

Top 30 Global Ideas for 2026

Fourth-Quarter Update

EQUITY RESEARCH | October 1, 2026

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

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This report is priced as of market close on September 30, 2026, unless otherwise noted.

Introduction

Graeme Pearson – Co-Head of Global Research

Mark Odendahl – Co-Head of Global Research

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

Changes This Quarter

Additions: Alphabet (GOOGL US), American Healthcare REIT (AHR US), Anheuser-Busch InBev (ABI BB), CRH (CRH US), Eli Lilly (LLY US), Guardant Health (GH US), MSCI (MSCI US), Siemens Energy (ENR GR)

Deletions: Airbnb (ABNB US), Air Products and Chemicals (APD US), Diageo (DGE LN), Merck (MRK US), Moody's (MCO US), RB Global (RBA US), Schneider Electric (SU FP), Ventas (VTR US)

Maintains: AltaGas (ALA CN), Amazon.com (AMZN US), Apotex Health (APTX CN), Applied Materials (AMAT US), AXA (CS FP), Biogen (BIIB US), Brookfield Corp. (BN US), Canadian National Railway (CNR CN), ConocoPhillips (COP US), Constellation Software (CSU CN), International Paper (IP US), IQVIA (IQV US), Loblaw (L CN), Lonza (LONN SW), Microsoft (MSFT US), Royal Gold (RGLD US), Safran (SAF FP), Snowflake (SNOW US), Williams (WMB US), U.S. Bancorp (USB US), Visa (V US), Xcel Energy (XEL US)

Additions

This quarter, in **Communication Services** we add **Alphabet (GOOGL US)**. We expect the market to anticipate ongoing utility expansion to its agentic strategy where it has leading trust, data, product integration, distribution and compute. Secondarily, we believe there could be significant TPU upside to next years GCP estimates on both top and bottom lines where we hear investors are unclear on the margins and therefore quality of this incremental revenue stream.

In **Consumer Staples** we add **Anheuser-Busch InBev (ABI BB)**. Despite solid year-to-date performance, we believe ABI shares remain meaningfully undervalued relative to peers, and the re-rating has considerably further to run. CEO Michel Doukeris is at the halfway point of his ten-year plan, with the next five years focused on reigniting best-in-class consumer staples positioning, and in our view the recent CMD reinforced this ambition.

In **Financials** we add **MSCI (MSCI US)**. In our view, MSCI is well-positioned to deliver sustained double-digit revenue growth, underpinned by industry-leading franchises across Indices, Analytics, Sustainability, and Private Markets. We believe its benchmark-driven, proprietary data model makes it structurally resilient to, and a beneficiary of, GenAI, as accelerating demand for MSCI's data combines with AI-driven cost efficiencies to support robust margin expansion and strong free cash flow generation.

In **Health Care** we add **Eli Lilly (LLY US)** and **Guardant Health (GH US)**. For **Eli Lilly**, we believe consensus underestimates the momentum of the GLP-1 portfolio, with international performance a persistent source of upside. Despite steeper pricing pressure in H2/26, improving patient access should drive sufficient volume growth to sustain top-line expansion. LLY's pipeline adds further optionality, with next-generation obesity assets delivering promising early clinical data and potential GLP-1 applications across immunology, addiction, depression, and Alzheimer's disease representing a long-duration call option the market has yet to fully price, in our view. **Guardant Health** is the market leader in liquid biopsy. We see a rich near-term catalyst calendar and forecast approximately 36% revenue growth in 2027. Its cancer screening test, Shield, is inflecting rapidly as major commercial insurers and benefit managers move to cover it, while the core tumour profiling franchise continues to expand into new indications with reimbursement pathways that unlock higher average selling prices.

In **Industrials** we add **Siemens Energy (ENR GR)**, which we view as a direct beneficiary of growing global electricity demand and the AI infrastructure buildout, providing power solutions anchored by gas turbines and grid equipment. We forecast a 4-year EBITA CAGR of 26%, a trajectory almost entirely supported by today's order backlog, lending high visibility to the outlook. In our view, valuation remains compelling at 15.5x 2027E EV/EBITA (falling to ~8x by 2030E), with a 2027E FCF yield of ~7% and non-core disposals rounding out an attractive total return profile.

In **Materials** we add **CRH (CRH US)** as a top idea within our Building Materials coverage. We believe that CRH's unwarranted 50% discount to US peers (CY2026E EV/EBITDA 8.2x vs. 16.1x) offers a rare entry point into a high-quality compounder with 75% North American EBITDA, 12 consecutive years of margin growth, and is S&P 500-listed. In our view the catalysts for re-rating are clear, with unmatched US infrastructure exposure to the IIJA, IRA, and CHIPS Act, a Water segment posting a 32% 5-year EBITDA CAGR, and $28bn earmarked for accretive M&A.

In **Real Estate** we add **American Healthcare REIT (AHR US)**. In our view, AHR should benefit from strong seniors housing fundamentals resulting in both attractive organic and external growth. We believe these trends are sustainable given the robust industry tailwinds along with the company's significant platform investments. Additionally, we believe the stock currently trades at a modest discount to its direct peer group and should deliver comparable if not stronger earnings growth.

Deletions

We remove **Airbnb (ABNB US), Air Products and Chemicals (APD US), Diageo (DGE LN), Moody's (MCO US), RB Global (RBA US), Schneider Electric (SU FP)** and **Ventas (VTR US)** in favor of higher-conviction stock selections, while maintaining our Outperform ratings on all seven names. We also remove **Merck (MRK US)** in alignment with our recent downgrade to Sector Perform, as we view the risk/reward as fairly valued following recent share price appreciation.

Performance Review

Over the past quarter, the Q3/26 *Top 30* list delivered a total return of 0.9% in USD terms vs. the MSCI World Index at 1.5%. The best-performing *Top 30* stock selections in Q3/26 were Microsoft (+32%), Snowflake (+29%) and IQVIA (+29%). Since inception of our quarterly list at YE2019, the *Top 30* has delivered a total compound annual return of 13.5% vs. the benchmark at 13.1%.

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

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

Company	Pricing Symbol	Analyst	Rating	Trading Currency	Closing Price (09/30/2026)	Market Cap (MM)	Price Target	Div. Yield (%)	Implied All-in Return (%)
Alphabet Inc.	GOOGL US	Brad Erickson	Outperform	USD	344.08	4,235,281	425.00	0.0	23.5
AltaGas Ltd.	ALA CN	Maurice Choy	Outperform	CAD	52.26	16,284	59.00	2.6	15.5
Amazon.com, Inc.	AMZN US	Brad Erickson	Outperform	USD	249.15	2,716,482	330.00	0.0	32.5
American Healthcare REIT, Inc.	AHR US	Michael Carroll	Outperform	USD	51.26	9,909	61.00	2.0	21.0
Anheuser-Busch InBev SA/NV	ABI BB	James Edwardes Jones	Outperform	EUR	65.32	130,967	93.00	2.0	44.4
Apotex Health Corp.	APTX CN	Douglas Miehm	Outperform	CAD	31.13	7,113	43.00	0.6	38.8
Applied Materials, Inc.	AMAT US	Srini Pajjuri	Outperform	USD	511.38	408,593	600.00	0.1	17.4
AXA	CS FP	Ben Cohen	Outperform	EUR	42.54	90,755	52.00	5.9	28.2
Biogen Inc.	BIIB US	Brian Abrahams	Outperform	USD	225.88	32,956	260.00	0.0	15.1
Brookfield Corporation	BN US	Bart Dziarski	Outperform	USD	36.46	81,415	61.00	0.8	68.1
Canadian National Railway Company	CNR CN	Walter Spracklin	Outperform	CAD	169.40	102,470	198.00	2.4	19.3
ConocoPhillips	COP US	Scott Hanold	Outperform	USD	125.15	150,347	152.00	2.7	24.2
Constellation Software Inc.	CSU CN	Paul Treiber	Outperform	CAD	2,930.00	62,091	4,400.00	0.2	50.4
CRH plc	CRH US	Anthony Codling	Outperform	USD	82.80	56,012	165.00	1.8	101.1
Eli Lilly and Company	LLY US	Trung Huynh	Outperform	USD	1,157.08	1,034,049	1,500.00	0.6	30.2
Guardant Health, Inc.	GH US	Dan Leonard	Outperform	USD	178.36	23,698	200.00	0.0	12.1
International Paper Company	IP US	Matthew McKellar	Outperform	USD	33.17	17,564	52.00	5.6	62.4
IQVIA Holdings Inc.	IQV US	Ryan Halsted	Outperform	USD	268.85	44,979	319.00	0.0	18.7
Loblaw Companies Limited	L CN	Irene Nattel	Outperform	CAD	62.20	71,996	72.00	1.0	16.8
Lonza Group AG	LONN SW	Charles Weston	Outperform	CHF	575.20	40,396	760.00	1.1	33.2
Microsoft Corporation	MSFT US	Rishi Jaluria	Outperform	USD	512.90	3,817,515	640.00	0.7	25.5
MSCI Inc.	MSCI US	Ashish Sabadra	Outperform	USD	538.66	41,912	655.00	0.6	22.2
Royal Gold, Inc.	RGLD US	Josh Wolfson	Outperform	USD	236.00	19,983	325.00	0.8	38.5
Safran	SAF FP	Ken Herbert	Outperform	EUR	334.40	138,952	400.00	1.0	20.7
Siemens Energy AG	ENR GR	Colin Moody	Outperform	EUR	142.62	118,218	200.00	0.0	40.2
Snowflake Inc.	SNOW US	Matthew Hedberg	Outperform	USD	339.56	134,126	440.00	0.0	29.6
The Williams Companies, Inc.	WMB US	Elvira Scotto	Outperform	USD	67.97	83,127	87.00	3.1	31.1
U.S. Bancorp	USB US	Gerard Cassidy	Outperform	USD	57.76	89,990	68.00	3.6	21.4
Visa Inc.	V US	Daniel R. Perlin	Outperform	USD	359.33	682,008	466.00	0.8	30.4
Xcel Energy Inc.	XEL US	Stephen D'Ambrisi	Outperform	USD	70.48	42,933	94.00	3.4	36.7

Notes:

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

Source: Bloomberg and RBC Capital Markets estimates

Top 30 Global Ideas for 2026 – Changes This Quarter

Company	Pricing Symbol	Analyst	Rating	Trading Currency	Closing Price (09/30/2026)	Market Cap (MM)	Price Target	Div. Yield (%)	Implied All-in Return (%)
Additions this quarter:									
Alphabet Inc.	GOOGL US	Brad Erickson	Outperform	USD	344.08	4,235,281	425.00	0.0	23.5
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Anheuser-Busch InBev SA/NV	ABI BB	James Edwardes Jones	Outperform	EUR	65.32	130,967	93.00	2.0	44.4
CRH plc	CRH US	Anthony Codling	Outperform	USD	82.80	56,012	165.00	1.8	101.1
Eli Lilly and Company	LLY US	Trung Huynh	Outperform	USD	1,157.08	1,034,049	1,500.00	0.6	30.2
Guardant Health, Inc.	GH US	Dan Leonard	Outperform	USD	178.36	23,698	200.00	0.0	12.1
MSCI Inc.	MSCI US	Ashish Sabadra	Outperform	USD	538.66	41,912	655.00	0.6	22.2
Siemens Energy AG	ENR GR	Colin Moody	Outperform	EUR	142.62	118,218	200.00	0.0	40.2
Deletions this quarter:									
Airbnb, Inc.	ABNB US	Brad Erickson	Outperform	USD	160.65	101,852	195.00	0.0	21.4
Air Products and Chemicals, Inc.	APD US	Arun Viswanathan	Outperform	USD	278.23	61,990	360.00	2.6	32.0
Diageo plc	DGE LN	James Edwardes Jones	Outperform	GBp	1,624.00	36,111	2,000.00	2.3	25.5
Merck & Co., Inc.	MRK US	Trung Huynh	Sector Perform	USD	145.31	358,916	150.00	2.3	5.6
Moody's Corporation	MCO US	Ashish Sabadra	Outperform	USD	454.13	81,653	610.00	0.6	34.9
RB Global, Inc.	RBA US	Sabahat Khan	Outperform	USD	81.39	15,212	152.00	1.5	88.3
Schneider Electric SE	SU FP	Mark Fielding	Outperform	EUR	292.00	164,162	320.00	1.6	11.2
Ventas, Inc.	VTR US	Michael Carroll	Outperform	USD	85.02	41,379	99.00	2.5	18.9

Notes:

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Source: Bloomberg and RBC Capital Markets estimates

Top 30 Global Ideas – Performance Summary

Although the *Top 30* is not intended to be a relative product, having been created to capture RBC Capital Markets' best ideas on an absolute basis, we compare the performance of the *Top 30* to the MSCI Developed World Index and regional indices to provide context for its returns. See the performance tables below for Q3 2026 and since inception (December 2019).

