The Pulse of the Market

A Fragile, Foggy Bottom

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In a Nutshell

In *Pulse,* we tackle hot topics and other updates to the indicators we track regularly. The big things you need to know: First, we run through our thoughts on the outlook for US equities from here. Our 12-month S&P 500 price target remains 7,750, and we assume the index has put in a fragile, foggy bottom. In terms of positioning, we have a slight bias in favor of Large Cap Growth over Large Cap Value, and are nibbling on Small Caps. We do not have a strong view on US relative to non-US at the moment, but give a slight edge to the US. Second, we run through our thoughts on what we're hoping to learn more about in the upcoming reporting season. Third, other things that jump out include how 2026 EPS growth forecasts for most sectors have been frozen since the start of the war, and the decline in consumer expectations for stock market performance over the next 12 months.

A Rundown on How We're Thinking About the Outlook for the US Equity Market

The fog emanating from the war in Iran is particularly thick for the forecasting community today. We have written extensively in our last few *Pulse* reports about how US public companies are in the early days of understanding the war's ripple effects, and that many have noted that they haven't seen direct impacts yet. As we head into 1Q26 reporting season, we think the US equity market is entering an important phase of the discovery process for how the war will ultimately impact the US economy and company profitability. Uncertainty in forecasting is unusually high and is likely to remain so for an extended period of time. That being said, with a messy ceasefire in place, we thought it was a good time to reflect on how we're thinking about the outlook for US equities from here. As has become our style, we are attempting to stay more focused on numbers than narrative.

- **Our 12-month S&P 500 price target remains 7,750.** This implies a gain of 13.6% from the April 9th close. Our price target is maintained on a rolling 12-month-forward basis (it is not a December 31st estimate) and is updated monthly, with our latest refresh captured in early/mid-April 2026. At the time of this publication, 7,750 was in line with the median of the outputs of our investor sentiment, valuation/EPS, earnings yield gap, GDP, and Fed models (see page 4 for a detailed summary). Interestingly, the outputs of three of our models (our valuation / EPS test – page 55, our Fed test – page 97, and our earnings yield gap analysis – page 56) are all clustered around 7,750. Our models range from roughly 7,200 at the low end (our GDP test, page 90, reflects the typical return of 5.7% in a 1.1–2% real GDP environment) to more than 7,800 at the high end (our AAII sentiment test, page 50, which generates a +15% forward return signal based on the deep levels of bearishness that have been in place recently). Relative to our last update published in early March, which leveraged late-February data, our sentiment model is sending a stronger signal while our GDP test is sending a weaker signal. Our valuation/EPS model (which signals fair value at the end of 1Q27 of 7,759) is also sending a less constructive signal, but this is due to the fact that we have removed consensus macro and EPS assumptions from our modeling (macro assumptions have been slow to adjust to recent geopolitical developments, and bottom-up consensus EPS forecasts have been moving up) and have replaced them with more conservative/onerous metrics of our own (including an EPS assumption for the next four quarters that haircuts the current bottom-up consensus by 5%, and bakes in headline inflation of 3.3% in early 2027, no Fed cuts, and 10-year yields that move up to 4.5% into our P/E assumption). Overall, the story that our models tell is that the S&P 500 can stay on a path headed to 7,750 over the course of the next year, supported by a recovery in investor sentiment from deeply bearish levels and a solid earnings growth and economic backdrop that don't incur too much damage (as a whole) from recent disruption to energy markets and the Middle East. We will keep a close eye on these assumptions in the months ahead and plan to adjust our forecast as needed if it appears that these assumptions are no longer valid.

- **Thinking about the near term, it appears to us that the S&P 500 has established a fragile, foggy bottom.** As of late March, the S&P 500 was down 9.1% from its January high, still within the realm of what we'd consider to be a tier 1 / garden-variety pullback in our tiers of fear framework (page 5). We think it is important to note that this is where the US equity market has made a stand. In the post-GFC era, declines beyond the 10% mark either involved a recession or significant worry that one was about to occur. While we got close to entering that realm in late March, we simply didn't hear concerns about recession emerge broadly in the financial community. Against that backdrop, hopes for and possible signs of de-escalation in the Middle East and improved valuations allowed stock prices to stabilize. We argued throughout March that risk of a tier 2 / growth-scare drawdown in the 14–20% range had grown, but wasn't our base case. We think that tier 2 risk has receded but acknowledge that it remains a bit more elevated than we'd like simply due to the lack of clarity about what lies ahead and the ripple effects of the conflict. Importantly, our analysis also suggests that S&P 500 and Russell 2000 valuations stopped looking expensive at the March low, but had not fallen to deeply compelling valuation levels that were a reason to buy the market on their own (page 58). This is important because if the fundamental narrative around the war or its impacts changes, there is room from a valuation perspective for stocks to fall again, perhaps even more than they did before. That being said, as long as recession fears remain low, investors remain convinced the war will end soon, and earnings expectations don't take too much of a hit, we think the low is in.
- **We have a slight bias in favor of Large Cap Growth over Large Cap Value.** Moving on to positioning, we think US equity market performance will reflect trends in earnings over the next 12 months, and our data suggests that the earnings story is simply stronger for Growth than Value at the moment. Our data on bottom-up consensus estimates points to eroding dominance for Growth and the biggest market cap names relative to the rest of the market (page 45). But we have not yet seen an outright shift in earnings leadership to Value, which has left the door open for the Growth trade to fight back. The latest consensus stats also point to EPS growth acceleration in 2027 for the Mag 7 but 2027 deceleration for the rest of the S&P 500 index. Meanwhile, the rate of upward EPS estimate revisions has also strengthened for the biggest market cap names in the S&P 500 recently, while remaining weak for the rest of the market (page 31). Impacts from the Middle East conflict also seem likely to be more of a headwind for earnings revisions and earnings expectations for the rest of the market and Value going forward. Shifting to valuation, P/E profiles look similar to us for both the mega cap growth names and the rest of the index – off their highs but not cheap yet in median terms (page 59). However, the relative P/E of the top-10 names relative to the rest of the market has fallen sharply, while the relative long-term EPS growth expectation between the two cohorts has stayed high – suggesting that either the long-term growth expectations of the top-10 names need to come down, or its P/E needs to move up (page 61).

