RBC Global Asset Management

Market outlook

SUMMER 2026

AI enthusiasm fuels earnings boom

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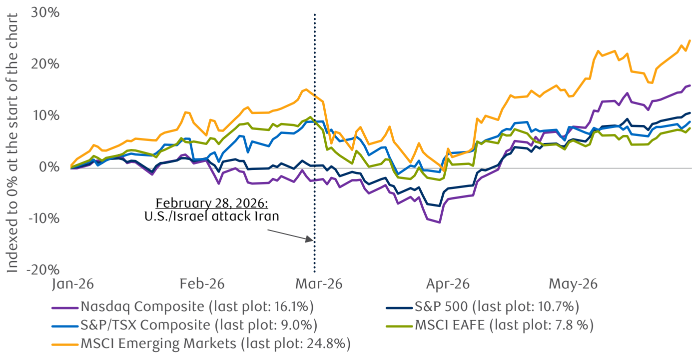
The past quarter featured swirling investor emotions and volatile financial markets as the war in Iran caused a surge in oil prices that stoked inflation concerns and threatened economic activity. Stocks suffered steep declines in March but quickly reversed course with a powerful rally to new highs as investors became increasingly confident that negotiations between the U.S. and Iran, even if chaotic at times, would eventually lead to a resolution (Exhibit 1).

Independent of Middle East conflict, important tailwinds have been boosting the outlook for corporate profits. Positive contributors include the massive spending related to artificial intelligence (AI), ample fiscal stimulus and productivity improvements due to companies adopting AI tools. Accordingly, S&P 500 earnings estimates have been upgraded at an extraordinary clip (Exhibit 2). While the outlook remains rosy, it is undeniable that stocks have had an impressive run and that valuations are now demanding. As a result, should the enthusiasm around AI fade, stocks would be vulnerable especially in regions with higher AI-related exposure.

Exhibit 1: Major equity market indices

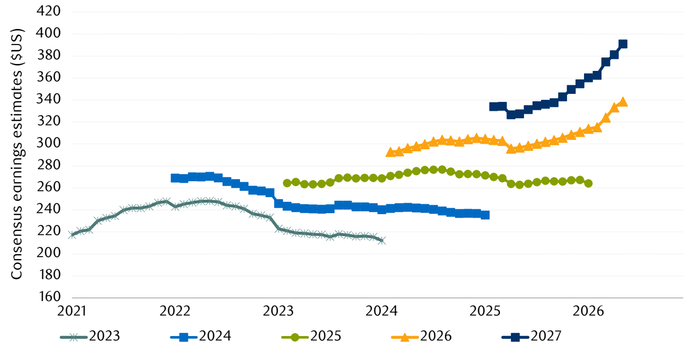
Cumulative price returns indices in USD



Note: As of May 29, 2026. Source: Bloomberg, RBC GAM

Exhibit 2: S&P 500 Index

Consensus earnings estimates



Note: As of May 29, 2026. Source: Bloomberg, RBC GAM

In fixed income markets, yields on government bonds increased amid firming inflation pressures that could cause central banks to raise interest rates. In our view, however, higher inflation readings are unlikely to be sustained and, as a result, the recent climb in yields has made bonds more appealing. At 4.44%, the U.S. 10-year yield is situated above our bond model's equilibrium band, representing improved return potential and diminished valuation risk (Exhibit 3). While yields could climb slightly higher in the near term, any increase would likely be limited, and we don't foresee an environment where fixed income investors experience meaningful sustained capital losses over our one-year forecast horizon.

Balancing the near-term challenges against the long-term opportunities, we continue to maintain an asset allocation relatively close to our strategic neutral, although there have been small adjustments over the past quarter. We took advantage of the rise in bonds yields to narrow our underweight position in bonds by 50 basis points, sourced from cash. Our slight overweight in stocks was unchanged, but the regional equity exposures were modified. Taking profits after a strong run, we reduced our exposure in emerging market equities to neutral from a slight overweight last quarter. We also moved our European overweight allocation to a slight underweight and shifted the proceeds from both these reductions to U.S. equities which was boosted to a modestly above-benchmark exposure from an underweight a quarter ago. This positioning, we think, allows us to benefit from the global economic expansion and rapid corporate-profit growth driven largely by AI while at the same time recognizing that the backdrop of high equity valuations and a low equity-risk premium between stocks and bonds is not one where we want to be taking excessive risk. For a balanced global investor, our current recommended asset mix is 61.0% equities (strategic "neutral": 60.0%), 37.5% bonds (strategic "neutral": 38.0%) and 1.5% cash.

Energy shock to linger despite progress on war

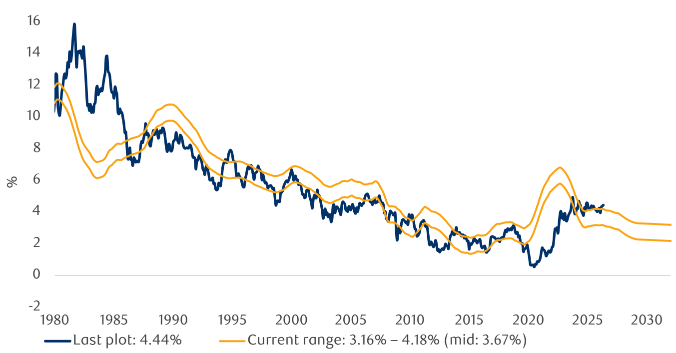
Even if the conflict in the Middle East is resolved soon, one of the key challenges for the economy is that high oil prices are unlikely to fully normalize, acting as a headwind to growth and tailwind to inflation. The effects of the energy shock and the closure of the Strait of Hormuz are likely to persist, as economies will seek to re-build depleted supplies and perhaps boost inventories as contingency against future disruption. While a resolution to the war is expected in the relatively near term, the futures market suggests oil prices will decline but not entirely back to pre-war levels (Exhibit 4). Higher energy costs, if they are sustained, would result in cost increases throughout supply chains, ultimately feeding into prices paid by end consumers.

Markets price in rate hikes ahead

Inflation has already started creeping higher and central banks may need to consider raising interest rates in response. U.S. consumer price inflation has accelerated to 4.2% on a year-over-year basis from 2.4% just before the war, and the core measure, which excludes energy, also inched

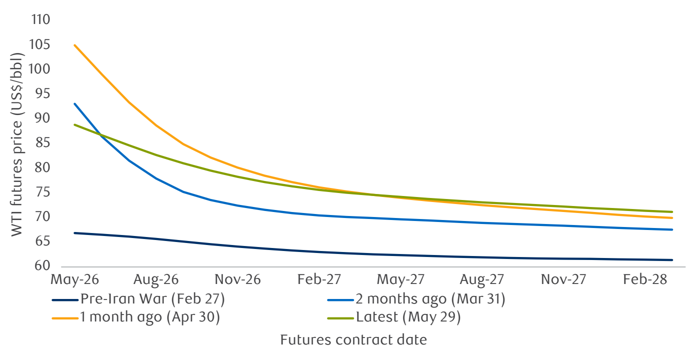
Exhibit 3: U.S. 10-year T-bond yield

Equilibrium range



Note: As of May 29, 2026. Source: RBC GAM

Exhibit 4: Oil futures price curve

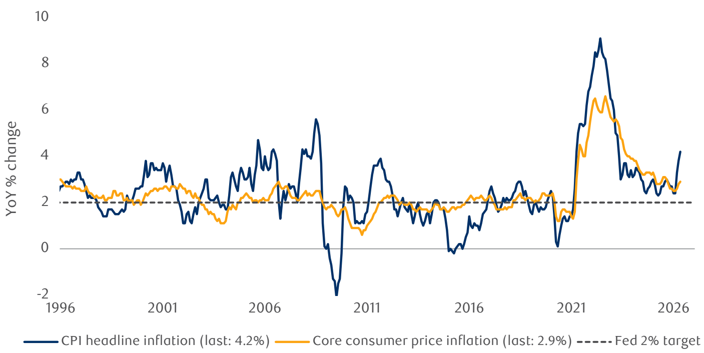


Note: As at May 29, 2026. Source: Bloomberg, RBC GAM higher to 2.9% from 2.5% (Exhibit 5). As a result, pricing in the futures market has backed out any prior expectation of interest-rate cuts and now expects a slight increase in the fed funds rate over the year ahead (Exhibit 6). Reflecting higher inflation expectations, the market now implies two hikes by the European Central Bank (in addition to the 25-basis-point hike that was delivered on June 11, 2026), two hikes from the Bank of Canada and one hike from the Fed over the next 12 months from the end of May 2026 (Exhibit 7). While markets are pricing in an increasing probability that central banks will raise rates, we caution that any interest-rate decisions will ultimately depend on not just the actual course for inflation but whether central banks believe price pressures are merely temporary. If the latter, central banks may not need to hike as much as is priced in.