Ticker	Company	Total Return Q3 2026* (in local currency)	Total Return Q3 2026* (in USD)
MSFT US	Microsoft Corp.	32.2%	32.2%
SNOW US	Snowflake Inc.	29.2%	29.2%
IQV US	IQVIA Holdings Inc.	29.1%	29.1%
RGLD US	Royal Gold Inc.	20.0%	20.0%
COP US	ConocoPhillips	16.2%	16.2%
MRK US	Merck & Co Inc.	13.4%	13.4%
BIIB US	Biogen Inc.	9.8%	9.8%
SU FP	Schneider Electric SE	9.0%	8.1%
ABNB US	Airbnb Inc.	8.0%	8.0%
DGE LN	Diageo PLC	3.8%	3.0%
CSU CN	Constellation Software Inc.	2.5%	2.3%
V US	Visa Inc.	2.2%	2.2%
AMZN US	Amazon.com Inc.	1.3%	1.3%
L CN	Loblaw Cos Ltd.	-1.1%	-1.3%
ALA CN	AltaGas Ltd.	-2.0%	-2.1%
CNR CN	Canadian National Railway Co	-2.3%	-2.5%
LONN SW	Lonza Group AG	0.1%	-3.2%
SAF FP	Safran SA	-3.7%	-4.4%
CS FP	AXA SA	-4.0%	-4.7%
USB US	US Bancorp	-7.3%	-7.3%
AMAT US	Applied Materials Inc.	-7.7%	-7.7%
APD US	Air Products and Chemicals Inc.	-8.8%	-8.8%
WMB US	The Williams Cos Inc.	-8.8%	-8.8%
VTR US	Ventas Inc.	-9.1%	-9.1%
MCO US	Moody's Corp.	-9.1%	-9.1%
IP US	International Paper Co	-11.5%	-11.5%
XEL US	Xcel Energy Inc.	-11.9%	-11.9%
APTX CN	Apotex Health Corp.	-12.4%	-12.5%
BN US	Brookfield Corp.	-16.6%	-16.6%
RBA US	RB Global Inc.	-27.9%	-27.9%
	Average total return for RBC CM Top 30 Global Ideas in Q3 2026	***1.1%***	***0.9%***

Indices		Total Return (in local currency) Q3 2026*	Since Inception** (Annualized)
	RBC CM Top 30 Global Ideas	**1.1%**	**13.5%**
SPX Index	S&P 500 Index	2.2%	15.3%
NDDUWI Index	MSCI World Net Total Return US	1.5%	13.1%
AS51 Index	S&P/ASX 200	1.5%	9.3%
SPTSX Index	S&P/TSX Composite Index	0.4%	14.7%
SXXP Index	STOXX Europe 600 Price Index	-1.4%	10.0%

Indices		Total Return (in USD) Q3 2026*	Since Inception** (Annualized)
	RBC CM Top 30 Global Ideas	**0.9%**	**13.5%**
SPX Index	S&P 500 Index	2.2%	15.3%
AS51 Index	S&P/ASX 200	1.7%	9.2%
NDDUWI Index	MSCI World Net Total Return US	1.5%	13.1%
SPTSX Index	S&P/TSX Composite Index	0.2%	13.1%
SXXP Index	STOXX Europe 600 Price Index	-2.1%	10.1%

Notes: *Q3 2026 performance from the publication of the Q3 2026 *Top 30* list pre-market July 8, 2026, to market close on September 30, 2026. **Since inception performance calculated from YE2019. Past performance is not necessarily indicative of future performance. Price performance does not take into account relevant costs, including commissions and interest charges or other applicable expenses that may be associated with transactions in these shares.

Source: Bloomberg and RBC Capital Markets

Investment Thesis

Alphabet Inc. (NASDAQ: GOOGL)

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

Rating: Outperform **Closing Price: USD 344.08**
Price Target: USD 425.00 **Implied All-in Return (%): 23.5**

Investment summary

We like Google's ability to use its free cash flow generated from core search advertising to fund multiple other adjacencies for growth for many years to come - notably initiatives around AI which appear to be re-shaping how people search on the internet. Due to its dominance at the top of the funnel, we think the company is in a unique position to secure/maintain leading distribution for its AI capabilities along with accretively acquiring data at the bottom of the funnel in order to maximize equity value creation while leveraging this capability across all existing and emerging customer access points. Longer term, we are also intrigued by certain Other Bets addressing transportation and healthcare in particular given their size as well as their relative importance to solving some of humanity's greatest challenges.

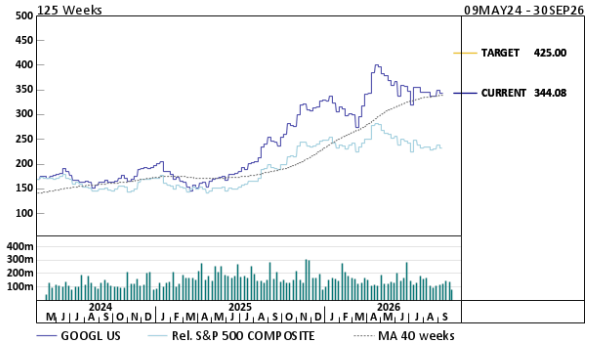
Valuation

GOOGL trades above the high end of its historical range (12-29x). Given the strong growth in the business over the last couple of years, unknown levels of future AI investment, and the sheer size of the company, we think future growth and therefore multiple expansion are constrained to some extent. That said, our checks indicate that Search remains the last channel to be cut and continued conversion improvements should drive spending. Further, AIO/AI Mode are driving meaningful query and monetization growth while Gemini proliferation positions GOOGL as a leader in consumer AI alongside its unmatched distribution. To that end, we apply a 30x P/27E EPS multiple to derive our $425 price target, which supports our Outperform rating.

Risks to rating and price target

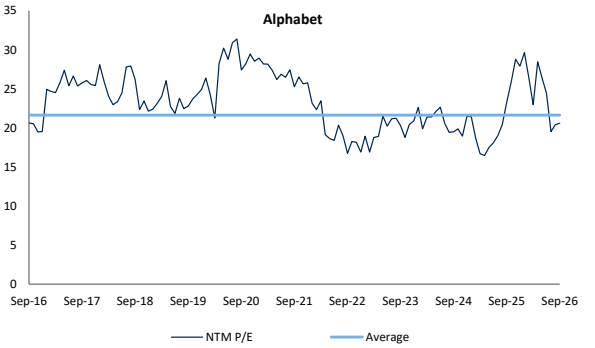
Intensifying competition most notably from Generative AI chatbot tools which could impact the way people search on the internet. App store payment and/or fee changes could be mandated. Google's core search algorithm could be regulated to statically drive content discovery that doesn't favor Google's properties. E-commerce growth could stall, leading to slowing digital advertising spend. Any slowing to venture capital would likely disproportionately affect Google's core advertising business. A global macroeconomic downturn would cause companies to meaningfully slow advertising spend. Regulatory risk surrounds the potential breaking up of the business and/or sanctions issued on how the different parts of Alphabet's business could communicate and partner in terms of technology interconnectivity as well as crossover personnel.

Exhibit 1 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 2 - Forward consensus P/E history



Source: Factset

Most recent company note: link

AltaGas Ltd. (TSX: ALA)

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

Rating: Outperform **Closing Price: CAD 52.26**
Price Target: CAD 59.00 **Implied All-in Return (%): 15.5**

Investment summary

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

Stronger balance sheet position that supports AltaGas' 5-7% long-term enterprise growth trajectory. Following the recent equity raise and the decision to retain MVP, AltaGas is positioned to be broadly in line with AltaGas' debt/EBITDA objective of being at or below its 4.5-5.0x target (when including 50% of hybrid and preferred capital). More importantly, we continue to see the potential for the company to further reduce its leverage meaningfully below its target, reflecting both new projects and other monetization opportunities.

Is AltaGas a utility or a midstreamer? The market seems to be saying "neither," which we believe results in a discounted valuation. AltaGas's guidance is for 48-52% of 2026E EBITDA to come from the US regulated gas distribution utilities (Maryland, Virginia, Michigan, and Washington, D.C.) and the remainder from midstream assets (net of corporate costs). With relative balance, we find that utility investors, particularly those looking to play defence, are not enamoured with the higher-risk midstream business, while we find that WCSB-focused midstream investors have historically looked to pure-play stocks levered to industry trends. We believe this approach drives an attractive valuation relative to our sum-of-the-parts framework. While we do not expect a split of the business is likely in the next few years, management noted that it would look to make business decisions to keep future optionality open to maximize shareholder value via potential changes in its corporate structure.

Potential catalysts. Sale of assets that supports the company's long-term target of 4.5-5.0x (when including 50% of hybrid/preferred capital); new long-term take-or-pay contracted infrastructure projects with strong counterparties; additional tolling contracts for West Coast LPG exports, particularly that support the 60% tolling level for all capacity (including REEF if it moves forward); and higher-than-expected frac spreads and/or LPG export margins.

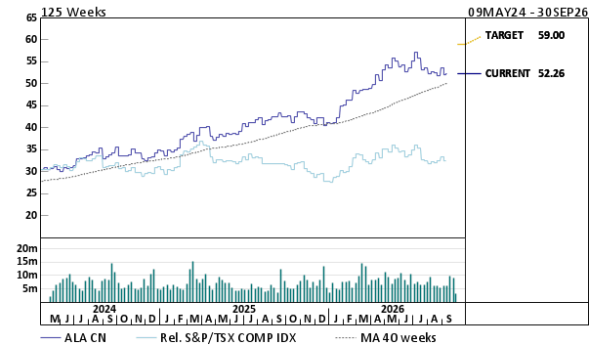
Valuation

Our $59.00/share price target is based on our sum-of-the-parts analysis that results in values of $52.00-66.00/share. Our valuation includes a 19.5-21.5x P/E valuation applied to our 2028 forecast for the Utilities segment. For Midstream, we use a roughly 12.0-14.0x 2027E EV/EBITDA multiple, which is consistent with what we use for the Canadian midstream peers. We believe that the risk-adjusted expected total return to our price target supports our Outperform rating for the shares.

Risks to rating and price target

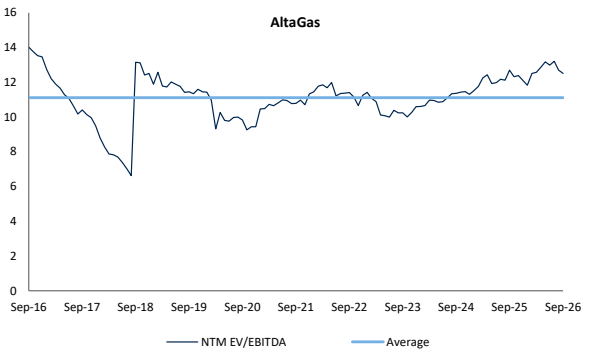
Risks to rating and price target include: (1) negative regulatory decisions; (2) NGL spreads or gas volumes that meaningfully differ from our forecast; (3) projects/acquisitions that fail to gain the confidence of investors; (4) dilutive actions to maintain the BBB-credit rating; and (5) natural gas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

Exhibit 3 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 4 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

Amazon.com, Inc. (NASDAQ: AMZN)

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

Rating: Outperform **Closing Price: USD 249.15**
Price Target: USD 330.00 **Implied All-in Return (%): 32.5**

Investment summary

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

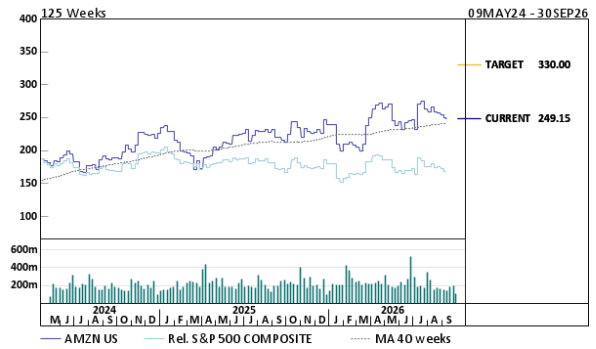
Valuation

The stock trades at a slight discount to the group. Reasons for the discount are valid in some ways given the law of large numbers limiting growth rates and the multiple ascribed to the low-margin 1P retail business. That said, we believe an in-line multiple is fair given the e-commerce moat that AMZN has developed, combined with rising exposure to highly cash-generative segments such as advertising and cloud. Our Outperform rating is supported by our $330 price target, which is based on 15x EV/our '27E EBITDA.

Risks to rating and price target

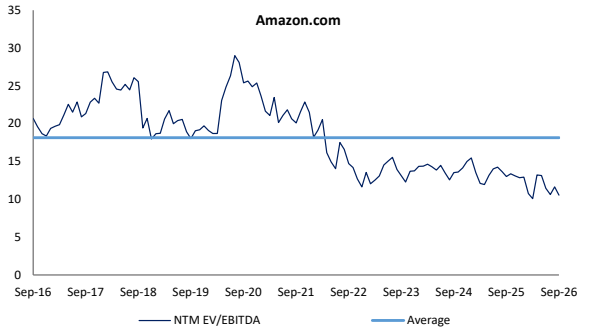
Risks to rating and price target include: (1) challenging integration of ongoing capacity expansion; (2) less sticky or reversionary e-commerce trends post-pandemic; (3) less successful Prime membership adoption in international markets leading to slowing growth and less margin expansion than expected;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

Exhibit 5 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 6 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

American Healthcare REIT, Inc. (NYSE: AHR)

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

Rating: Outperform **Closing Price: USD 51.26**
Price Target: USD 61.00 **Implied All-in Return (%): 21.0**

Investment summary

American Healthcare REIT (NYSE: AHR) is a diversified healthcare REIT that will likely be more keen on growing its seniors housing and skilled nursing facility (SNF) portfolios. The company's ownership in Trilogy Health Services, LLC, within a RIDEA structure is the biggest differentiating factor. We believe this relationship reflects a competitive advantage in the space, especially given Trilogy is a solid regional operator. This relationship should help generate above-average organic growth while new investments deliver attractive external growth.

Potential catalysts:

SHOP operational upside presents attractive growth. We believe AHR can generate significant incremental NOI by achieving pre-COVID occupancy and margins. We expect occupancy and margins to ultimately exceed pre-COVID levels.

Trilogy relationship should yield new opportunities. We expect AHR can source attractive investment opportunities via Trilogy. These deals could pick up, especially now that AHR's cost of capital has improved.

External growth could be better than expected. We now expect ~$2.7 billion of investments in 2026, including ~$1.4 billion completed YTD.

Valuation

Price Target Justification: Our $61/share target is based on a ~25x multiple on our $2.53/share 4Q27-3Q28 AFFO estimate. This multiple reflects our expectation of 7 years of elevated AFFO growth (~16%) and a long-term multiple of ~21.5x, which would be largely in line with our VTR target and a discount to our WELL target. Our price target supports our Outperform rating.

NAV: We estimate the in-place NAV at $32.96/sh, assuming a ~7.1% cap rate. We expect AHR will create healthy value, driving our YE27E NAV (2028 est.) up to $46.01/sh from our YE26E NAV (2027 est.) of $40.40/sh.

Risks to rating and price target

The greatest risks to our estimates, rating, and price target center around the healthcare operating environment and the performance/success of its largest tenant/operator, Trilogy. Other concerns center around general economic and regulatory trends including the SNF reimbursement environment, seniors' unwillingness to move, operators' ability to attract quality labor, and AHR's availability and cost of capital. Investors can find a more inclusive risk section in the company's filings with the SEC.