A Fragile, Foggy Bottom (Continued)

- **We don't have a strong view on US equities relative to non-US equities at the moment.** We'd give a slight edge to US over non-US. In terms of valuation, which was one of the triggers to get the US outperforming again shortly after the war started, the US currently looks cheap relative to non-US on a five-year view (page 76), but fairly valued on a 20-year view (page 74). In our latest EPFR updates, US equity flows were showing modest signs of improvement, while flows to Europe were weakening and had turned negative (page 122). But we aren't getting terribly strong signals on the US relative to other developed markets geographics on our earnings revisions work right now (most of the areas we track are showing signs of deceleration, pages 42-43) or on our economic indicators where GDP forecasts are starting to slip broadly (page 91). Fundamentally, we do buy into the idea that the US has less exposure to Middle East disruption than Europe or Asia, but this notion admittedly already seems to be well understood. To the extent the US is the safety trade and Europe is the rebound trade, we do think it's important to keep in mind that any renewed pushback into Europe at the expense of the US, which might come when clearer signs of a lasting peace or evidence of more limited global economic damage emerge, could reverberate within US equities by way of underperformance of Growth relative to Value. Over the past 20 years, US underperformance relative to non-US tends to be accompanied by Growth underperformance vs. Value within the US (page 24).

- **We are nibbling on Small Caps, but only a little.** Small Caps suffered a setback amid derisking on Middle East fears as the war began, when the improving fundamental narrative for Small Caps also started to fade (weaker EPS revisions trends and beat stats toward the end of 4Q25 reporting season – page 30), and a weak February jobs report that overshadowed the improving trend underway in ISM manufacturing – pages 93 and 94. Since mid-March, we've seen jagged outperformance by Small Caps relative to Large Caps, which we suspect was a mix of "buy the USA" and early attempts to put on rebound trades. Some of the positives we see for Small Caps at the moment include the strong March jobs report, continued improvement in ISM manufacturing, and the removal of froth from Russell 2000 valuations (which returned to their long-term average in March – page 62) and futures positioning (where CFTC data points to a slight net short in place but not oversold levels – page 52). That being said, some of the negatives we see for Small Caps are the continuation of weaker earnings revisions trends relative to Large Caps, a lack of optimism about Fed cuts in 2026 among financial market participants generally (and the potential for inflation concerns to stoke hike fears), which tends to be a headwind for Small Caps (page 99), and general concerns about the ripple effects of the war in the Middle East on the more cyclical parts of the US equity market (since Small Caps' fate is often tied to perceptions of the health of the underlying economy, page 95). We remind investors that views on the Fed have had a way of changing quickly in recent years, and generally any renewed dovishness among market participants is likely to boost Small Caps and any renewed hawkishness seems likely to be a headwind for them.

What We're Listening for in the Upcoming Reporting Season

As noted in previous *Pulse* reports, we've been keeping an eye on company commentary regarding the Iran war in earnings calls and conference transcripts for Small, Mid, and Large Cap companies. That exercise has left us thinking that we'll get some color on the impacts of the war and its ripple effects in the upcoming reporting season, but perhaps not quite as much detail as we'd like. Some of the specific topics we'll be listening for include: (1) color on how much inventory companies have in stock for goods impacted by the conflict (our early reading suggests some have 3-6 months) and any color on hedging, (2) assumptions on cost impacts from energy prices and other inputs, (3) how companies are managing any supply chain challenges, (4) how corporate confidence and decision-making have been impacted by the event, (5) how long the war and disruption to energy markets can last before it will start to impact corporate America, and (6) whether companies are seeing any kind of material change in consumer behavior, and, if so, within what cohorts, given elevated gas prices and the weak consumer confidence/sentiment readings we've seen in recent survey data.

Beyond Iran, we'll be on the lookout for color on tariff impacts and assumptions, and insights into how AI tools may or may not be impacting company financials and specific use cases. Note that while reporting season kicks off this week with Financials, we think the week of April 20th (when we start to get a critical mass of Industrials companies reporting) will be more useful in understanding the ripple effects of the war. We do worry based on what we've read over the past month that companies simply will not have enough information to give investors about the war's impacts just yet.

Odds & Ends: What Else Jumps Out

- *Frozen.* It's no secret that calendar-year 2026 bottom-up consensus EPS growth forecasts have been moving up. Since the beginning of the Iran war, that improvement has been driven by the Tech, Energy, and Materials sectors. Most other sectors have seen very little change on this stat, which could be setting us up for a reporting season with big moves since it appears that very little has been discounted going in for most sectors. See page 47.

- *Retail Round-Up.* The most interesting to us in the two consumer confidence/sentiment releases that came out over the past few weeks was the Conference Board update on expectations for stock prices over the next 12 months. This stat has started to fall from extremely elevated levels but remains well above historical norms. This could be signaling that retail investors will be less aggressive about buying the dip going forward. On a related note, the latest data from EPFR indicated that retail passive flows turned negative as the US equity market hit its late-March low (page 119).

Our 12-Month S&P 500 Price Target Remains 7,750

- As our regular readers are aware, we typically take a different approach to price targets than most strategists. We arrive at our price target through a quantitative process that leverages several different models. We often describe our price target as a navigational tool, more like a compass than a GPS, and as a signaling mechanism that is designed to reflect our general view of the path that the stock market is currently on. It essentially helps us to articulate whether we are bullish or bearish on the stock market and why we hold that view. While this basic philosophy remains intact, effective early-December 2025, we did make an important change to our process. We are no longer orienting our models to answer the question of where the S&P 500 will end on December 31 of the year in question. Rather, going forward we will use our price target as a way to summarize what our models are signaling about where the S&P 500 will be 12 months or four quarters in the future on a rolling basis. This is more aligned with how stock analysts do their company-level price targets. And we think this will be more value-add to our clients in our discussions of the longer-term path that stocks are on than a continually updated discussion of December 31 levels in which the time frame is constantly compressing. Effective April 2026, we have adjusted the three models in which we leverage quarterly data points to focus on 1Q27 as opposed to 4Q26.
- As noted in our year-ahead outlook report published in early December, in 2026 we have planned to update our analysis and our rolling 12-month-forward price target on a monthly basis. Our April update is coming a little late due to recent events in the Middle East (we wanted to get past the President's Tuesday deadline to see if a ceasefire would occur). We have now refreshed our models for the 4/9/26 close and mid-April macro inputs. Our models range from roughly 7,200 at the low end (our GDP test, which bakes in a 1.1–2% yr/yr real GDP environment over the course of the next year) to more than 7,800 (our AAII sentiment test, which calls for a 15% forward return environment for the S&P 500 over the next 12 months due to net bulls still being down between -1 and -2 standard deviations below the long-term average on the four-week average as of 4/9/26). The median output of our five models is close to 7,750, which remains our official 12-month price target.
- Comparing today's math with our last update, published early March, is not apples to apples given that some of our models are now focused on 1Q27 as opposed to 4Q26. But it's fair to say that our sentiment model is generating a stronger signal since then, while our GDP model is sending a weaker signal. The signals from our Fed model and our earnings yield gap model are in line with our previous update. Our valuation/EPS model is technically sending a weaker signal, but this is due to the fact that we have injected more conservative assumptions into it.