Higher yields improve return potential for sovereign bonds

The expectation that inflation will remain higher for longer pushed bond yields up in most major regions. For the quarter ended May 31, 2026, sovereign bond yields rose anywhere from 25 to 60 basis points, depending on the country (Exhibit 8). Yields rose the most in Japan, the UK and the U.S., and rose less in Canada and Germany where inflation data wasn't as hot and economic data was weaker.

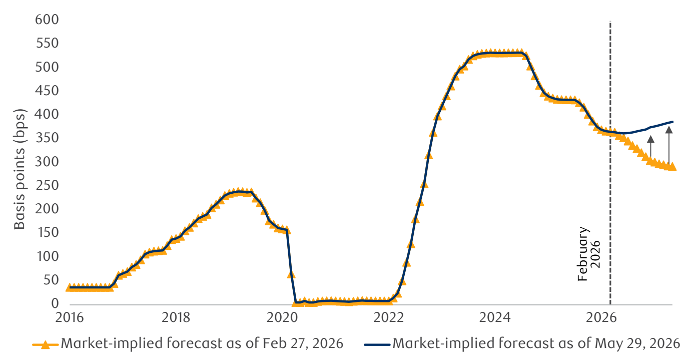
Exhibit 5: U.S. inflation measures



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

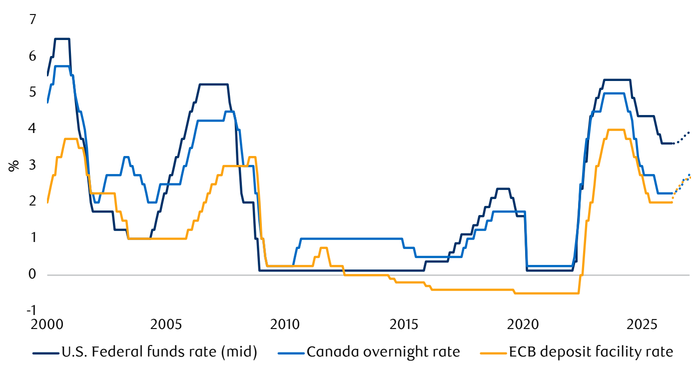
Exhibit 6: Implied fed funds rate

12-months futures contracts



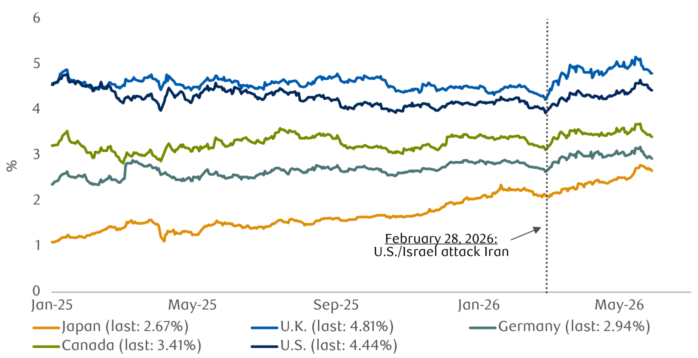
Source: Bloomberg, U.S. Federal Reserve, RBC GAM

Exhibit 7: Central bank policy rates



Note: Forecasts, shown as dotted line, are based on futures for the U.S. and OIS forwards for other regions. As of May 31, 2026. Source: Bloomberg, RBC GAM

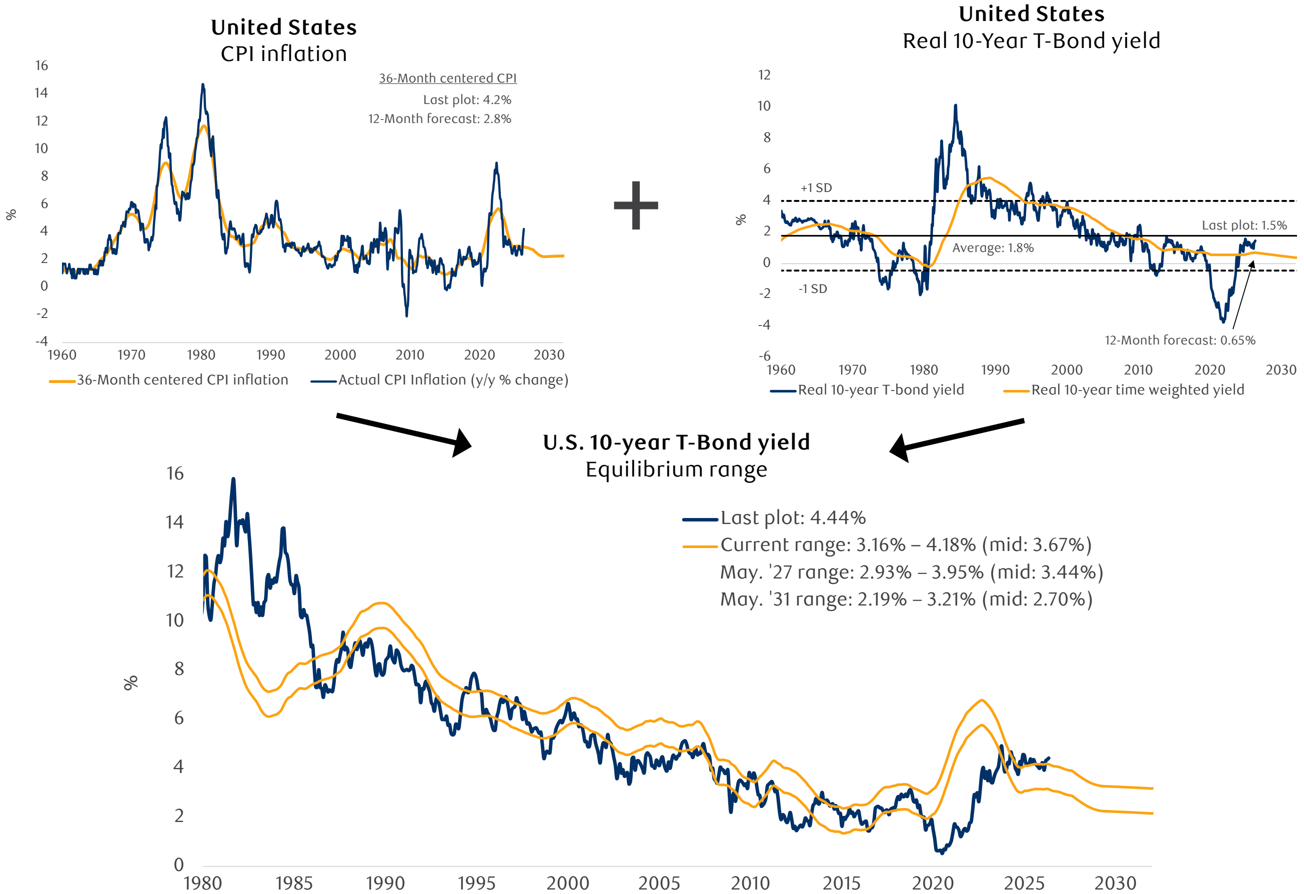
Exhibit 8: 10-year government bond yields



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

Exhibit 9: U.S. 10-year bond yield

Fair-value estimate composition



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

According to our bond model, the U.S. 10-year yield has now climbed to levels that are more appealing from a risk/reward perspective. Exhibit 9 plots our 10-year Treasury model, which combines an inflation premium with a real (i.e. after-inflation) yield to determine an appropriate level for the nominal bond yields. The war has caused the inflation premium to pick up in the near term, but our model ultimately expects that inflation pressures will subside over the longer term as the recent energy shock passes. And real rates of interest are unlikely to be an additional source of upward pressure on yields, given they continue to be held down by a variety of structural factors such as aging populations, maturing economies and an increased preference for saving versus spending. Taking the inflation premium and real interest rates together, the U.S. 10-year yield at 4.44% is situated nearly a full percentage point above our modelled estimate of equilibrium. As a result, our model suggests the U.S. 10-year bond offers modest return potential with minimal valuation risk and this is a view that holds across sovereign bonds of other major regions as well (page 13).