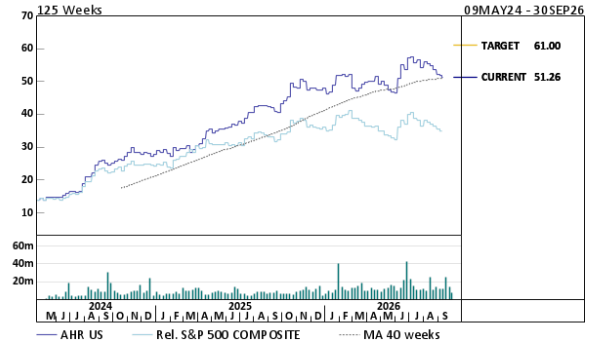
Other company-specific risks:

Communication is key. Given our expectation that AHR will have more operational volatility, it is critical management is transparent on potential operational headwinds.

Trilogy success critical: AHR generates over half of its NOI from Trilogy. Therefore, its performance significantly impacts the REIT.

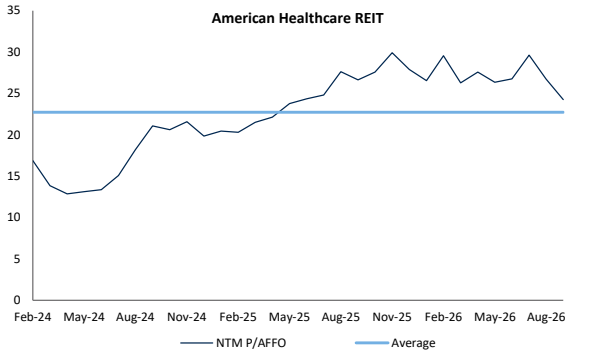
SNF operational exposure presents heightened volatility: AHR generates roughly half of Trilogy NOI from skilled nursing beds. While we believe Trilogy is a good operator, these assets are still susceptible to headline risk.

Exhibit 7 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 8 - Forward consensus P/AFFO history



Source: Factset

Most recent company note: link

Anheuser-Busch InBev SA/NV (BRU: ABI; NYSE: BUD)

RBC Europe Limited
James Edwardes Jones (Analyst) +44 20 7002 2101, james.edwardesjones@rbccm.com

Rating: Outperform **Closing Price: EUR 65.32**
Price Target: EUR 93.00 **Implied All-in Return (%): 44.4**

Investment summary

Currencies remain the unknown, but we think AB InBev's grip on the more controllable factors is tightening. Short-term performance has been more consistent, volume growth is improving and ABI's medium-term ambition of 4-8% EBITDA growth looks realistic to us. Its regional margins are underpinned by strong competitive positioning and there might even be some upside in South America. In addition, excessive debt is no longer an issue; indeed, one common debate now concerns the allocation of excess cash flow.

Adding to the long-term investment case is the change in focus of the global beer sector; both AB InBev and Heineken are talking more about investing in the category than before. Lastly there are additional long-term prospects of AB InBev's digital platform: 'Bees'. We think there is little in the share price to reflect this at the moment, but it's an interesting piece of optionality.

We hold an Outperform rating for AB InBev.

Valuation

We believe that consumer staples stocks lend themselves to a DCF valuation methodology owing to the relative strength and predictability of their cash flows together with, in some instances, a significant mismatch between capital expenditure and depreciation charged through the profit and loss account, meaning that P&L-based valuation metrics (PE ratio, EV/ EBITDA ratio) can be misleading. We use a derivative of a traditional DCF calculation called adjusted present value (APV) whereby the business's operating cash flows are discounted at its cost of equity (8% in this instance) and tax shield at the cost of debt (3.0%). We assume a terminal growth rate of 2.5% per annum from 2040. Under these assumptions, we derive a fair value of €87 per share. Discounting the APV forward by a year at the cost of equity and adding in our dividend forecast for 2027 yields a 12-month price target of €93. Our price target and the implied return support our Outperform rating.

Risks to rating and price target

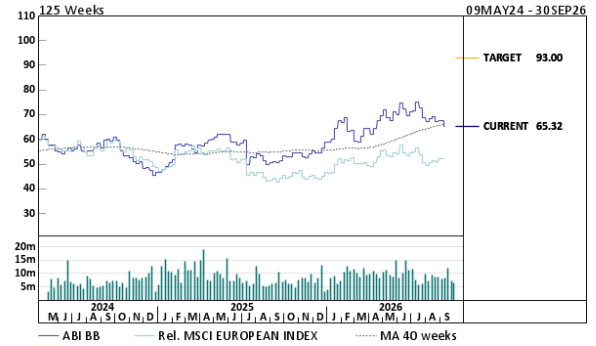
The US is ABI's largest market; it has succeeded in offsetting market weakness with successful innovations in beyond beer and market share gains. Incremental weakness in ABI's US performance would be poorly received.

The Chinese market has been declining and ABI has been underperforming it. Prolonged extension of these trends would be unhelpful.

ABI is heavily exposed to other emerging markets, notably, Brazil, Colombia, Mexico and South Africa. A significant deterioration in consumption or market share in these markets would be a downside risk.

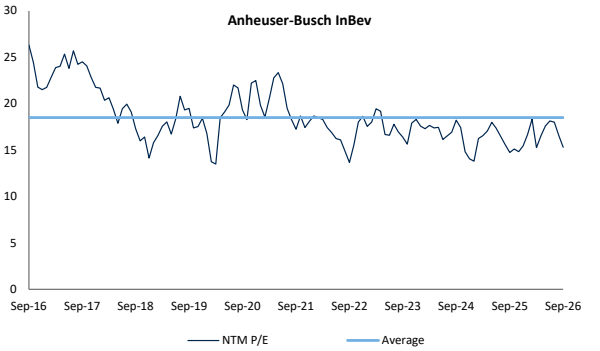
ABI has proved susceptible to emerging market currency weakness/increases in raw material costs. These need watching.

Exhibit 9 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 10 - Forward consensus P/E history



Source: Factset

Most recent company note: link

Apotex Health Corp. (TSX: APTX)

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

Rating: Outperform **Closing Price: CAD 31.13**
Price Target: CAD 43.00 **Implied All-in Return (%): 38.8**

Investment summary

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

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

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

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

Class-leading returns. FY26E ROIC of 26% (ex-VLLP) more than doubles the peer average. We forecast 8% revenue and 11% EBITDA CAGR (ex-VLLP) over five years with margins reaching ~33% by FY31E.

Valuation

We derive our $43/sh price target using a DCF framework (8.5% WACC, 3.0% terminal growth rate), which we believe is the more appropriate methodology given intangible capex (~$350-400MM annually from FY27, RBCe) sits below EBITDA and is not captured in traditional EV/EBITDA comparisons. Including intangible capex alongside internal R&D, Apotex's combined pipeline investment intensity reaches ~16% of revenue, the highest among peers and considerably above the peer average of 8.8%. This peer-leading investment, deployed through an asset-light external partnership model, should enable the company to sustain growth through new product launches despite the naturally declining nature of an existing US Gx portfolio. Our model forecasts intangible capex increasing in-line with revenues beyond FY31E ($350MM → $472MM by FY37E), supporting a 3.0% terminal growth rate. Our terminal value implies a TTM adj. EBITDA multiple of 8.9x. Our $43 PT translates to 11.9x FY28E EBITDA and 19.6x FY28E adj. FD EPS, and supports an Outperform rating.

We supplement our DCF with a geographic SOTP, assigning 11.5x to the US (vs. US peers average of 11.3x), 13.0x to Canada (~13% premium reflecting #1 market position, stable TPF pricing and higher GMs), and 10.5x to International, yielding a weighted average multiple of 12.1x and a per-share value of $43.29.

Risks to rating and price target

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

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

Tariffs and trade uncertainty: On July 21, US President Trump announced escalating tariffs on imported generic drugs (0% for two years effective August 1, 2026; 100% in Year 3; 200% thereafter). We see no near-term operational impact, but the announcement creates a medium-term overhang given APTX does not own US manufacturing facilities (~$1.5B in FY26 ex-VLLP US revenue, 46% of total). Its April 2026 Halo Pharmaceutical partnership (SK Capital-controlled, US sterile filling in NJ) provides partial mitigation. Key monitoring items include APTX's engagement with the administration on onshoring commitments that could yield tariff carve-outs (per the branded pharma precedent) and whether CUSMA renegotiation could provide preferential treatment. In Canada, the Pharmacare Act could increase pricing pressure through centralized government bulk purchasing.

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

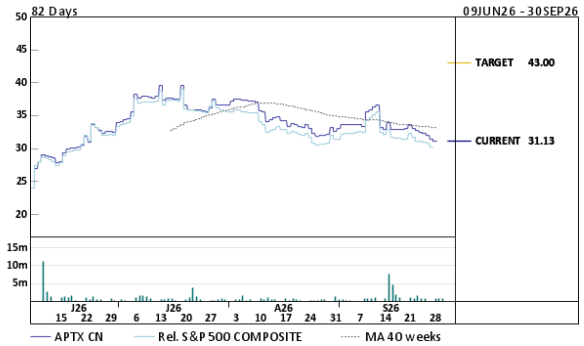
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Regulatory and compliance risks: Apotex's Richmond Hill facility received an FDA Warning Letter (October 2025) and remains in OAI status pending reinspection; 94% of CAPAs are complete. The company estimates ~1% revenue and ~2% EBITDA impact in FY27.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

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

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

Exhibit 11 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Most recent company note: link

Applied Materials, Inc. (NASDAQ: AMAT)

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

Rating: Outperform **Closing Price: USD 511.38**
Price Target: USD 600.00 **Implied All-in Return (%): 17.4**

Investment summary

AMAT outperformed the SOX index and US equipment peers YTD driven by a strong WFE environment and relatively attractive valuation. We are positive on wafer fab equipment (WFE) spending and expect AMAT to grow at least in line in the next 12 months. The company has a particularly strong position in DRAM where we expect spending to outpace overall WFE given the ongoing shortages. Other secular tailwinds include transition to backside power, hybrid bonding, and $4F^2$/3D transistors.

Valuation

Our base case price target of $600 is based on ~34x CY27E EPS (which compares to 5-year average of 18x, and peer average of 43x) and assumes AMAT can maintain its current multiple through 2026 given DRAM exposure and WFE growth. We believe the premium to historical average is appropriate given our positive views on WFE and DRAM spending for the next two years. Our price target supports our Outperform rating.

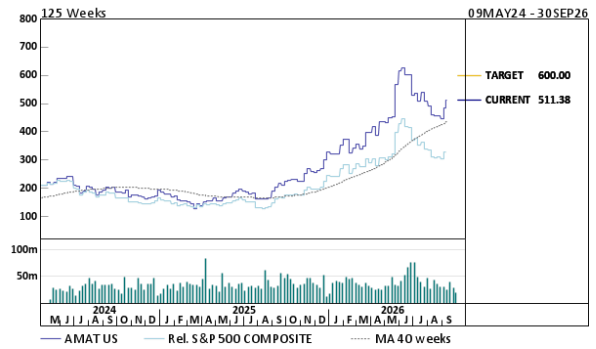
Risks to rating and price target

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

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

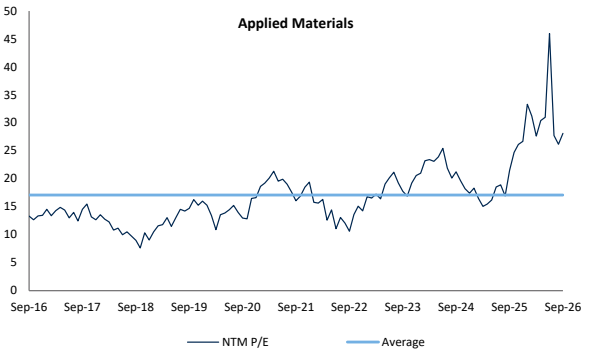
Domestic China competition: Local equipment suppliers including Naura, AMEC, and others are shipping competing deposition/etch tools. Technological improvements, export restrictions, and self-sufficiency initiatives could result in domestic suppliers gaining share.

Exhibit 12 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 13 - Forward consensus P/E history



Source: Factset

Most recent company note: link

AXA SA (NXT PA: CS)

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

Rating: Outperform **Closing Price: EUR 42.54**
Price Target: EUR 52.00 **Implied All-in Return (%): 28.2**

Investment summary

A worthy challenger; AXA systematically rebuilt

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

Fundamental improvements yet to be recognised in valuation. AXA's ROE has improved sharply and now tracks in line with peers at ~18%, up from ~3-6% in FY18-20, driven by a shift toward technical and fee-based earnings (now ~85% vs. ~20% in 2008). Strategic exits from ~20 markets and the sale of AXA IM have improved capital efficiency, supporting a sector-leading ~220% SII ratio and a notable step up in shareholder return commitments to a 75% payout ratio. However, despite convergence toward peer-group performance, AXA's P/E discount versus peers has widened further (particularly post-1H25 results), creating compelling re-rating opportunity as execution proof points accumulate.

Valuation

Our valuation model is based on a sum-of-the-parts (SOTP) analysis where we read across from listed peer multiples for AXA's business lines and use an 8.9% discount rate (WACC), which is set relative to other EU composites. It implies an 11x FY27E P/E, which we view as appropriate for AXA's diversified business mix, growth profile, reduced exposure to market risk and potential further upside from L&H turnaround. Our PT of €52 supports an Outperform rating.