Base Case							
Models		**Details**					
Driver	**Test**	**12 Month Forward Signals**	**RBC Rates / Econ View**	**Consensus Forecast**	**Actuals or RBC Strategy Inputs**	**Assumption**	**Implied Target**
Sentiment	**AAII Test**	12 month forward average return when this model is between average and -1 and - 2 standard deviations below the long-term average, using the 4 week average			Net bulls were -16.1% on the four-week average as of 4/9/26	15.0%	7,848
Valuation/EPS	**Trailing P/E Test**	Implied trailing P/E assumption for four quarters post the end of the current one from our valuation model (based on a stress test on inflation, the Fed, and interest rates, regression goes back to 1962 but excludes the 2010's) combined with an EPS assumption based on the bottom-up consensus forecast for the next 4 quarters			Reference point is 1Q27. For EPS, we haircut the bottom-up consensus by 5% and use $322. For the P/E, we assume 3.3% CPI (in line with RBC's $100 oil stress test), a flat Fed, and 10 year yields of 4.5%.	24.1	7,759
Stocks vs. Bonds	**Earnings Yield Gap Model**	Average 12 month forward return since 1989 when this indicator is in the 0 to -1% range, based on the current bottom-up consensus NTM P/E and current 10 year yield			0.3% as of 4/8/26	13.5%	7,746
Economy	**GDP Test**	Average 12 month return in the S&P 500 when real GDP is in the 1.1-2% range in a rolling four quarter period since 1990	Real GDP of 1.7% in 1Q27 as of mid March forecast update	Real GDP of 2.0% in 1Q27 as of mid April		5.7%	7,214
Interest Rates	**Fed Test**	Average 12 month return with modest Fed cuts (target rate declines between 0 and -1% in a 12 month period)	1 cut by 1Q27 as of mid March 2026 forecast update	2 cuts by 1Q27 as of mid April 2026		13.3%	7,732
Key Stats							
12 Month Forward Price Target		Approximation of Median					**7,750**
		Max					7,848
		Median					7,746
		Average					7,660
		Min					7,214
Implied 12 Mo Fwd S&P 500 Change		12 month price target vs. latest close					13.6%
Implied P/E		12 month price target divided by next four quarters bottom-up consensus EPS ($339 for 1Q27 on a trailing 4Q basis)					22.9

Source: RBC US Equity Strategy; priced for the 4/9/26 close

The Four Tiers of Fear in Modern US Equity Markets

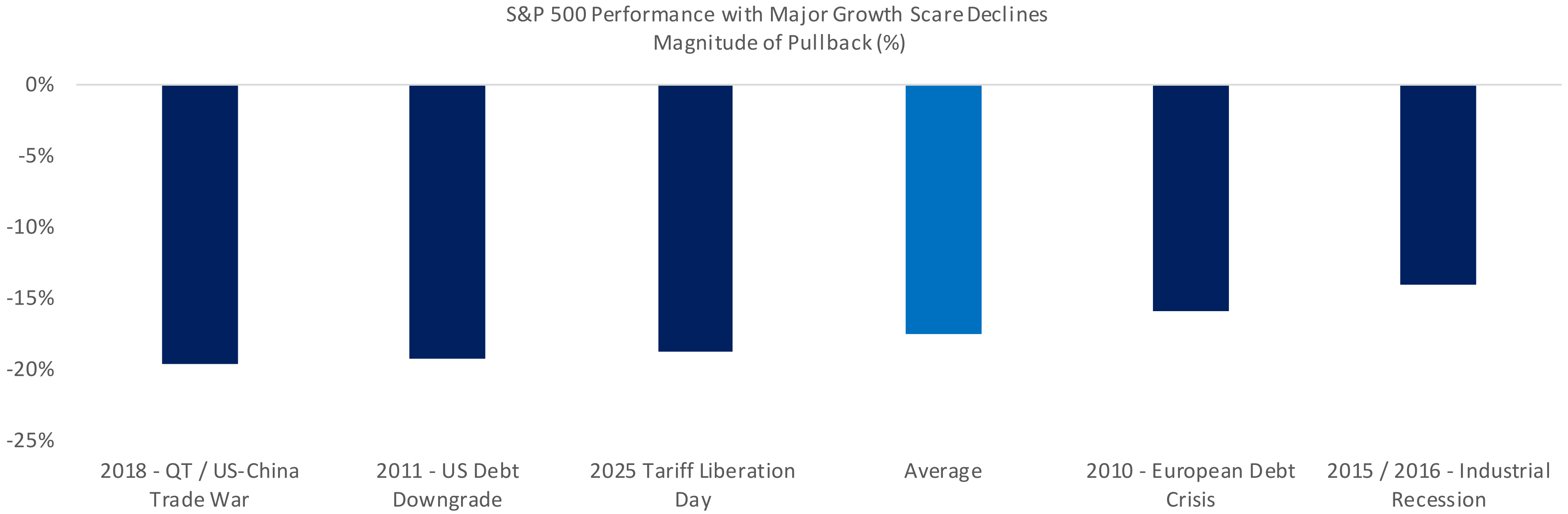
- This is a framework we've developed to think about potential downside levels in the S&P 500 whenever a period of stress and uncertainty emerges.
- We have assumed the S&P 500 would experience at least one 5–10% tier-1 pullback this year, which occurred assuming the late-March low (a 9.1% drawdown from peak) holds.
- Ongoing private market fears and the conflict in Iran have represented a new/unanticipated predicament for equity investors and raised the risk of a tier-2 growth scare, which appears to have been averted for now. We think it will take a clear return of recession concerns to push the S&P 500 down into tier 2 or tier 3 pricing.