Corporate bonds offer historically small risk premium

Fixed income investors looking for higher returns above that of government bonds could turn to corporate bonds or even private credit. While concerns surrounding private credit have flared up in headlines in the past year, spreads have been especially resilient and reflect solid fundamental underpinnings. Exhibit 10 plots the spreads of Business Development Companies (BDCs), or companies that invest in private credit, as well as U.S. BBB-rated and investment-grade corporate bonds. Any spread widening from early 2025 amid the trade war or early 2026 around the war in Iran was modest and short-lived. It is worth noting that spreads of BDCs have not fully reversed their prior widening like U.S. corporate bond spreads have. There is still some opacity in private credit and heavy exposure to the uncertain software sector, so this bears monitoring. But the market doesn't appear to assess the situation as too troubling currently, and so it is unlikely that this becomes a problem of broader financial stability.

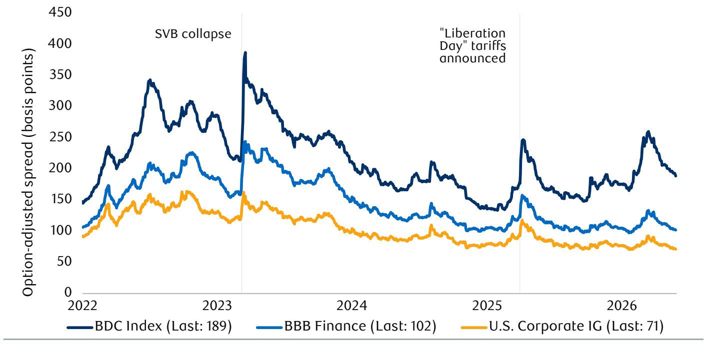
If the macro backdrop remains supportive, narrow spreads could remain in place for some time, but history suggests that also means low excess returns for corporate bonds. Exhibit 11 plots the past relationship between the spread on Canadian corporate bond and their excess return relative to government bonds over any 12-month period. The chart indicates that when the spread was low, excess return was also unimpressive and vice versa. Reflecting the fact that spreads are at historic tights and implying limited opportunity for generating excess returns, we are maintaining relatively low exposure to credit in our asset mix.

Recovery in stocks featured narrow advance led by technology

Equity markets encountered significant volatility throughout the quarter but have managed to deliver strong gains, especially in technology stocks, since the war began. Exhibit 12 lists the performance of various equity markets since February 27 (just before the war) as well as for the year-to-date period. The biggest price gains were in the indices with heavy exposure to technology, namely the NASDAQ 100, S&P 500 and MSCI Emerging Markets, which have gained 21.5%, 12.7%, and 9.6%, respectively since the war began. For the year-to-date ended May 31, 2026, emerging market equities have taken the lead, up an impressive 25.4%, fueled largely by gains in semiconductor stocks.

A look at the S&P 500 sector performance reveals the narrowness of the recent gains. Information Technology gained 30.9% since the war began, while the next best performing sectors, Communication Services and Consumer Discretionary were up only 8.7% and 8.0%

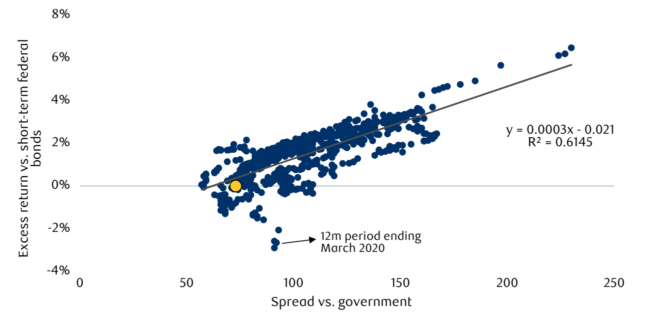
Exhibit 10: Credit spread comparison



Note: As of May 29, 2026. BDC is Business Development Company - a proxy for private credit. Source: Bloomberg, RBC GAM

Exhibit 11: Forward 12-month short-term corporate excess returns vs. spreads

ICE BofA 1-5 Year Canada Corporate Index



Note: As of May 29, 2026. Source: ICE BofA, Bloomberg, RBC GAM

Exhibit 12: Equity indices performance

Sorted best to worst	Since Feb 27	Year to date
NASDAQ 100	21.53	20.13
NASDAQ Composite	18.99	16.05
Magnificent 7	17.53	9.51
S&P 500 Growth	17.40	13.87
Russell 2000 small-cap growth	13.60	17.75
S&P 100	12.73	9.93
Russell 2000 small-cap	10.90	17.62
S&P 500	10.19	10.73
iShares MSCI EM ETF	9.62	25.39
Russell 2000 small-cap value	8.06	17.46
Dow Jones Industrial Average	4.19	6.18
S&P 400 mid-cap	4.19	12.71
S&P 500 Value	2.63	7.47
S&P 500 Equal Weight	1.32	7.73
iShares MSCI Japan ETF	0.64	15.14
S&P/TSX Composite	0.01	9.64
iShares MSCI EAFE ETF	-0.55	9.13
iShares MSCI Europe ETF	-1.07	6.57

Note: As of May 29, 2026. Price returns in U.S. dollars. Sorted best to worst since Feb 27, 2026. Source: Bloomberg, RBC GAM respectively (Exhibit 13). Most other sectors were flat to down since the end of February and indicate a lack of breadth in the latest advance that is being masked by the strength in the overall index.

Within technology, software struggles while semiconductors soar

The technology space itself is experiencing significant dislocation as investors digest the winners and losers of the AI theme. Software companies appear to be on the losing end, as AI threatens to disrupt their businesses, while massive investment in the build out of compute capacity has benefitted hardware suppliers. The performance difference has been stark. Since the beginning of 2025, S&P 500 software stocks have underperformed semiconductor stocks by 50 percentage points (Exhibit 14).

Where the surge in semiconductor stocks has been most noticeable is in emerging market equities where just three hardware names make up nearly a quarter of the index weight. Those three stocks – TSMC, Samsung Electronics, and SK Hynix – have more than tripled over the past year and caused a pronounced skew in index returns. Exhibit 15 plots the performance of the MSCI Emerging Markets Index as well as its performance without those 3 names. The difference between those two lines is 27 percentage points since 2023. With just a few names dominating index performance over a relatively short period, the concentration risk is becoming extreme (Exhibit 15).

Equity market valuations creep higher...

