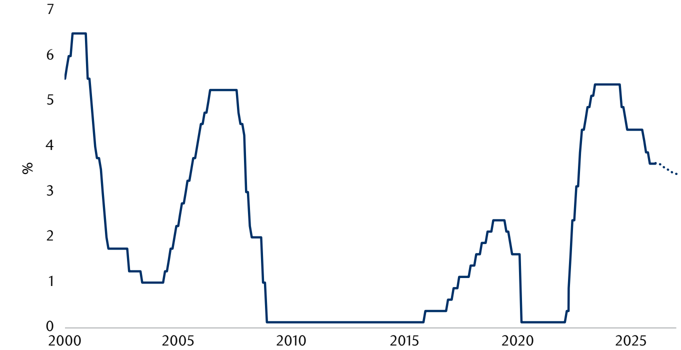
Note: As of February 2026. Source: Bureau of Labor Statistics

Exhibit 9: U.S. inflation measures



Note: As of January 31, 2026. Source: Bloomberg, RBC GAM

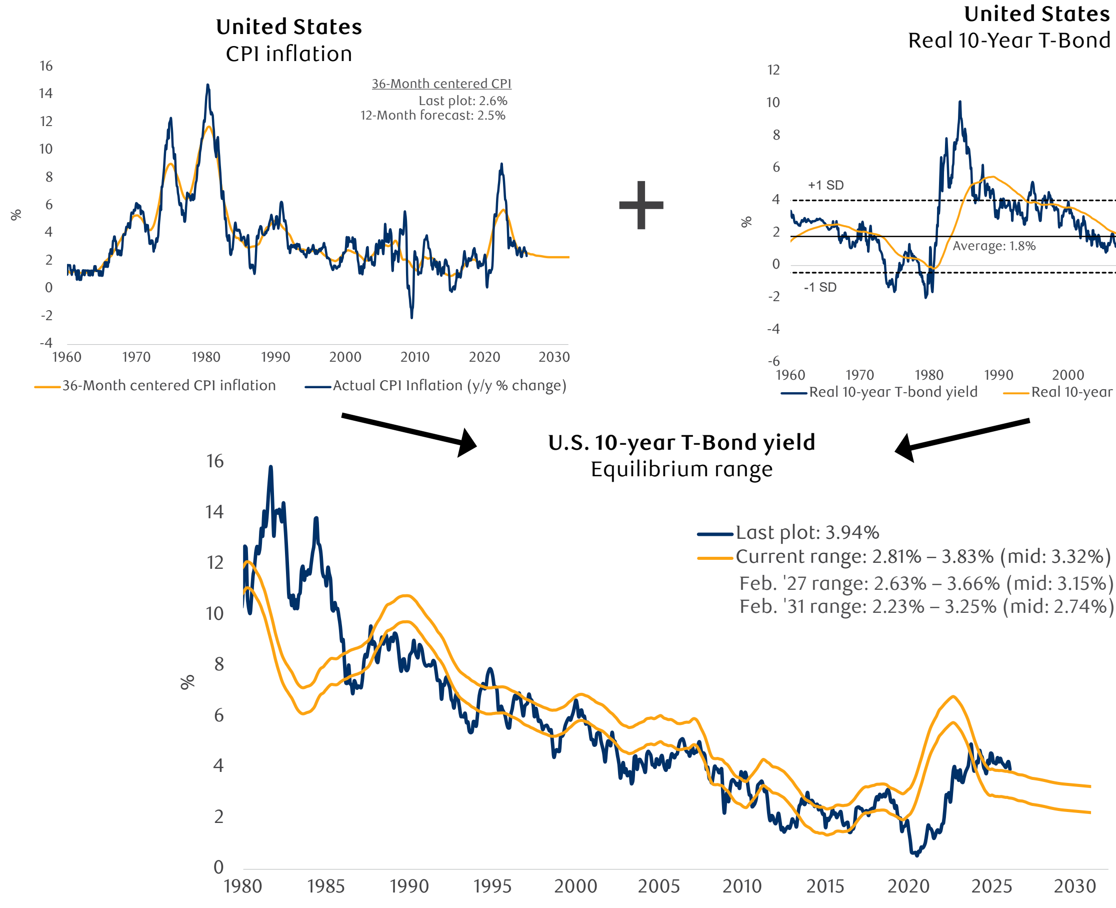
Exhibit 10: U.S. federal funds rate (mid)
With market-implied forecast



Note: Forecast, shown as dotted line, is based on futures. As of March 13, 2026. Source: Bloomberg, RBC GAM

Exhibit 11: U.S. 10-year bond yield

Fair-value estimate composition



Note: As of February 28, 2026. Source: RBC GAM

But yields are above our modelled estimate of equilibrium because investors are concerned about inflation risks and extremely elevated government-debt levels. Our modelled equilibrium yield for the U.S. 10-year Treasury stands at 3.3%, falling to 3.1% a year from now based on the expectation that inflation stabilizes around 2% and that real (i.e. after-inflation) yields decline by around 100 basis points over the next year (Exhibit 11). But the conflict in Iran could keep inflation pressures higher than expected, and higher real yields could be supported by ballooning government deficits amid debt-fueled fiscal spending. As a result, we expect yields to move sideways to slightly up over the year ahead, which would result in low-single digit returns.