	What A Peak-To-Trough Drawdown Looks Like Historically In The S&P 500	Equivalent S&P 500 Downside Levels To Keep In Mind Today	Additional Thoughts
Tier 1 **Garden-Variety Pullback**	▪ 5–10% drawdown	▪ 6,281–6,630 vs. the 1/27/26 high	▪ This is what the major pullbacks in the S&P 500 had typically looked like since 2022. ▪ This is a natural starting point for thinking about downside risk whenever a major source of uncertainty arises.
Tier 2 **Growth Scare**	▪ 14–20% drawdown	▪ 5,583–6,002 vs. the 1/27/26 high	▪ The US equity market experienced four of these: in 2010 (European debt crisis), 2011 (US debt downgrade), 2015-2016 (industrial recession), and 2018 (trade war / Fed fears over balance sheet unwind). ▪ The tariff tantrum of 2025 fit this category with an 18.9% drawdown from late February through early April. ▪ These were all periods in which equity market participants began to significantly price in a crisis or recession that ultimately did not materialize. All of these but 2010 also saw at least one quarter of real GDP growth in the +/-1% range.
Tier 3 **Recession & Major Wars**	▪ Median & average drawdown of 27% and 32%	▪ Roughly 4,745–5,094 vs. the 1/27/26 high	▪ Recession drawdowns have ranged from 14% to 57% since the late 1930s. ▪ Recent, major wars have been similar to recessions, with the drawdowns around 9/11 and the two Gulf Wars ranging from 20% to 34%. 2022's Russia-Ukraine war contributed to a 25% drop.
Tier 4 **Major Crisis**	▪ Drawdown of around 50% or more for a general rule of thumb	▪ 3,489 vs. the 1/27/26 high	▪ 49% drawdown for the Tech bubble ▪ 57% for the Great Financial Crisis ▪ 43% drawdown for WW2 vs. the high at the start of the war (more than 80% vs. the pre-Great Depression high)

Source: RBC US Equity Strategy, S&P

Revisiting the Major, Post-GFC / Pre-COVID Drawdowns

- The major drawdowns that occurred between the GFC and the pandemic drop in early 2020 ranged from 14% to 20%, and averaged 18%. The duration of the drawdowns ranged from 2 to 9 months, and averaged 4 months.
- These are all periods when investors worried about a systemic issue or possibility of a recession that never materialized.



S&P 500 Performance With Major Growth Scare Declines

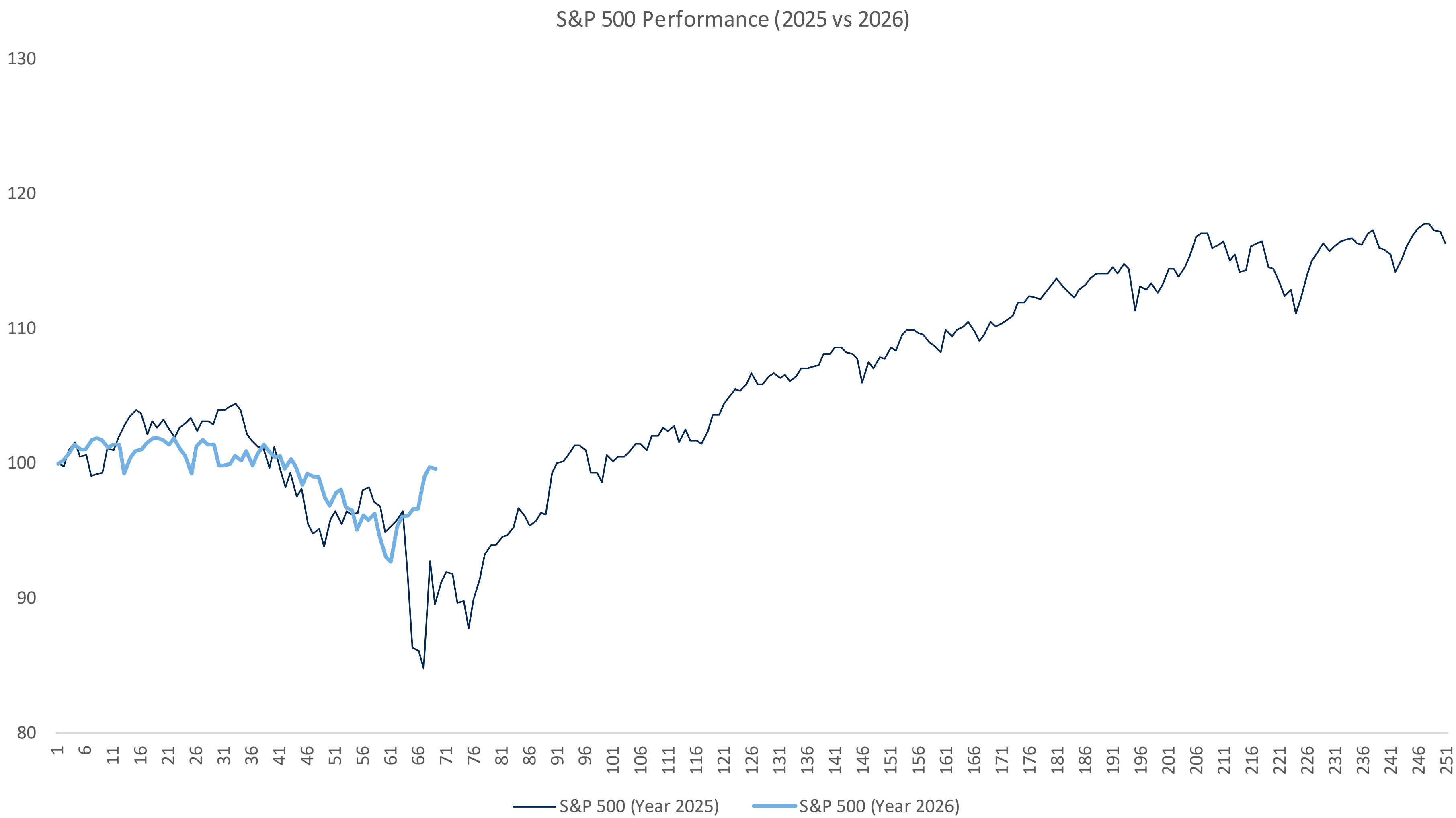
	Peak Date	Trough Date	Magnitude of Pullback (%)	Drawdown Duration in # of Calendar Days	Drawdown Duration Estimated # of Months	3 Month Return off Trough (%)	6 Month Return off Trough (%)	12 Month Return off Trough (%)	Full Recovery Date
2010 - European Debt Crisis	04/23/2010	07/02/2010	-16%	70	2	12%	23%	25%	11/04/2010
2011 - US Debt Downgrade	04/29/2011	10/03/2011	-19%	157	5	16%	28%	32%	02/24/2012
2015 / 2016 - Industrial Recession	05/21/2015	02/11/2016	-14%	266	9	13%	19%	25%	07/11/2016
2018 - QT / US-China Trade War	09/20/2018	12/24/2018	-20%	95	3	19%	25%	36%	04/23/2019
2025 Tariff Liberation Day	02/19/2025	04/08/2025	-19%	48	2	25%	35%	TBD	06/27/2025
Average			-18%	127	4	17%	26%	30%	