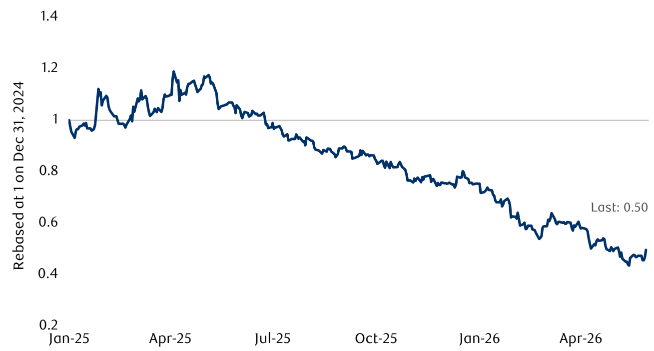
On a global aggregated basis, the powerful rally in stocks so far this year has made them more expensive although not necessarily to an extreme level. Our composite of global equity markets is now 20% above fair value which is the highest reading since late 2021 but far below prior peaks, especially that of the late 1990s technology bubble which saw this composite close to 100% above fair value (Exhibit 16). Digging into our individual country models, there are certain pockets of overvaluation, but other areas are more reasonably priced. Stock markets in the U.S., Japan, and Canada are now all a full standard deviation above fair value, and Emerging Markets has moved from a steep discount to above fair value. Europe and the UK are below fair value, representing appealing upside potential should macro challenges in those regions fade (page 14).

Exhibit 13: Equity sector performance

S&P 500 Sectors	Since Feb 27	Year to date
Information Technology	30.87	23.54
Communication Services	8.73	9.01
Consumer Discretionary	7.99	3.86
Financials	0.34	-6.03
Real Estate	0.26	9.42
Energy	-0.02	24.38
Industrials	-2.27	11.45
Materials	-5.44	11.24
Health Care	-6.68	-3.66
Utilities	-6.87	3.67
Consumer Staples	-8.14	6.54

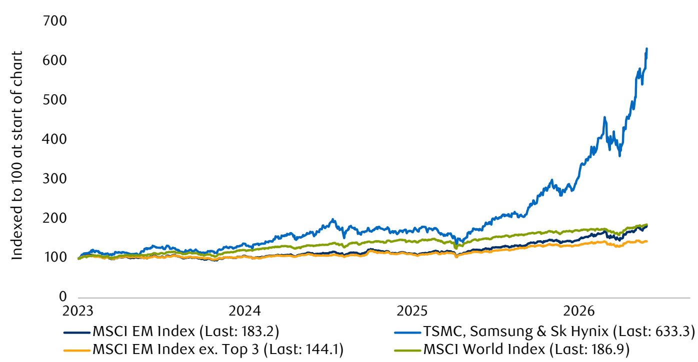
Note: As of May 29, 2026. Price returns in U.S. dollars. Sorted best to worst since Feb 27, 2026. Source: Bloomberg, RBC GAM

Exhibit 14: S&P 500 Software vs. Semiconductors



Note: As of May 29, 2026. Calculated as S&P 500 Semiconductor & Semiconductor Equipment Industry / S&P 500 Software & Services Industry. Source: Bloomberg, RBC GAM

Exhibit 15: MSCI Emerging Markets Index with and without top 3 semiconductor names



Note: As of May 29, 2026. Top 3 names are TSMC, Samsung Electronics and Sk Hynix. Source: Bloomberg, RBC GAM

...as investors pay up for rosy earnings outlook...

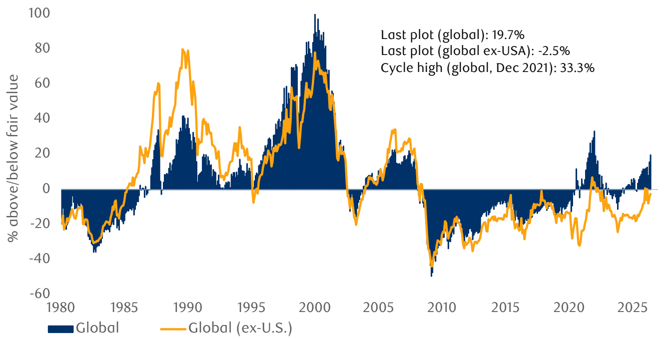
One of the key reasons investors are willing to pay a high price for stocks today is that the earnings outlook has greatly improved and is being upgraded at an unusually rapid pace. The consensus S&P 500 earnings estimate for 2026 have been revised higher by 20% over the past year, which is especially impressive because profit forecasts typically get downgraded over time as analysts' usually start out with too much optimism at the beginning of each year (Exhibit 17).

Analysts are now looking for strong earnings growth to persist over the next several years. Consensus estimates project S&P 500 earnings to grow 25% in 2026, followed by a 16% gain in 2027 and another 13% increase in 2028. As a result, S&P 500 earnings per share is expected to climb all the way to US$440 by the end of 2028, a 50% increase from US$293 today over the span of less than three years (Exhibit 18).

Artificial intelligence is certainly behind some of that profit surge, not just due to AI-related investments but also in the profit margin improvement that the average company will hopefully be able to extract through cost reductions and efficiency gains. Exhibit 19 plots S&P 500 profit margins over time and it has re-asserted its upward trend and climbed to a new record. Based on analysts' earnings estimates, margins are expected to rise another full percentage point by the end of this year, which is important because the economy – while in solid shape – is not moving quickly enough to

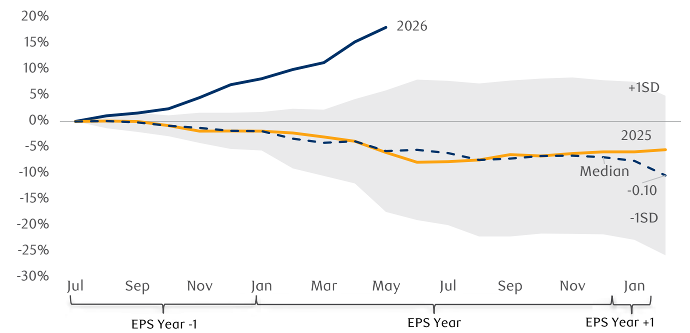
Exhibit 16: Global stock market composite

Equity market indexes relative to equilibrium



Note: As of May 29, 2026. Source: RBC GAM

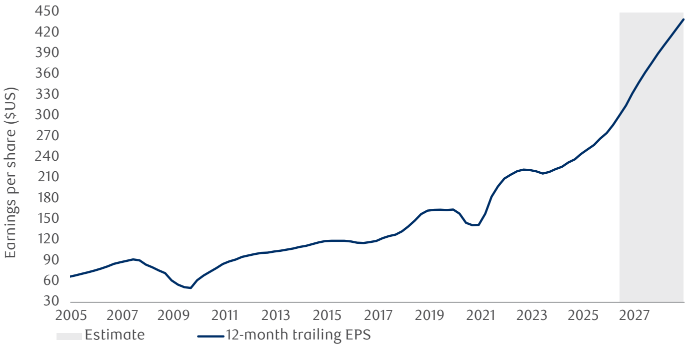
Exhibit 17: Typical path of S&P 500 consensus EPS revisions



Note: As of May 31, 2026. Based on monthly data since 2006. Source: Bloomberg, RBC GAM

Exhibit 18: S&P 500 Index

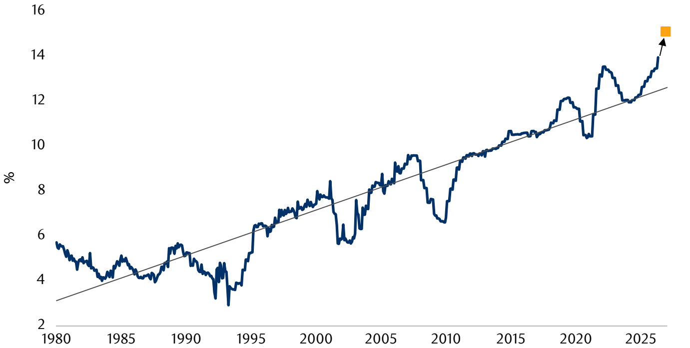
12-month trailing earnings per share



Note: As of May 29, 2026. Estimate is based on consensus of industry analysts' bottom-up expectations. Source: Thomson Reuters, RBC GAM

Exhibit 19: S&P 500 Index

Net Margin



Note: As of May 2026. Source: Bloomberg, RBC GAM otherwise justify sustained double-digit earnings gains. Each percentage point of profit margin improvement represents about an additional 7%-8% tailwind to earnings growth. The combination of a relatively healthy economy plus rising profit margins offers solid fundamental support for stocks.