Credit spreads may remain compressed for a prolonged period

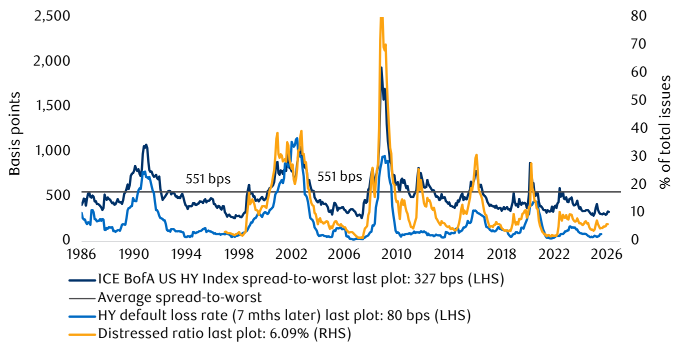
Fixed-income investors have historically been compensated for the higher risks of holding corporate bonds vis-à-vis government bonds, but the reward for taking on the added risk has almost never been smaller. The extra yield offered by high-yield bonds versus Treasuries is near its smallest in four decades (Exhibit 12). As a result, investors are effectively accepting below-normal risk-adjusted returns given the possibility that companies may at some point default on their debts. This situation of tight spreads can persist for some time, though, since corporations are generally in healthy financial shape, the risk of default is low. As Exhibit 13 illustrates, the all-in yield for high-yield bonds remains appealing versus the ultra-low levels during the pandemic.

As equity-market valuations creep higher, the potential for returns diminishes

Although the conflict Iran has weighed on equities since the end of February, stocks are still sitting on impressive gains over the past year. The double-digit gains in stocks over the past year, supported by robust economic growth and a surge in AI-related spending, have pushed our global composite of stock valuations to its highest level since early 2022 (Exhibit 14). Importantly, since 2023, the main source of concern regarding valuations was limited to U.S. large-cap stocks. More recently, however, other markets have reached valuation extremes. Equity indexes in the U.S., Canada and Japan are all a full standard deviation above our modelled estimate of fair value. We note that stocks in Europe and emerging markets remain below fair value and therefore offer better return prospects (page 13).

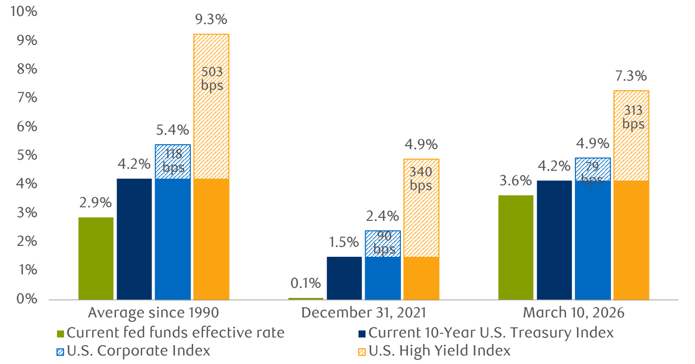
> "Since 2023, the main source of concern regarding valuations was limited to U.S. large-cap stock."

Exhibit 12: High yield bond spread



Note: As of March 12, 2026. Source: BofAML, Credit Suisse, RBC GAM

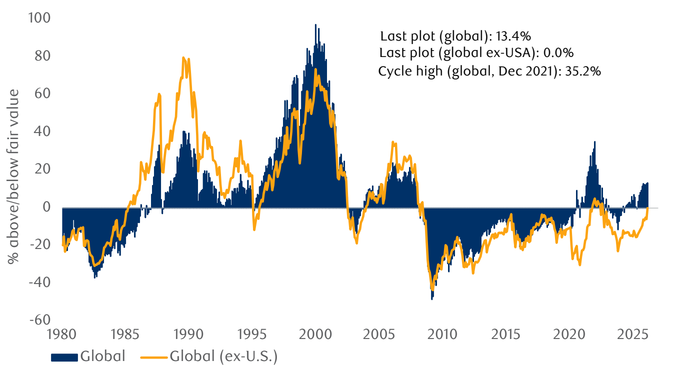
Exhibit 13: Yield to maturity



Note: Current spread as of March 10, 2026. Shaded areas within the bars indicate the yield spread versus the U.S. 10-year Treasury bond yield. Source: ICE BofA, RBC GAM

Exhibit 14: Global stock-market composite

Equity market indexes relative to equilibrium



Note: As of February 28, 2026. Source: RBC GAM

Expensive stocks can be supported by rapid profit growth…

High valuations can be supported if corporate profits are rising fast enough to justify the premium multiples being paid by investors. For the S&P 500, currently the most expensive of the major equity-market indexes, the profit outlook is indeed rosy. Analysts look for S&P 500 earnings to rise 16% this year and another 15% next year (Exhibit 15). Importantly, these estimates have been frequently raised over the past year as profits consistently exceeded expectations.