Full Recovery Duration: The amount of calendar days the index took to reach the peak price level again

Source: RBC US Equity Strategy, Bloomberg

S&P 500 Trends: 2026 Following 2025's Path Through March, Skipping the April Correction

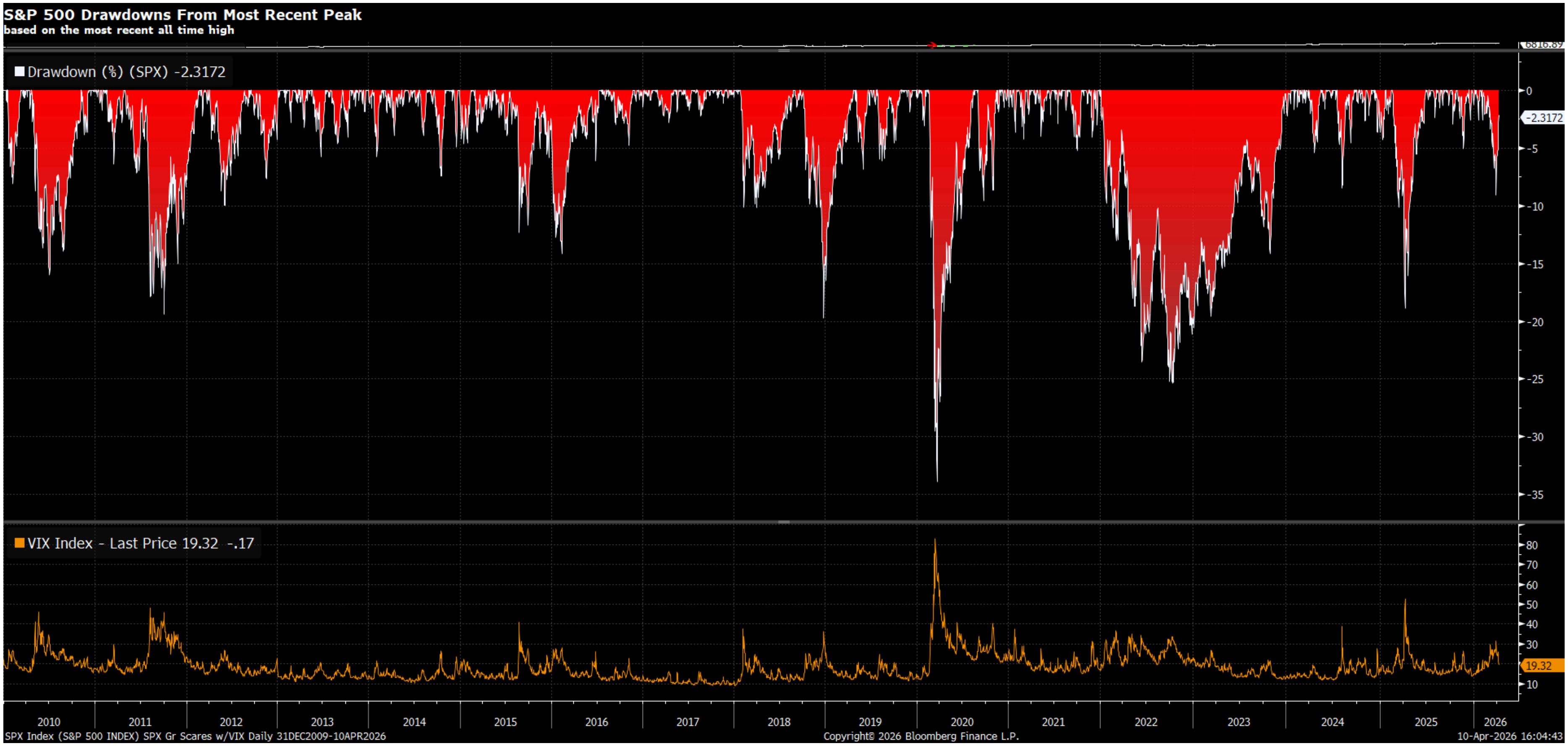
- 2026 is broadly tracking the 2025 playbook of choppiness and shallow pullbacks, albeit without the Liberation Day-related drawdown that defined last year's reset phase in early April.
- With a less steep drop having occurred around the Iran war, a less powerful rebound also seems likely to follow.



Source: RBC US Equity Strategy, Bloomberg, as of April 10, 2026.