...fanned by massive AI-related capital expenditures

The main source of this earnings acceleration lies in the outsized spending being done by the AI hyperscalers. These large U.S. tech companies are planning a whopping US$2.45 trillion in capital spending over the next three years (Exhibit 20). Most striking is the fact that this number represents an US$818 billion or 33% increase versus what was expected at the beginning of the year.

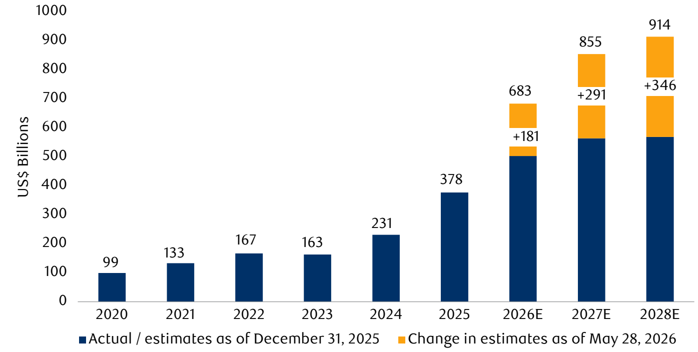
This spending is finding its way mostly to companies that supply the ingredients, in large part computer chips, for building data centres that provide computing capacity for AI. As a result, the earnings estimate for semiconductor companies has risen 46% since the beginning of the year (Exhibit 21). Energy has also seen strong upward revisions but represents a relatively small share of the U.S. equity market. Market gains have been concentrated, and earnings revisions are highly concentrated to tech, specifically hardware tech or semiconductors.

> "Should AI capital investment slow down, semiconductor stocks would be susceptible to a significant de-rating."

Semiconductors: growing weight, stretched valuations

The focus on semiconductor stocks is important because, following their meteoric price gains, they now make up a sizeable portion of the S&P 500 weighting. Information Technology is the largest sector by weight at 37.6%, and the semiconductor industry makes up nearly half of that at 17.6%, up from only 5.0% in 2023 (Exhibit 22). This group is also extremely expensive, trading at a price-to-sales

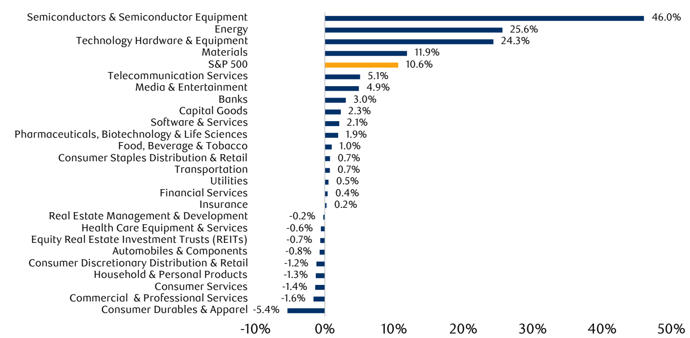
Exhibit 20: Magnificent 7 capital expenditure estimates



Note: As of May 31, 2026. Magnificent 7 includes Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. Source: Bloomberg, RBC GAM

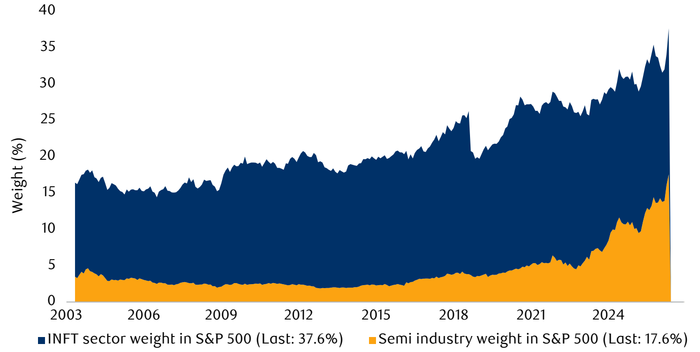
Exhibit 21: S&P 500 Industry Group EPS revisions

YTD change in CY2027 estimates



Note: As of May 29, 2026. Source: Bloomberg, RBC GAM

Exhibit 22: S&P 500 Information Technology (INFT) sector and Semiconductors & Semiconductor Equipment (Semi) Industry weight



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

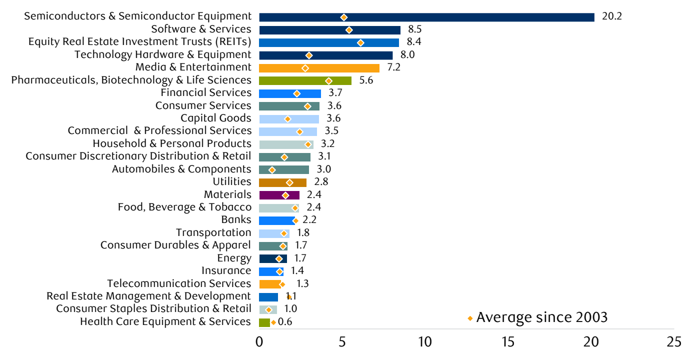
ratio of 20.2, which is an extreme outlier compared to any other industry (Exhibit 23). While the high valuation may be justified if earnings grow extremely rapidly and are sustained, semiconductor earnings have a history of being highly cyclical (Exhibit 24). Should AI capital investment slow down, these stocks would be susceptible to a significant de-rating.

Scenario analysis suggests investors are pricing in an optimistic outcome

To gauge the possible paths forward for stocks from here, it may be helpful to consider a variety of scenarios. Exhibits 25 and 26 each plot three scenarios for the S&P 500 and MSCI Emerging Markets indices, respectively, based on combinations of analysts' earnings estimates and valuations.

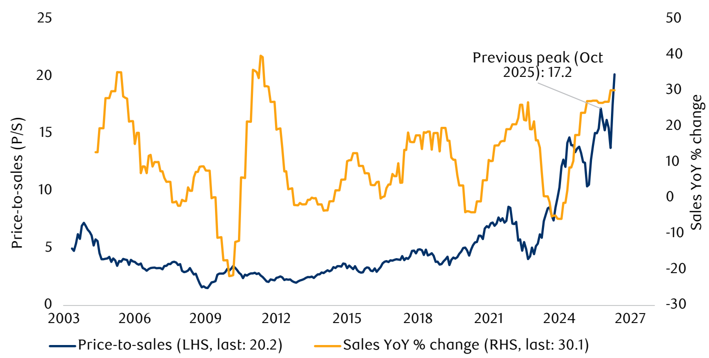
To be clear, these are rule-based scenarios and not specifically our own forecasts, but they do serve as a useful guide. They argue that investors are pricing in an optimistic outcome. The bull-case scenario imagines earnings exceed analyst estimates by 5% and valuations trade at a historically rich level. Should this scenario play out, the S&P 500 could generate an annualized 9.4% return through the end of 2027, and just 3.2% for emerging market equities. These scenarios are possible against a backdrop of rapidly rising earnings, accommodative central banks, an end to the war in the Middle East, and investor confidence remaining elevated. While we continue to believe that tailwinds around AI are likely to support further gains ahead, the risk/reward is not

Exhibit 23: S&P 500 Industry Group price-to-sales



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

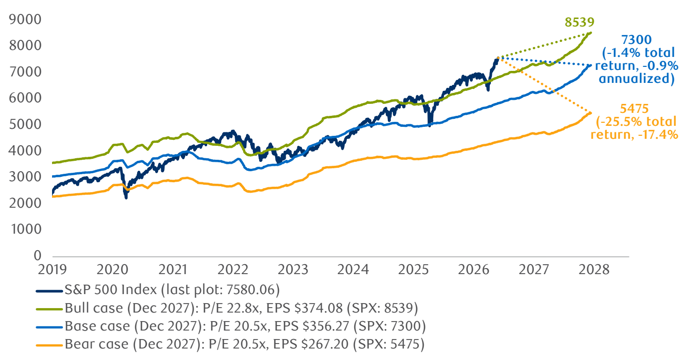
Exhibit 24: S&P 500 Semiconductors & Semiconductor Equipment Industry Price-to-sales