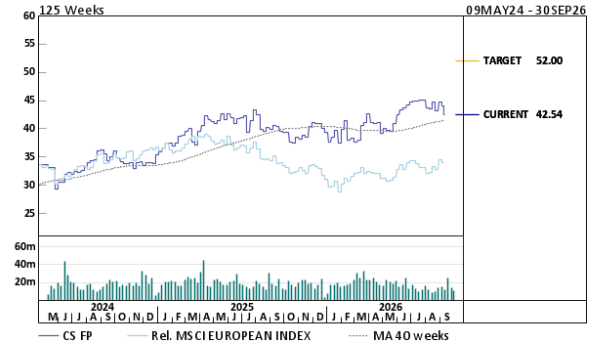
Risks to rating and price target

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

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

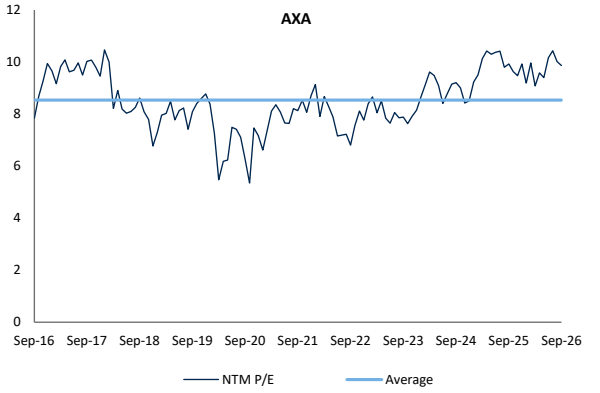
French political risk & FX sensitivity. ~25% earnings exposure to France creates uncertainty as relative valuation historically suffers during French political stress. Also, USD depreciation vs EUR is a headwind (H1'25 impact evident). However, we note that AXA has significantly immunised its balance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

Exhibit 14 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 15 - Forward consensus P/E history



Source: Factset

Most recent company note: link

Biogen Inc. (NASDAQ: BIIB)

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

Rating: Outperform **Closing Price: USD 225.88**
Price Target: USD 260.00 **Implied All-in Return (%): 15.1**

Investment summary

We believe BIIB shares reflect increasing enthusiasm for what we view as a promising pipeline, though we see additional upside in case of success in high value I&I indications and next-gen CNS therapies, which may still be viewed as somewhat risky. With Leqembi's subcutaneous prospects from 2026, in our view, there seem to be more upside opportunities than downside risks going forward. We see potentially significant upside on success of the Alzheimer's franchise that may capitalize on meaningful physician appetite for the anti-amyloid class, and competitive profiles from I&I programs; we see downside being capped by the potential for additional cost-cutting, and believe revenues from Biogen's core MS franchise and Spinraza will be flat to down over the long term but still meaningful, while the APLS acquisition could help with BIIB's bottom line profile going forward. Overall, though challenges remain, we see a favorable setup at these levels.

Key positives: (1) potential for significant market opportunity for Leqembi in Alzheimer's; (2) MS franchise should continue to generate meaningful future cash flows; (3) modest credit given to pipeline, and management's recent strategic initiatives could be well received; and (4) reasonable long-term cash flows from anti-CD20 royalties and growing biosimilars business.

Potential catalysts: (1) continued Leqembi and Skyclarys launch trends (2026+); (2) LLY Kisunla pre-symptomatic data (est. 2027); (3) Litifilimab ph.III data in SLE (4Q26); Litfilimab ph.III data in CLE and felzartamab ph.III data in AMR (1H27).

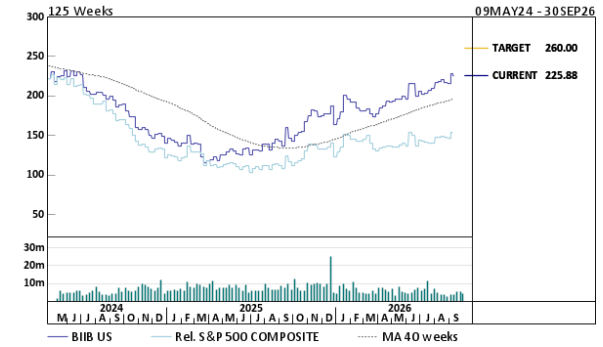
Valuation

Our $260 price target is derived from a DCF, which uses a 9.0% discount rate and a 2.8% terminal growth rate. Our price target supports our Outperform rating.

Risks to rating and price target

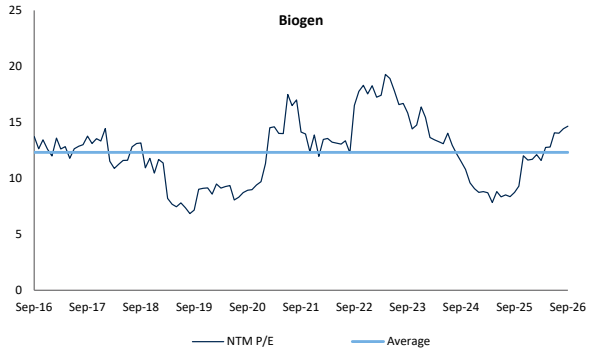
Risks to rating and price target include: (1) competition, generics, and pricing pressure in MS; (2) competition in SMA; and (3) clinical failure or reimbursement limitations on Alzheimer's antibodies.

Exhibit 16 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 17 - Forward consensus P/E history



Source: FactSet

Most recent company note: link

Brookfield Corporation (NYSE: BN; TSX: BN)

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

Rating: Outperform **Closing Price: USD 36.46**
Price Target: USD 61.00 **Implied All-in Return (%): 68.1**

Investment summary

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

Key potential catalysts include the following: (1) carried interest realizations against $5B 3-year target; (2) Wealth Solutions inflows against $45B annual target and $375B total asset target in 5 years; and (3) Monetization of Core Plus/Value Add/Opportunistic Real Estate assets (Formerly Transitional & Development) at or above IFRS fair values. Transferring Core Real Estate assets to Brookfield Wealth Solutions and/or selling a portion to 3rd-party investors at or above IFRS fair values.

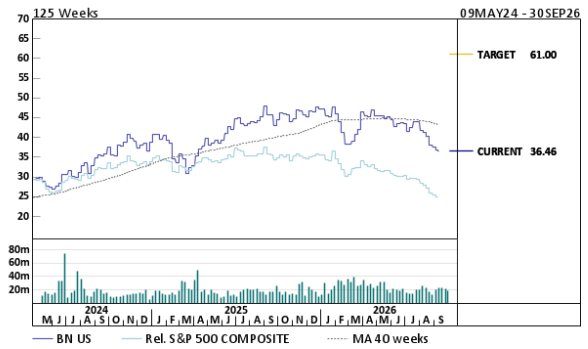
Valuation

Our 12-month price target is USD $61/share, derived using a NAV-based methodology assuming a 15% discount to NAV. We use one-year forward estimated valuations for Brookfield's listed affiliates and BAM. We apply a 20% discount to the IFRS value of the Real Estate business. We include a DCF-based valuation for Brookfield Wealth Solutions. For carried interest, we consider Brookfield's long-term track record and value carry by combining unrealized carry and a multiple of target carry. Our price target and implied return support our Outperform rating.

Risks to rating and price target

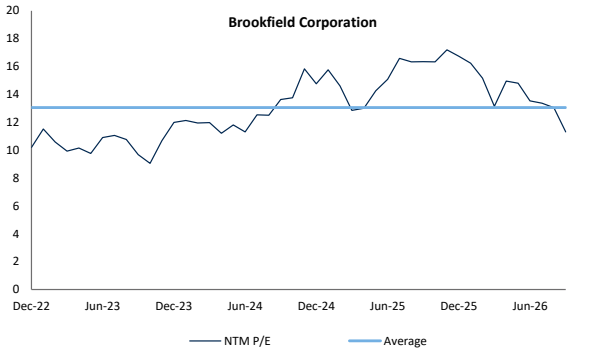
Risks to rating and price target include: (1) a sudden and significant increase in interest rates; (2) sustained capital markets volatility; and (3) real estate, particularly office, values declining precipitously.

Exhibit 18 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 19 - Forward consensus P/E history



Source: FactSet

Most recent company note: link

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

Rating: Outperform **Closing Price: CAD 169.40**

Price Target: CAD 198.00 **Implied All-in Return (%): 19.3**

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

Investment summary

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

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

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

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

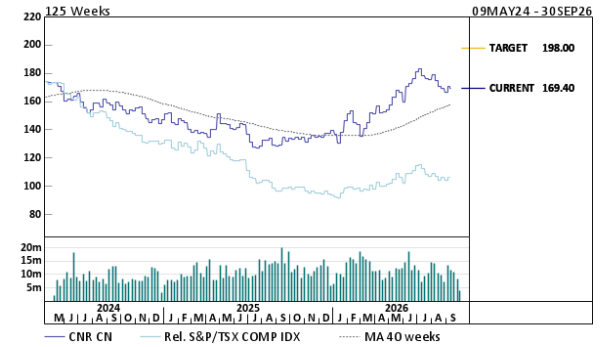
Valuation

Our $198 price target is based on applying a P/E multiple of 20x to our 2028E EPS of $9.90. We model an O/R of ~60% in 2028. The 20x target multiple is in line with peers, reflecting improving volume and strong network fluidity. Our price target supports our Outperform rating.

Risks to rating and price target

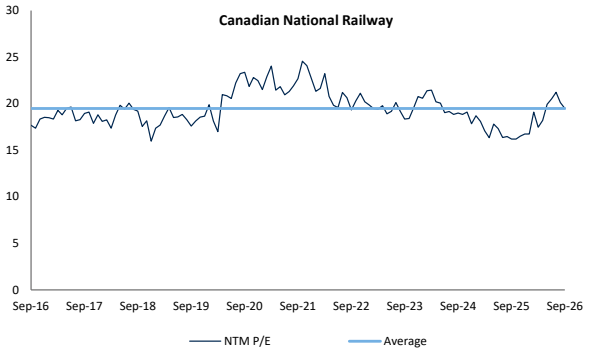
Risks to rating and price target include: (1) worse-than-expected growth in the near term out of Prince Rupert and Halifax; (2) severe weather impacting crop quality and network fluidity; (3) unfavourable currency fluctuations impacting cross-border freight flows; and (4) economic volatility tempering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

Exhibit 20 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 21 - Forward consensus P/E history



Source: Factset

Most recent company note: link

ConocoPhillips (NYSE: COP)

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

Rating: Outperform | **Closing Price: USD 125.15**
Price Target: USD 152.00 | **Implied All-in Return (%): 24.2**

Investment summary

We believe COP shares should outperform large-cap E&P peers. COP has a returns-focused value proposition, a strong balance sheet, and peer-leading distributions. The company appears well positioned to maintain competitive FCF generation through various commodity price cycles. The scaled Permian position enhances the outlook with greater FCF generation, asset diversity, and development flexibility.

Management has one of the clearest and most defined investment propositions. COP was an early leader in committing and demonstrating high returns of capital back to shareholders. COP's priorities are: (1) sustain production and pay its dividend; (2) annual dividend growth; (3) A-rated balance sheet; (4) 30+% CFO total shareholder payout; and (5) disciplined investment for CFO expansion.

A global and diverse asset base across the commodity spectrum mitigates unsystematic risk. This also allows spending flexibility to deliver industry-leading returns through the commodity price and economic cycles.

COP has a low break-even point where it can fund its production maintenance capital and dividends at below $40/bbl (WTI). This is supported by a peer-leading base decline rate that results in a 35% less capital requirement to sustain production than peers.

COP is among the top five largest natural gas marketers in the US. This creates opportunities to enhance transportation and sales mechanisms for margin improvement.

Strong balance sheet. The company's strong balance sheet provides a strategic advantage to increase shareholder value through commodity price cycles.

Valuation

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

- 7.2x multiple on our 2027E EBITDA estimate, higher relative to peer averages, warranted in our view due to the larger FCF inflection through to 2029E.
- Our price target is slightly above our $145/share Net Asset Value (NAV), diverging from large cap peers due to peer-leading shareholder return, solid FCF growth rates, a strong balance sheet, and asset diversity. Our NAV is a risked assessment of 3P reserves using the long-term RBC commodity price outlook of $75/bbl (WTI), $80/bbl (Brent), and $4.00/Mcf (HH).

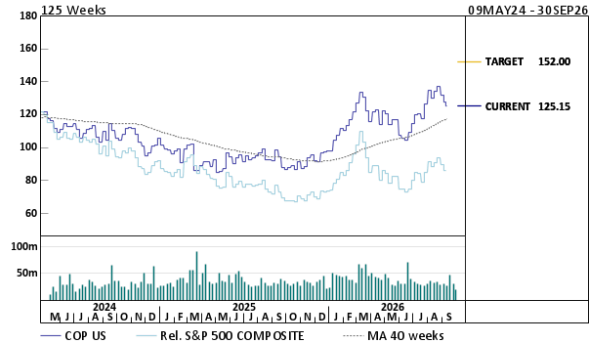
Our price target supports our Outperform rating.

Risks to rating and price target

ConocoPhillips's returns-focused strategy is dependent on strong margins, cost control, and execution. Industry inflation or unforeseen cost overruns could limit the company's ability to deliver significant returns to shareholders and negatively impact the share price.

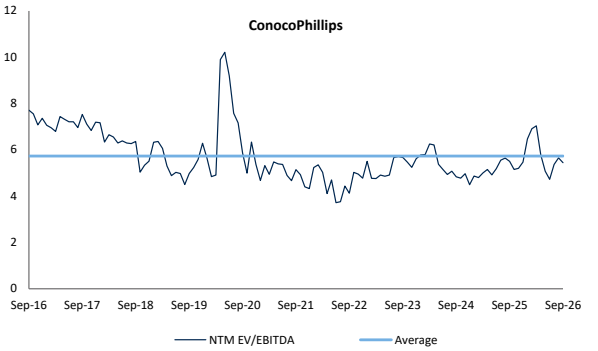
Regulatory changes could adversely impact the company's development opportunities and economics. COP has federal acreage on certain core assets in both the Permian Basin and Alaska that could be impacted by regulatory changes.

Exhibit 22 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 23 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: link

Constellation Software Inc. (TSX: CSU)

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

Rating: Outperform **Closing Price: CAD 2,930.00**
Price Target: CAD 4,400.00 **Implied All-in Return (%): 50.4**

Investment summary

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

Constellation's ability to rapidly compound capital through acquisitions. Our positive outlook reflects the continued compounding of Constellation's capital deployed at high hurdle rates, along with the scalable nature of Constellation's decentralized business model. The acquisition targets in Constellation's database continue to grow (now estimated at 120k, up from 1.2k in 2006). The 120k acquisition targets imply a large $600B+ addressable market. We forecast Constellation to deploy $3.0B capital on acquisitions in FY27e, up from $1.9B in FY25.

Solid underlying fundamentals. Constellation focuses on mission-critical vertical market software (VMS), which offers an attractive market structure. As a result, Constellation benefits from stable organic growth, high margins, and solid FCF conversion. Moreover, the company's ROIC-performance incentives ensure that managers improve performance over time. As a result, Constellation has experienced 300 bps of margin expansion over the last 10 years. **Constellation's valuation is attractive relative to its growth potential**. Constellation is trading near the bottom of its 10-year valuation range. We see Constellation's valuation as compelling, compared to our forecast for 18% adj. EBITDA CAGR over the next two years.