The Iran War-Related Drop in the S&P 500 Never Breached 10% from Peak

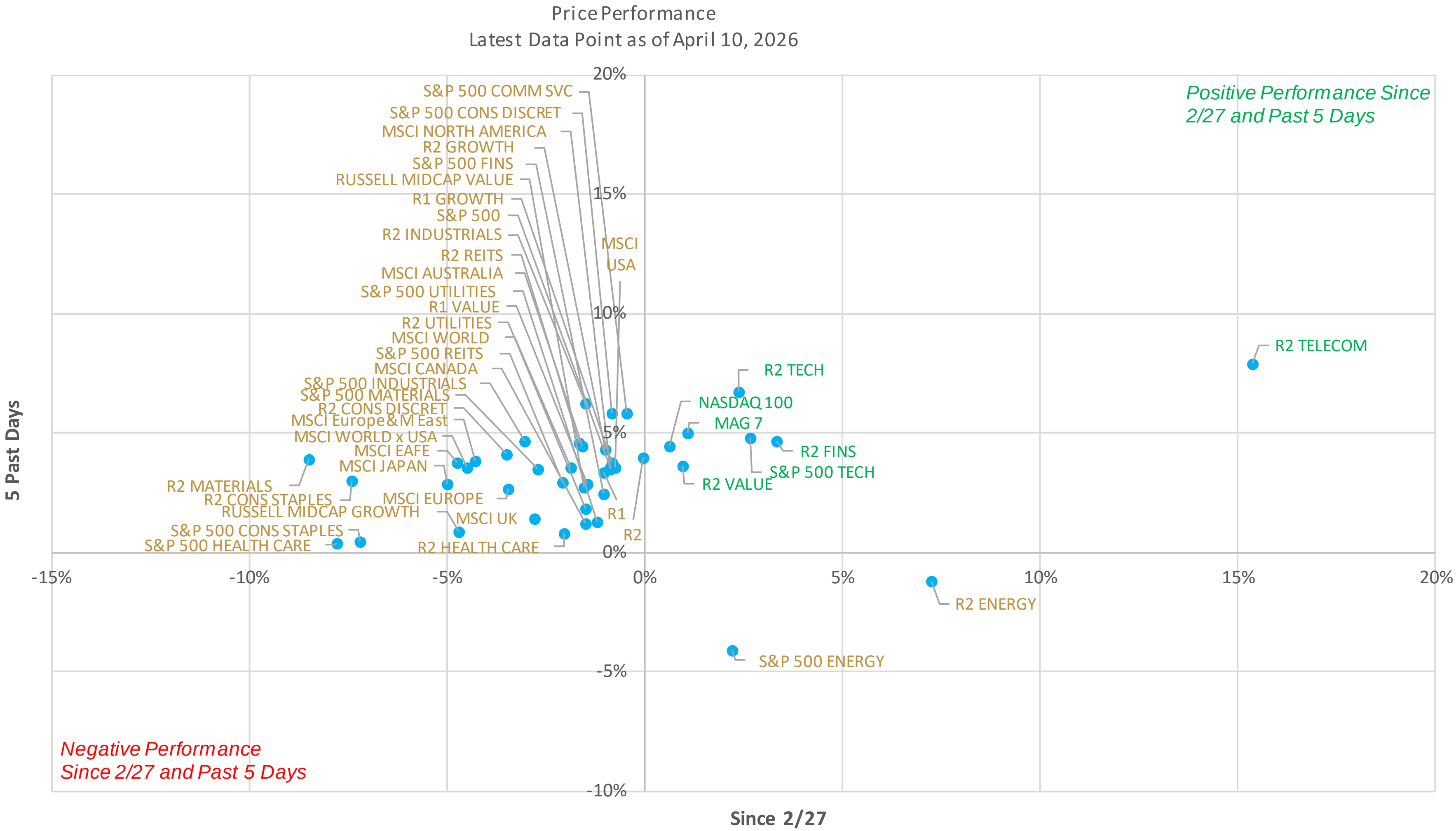
- Through its late-March low, the S&P 500 was still within what we'd consider to be garden-variety pullback territory – a drawdown of 9.1% vs. the January high.



Source: RBC US Equity Strategy, Bloomberg as of April 10, 2026

Small Cap Telecom & Financials, and Big Cap Tech Have Been Strong Since the War & So Far in April

- Large Cap Tech has also been a bright spot on both time periods, while Europe and non-US have been weak.



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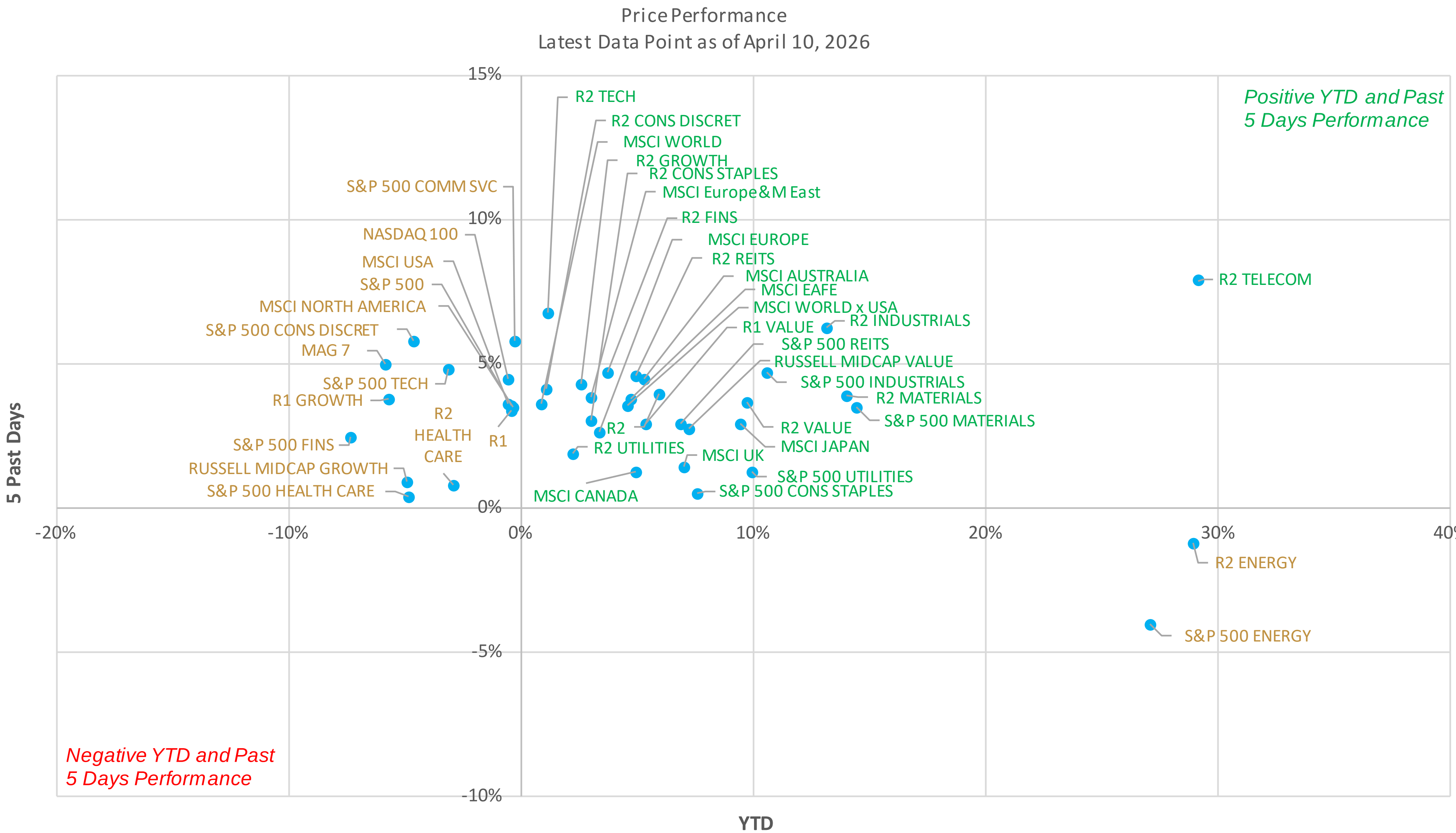
Source: RBC US Equity Strategy, S&P, Bloomberg; through April 10, 2026; please see the MSCI disclaimer at the end of this report

Small Cap Telecom Continues to Show Strength YTD and in Recent Trading

- Energy has maintained its YTD leadership despite recent weakness.
- We're now seeing many sectors and geographies in the green on this grid.