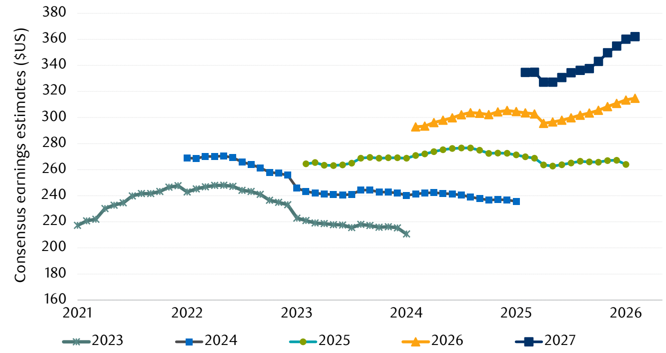
One of the reasons that profits have been able to grow so quickly is that profit margins have been expanding (Exhibit 16). Productivity is improving with the help of AI, making workers more efficient and enabling businesses to bolster output without increasing costs, and sometimes by actually reducing costs. Analysts look for S&P 500 profit margins to rise about a full percentage point over the next year, which contributes roughly 8% to the index's earnings growth.

…but the bang for your buck is even better outside U.S. large caps

Other regions are also experiencing strong corporate profit growth. For some indexes, the pace at which earnings are expected to rise is on a par with, or even superior to, the S&P 500, and some of them trade at lower valuations. It is worth noting that earnings growth in emerging markets is expected to exceed S&P 500 profit growth both this year and next, even as emerging markets trade at a significantly lower overall valuation (Exhibit 17). What the table in Exhibit 17 highlights is that strong earnings growth is expected almost everywhere over the next couple of years, and that indexes outside the U.S. large-cap space may offer access to that earnings growth at a cheaper price.

Exhibit 15: S&P 500 Index

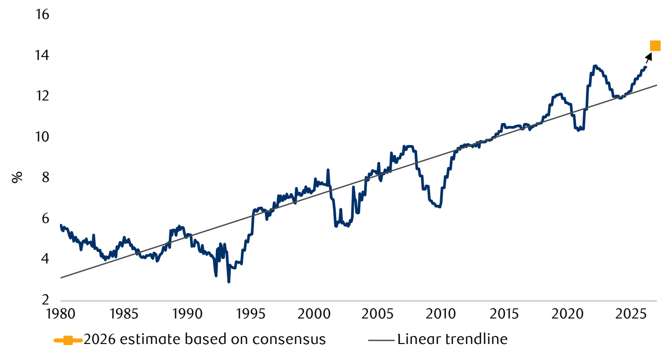
Consensus earnings estimates



Note: As of March 11, 2026. Source: Bloomberg, RBC GAM

Exhibit 16: S&P 500

Net Margin



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

Exhibit 17: Major stock-market indices

Consensus earnings outlook

	Current			2024	2025			2026			2027		
Index	Index level	EPS	P/E	EPS	EPS estimate	EPS Growth	Implied P/E	EPS estimate	EPS Growth	Implied P/E	EPS estimate	EPS Growth	Implied P/E
MSCI Emerging Markets	1516	95.19	15.9	80.04	87.24	9.0%	17.4	119.06	36.5%	12.7	137.85	15.8%	11.0
Russell 1000	3659	154.63	23.7	131.07	148.00	12.9%	24.7	174.53	17.9%	21.0	200.70	15.0%	18.2
S&P/TSX Composite	32943	1698.92	19.4	1452.54	1619.75	11.5%	20.3	1936.41	19.5%	17.0	2177.55	12.5%	15.1
S&P 500	6710	280.79	23.9	239.24	269.16	12.5%	24.9	315.67	17.3%	21.3	364.32	15.4%	18.4
S&P 400 Mid Cap	3375	186.39	18.1	178.30	179.03	0.4%	18.9	208.49	16.5%	16.2	236.78	13.6%	14.3
Russell Mid-Cap	3904	204.00	19.1	180.44	197.23	9.3%	19.8	224.28	13.7%	17.4	254.04	13.3%	15.4
S&P 600 Small Cap	1516	90.93	16.7	80.47	87.45	8.7%	17.3	101.37	15.9%	15.0	120.58	19.0%	12.6
Russell 1000 Value	2119	111.62	19.0	100.72	108.24	7.5%	19.6	121.77	12.5%	17.4	135.66	11.4%	15.6
STOXX 600	599	36.59	16.37	35.58	35.76	0.5%	16.7	39.08	9.3%	15.3	43.22	10.6%	13.9
MSCI World	4426	203.03	21.8	179.51	196.19	9.3%	22.6	223.55	13.9%	19.8	253.44	13.4%	17.5
MSCI China	81	6.34	12.8	5.98	6.16	3%	13.2	6.87	11.5%	11.8	7.91	15.2%	10.3
MSCI UK	2963	195.11	15.2	195.36	189.76	-2.9%	15.6	211.16	11.3%	14.0	230.81	9.3%	12.8
S&P 500 Equal Weighted	7943	429.59	18.5	385.14	418.17	8.6%	19.0	463.87	10.9%	17.1	517.54	11.6%	15.3
MSCI Japan	2263	118.94	19.0	108.24	116.18	7.3%	19.5	127.22	9.5%	17.8	139.47	9.6%	16.2
MSCI Europe	201	12.11	16.6	11.81	11.85	0.3%	17.0	12.87	8.6%	15.6	14.22	10.5%	14.2
MSCI EAFE	2968	174.37	17.0	164.09	171.37	4.4%	17.3	183.36	7.0%	16.2	201.44	9.9%	14.7