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

Exhibit 25: S&P 500 Index

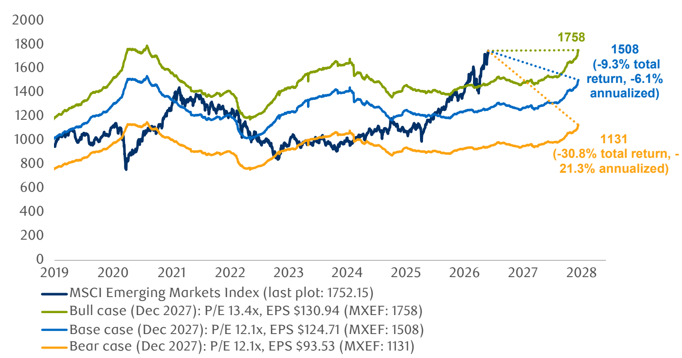
Scenario analysis



Note: As of May 29, 2026. Source: Bloomberg, RBC GAM

Exhibit 26: MSCI Emerging Markets

Scenario analysis



Note: As of May 29, 2026. Source: Bloomberg, RBC GAM

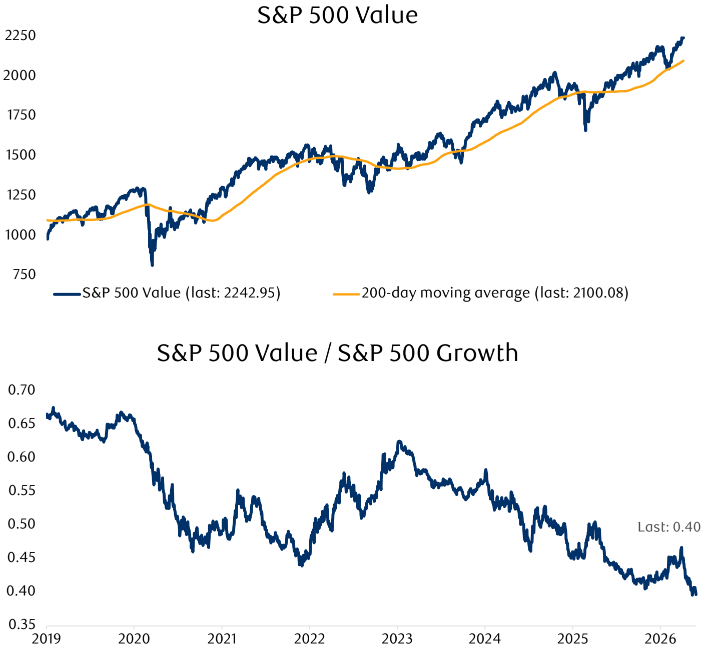
as compelling as it has been in the past, especially in emerging markets, given that the positive assumptions are already largely priced in.

Styles and regional performance driven by AI exposure

From a style and regional perspective, any space with substantial exposure to AI has been outperforming in a big way. But importantly, the rest of the market has held up reasonably well from an absolute standpoint. Exhibits 27 and 28 plot the S&P 500 Value and S&P 500 Equal Weighted indices, respectively, along with their relative performance to S&P 500 Growth and the S&P 500 cap-weighted index in the bottom panels of the respective charts. Both indices have fallen to new lows on a relative basis even as they have risen to new highs on an absolute basis. What this shows is that the broad market has been performing well, just not nearly as well as the large-cap growth portion of the market.

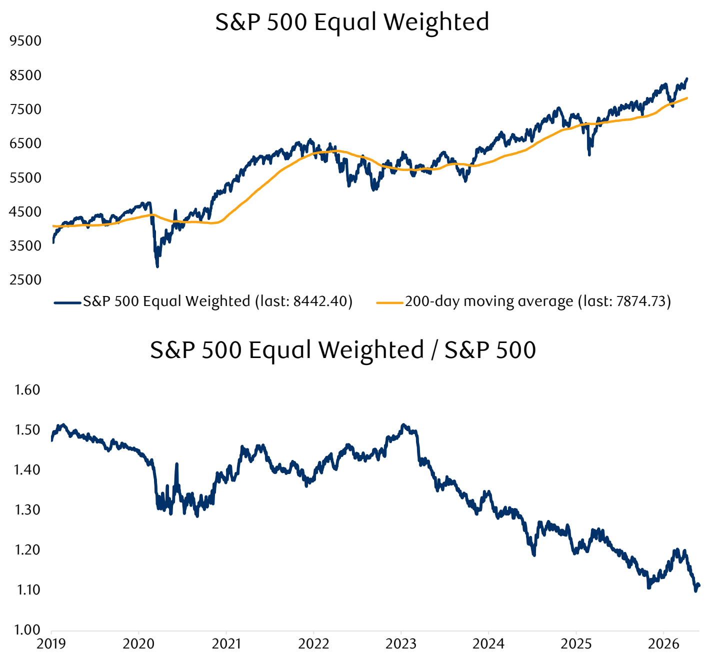
The relative regional performance also highlights the strength in countries that have more exposure to AI. The MSCI Emerging Markets Index, with its high concentration in semiconductor stocks, is the only major equity index on a global basis that has continued to outperform the S&P 500 in the past quarter, whereas indices in Europe, Japan and Canada with less exposure to hardware technology

Exhibit 27: S&P 500 Value Index

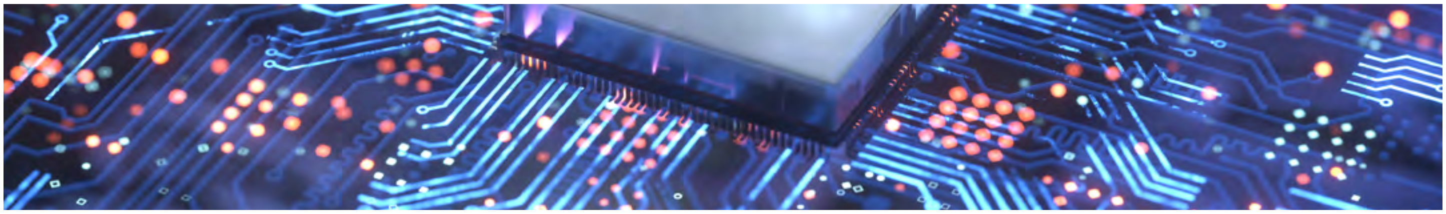


Note: As of May 28, 2026. Source: Macrobond, Bloomberg, RBC GAM

Exhibit 28: S&P 500 Equal Weighted Index



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



have lagged (Exhibit 29). Given the centrality of AI for the relative performance of these styles and regions, any new doubts about the technology's promise would likely feature a rotation, at the margin, back to value stocks and/or regions outside of the U.S. and emerging markets.

Asset mix – narrowing underweight in bonds, shifting regional equity tilts

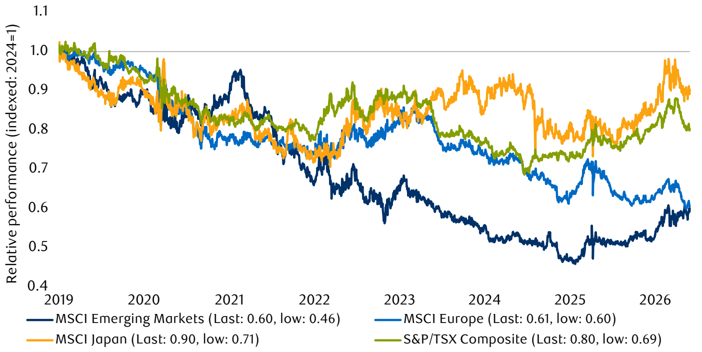
In determining a recommended asset allocation for a global balanced investor, we consider a variety of scenarios around risks and opportunities in the short term as well as the longer term. The key risks to our outlook in the near term relate to the war in the Middle East and associated energy-price shock, as well as possible inflation pressures persisting longer than assumed. AI presents another risk in that perhaps it could be overhyped, but more likely it generates significant tailwinds from an investment perspective which also lead to meaningful productivity gains. Overall, our base case scenario sees inflation pressures subsiding next year while economies continue to expand and support corporate profit growth. In this environment we expect low-to-mid single-digit returns in bonds with slightly higher returns for stocks, the latter being limited by currently high valuations.