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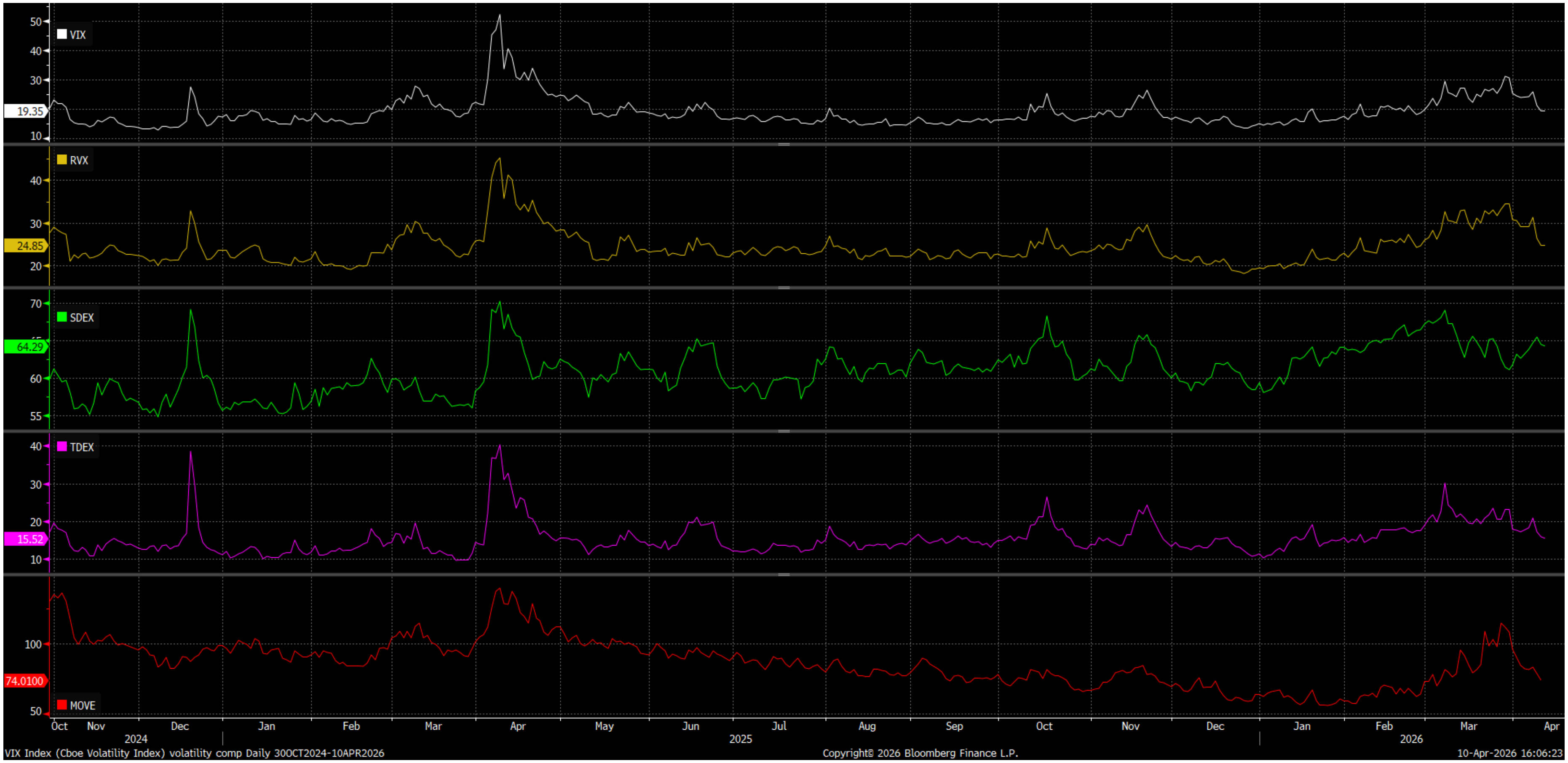
Various Gauges of Volatility Have Moved Lower Recently

- We have also seen bond market volatility ease, which has relieved some equity investor concerns.



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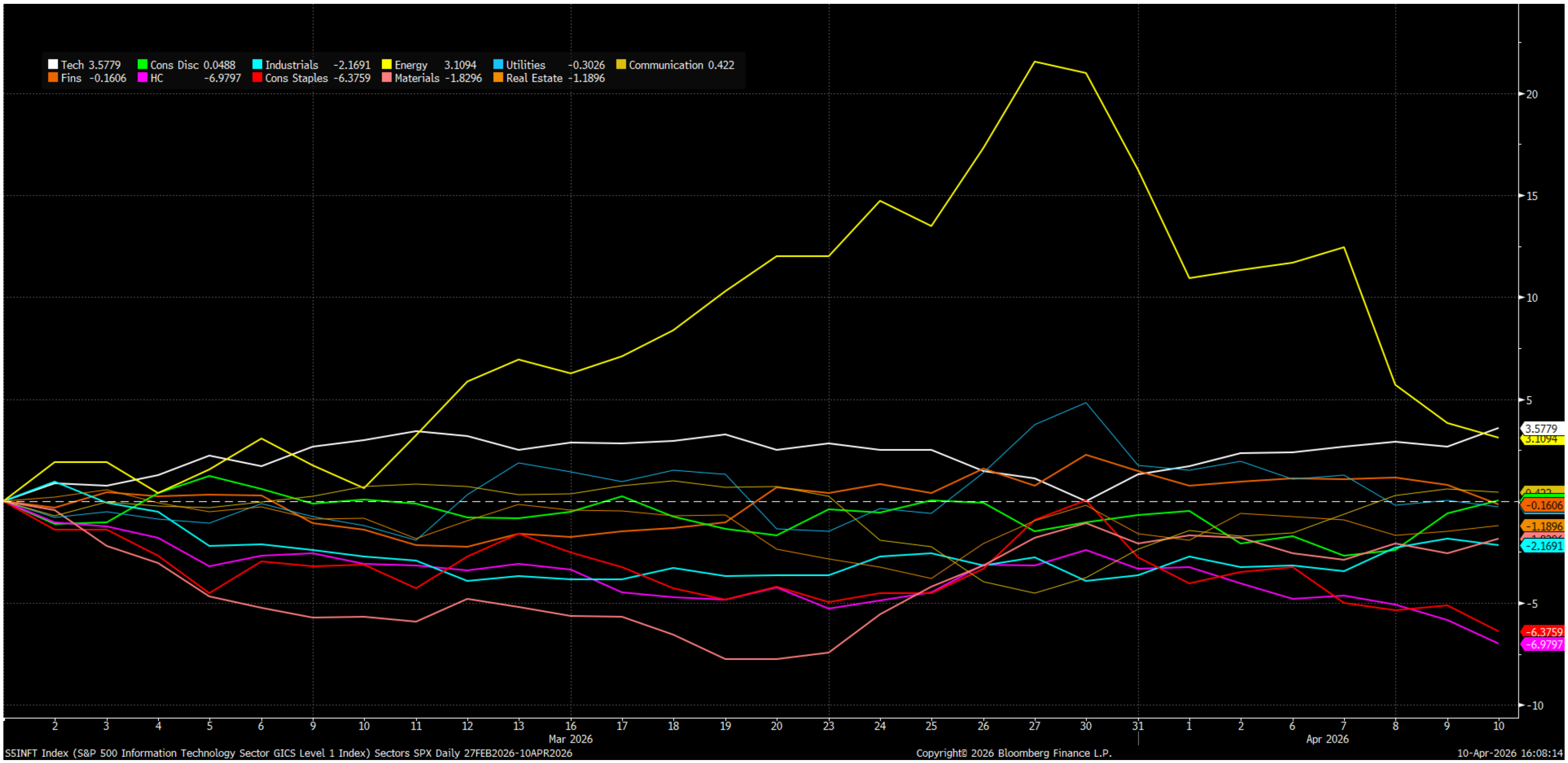
Source: RBC US Equity Strategy, Bloomberg; through April 10, 2026