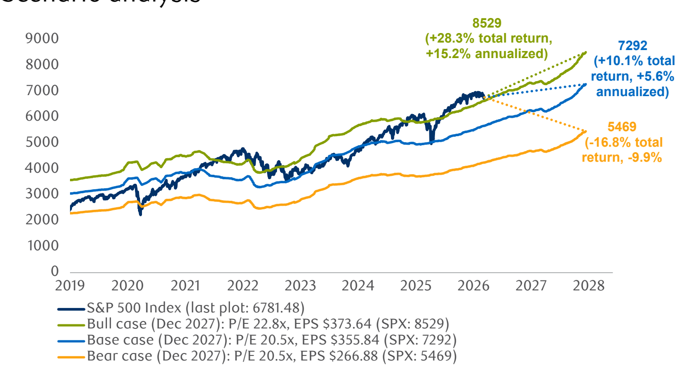
Note: As of March 12, 2026. Sorted by 2026 EPS growth. Source: Bloomberg, RBC GAM

Scenario analysis reveals better risk/reward in international equities

Exhibits 18 and 19 plot our bull/bear/base case scenarios for the S&P 500 and MSCI Europe, respectively. These scenarios help gauge the range of possible returns for stocks based on earnings and valuation projections. We can observe from the S&P 500 chart that the index has been tracking its bull case, which is a period when earnings exceed analyst expectations by 5% and valuations are a full standard deviation above the norm. This is an aggressive assumption, but if it holds

Exhibit 18: S&P 500

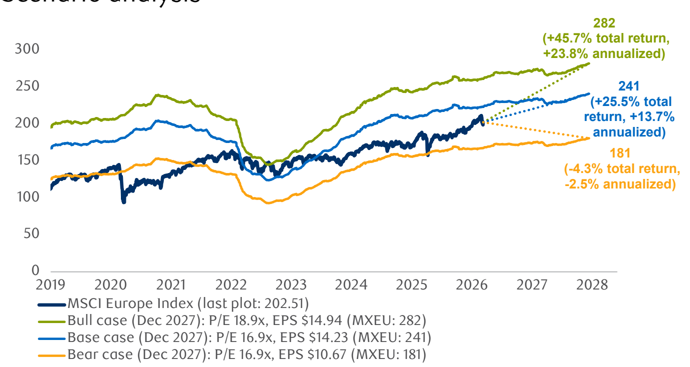
Scenario analysis



Note: As of March 10, 2026. Source: Bloomberg, RBC GAM

Exhibit 19: MSCI Europe

Scenario analysis



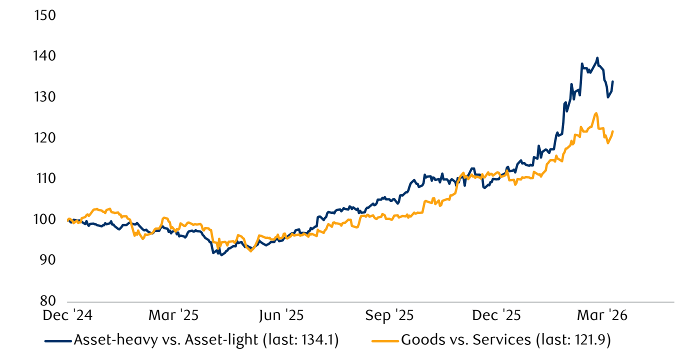
Note: As of March 10, 2026. Source: Bloomberg, RBC GAM through to the end of 2027 the S&P 500 would generate a 15.2% annualized return by then. For the MSCI Europe Index, which is not as expensive to begin with, that number is 23.8%! Those bull case scenarios would require many things to go right, including a de-escalation in the Iran war, inflation near 2%, the extension of easy monetary policies by central banks and robust economic growth. The base case scenario is a more conservative projection and produces an annualized return of 5.6% by the end of 2027, versus 13.7% for European equities. The much less demanding starting point for European equities suggests the risk/reward for those stocks is more favourable than it is for the S&P 500.

What's in style? Hard assets and non-U.S. international equities

While AI has dominated the business headlines for years, it is only in the past 12 months that AI has virtually taken over as the determiner of stock-market returns as investors piled into companies that have benefited from the immense capital spending. Since the AI build-out requires massive investments in data centres, infrastructure, and energy, the market is now rewarding hard-asset companies over asset-light models. Manufacturers of advanced computer chips, data-storage systems and networking equipment are the current investor darlings, while the recurring revenues of software services have fallen out of favour. Since the start of 2025, the stocks of hard-asset companies have outperformed asset-light ones by 39% percentage points, while goods-producing companies, more generally, have led service-based businesses by 26 points (Exhibit 20). Conversely, firms deemed vulnerable to AI disruption have faced a steep sell-off, plummeting 21% since September 2025 (Exhibit 21).

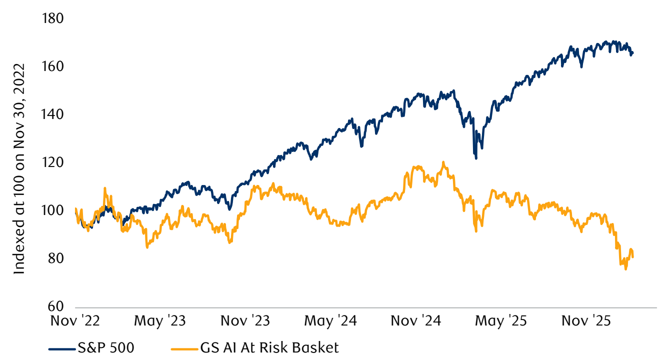
On a regional basis, investors have shifted their preference away from U.S. large-cap stocks to other regions. Stocks in Canada, Europe, Japan and emerging markets were up 28% to 47% in U.S. dollars over the past year, whereas the S&P 500 was up 15%. While the outperformance in non-U.S. stocks has been remarkable, it pales in comparison to the pronounced underperformance of these stocks relative to the S&P 500 since 2009 (Exhibit 22). It remains to be seen whether the leadership in non-U.S. stocks can be sustained. But should these long-term trends reverse, the outperformance of non-U.S. stocks could have a lot of room to run.