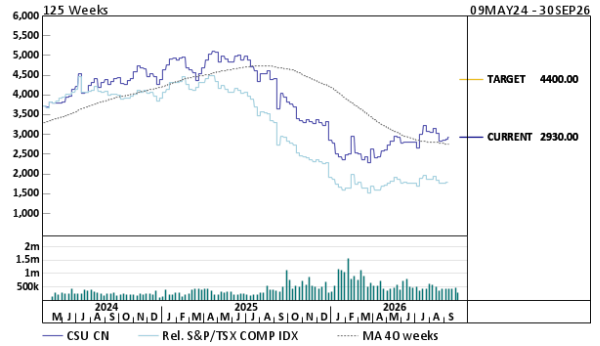
Valuation

Our C$4,400 price target is based on 16x CY27e EV/EBITDA, justified above Canadian software consolidator peers in our view, given Constellation's ability to compound capital at a faster pace in the long term. Constellation has converted 79% of adj. EBITDA into FCF over the last five years. Our price target supports an Outperform rating.

Risks to rating and price target

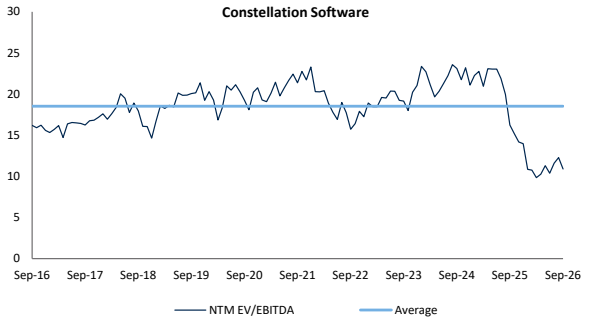
Risks to rating and price target include: (1) inability to find attractive acquisition candidates at high rates; (2) unforeseen challenges managing large acquisitions; (3) unexpected organic growth headwinds; (4) loss of key employees; and (5) a decline in tech market valuations.

Exhibit 24 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 25 - Forward consensus EV/EBITDA history



Source: FactSet

Most recent company note: link

CRH plc (NYSE: CRH)

RBC Europe Limited
Anthony Codling (Analyst) +44 20 7429 8145, anthony.codling@rbccm.com

Rating: Outperform **Closing Price: USD 82.80**
Price Target: USD 165.00 **Implied All-in Return (%): 101.1**

Investment summary

CRH's investment case is a simple one, around 75% of the Group's EBITDA is generated in the US, but it trades at a significant discount to its US listed peers. Last year CRH transferred its primary listing from London to New York to help shine a light on its business mix. In our view, CRH is well-placed to take advantage of the significant infrastructure spend anticipated across the US resulting from the Infrastructure Investment and Jobs Act, the Inflation Reduction Act and CHIPS Act. CRH's main market currently enjoys both the safety of a developed market and the attractions of a growth market, and in our view neither are currently reflected in the price of CRH's shares.

Valuation

We value CRH on an EV/EBITDA multiple of 15.0x on a 1-year forward basis. Our multiple is higher than CRH's long-run average multiple of 9.0x because we expect CRH's EV/EBITDA multiple to re-rate now that it has changed its primary listing, is focusing its growth on its US operations, and is shifting to a higher-margin solutions-based business. The US listed peers trade on higher multiples than those listed in Europe and CRH generates 75% of its EBITDA in North America. Our base case price target is $165, which supports our Outperform rating.

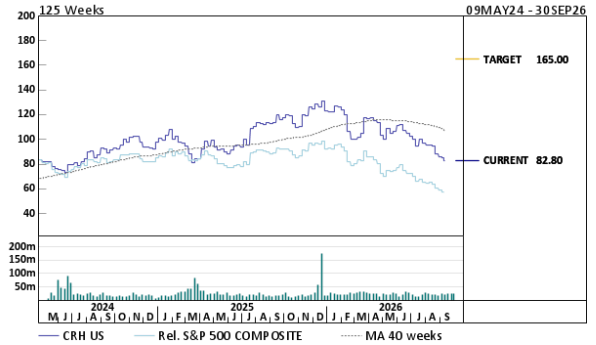
Risks to rating and price target

We summarise what we believe are the key risks to our rating and price target below:

An economic slowdown in the US or a significant cut to the infrastructure and spending plans outlined in the Infrastructure Investment and Jobs Act, the Inflation Reduction Act and CHIPS Act. If one or more of these programmes were to be scaled back then it is likely our estimates would need to be cut and our rating and price target would need to be reviewed.

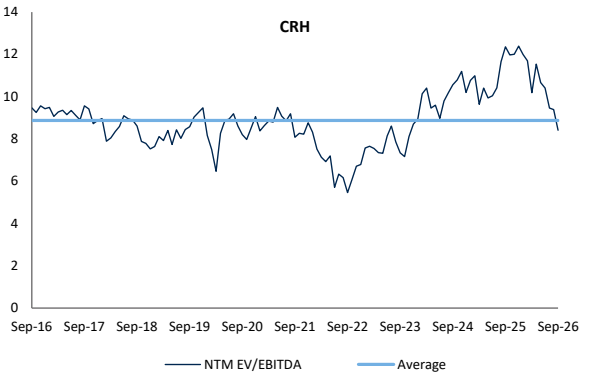
Economic slowdown in Europe and/or Australia and New Zealand would negatively impact our estimates and rating. There are specific risks relating to the war in Ukraine. It is uncertain how long this war will last and if it will escalate and start to increasingly impact other European countries and economies. Any increase in the hostilities may impact our rating and estimates. Our estimates are also subject to regulatory risk. If governments were to significantly upgrade their net zero targets and tighten building regulations, CRH may need to accelerate its investment in decarbonisation and/or sales may reduce if its current product range no longer satisfies new building regulations and/or building materials standards. CRH's cement operations are very energy intensive. Spikes or significant increases in energy costs may not be able to be passed on to customers and may therefore lead to a reduction in profitability. If a competitor developed lower cost, lower carbon products to those offered by CRH it may see its revenues reduce or take a hit to profits if it decided to compete on price. We do not know how well new sustainable cement and concrete products will perform in the long run. There are also risks that governments may increase taxes in sectors where carbon emissions are hard to abate. Any increase in taxation rates may impact our rating and price target. If M&A activity were to fall then our estimates, rating and price target may be at risk.

Exhibit 26 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 27 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

Eli Lilly and Company (NYSE: LLY)

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

Rating: Outperform **Closing Price: USD 1,157.08**

Price Target: USD 1,500.00 **Implied All-in Return (%): 30.2**

Investment summary

We have an Outperform rating on Eli Lilly driven by obesity franchise dominance through 2030. Street sentiment is largely positive but there remains some nervousness on elevated expectations, Medicare pricing headwinds, and positioning risks as LLY now exceeds $1trn market-cap. However, we believe consensus materially undervalues transformative potential catalysts on the horizon that could crystallize value, including the Medicare agreement, Foundayo's ex-US potential driving $35bn+ peak sales, and multiple pipeline catalysts. LLY's structural advantages, patent exclusivity through 2035+, manufacturing lead, and 14% revenue CAGR toward $130bn by 2033E warrant multiple expansion, in our view, as fundamentals override positioning concerns.

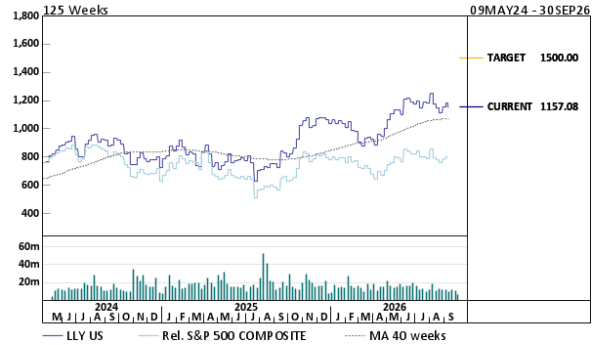
Valuation

Our 12-month price target of $1,500 is based on a 32x multiple on our forward fully diluted operating EPS forecast. We believe the multiple is appropriate due to our continued expectations for outperformance of the incretin franchise. Our price target supports an Outperform rating.

Risks to rating and price target

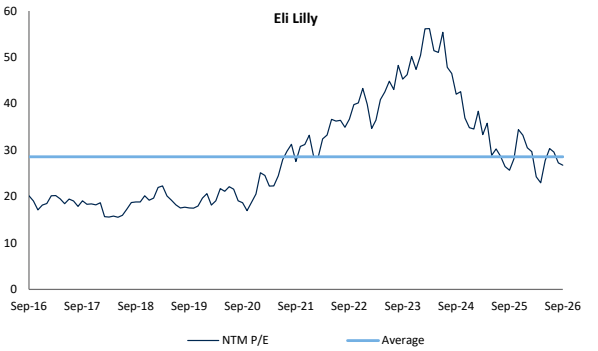
Risks to rating and price target include: (1) GLP-1 market slowdown or competition stunts growth; (2) surprise negative pipeline trial results; (3) increasing pricing pressures from payors/regulators; (4) margin compression from product mix; and (5) compounding drug usage increases and undermines safety.

Exhibit 28 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 29 - Forward consensus P/E history



Source: Factset

Most recent company note: link

Guardant Health, Inc. (NASDAQ: GH)

RBC Capital Markets, LLC
Dan Leonard (Analyst) (212) 858-7065, dan.leonard@rbccm.com

Rating: Outperform **Closing Price: USD 178.36**
Price Target: USD 200.00 **Implied All-in Return (%): 12.1**

Investment summary

Our constructive thesis rests on a combination of structural growth, near-term potential catalysts, and meaningful average selling price (ASP) upside. Guardant is the market leader in liquid biopsy, with a durable tumor profiling franchise, a recently approved screening product in Shield, and a rich 2026 potential catalyst calendar.

Valuation

Our $200 price target, which supports our Outperform rating, is based on an enterprise value, using projected levels of debt and cash, that is ~12x our revenue estimate for the 12 months ending June-28. This is a premium to the peer group median EV/sales of ~9x, which we believe is warranted given Guardant's faster forecasted revenue growth (~35% vs. ~23% for peers from 2026-2028).

Risks to rating and price target

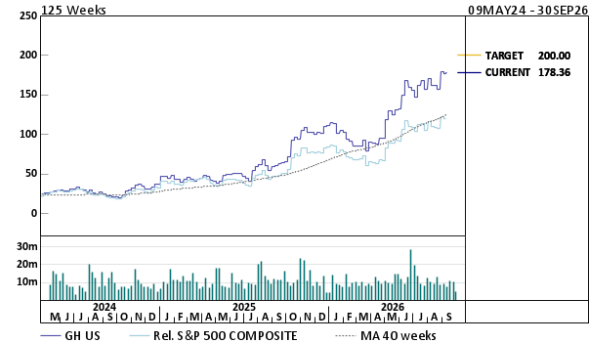
Deceleration in Guardant 360 tumor profiling. Guardant's core 360 product comprises >60% of its sales, and investors might be sensitive to volume deceleration like they have been in the past (this was a bear case in 2024). We don't consider recent volume growth rates of 30% Y/Y sustainable, but think growth will exceed 20% with some upside if/when monitoring applications are approved.

Market for blood-based cancer screening tests is smaller than expected. The ultimate market size for blood-based cancer screening tests is widely debated, given the performance trade-offs vs other non-invasive methods in CRC and the uncertainty over clinically acceptable performance in multi-cancer. Further, these tests might need to be included as grade A or B recommendations from the US Preventative Services Task Force (USPSTF) to achieve their full market potential. The path for new recommendations, always uncertain, is even more so nowadays following turnover in the task force's membership and increasingly irregular meeting cadence.

Upcoming MRD launch will struggle to gain traction in a competitive market. Most of the market for MRD testing is tissue informed, as physicians intuitively consider this process more sensitive than tissue-naive testing like Guardant's Reveal. Guardant plans to enter the tissue informed market with the launch of Reveal Ultra later this year, but the market is now far more crowded with new entrants and new test launches.

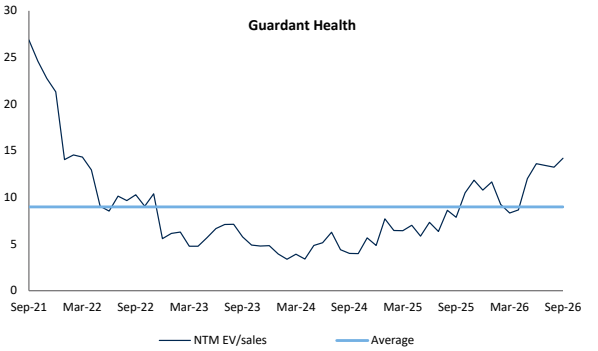
Cash burn remains a key risk. Guardant has burned more than $200M in cash in each of the past two years, with burn accelerating year-over-year in the most recent quarter. While management targets breakeven by Q4 2027, execution risk remains and any delay in timeline could pressure the balance sheet.

Exhibit 30 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 31 - Forward consensus EV/sales history



Source: Factset

Most recent company note: link

International Paper Company (NYSE: IP)

RBC Dominion Securities Inc.
Matthew McKellar, CFA (Analyst) (403) 476-9042, matthew.mckellar@rbccm.com

Rating: Outperform **Closing Price: USD 33.17**
Price Target: USD 52.00 **Implied All-in Return (%): 62.4**

Investment summary

We rate International Paper shares Outperform.

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

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

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

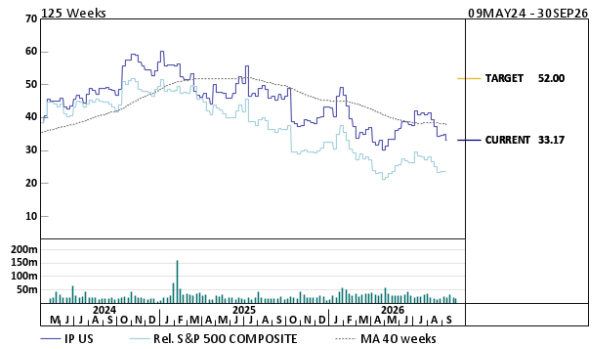
Valuation

Our $52 price target is based on a blended ~7.5x multiple on our trend EBITDA estimate of $5,000MM (85%) and our 2027E EBITDA of $4,584MM (15%). We believe IP should trade near the top of the typical range (6.0-8.0x) for large US paper & forest product companies given the company's ongoing transformation efforts, improving containerboard fundamentals, and optimized footprint. Our price target supports our Outperform rating.