For bonds, a reliable estimate of future returns is the current yield to maturity. The relationship between the U.S. 10-year yield and its performance over the subsequent decade has been statistically strong, evidenced by the fact the two lines on Exhibit 30, one offset by 10 years, are nearly identical. In other words, the yield of 4.44% on U.S. 10-year bonds is a reasonable assumption of what fixed-income investors can expect to earn over the next decade.

Forecasting stock is more challenging given that corporate profits are not guaranteed. That said, valuations tend to be a good predictor of future returns over long horizons. Exhibit 31 plots Shiller's cyclically adjusted price-to-earnings ratio (CAPE) alongside S&P 500 returns (reversed on the chart) over the following 10 years. The chart indicates that stocks have historically performed better from starting points of cheap valuations and vice versa. The current expensive starting point for stocks is consistent with low-single-digit returns on stocks, although we recognize that a variety of tailwinds are currently in place that could keep stocks performing relatively well in the near term.

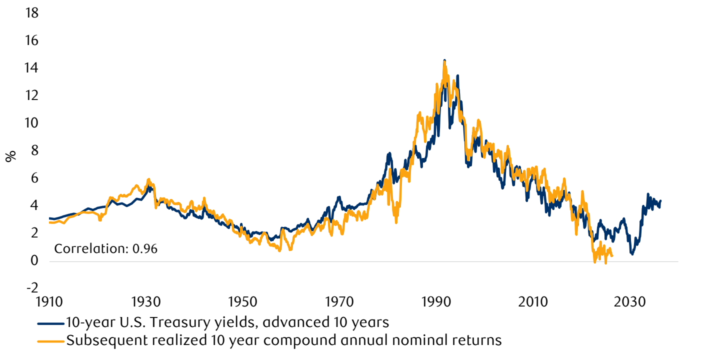
Exhibit 29: Relative performance

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



Note: As of May 29, 2026. Source: RBC GAM

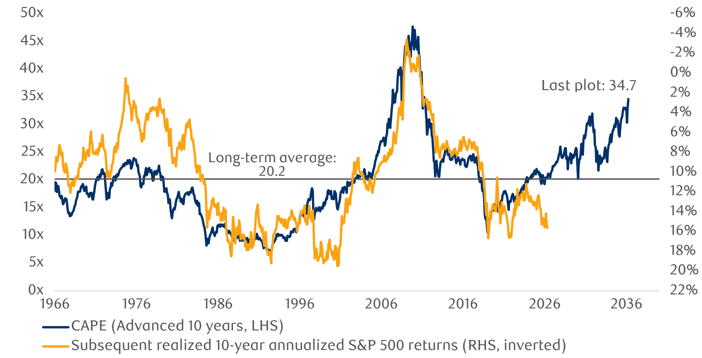
Exhibit 30: U.S. 10-year Treasury note and returns



Note: As of May 29, 2026. Source: Deutsche Bank, Macrobond, RBC GAM

Exhibit 31: Shiller's CAPE

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



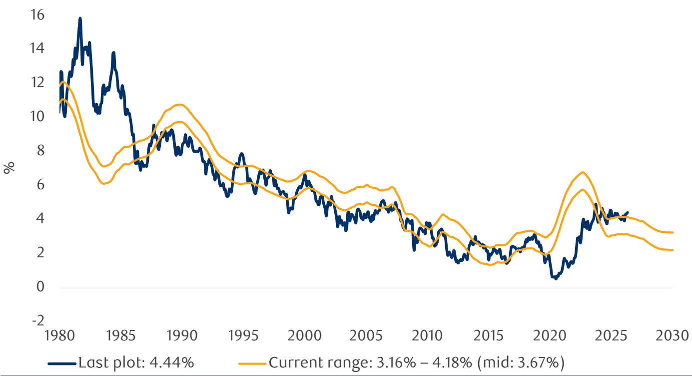
Note: As of May 31, 2026. Source: Macrobond, Bloomberg, RBC GAM

As a result, we forecast below-average returns for most equity regions ranging in the mid to high single digits over our 1-year forecast horizon, acknowledging that stocks would be vulnerable should the outlook worsen.

This quarter we made a few changes to our asset mix. We narrowed our prior underweight in fixed income by 50 basis points, sourced from cash, reflecting the improved return potential and diminished valuation risk following the latest rise in yields during the quarter. In stocks, we maintained a slight overweight position given our view that stocks are likely to outperform bonds but low equity-risk-premiums and high equity-market valuations have us opting against boosting risk exposures at this time. Instead, we made some shifts to our regional equity tilts this quarter. We neutralized our prior overweight in emerging market equities, crystalizing profits after a strong run and reducing exposure to the region's high concentration in a few semiconductor stocks. We lowered Europe from overweight to underweight and we placed the proceeds into the U.S., which moved to a slight overweight from underweight last quarter. In our view, this asset mix is well positioned to take advantage of tailwinds from artificial intelligence without being overly exposed should the outlook worsen contrary to our base case. For a balanced global investor, our current recommended asset mix is 61.0% equities (strategic "neutral": 60.0%), 37.5% bonds (strategic "neutral": 38.0%) and 1.5% cash.

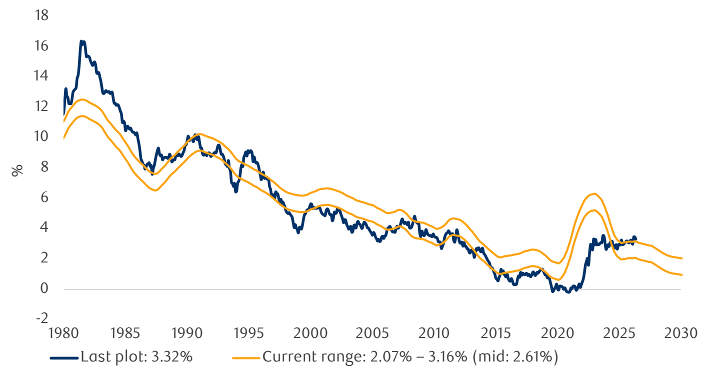
Global fixed income markets

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



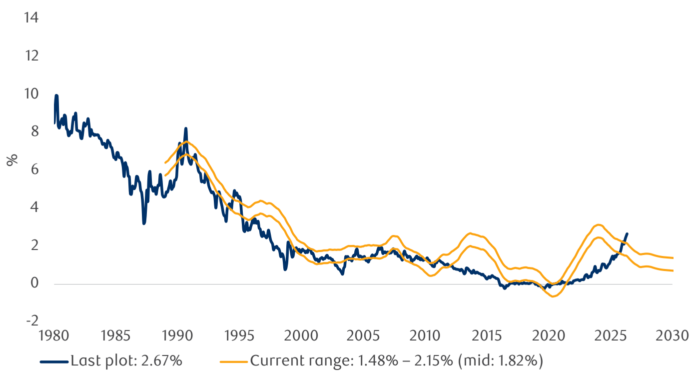
Note: As of May 29, 2026. Source: RBC GAM