Exhibit 20: Asset-heavy, goods-producing S&P 500 company relative performance



Note: As of March 10, 2026. Source: Goldman Sachs, Bloomberg, RBC GAM

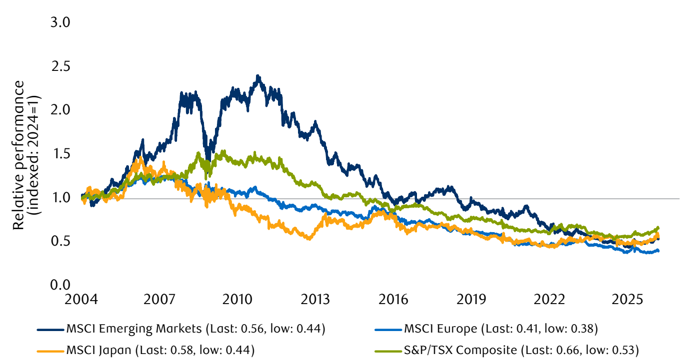
Exhibit 21: AI at risk basket performance since launch of Chat-GPT



Note: As of March 10, 2026. Source: Goldman Sachs, Bloomberg, RBC GAM

Exhibit 22: Relative performance

Non-U.S. equity markets vs. S&P 500



Note: As of March 10, 2026. Source: RBC GAM

Asset mix – boosting overweight to non-U.S. equities

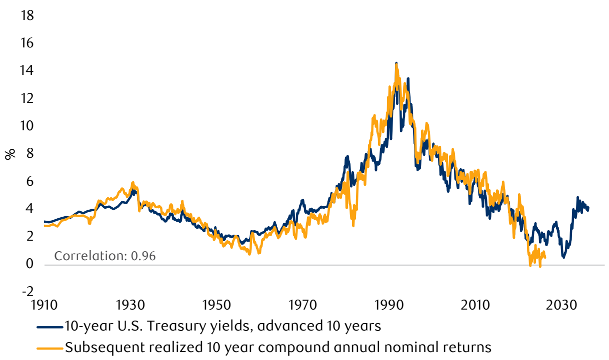
Our asset-mix decisions consider that the range of outcomes around our central scenario are especially wide, particularly given the war in Iran. Due to a variety of risks related to geopolitics, AI disruption and elevated government debts, combined with the fact that equity valuations are elevated in some regions, we believe the current environment is one where only modest risk taking is appropriate.

A reliable estimate of the returns that investors can expect to receive from government fixed income is the current yield to maturity of the bonds. Exhibit 23 plots the relationship between the yield on the U.S. 10-year Treasury and realized return over the subsequent 10-year holding period. The two lines on the chart track closely, with a correlation of 0.96, suggest exceptionally strong predictive power. As a result, the current yield of 4.0% on U.S. 10-year Treasuries is, in our view, a robust forecast for government-bond returns over the next decade.

For stocks, a similar long-term relationship exists, but between valuations and returns. Higher valuations based on Shiller's cyclically adjusted P/E (CAPE) tend to result in lower future returns over the following decade and vice versa (Exhibit 24). As of the end of February, the Shiller P/E was situated at an elevated 32.6 times earnings. If the past relationship holds, investors can expect an annualized return over 10 years of roughly 4% from the S&P 500. This figure is no different than the one above for U.S. 10-year Treasuries and implies that there is no advantage to overweighting stocks in the current environment.

Assuming continued growth in the global economy and a near-term de-escalation of the Iran war, we expect non-U.S. equities to outperform. As a result, this quarter we increased our overweight exposure in Canadian, European, Japanese and emerging-market equities, and expanded our underweight position in U.S. equities. We have left our top-level asset allocation unchanged from the prior quarter, with only a small overweight position in stocks versus bonds, where that overweight is directed toward non-U.S. regions. For a balanced global investor, our current recommended asset mix is 61.0% equities (strategic: "neutral": 60.0%), 37.0% bonds (strategic "neutral": 38.0%) and 2.0% cash.

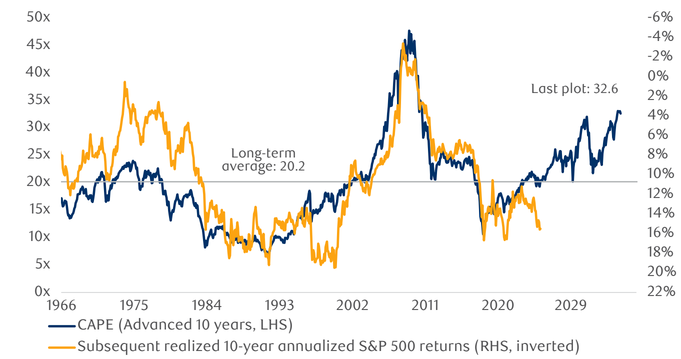
Exhibit 23: U.S. 10-year Treasury note and returns