Risks to rating and price target

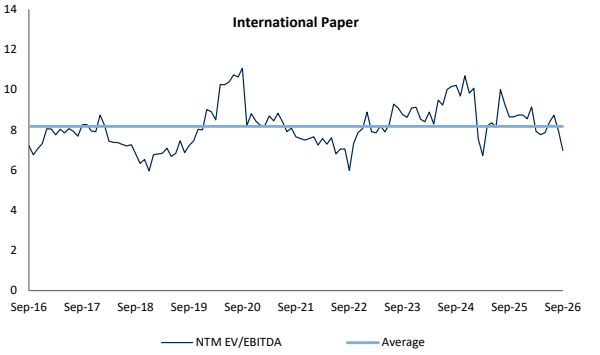
Risks to rating and price target include: (1) weaker economic conditions could have a negative impact on demand for International Paper's products; (2) economic cyclicality, changes in consumer preferences, or imbalances in supply and demand could negatively affect realized pricing; and (3) incremental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

Exhibit 32 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 33 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

IQVIA Holdings Inc. (NYSE: IQV)

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

Rating: Outperform **Closing Price: USD 268.85**
Price Target: USD 319.00 **Implied All-in Return (%): 18.7**

Investment summary

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

Valuation

Our price target of $319 is based on 14.0x our 2027 IQVIA R&DS EBITDA estimate, in line with IQV's current multiple, and 18.0x our 2027 Commercial Solutions EBITDA, the average of its closest peers, for a blended multiple of 15.7x. This case contemplates 4% EBITDA growth in the R&DS segment and 3% growth in the Commercial Solutions segment. Our price target supports our Outperform rating.

Risks to rating and price target

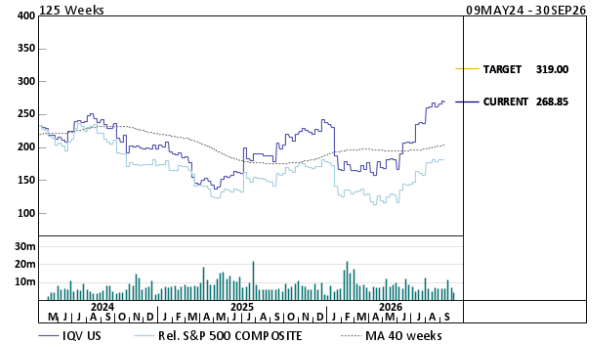
Failure to deliver clinical trials on time: If IQVIA is unable to deliver clinical trials on time due to slower-than-expected patient enrollment, site selection, or lack of experience in an indication, this could impact IQVIA's reputation with clinical study managers who select CROs for services. A series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

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

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

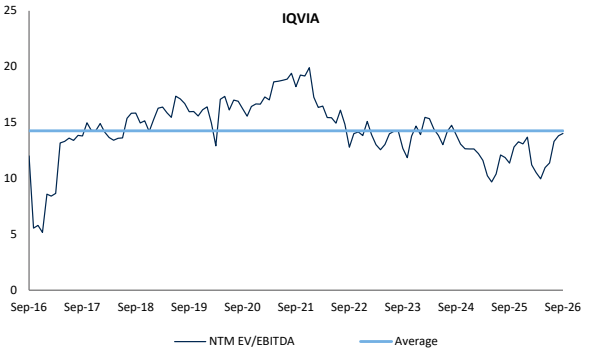
Inability to source clinical trial talent or materials in the US and globally: At any one time, IQVIA is conducting 3,000 clinical trials globally. If IQVIA were unable to source sufficiently trained talent like CRAs in key therapeutic areas like oncology and cardiometabolic, this would slow down the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

Exhibit 34 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 35 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

Loblaw Companies Limited (TSX: L)

RBC Dominion Securities Inc.
Irene Nattel (Analyst) (514) 878-7262, irene.nattel@rbccm.com

Rating: Outperform **Closing Price: CAD 62.20**
Price Target: CAD 72.00 **Implied All-in Return (%): 16.8**

Investment summary

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

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

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

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

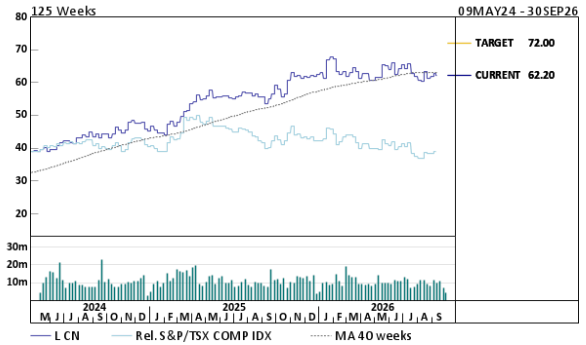
Valuation

Our SOTP target valuation of $72 is based on: (1) 12x Retail Segment EBITDA TTM to Q2/F28; and (2) share of EQB ownership ~$1 per Loblaw share. Our EV/EBITDA multiple is in line with the target valuation we assign to Metro (TSX: MRU), slightly above the average long-term multiple for the consumer sector in Canada, reflecting the company's defensive attributes, but a discount to the growth-oriented names in the space (i.e., DOL), consistent with Loblaw's current earnings growth outlook. Our price target supports our Outperform rating.

Risks to rating and price target

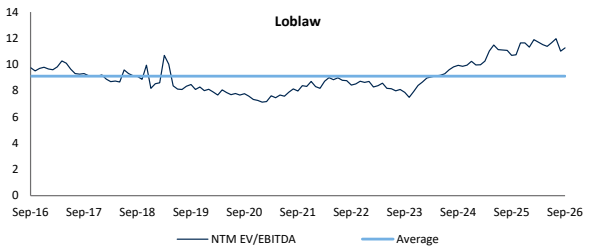
Risks to rating and price target include the ability to offset key input and opex increases, notably labour, and impact of healthcare reform could have a negative impact on earnings growth and share price going forward. Senior leadership changes in 2024 could result in shift in investor perception and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

Exhibit 36 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 37 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

Lonza Group AG (SWX: LONN)

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

Rating: Outperform **Closing Price: CHF 575.20**
Price Target: CHF 760.00 **Implied All-in Return (%): 33.2**

Investment summary

A 20% EPS compounder, with upside potential from balance sheet deployment. We forecast core EPS growing at c.20% pa over 2025-28, driven by 11-12% revenue growth into tight biologics end markets, EBITDA margin expansion from 31.6% to 36.0%, and declining interest costs. The building blocks are capex already spent, not future investment promises.

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

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

Valuation does not reflect this. Lonza sits at the CDMO peer median on 2027E EV/EBITDA despite being the largest, most diversified, and fastest-growing name in the group. The stock has derated for two years even as earnings have grown c.20% pa. Supply-demand in biologics and ADCs remains tight, governance has improved materially, and the regulatory track record is strong. The absence of a near-term catalyst may discourage momentum capital, but we believe provides an attractive entry point for longer-term investors.

Valuation

We value Lonza using an 18x EBITDA multiple, which is a 10% premium to that implied by peers on an EV/EBITDA to sales CAGR ratio, due to Lonza's diversified end-market exposure and liquidity. Applying this multiple to our 2027 average estimates implies a CHF760 1-year price target. This price target supports our Outperform rating.

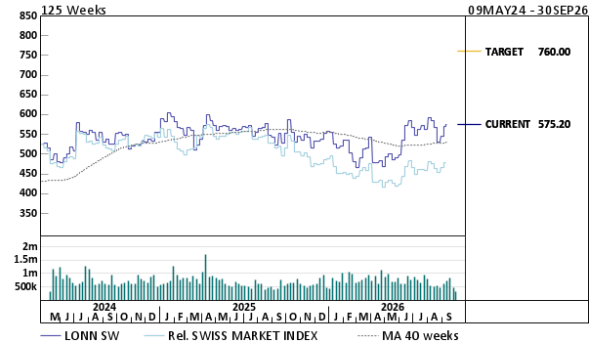
Risks to rating and price target

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

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

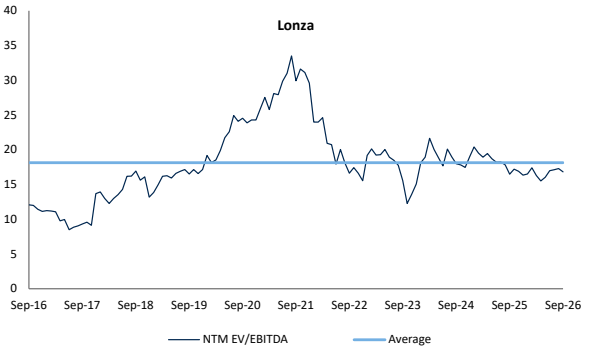
Working capital and FCF trajectory. Our FCF forecasts assume improving inventory days and continued customer contributions. FY2025 outflows of CHF782m (vs a CHF410m 2018-24 average) illustrate the volatility of this line.

Exhibit 38 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 39 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

Microsoft Corporation (NASDAQ: MSFT)

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

Rating: Outperform **Closing Price: USD 512.90**
Price Target: USD 640.00 **Implied All-in Return (%): 25.5**

Investment summary

We like shares of Microsoft for four primary reasons:

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

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

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

Still Room for Margin Expansion. Microsoft has dispelled the bear thesis that cloud mix-shift would pressure margins. We see gross margins pushing higher, though at a more measured rate. In addition, we expect the company to keep balancing efficiency gains against investments in future growth, ultimately leading to modest operating margin expansion.

Valuation

We calculate our base-case price target of $640 by applying a ~29x P/E multiple to our CY27 EPS estimate of $21.91. Our target multiple is slightly above the Mega Cap peer group, warranted in our view by the company's leadership position in key software categories, durable double-digit growth at scale, and room for margin expansion, albeit some hardware/on-premises mix. Our price target supports our Outperform rating.

Risks to rating and price target

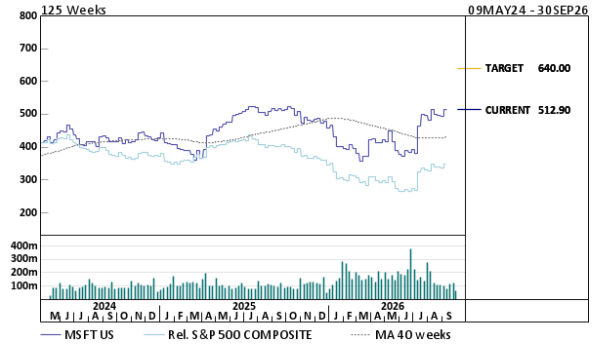
Azure growth could slow: While we maintain the view that public cloud remains early days, a material slowdown in Azure growth could impact the stock and future growth.

Competitive backdrop remains intense: If Microsoft is unable to maintain its leadership across several sub-categories of software and/or continue entering new markets, this could limit its ability to sustain DD growth.

Uneven consumer strategy: While positioning has improved in certain consumer markets (namely gaming), execution has been uneven historically (unable to establish a presence in smartphone and living room ecosystems) which could serve as a competitive risk.

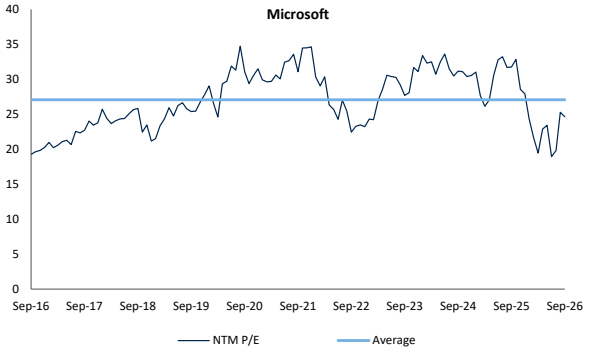
Transformational acquisition: A significant acquisition that depletes the company's net cash position and adds operational pressures on the business could be a risk.

Exhibit 40 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 41 - Forward consensus P/E history



Source: FactSet

Most recent company note: link

MSCI Inc. (NYSE: MSCI)

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

Rating: Outperform **Closing Price: USD 538.66**

Price Target: USD 655.00 **Implied All-in Return (%): 22.2**

Investment summary

Industry-leading position in large multi-billion dollar opportunities including Indices, Analytics, ESG, and Private markets should sustain low-double-digit organic revenue growth. We believe high contribution margins should deliver long-term EBITDA margins in the high-50% range. Shareholder-friendly capital allocation focused on strategic tuck-in acquisitions and buybacks should drive double-digit earnings growth. Separately, the downturn playbook should help defend margins and EPS in a potential downturn. Given all the considerations above, we believe the company deserves its premium valuation.

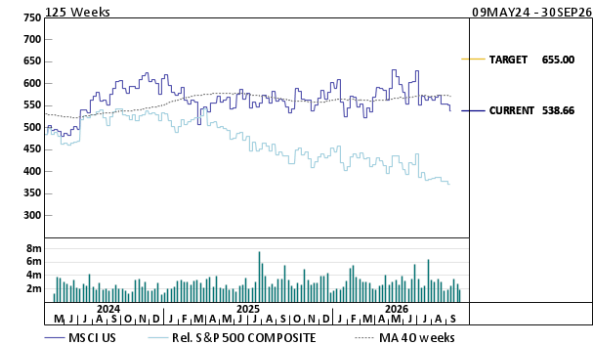
Valuation

Our price target of $655 is based on ~30x our FY27E EPS. Our target multiple is in line with the 5-year PE average. We remain encouraged by MSCI's dominant market position in four verticals with a strong moat, accelerated revenue growth profile, industry-leading margins, and shareholder-friendly capital allocation. Our price target supports our Outperform rating.