Eurozone 10-Year Bond Yield
Equilibrium range



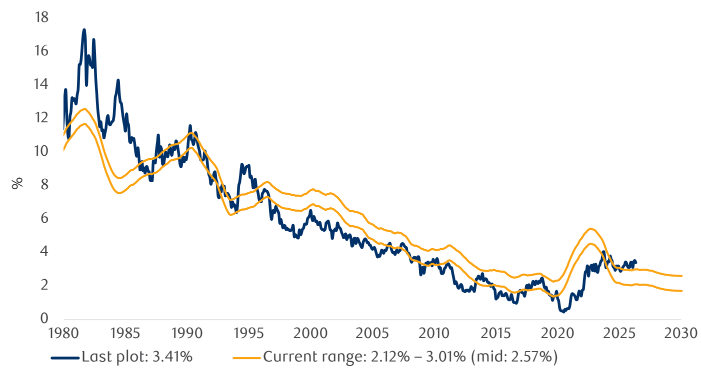
Note: As of May 29, 2026. Source: RBC GAM

Japan 10-Year Bond Yield
Equilibrium range



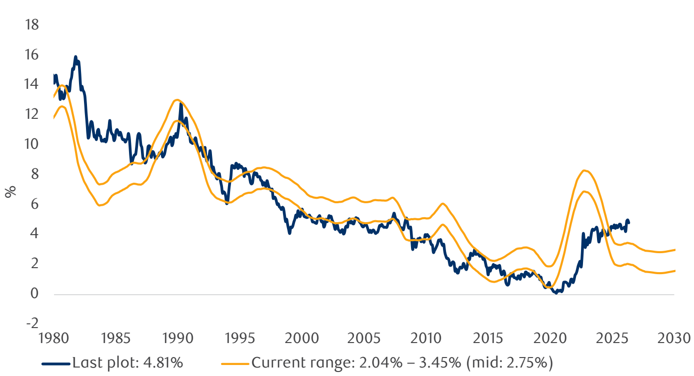
Note: As of May 29, 2026. Source: RBC GAM

Canada 10-Year Bond Yield
Equilibrium range



Note: As of May 29, 2026. Source: RBC GAM

UK 10-Year Gilt
Equilibrium range



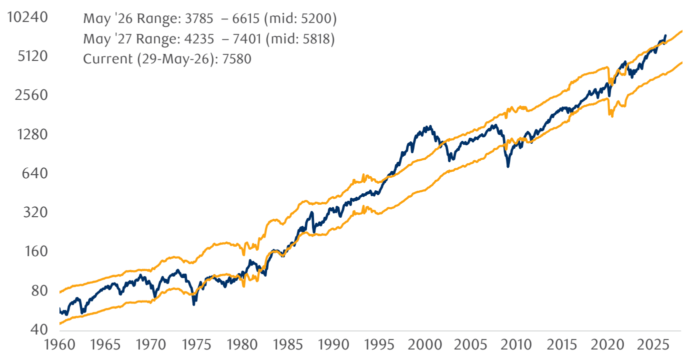
Note: As of May 29, 2026. Source: RBC GAM

> "Our model suggests the U.S. 10-year bond offers modest return potential with minimal valuation risk and this is a view that holds across sovereign bonds of other major regions as well."

Global equity markets

S&P 500 Equilibrium

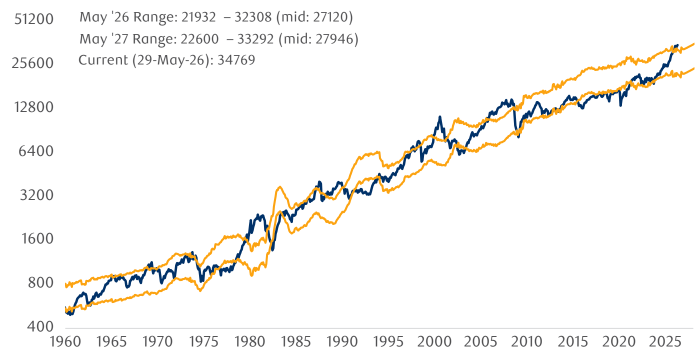
Normalized earnings and valuations



Note: As of May 29, 2026. Source: RBC GAM

S&P/TSX Composite Equilibrium

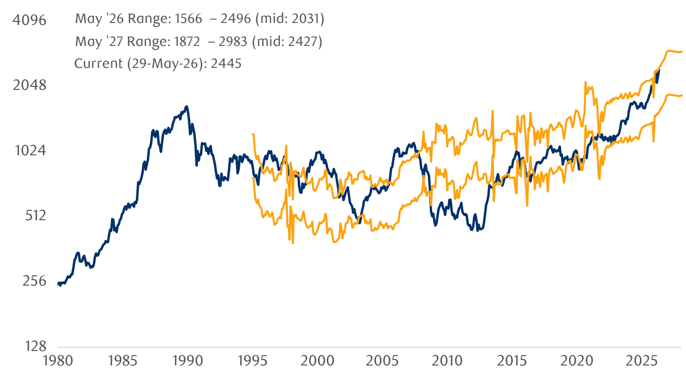
Normalized earnings and valuations



Note: As of May 29, 2026. Source: RBC GAM

MSCI Japan Index

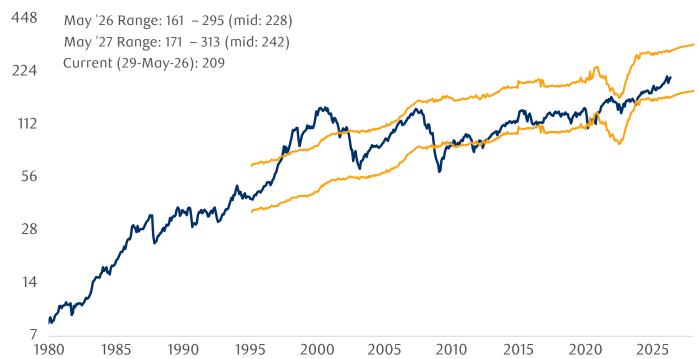
Normalized earnings and valuations



Note: As of May 29, 2026. Source: RBC GAM

MSCI Europe Index

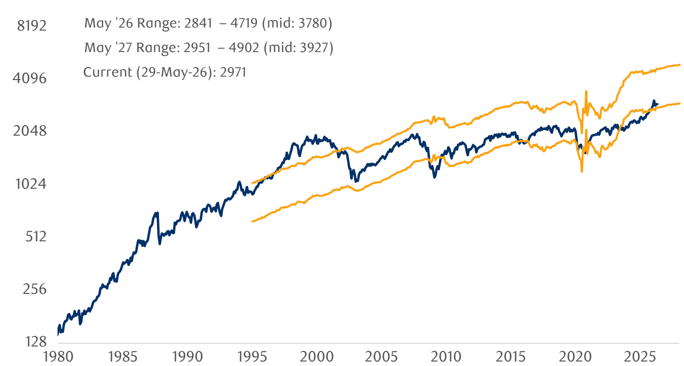
Normalized earnings and valuations



Note: As of May 29, 2026. Source: RBC GAM

MSCI UK Index

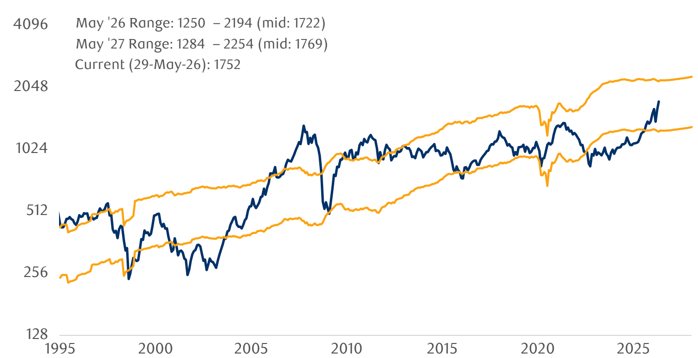
Normalized earnings and valuations



Note: As of May 29, 2026. Source: RBC GAM

MSCI Emerging Markets Index

Normalized earnings and valuations



Note: As of May 29, 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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