Note: March 10, 2026. Source: Deutsche Bank, Macrobond, RBC GAM

Exhibit 24: Shiller's CAPE

Real S&P 500 Index / 10-year average of real EPS



Note: As of February 28, 2026. Source: Macrobond, Bloomberg, RBC GAM

APPENDIX

Exhibit 6A: Market response to acts of war

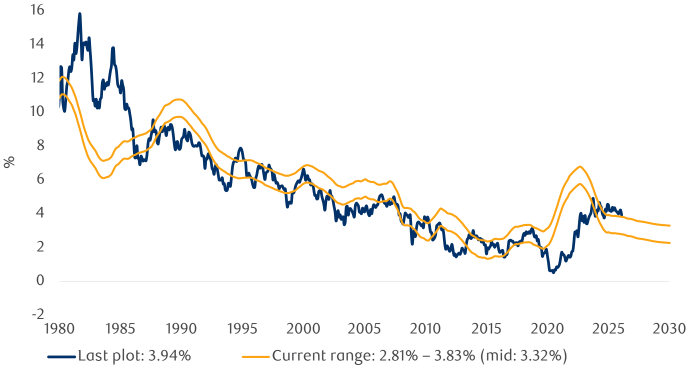
Returns and median statistics

	Date	S&P 500 Peak to Trough	US 10-year yield change (bps) from S&P 500 peak to trough	Gold change from S&P 500 peak to trough	DXY change from S&P 500 peak to trough	Crude oil (WTI) change from S&P 500 peak to trough	Trading days of S&P 500 decline	Trading days to S&P 500 recovery
Acts of War		**-3.0%**	**0**	**1.5%**	**0.3%**	**0.7%**	**5**	**12**
US Aggressor		**-1.4%**	**9**	**-1.0%**	**0.5%**	**0.3%**	**5**	**11**
Hiroshima bomb	Aug 6, 1945	-1.4%					2	4
Bay of Pigs invasion announced	Apr 17, 1961	-3.4%					6	20
Gulf of Tonkin Incident	Aug 4, 1964	-0.8%	-1				3	6
US Bombs Cambodia	Apr 30, 1970	-15.0%	40		0.0%		19	87
Attempt to free Iranian hostages fails	Apr 28, 1980							
US invades Grenada	Oct 25, 1983	-2.8%	16	-4.0%	2.1%	-0.3%	11	15
US Bombs Libya	Apr 15, 1986							
US invades Panama	Dec 18, 1989	-0.4%	0	1.2%	0.5%	0.7%	2	3
Coalition bombing of Iraq	Jan 17, 1991							
Coalition Invasion of Afghanistan	Oct 5, 2001	-1.4%	9	-1.0%	0.5%	0.3%	3	4
Invasion of Iraq	Mar 19, 2003							
U.S. kills top Iranian commander	Jan 3, 2020							
U.S. captures Venezuelen president	Jan 3, 2026							
US Target		**-5.2%**	**-6**	**1.1%**	**-1.9%**	**0.8%**	**10**	**12**
Japanese bomb Pearl Harbor	Dec 8, 1941	-6.7%					16	20
U-2 shot down; US admits spying	May 9, 1960							
Cuban Missile Crisis begins	Oct 23, 1962							
US Marines killed in Lebanon	Oct 24, 1983							
Spy plane captured in China	Apr 2, 2001	-3.7%	-6	1.1%	-1.9%	0.8%	3	4
Snowden Releases NSA files	Jun 6, 2013							
Assassinations		**-0.6%**	**0**	**n/a**	**n/a**	**n/a**	**2**	**2**
Martin Luther King assassinated	Apr 4, 1968	-0.6%	0				2	2
Robert Kennedy assassinated	Jun 5, 1968							
External		**-5.4%**	**17**	**3.3%**	**0.5%**	**2.5%**	**13**	**18**
N.Korea invades S.Korea	Jun 26, 1950	-7.9%					16	65
Soviet Union invades Afghanistan	Dec 26, 1979							
Iraq invades Kuwait	Aug 2, 1990	-12.6%	63	8.3%	-3.0%	38.3%	16	135
Russia Invasion of Georgia	Aug 7, 2008							
Egypt's Hosni Mubarak removed	Feb 11, 2011							
Syria Uprising begins	Mar 15, 2011	-1.9%	-13	0.2%	0.5%	0.8%	2	4
Libya – Muammar Gaddafi Overthrown	Aug 28, 2011							
Russia invades Crimea, Ukraine	Feb 28, 2014	-0.7%	-5	1.8%	0.5%	2.4%	2	3
Russia invasion of Ukraine	Feb 24, 2022	-4.8%	17	3.3%	2.5%	12.5%	12	15
Hamas attack on Israel	Oct 7, 2023	-5.9%	28	7.0%	0.7%	2.5%	13	20
Israel attacks Iran	Jun 13, 2025							
Terrorism		**-3.0%**	**-4**	**3.4%**	**-0.2%**	**-3.9%**	**5**	**12**
Seizure of American Embassy in Iran	Nov 5, 1979	-1.9%	15	3.7%	-0.2%	0.5%	3	5
World Trade Centre bombing	Feb 26, 1993							
Oklahoma City bombing	Apr 19, 1995							
U.S. Embassy Bombings Africa	Sep 23, 1998	-10.0%	-11	3.4%	-3.5%	-5.6%	12	20
Bombing of USS Cole	Oct 12, 2000							
WTC and Pentagon Attacks	Sep 11, 2001	-11.6%	-14	7.2%	-1.5%	-7.8%	10	18