Risks to rating and price target

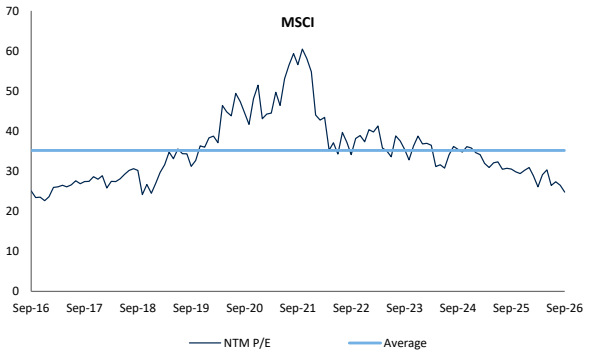
Risks to rating and price target include: (1) inability to deliver on the Analytics growth initiatives; (2) impact of market volatility and pricing pressure on indexing business; (3) increased regulations; (4) increased competition and lack of ESG adoption; and (5) sell-off in the high-multiple stocks.

Exhibit 42 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 43 - Forward consensus P/E history



Source: Factset

Most recent company note: link

Royal Gold, Inc. (NASDAQ: RGLD)

RBC Dominion Securities Inc.
Josh Wolfson (Head of Global Metals & Mining Research) (416) 842-9893,
josh.wolfson@rbccm.com

Rating: Outperform **Closing Price: USD 236.00**
Price Target: USD 325.00 **Implied All-in Return (%): 38.5**

Investment summary

Royal Gold is a senior royalty & streaming company with a diversified portfolio of ~200 properties focused primarily on precious metal exposure, supplemented with higher base metal exposure compared to peers. Inaugural 5Y/2030 guidance outlines production of 430-480kGEO, representing growth of ~17%.

Investment outlook

Improved platform post SAND-HCU; the acquisition enhanced RGLD's portfolio diversification and production stability, offsetting prior longer-term production declines. Near-term cash flow is further supported by the accretive $1b Kansanshi stream. Growth visibility could improve over the next near-medium term as key acquired projects Hod Maden and MARA advance through permitting and construction milestones.

RGLD maintains no material capital commitments and is well positioned to generate significant FCF — RBC calculates an adjusted FCF yield that is a material outlier vs. the peer group — supporting potential asset acquisitions and dividend increases.

Our Outperform rating reflects RGLD's discounted valuation and leading FCF generation, slightly offset by higher long-term production risks and portfolio complexity relative to peers.

Upcoming potential catalysts and milestones include: (1) PV/Barrick plant ramp-up to steady state (2027-28); (2) Hod Maden construction (2026) and potential production (2028+); (3) Kansanshi/First Quantum Phase 2 expansion first production (1H28); (4) Khoemacau/MMG expansion initial production upside (2028); (5) Warintza/Solaris EIA approval (completed 2Q26), FID (YE26); (6) Fourmile/Barrick exploration (ongoing) and initial FS (2029); (7) MARA/Glencore RIGI application decision (2026), initial production (2030+); (8) Platreef/Ivanhoe shaft 3 (1H26), phase 2 production (2H27), phase 3 FS (2027+); and (9) Great Bear/Kinross EIS full submission (1Q26), construction (2027), and potential production (2029).

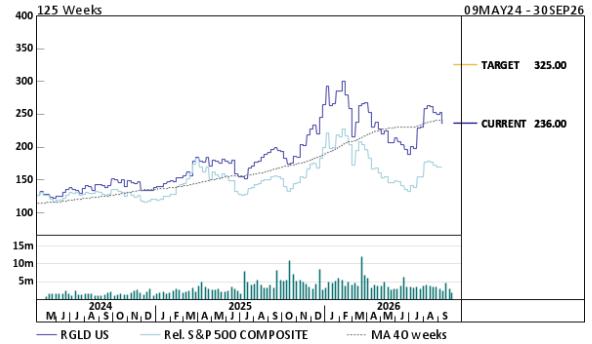
Valuation

Our RGLD price target of US$325.00 is based on 1.8x our NAV5% at a long-term gold price of US$4,000/oz and 18x our 2026-28 SFCF estimate, which would be equivalent to 17x EBITDA. These multiples are modestly below the average for the large cap royalty & streaming group, supported by the company's current favourable cash flow and financial positioning, but offset by higher long-term production risks relative to peers. Our Outperform rating is supported by RGLD's implied return to our price target relative to its peers, while accounting for its company-specific risks.

Risks to rating and price target

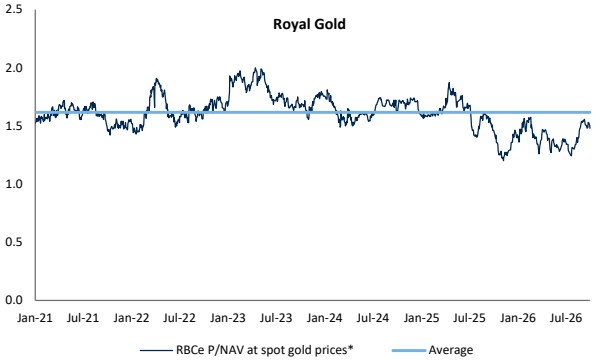
In addition to general operating/technical, financing, and commodity (gold, silver, copper) risks, we highlight: (1) achievement of ramp-up and production targets at Mount Milligan/Centerra, in particular throughput and recoveries; (2) US tax changes, in particular for offshore businesses; (3) high asset concentration risk with Mount Milligan/Centerra; (4) achievement of development, ramp-up, and production targets at Khoemacau; (5) permitting of tailings facility and the successful ramp-up of Pueblo Viejo/Barrick; and (6) reinvestment risk as portfolio includes maturing assets.

Exhibit 44 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 45 - RBCe P/NAV



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

Most recent company note: link

Safran (NXT PA: SAF)

RBC Capital Markets, LLC
Ken Herbert (Analyst) (415) 633-8583, ken.herbert@rbccm.com

Rating: Outperform **Closing Price: EUR 334.40**
Price Target: EUR 400.00 **Implied All-in Return (%): 20.7**

Investment summary

We rate Safran (SAF-FR) Outperform with a €400 price target. We view Safran as a high-quality aerospace and defense supplier, with strong exposure in the narrowbody engine market. Investors are primarily focused on the Aerospace Propulsion segment, particularly with the CFM56 program, the primary profit driver for the segment, and execution on the LEAP, the next-generation narrowbody engine program.

We believe key positive catalysts for SAF-FR will come from continued strength in the commercial aftermarket, execution on LEAP, upside to the 2028 outlook, and capital allocation optionality. We believe the valuation disconnect with US peers provides upside potential.

Valuation

Our €400 price target is based on applying a 27.9x multiple to our 2028 FCF/share estimate of €14.36. We believe a multiple at the high end of historical ranges is appropriate considering the outlook for margin and FCF upside, catalysts associated with capital allocation, the company's low leverage, and strong market fundamentals. The implied return to our price target supports our Outperform rating.

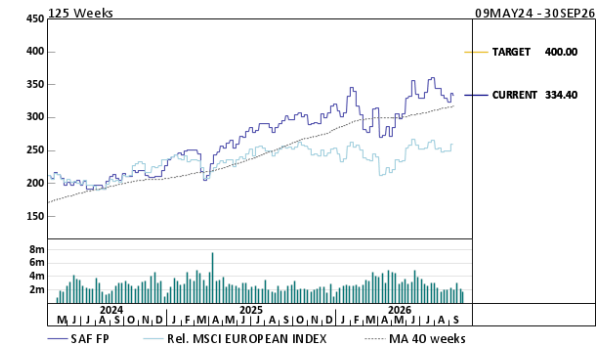
Risks to rating and price target

The primary risks to our rating and price target are focused in the company's civil aerospace business. Specifically, we highlight risks associated with passenger and cargo travel levels, airline maintenance spending schedules and MRO capacity and lead times, as well as work scopes and the availability of spare parts and material lead times. The company also faces risk from the pace of new aircraft deliveries and aircraft interior modification and retrofit spending.

We also highlight the engine supply chain's ability to support expected LEAP engine production increases, as well as the overall health of the aerospace supply chain and risks associated with sanctions and trade policies, capital spending by suppliers, and necessary investments in people and working capital.

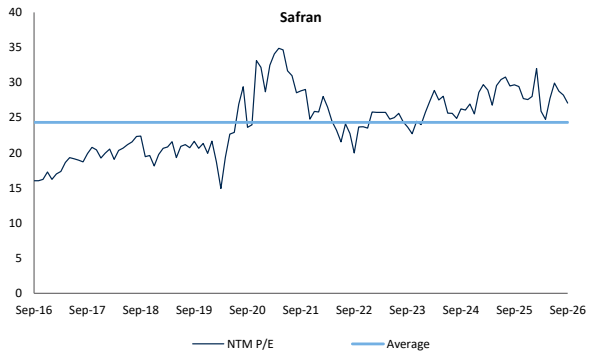
The company also faces risks from: exchange rates and currency hedging strategies, as well as airlines' and lessors' access to capital to support aircraft purchases and investments; global defense spending, technology advancements in propulsion and other areas, and timing of defense contracts and investments;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

Exhibit 46 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 47 - Forward consensus P/E history



Source: FactSet

Most recent company note: link

Siemens Energy AG (XETRA: ENR)

RBC Europe Limited
Colin Moody, CFA (Analyst) +44 20 7002 2317, colin.moody@rbccm.com

Rating: Outperform **Closing Price: EUR 142.62**
Price Target: EUR 200.00 **Implied All-in Return (%): 40.2**

Investment summary

Our view: Siemens Energy is at the cusp of a gas and grid investment upcycle. We forecast 2026-30E 13% organic sales p.a. and 40% EBITA p.a. (vs EU Electricals average +5% and 9% respectively). While cycle risks persist, we see the mid-term underpinned by backlogs and structurally improved business/industry backdrop.

Gas & Grid focused story: Siemens Energy is a global leader in power generation and electrical grid equipment. We see the investment case as driven by the gas turbine and transmission businesses (60% of revenues), where after 10 years of industry rationalisation there has been an exogenous demand shock – strongly supporting growth and profitability.

Gas Services (GS) – underappreciated quality: We think GS is a highly attractive asset, in a highly consolidated market with a high-visibility, aftermarket-led model. Strong demand (both for OE and aftermarket) and pricing underpin our 2026-30E 17% organic CAGR and 2028E 21% EBITA margin forecast (2024A: 9.5%).

Grid Technologies (GT) – pole position for the grid investment supercycle: Our analysis shows GT's portfolio is set to over-benefit from shifting grid investment priorities, with growth (2026-30E CAGR: +19.3%) and margin expansion well-supported by a record backlog.

Valuation

We value Siemens Energy using a target multiple of 17x 2028E EV/EBITA, which represents a ~35% discount to its close peer which we see as having a very similar business outlook. This would be in line with the top-rated European Electricals group (also seen as electrification/datacenter winners), which we see as conservative given the superior growth outlook. Our price target of €200 supports an Outperform rating.

Risks to rating and price target

Political backdrop shifts: A sudden change in political will around the energy transition and renewable energy may affect demand for Siemens Energy's products and its growth trajectory. Siemens Energy's portfolio effect does partly mitigate this – for example, an acceleration of renewable energy demand would negatively affect Gas Services but benefit Grid Technologies, Siemens Gamesa and Transformation of Industry.

Industry overcapacity: The industry has been prone to overcapacity across Siemens Energy's main business lines, which has historically resulted in bouts of unprofitability and negative pricing. We see relatively limited risk in Gas Services given the caution across the 3 players (that account for 90% of the market), with Grid Tech protected by the longevity of grid investment needs.

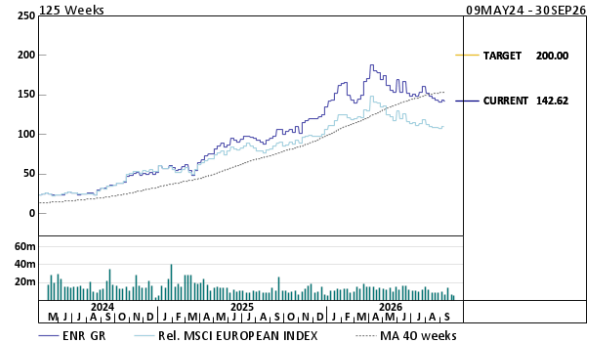
Supply chain complexity: Like its peers, Siemens Energy is supported by a global supply chain, in which there are also sometimes capacity constraints (e.g. castings/forging houses). This raises the risk of shortages which may negatively affect growth or margins. The supply chain complexity also raises the risk of running afoul of tariffs.

Strong improvements in energy efficiency: Strong improvements in energy efficiency of demand, particularly in the datacenter space, or in generation, such as renewable capacity factors, may reduce ultimate grid or gas turbine needs.

Gamesa fix doesn't go to plan: Management have indicated that Gamesa is expected to reach break-even in 2026. While the 4.X/5.X quality issues and offshore ramp have so far gone to plan, there is a risk of deviation. The counterpoint is that Gamesa in our view gets little credit in the group valuation.

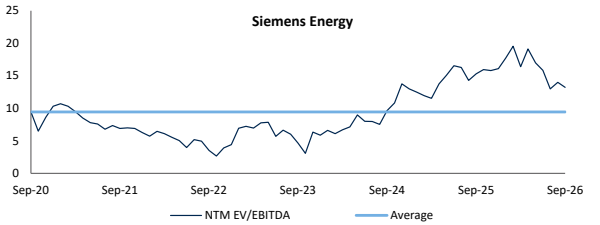
Macroeconomic risk: Many of Siemens Energy's customers are dependent on financing and have explicit IRR targets, both of which are influenced by interest rate developments. Hence, Siemens Energy's end market demand is subject to macroeconomic risk.

Exhibit 48 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 49 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

Snowflake Inc. (NYSE: SNOW)

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

Rating: Outperform **Closing Price: USD 339.56**
Price Target: USD 440.00 **Implied All-in Return (%): 29.6**

Investment summary

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

A more competitive Data Cloud. Historically, Snowflake was a Cloud Data Warehousing platform, but it has evolved into a Data Cloud platform, which supports use cases across data warehousing, data lakes, and beyond. We believe its move into the data lake market through Snowpark should enable cross-sell into BI use cases and increasingly GenAI.

AI should drive higher consumption. We believe that a modern data strategy is a precursor to a GenAI strategy and that Snowflake is well positioned given the large amount of data on its platform, as new GenAI offerings should help drive incremental workload utilization. We think a more material impact on results is likely in 2026 and beyond as new products go into GA. Ultimately, we believe GenAI remains a key tailwind to support the company's long-term growth and margin targets.

SNOW is not inexpensive but deserves a premium valuation, in our view. We believe the premium valuation is warranted based on Snowflake's best-in-class growth, TAM expansion opportunities, management team, and scaling FCF margins.

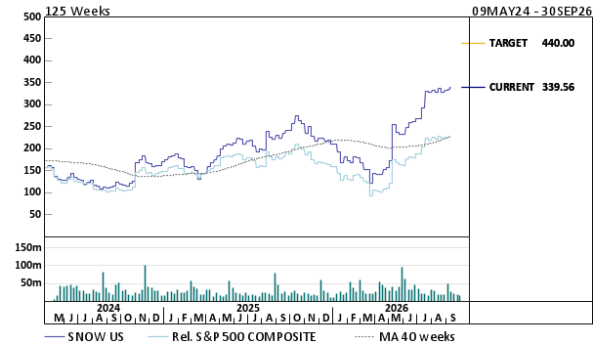
Valuation

We calculate our base-case price target of $440 by applying a 21.4x multiple to our CY/27 revenue estimate. This is a premium to the 30%+ growth peers, in our view warranted by the best-in-class growth, TAM expansion opportunities, and scaling FCF margins. Our price target supports our Outperform rating.

Risks to rating and price target

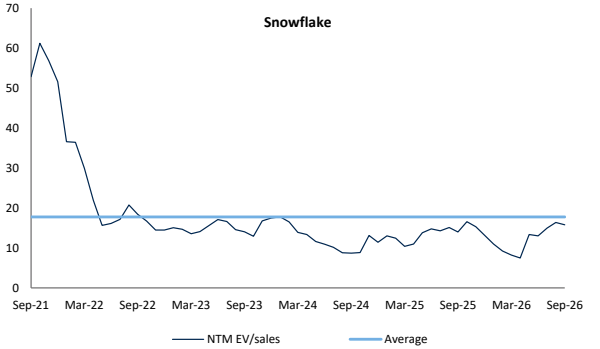
Risks to rating and price target include: (1) consumption trends could fluctuate, particularly in difficult economic times; (2) high level of competition in the market from large established public cloud providers as well as emerging cloud and AI native vendors; (3) the company's ability to attract new customers or expansion within existing customers and its ability to maintain high retention rates; and (4) failure to invest adequately and continue to innovate can create risk of losing share to competitors.

Exhibit 50 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 51 - Forward consensus EV/sales history



Source: FactSet

Most recent company note: link

The Williams Companies, Inc. (NYSE: WMB)

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

Rating: Outperform **Closing Price: USD 67.97**
Price Target: USD 87.00 **Implied All-in Return (%): 31.1**

Investment summary

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

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

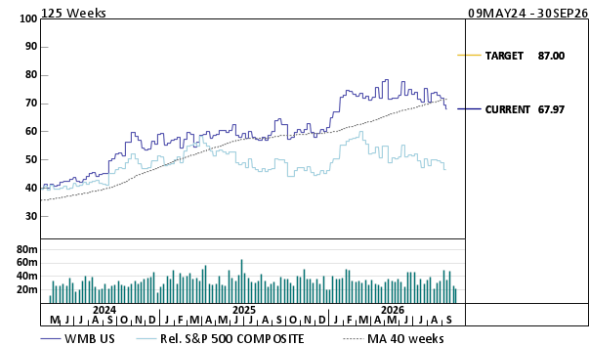
Valuation

We value WMB on an SOTP basis by applying target EV/EBITDA multiples to WMB's consolidated cash flows. Specifically, we apply EBITDA multiples to our 2030E segment EBITDA estimates of 12x TPG (excluding power innovation), 10x Power Innovation, 10x Northeast G&P, 10x West, 8x Gas and NGL Marketing Services, and 5x Other. After taking out net debt and minority interest, we arrive at an implied price target of $87/share (for consolidated 2030E EV/EBITDA multiple of ~11x), which supports our Outperform rating. Our price target implies a consolidated 2027E EV/EBITDA multiple of ~14.4x.

Risks to rating and price target

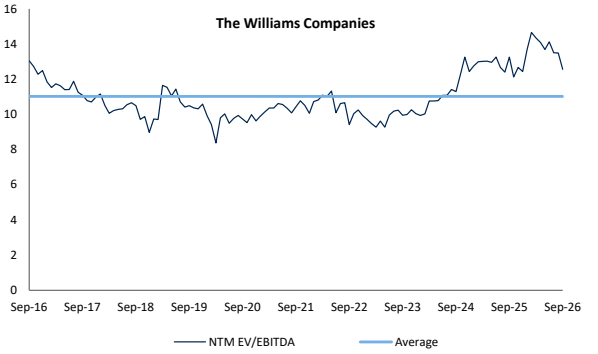
Risks to rating and price target include: (1) project execution risk; (2) commodity price downturn that drives lower volumes through WMB's gathering systems; (3) slower-than-expected natural gas demand growth; and (4) broader macroeconomic slowdown.

Exhibit 52 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 53 - Forward consensus EV/EBITDA history



Source: Factset

Most recent company note: link

U.S. Bancorp (NYSE: USB)

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

Rating: Outperform **Closing Price: USD 57.76**
Price Target: USD 68.00 **Implied All-in Return (%): 21.4**

Investment summary

Earnings Summary: U.S. Bancorp delivered a record 2Q26, with total net revenue of $7.7 billion up 10% YoY, diluted EPS of $1.35 up 22% YoY, ROTCE of 18.7%, and a pre-tax margin of 34.3%. NIM expanded 13 basis points YoY to 2.79%, credit quality continued to improve with NCOs at 53 basis points, and 400 basis points of positive operating leverage underscored disciplined execution across the franchise.

Positive Operating Leverage: Management is focused on driving 200+ bps of operating leverage. In 2Q26 positive core operating leverage was 429 bps compared to the 401 bps reported in 1Q26.

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

Medium-Term Financial Targets: USB's medium-term financial targets include ROA of 1.15-1.35%, ROTCE in the high-teens, mid-single digit fee income growth, an efficiency ratio in the mid-to-high 50s and a consistent commitment to positive operating leverage.

Great Steward of Shareholders' Capital: Management has the utmost respect for shareholders' capital, in our opinion. USB has consistently returned 60-80% of earnings each year through dividends and stock repurchases. Over the next 12 months, we believe the company's return of capital will fall into middle-to-upper part of that range.

Strong Asset Quality: USB has demonstrated strong underwriting skills throughout a credit cycle which has served it very well. It is willing to sacrifice balance sheet and earnings growth to protect the integrity of its balance sheet.

Balanced Revenue Mix: In 2Q26, net interest revenue was ~57% of total core revenue and fee revenue was ~43%. This mix has been a key ingredient of its best-in-class ROE.

Inflection Point: From 2023-2025 USB's stock underperformed relative to the BIX. Operationally USB reached an inflection point in 2025 and is moving through 2026 with headwinds that have become tailwinds as investments the company has made over the last decade begin to bear fruit, driving revenue growth that should outpace expense growth moving forward. Its operational performance is being reflected in its year-to-date 2026 stock performance as it is outperforming the BIX.

Value creation: Long-term shareholder returns are driven by TBV per share and dividend per share growth, in our opinion. USB's 2Q26 TBV per share of $30.04 increased 1.6% sequentially and 13% year-over-year. Additionally, its book value per share of $38.91 increased 2.6% sequentially and 11% year-over-year.

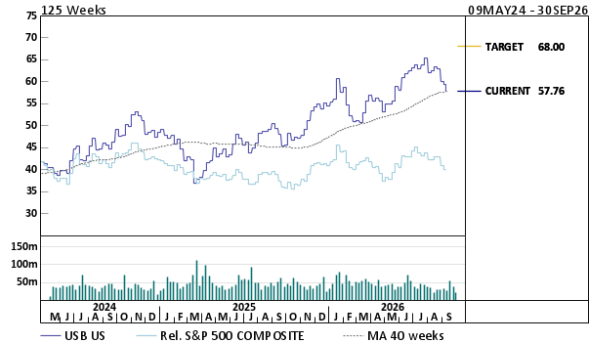
Valuation

Our price target of $68 is 13.0x our 2026 EPS estimate, 1.63x 2Q27E book value, and 2.06x 2Q27E tangible book value. These multiples are consistent with being the highest-quality bank in the peer group. Our price target primarily reflects our profitability and risk assessment for the company relative to its peer group, as well as current economic expectations. Our price target and implied return support our Outperform rating.

Risks to rating and price target

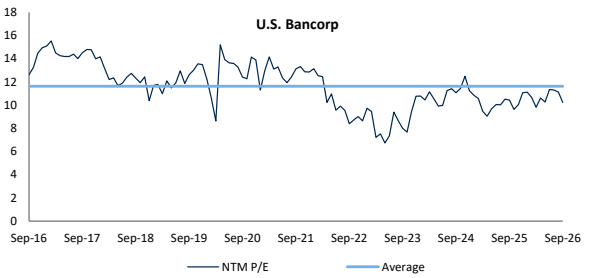
Macroeconomic concerns driven by the hostilities in the Middle East are the largest risk to our rating and price target. Additionally, an economic downturn driven by higher inflation and policy uncertainties could lead to a deterioration of credit quality and lead to higher loan loss provisions.

Exhibit 54 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 55 - Forward consensus P/E history



Source: FactSet

Most recent company note: link

Visa Inc. (NYSE: V)

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

Rating: Outperform **Closing Price: USD 359.33**
Price Target: USD 466.00 **Implied All-in Return (%): 30.4**

Investment summary

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

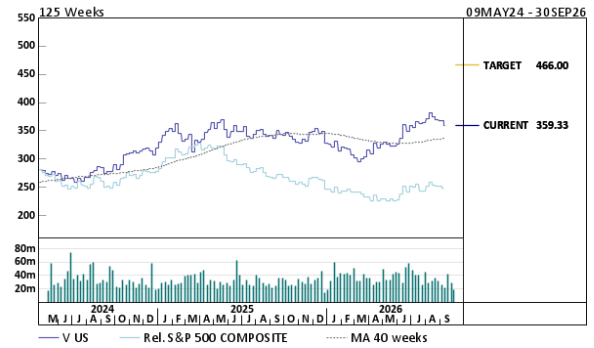
Valuation

Our price target of $466 is based on 30x our CY27 EPS estimate of $15.52, generally in line with Visa's fundamental peers. Underlying our EPS estimates are expectations for double-digit revenue growth, partly driven by a resumption of global cross-border travel. Our price target supports our Outperform rating.

Risks to rating and price target

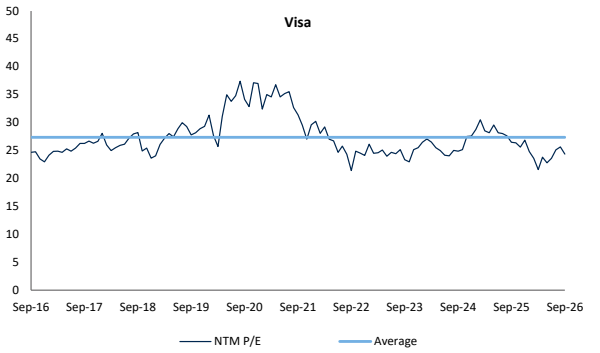
Risks to rating and price target include: (1) a persistent slowdown in payment volumes and cross-border travel as a result of macro conditions; (2) increased regulatory scrutiny; and (3) pushback from large financial institutions on pricing.

Exhibit 56 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 57 - Forward consensus P/E history



Source: Factset

Most recent company note: link

Xcel Energy Inc. (NASDAQ: XEL)

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

Rating: Outperform **Closing Price: USD 70.48**
Price Target: USD 94.00 **Implied All-in Return (%): 36.7**

Investment summary

With the overhang from the Marshall Fire behind XEL, we expect investors to underwrite significant capital expenditure upside relating to generation needs, and look for relative premium to expand back to historical average levels (~8%).

Valuation

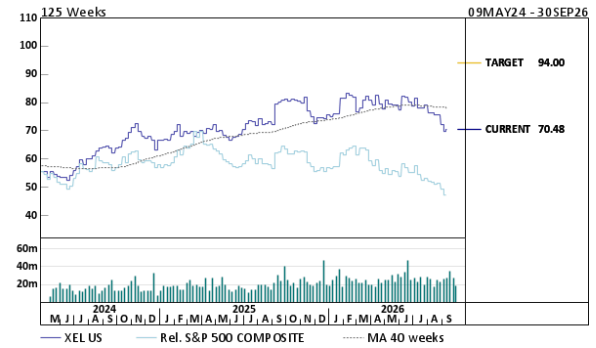
Our $94 PT is based on a SOTP approach using our 2029 estimates, which reflects: (1) a 10% premium to regulated electric peers for PSCO; (2) a 5% premium to regulated electric peers for NSPM; (3) a 7.5% premium to regulated electric peers for SPS; (4) a 15% premium to regulated electric peers for NSPW; and (5) an 8.1% premium to an electric peer group average multiple for parent drag. Our $94 price target implies a consolidated 17.0x 2029E P/E which represents an 8.2% premium to the group at 15.7x. Our price target supports our Outperform rating.

Risks to rating and price target

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

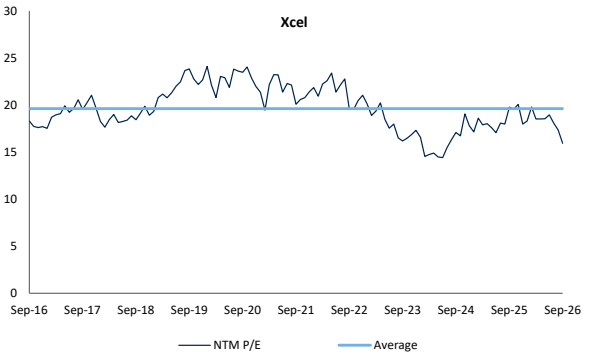
Upside risks to our rating and price target include: (1) incremental generation above the 5-10GW needed at SPS and 5-14GW needed at PSCO; and (2) regulatory improvement in less favorable jurisdictions such as CO.

Exhibit 58 - Share performance and RBC valuation



Source: Bloomberg and RBC Capital Markets estimates for Target

Exhibit 59 - Forward consensus P/E history



Source: Factset

Most recent company note: link

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