Note: Highlighted rows show median statistics. Source: Bloomberg, Macrobond, Ned David Research, RBC GAM

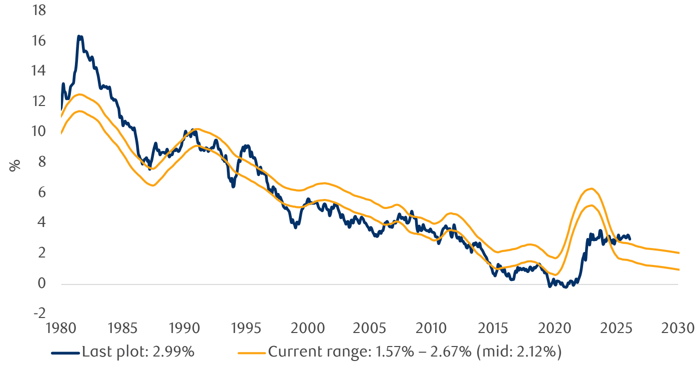
Global fixed income markets

U.S. 10-Year T-Bond Yield
Equilibrium range



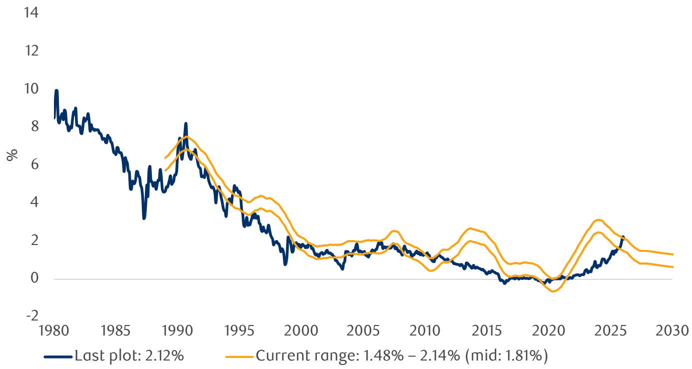
Note: As of February 28, 2026. Source: RBC GAM

Eurozone 10-Year Bond Yield
Equilibrium range



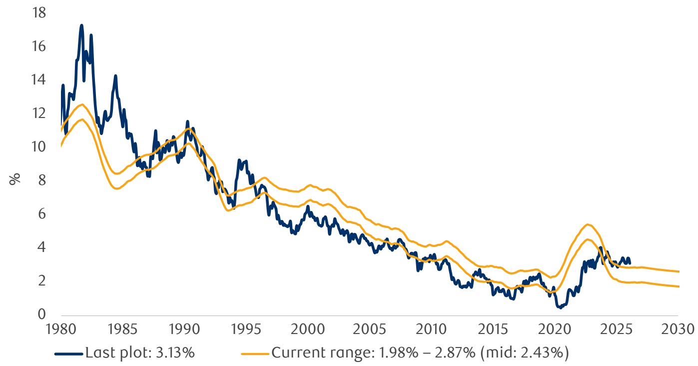
Note: As of February 28, 2026. Source: RBC GAM

Japan 10-Year Bond Yield
Equilibrium range



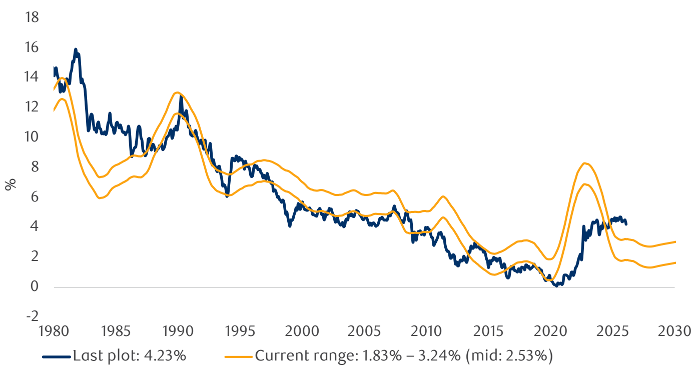
Note: As of February 28, 2026. Source: RBC GAM

Canada 10-Year Bond Yield
Equilibrium range



Note: As of February 28, 2026. Source: RBC GAM

UK 10-Year Gilt
Equilibrium range

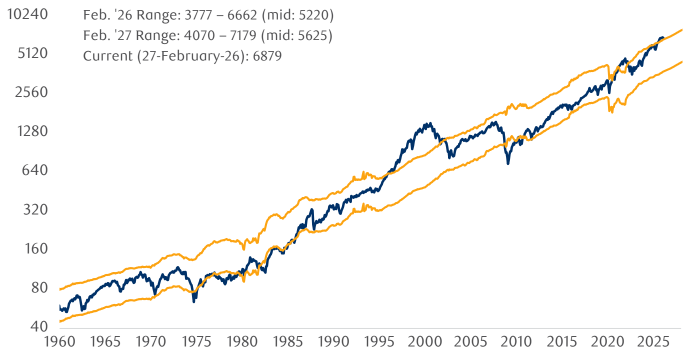


Note: As of February 28, 2026. Source: RBC GAM

> "Yields in all major regions that we track are above our modelled estimates of equilibrium and suggest only modest valuation risk."

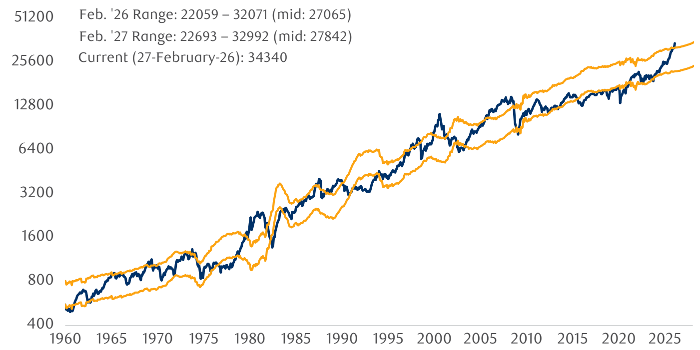
Global equity markets

S&P 500 Equilibrium
Normalized earnings and valuations



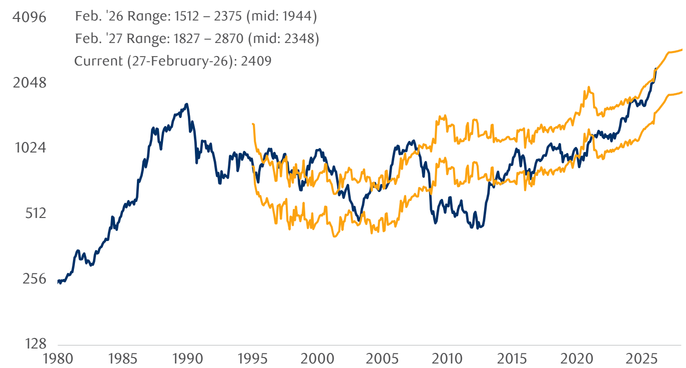
Note: As of February 28, 2026. Source: RBC GAM

S&P/TSX Composite Equilibrium
Normalized earnings and valuations



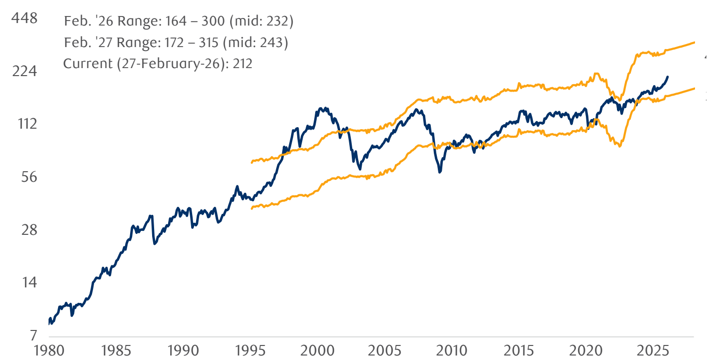
Note: As of February 28, 2026. Source: RBC GAM

MSCI Japan Index
Normalized earnings and valuations



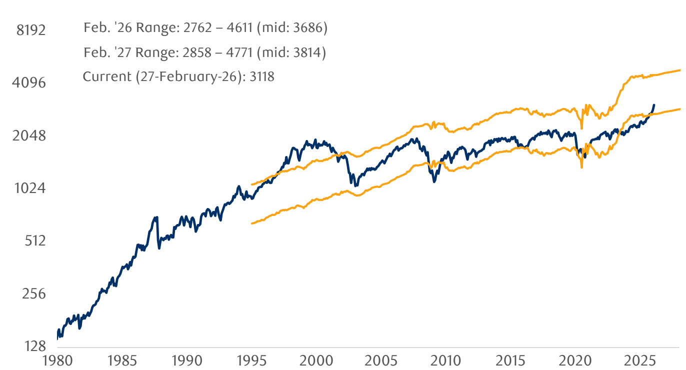
Note: As of February 28, 2026. Source: RBC GAM

MSCI Europe Index
Normalized earnings and valuations



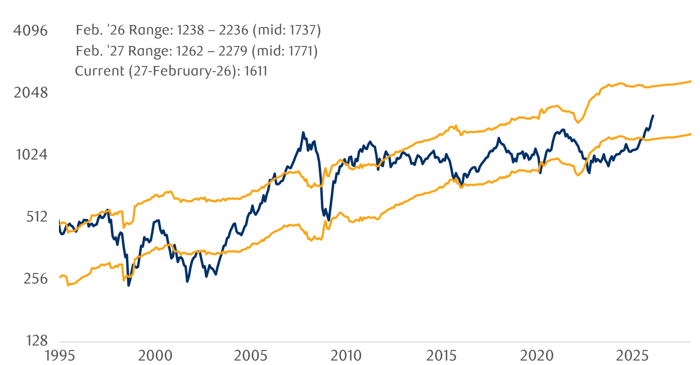
Note: As of February 28, 2026. Source: RBC GAM

MSCI UK Index
Normalized earnings and valuations



Note: As of February 28, 2026. Source: RBC GAM

MSCI Emerging Markets Index
Normalized earnings and valuations



Note: As of February 28, 2026. Source: RBC GAM

Note: the fair value estimates are for illustrative purposes only. Corrections are always a possibility and valuations will not limit the risk of damage from systemic shocks. It is not possible to invest directly in an unmanaged index.

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Publication date: March 15, 2026

(03/2026)
MARKET OUTLOOK _SPRING 2026_E 03/18/2026