Energy Saw Consistent Outperformance in Large Cap Throughout March, but Has Lagged in April

- Tech outperformed throughout most of March, stumbled towards the end of the month, but has regained momentum in April. And is now the top-performing S&P 500 sector since the war began. Alongside Tech's renewed momentum, Health Care has been lagging again along with Consumer Staples.
- Utilities was a March outperformer, but has also lagged in recent trading. Overall, defensives haven't been able to work when Tech is working.
- Consumer Discretionary has been on the move in April, with improved relative performance.



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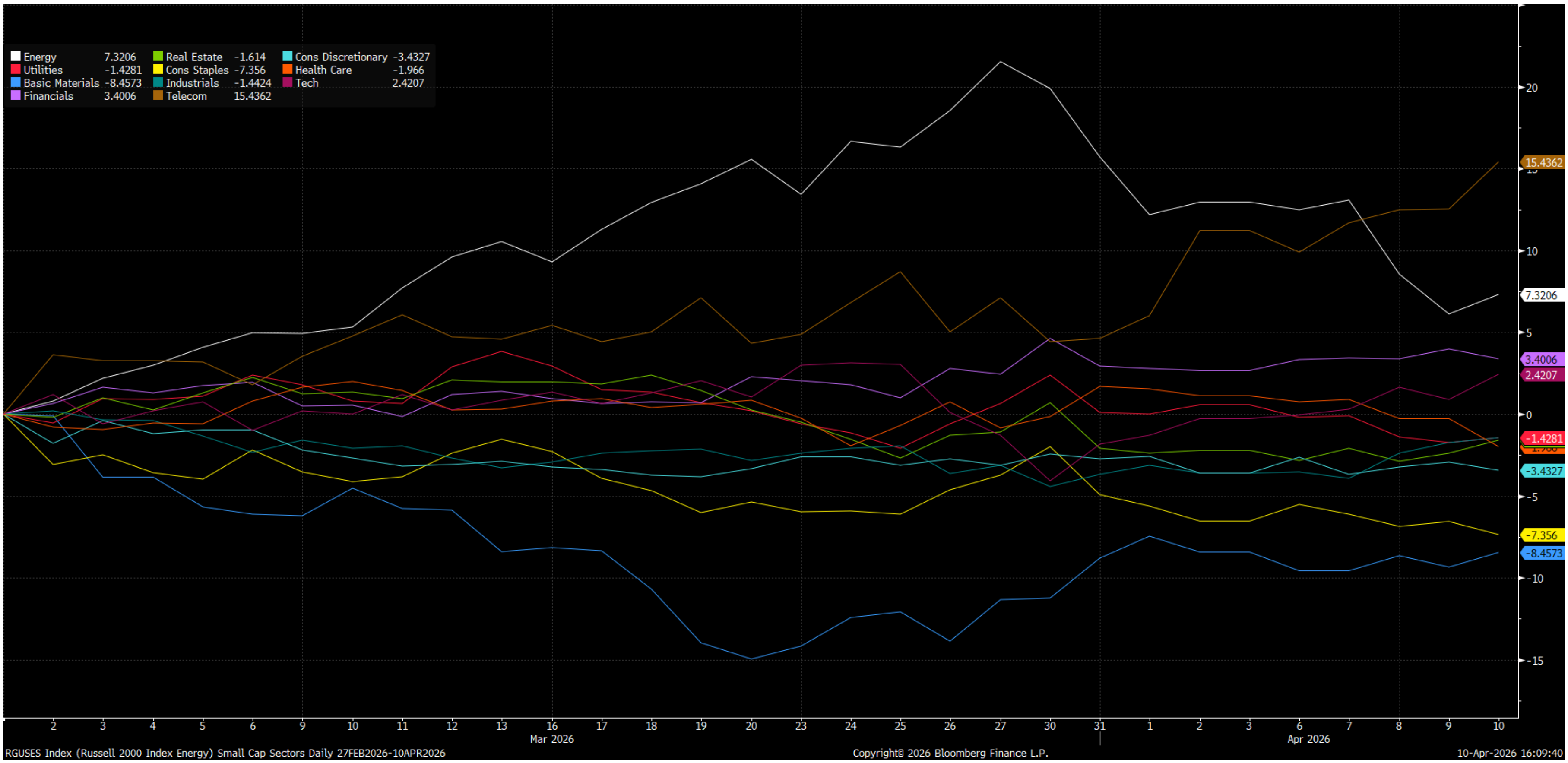
Source: RBC US Equity Strategy, S&P, Bloomberg; as of April 10, 2026

Energy Outperformance Was Also a Consistent Leader in Small Cap in March; Before Lagging in April

- Similar to what we saw in the S&P 500 in March, Financials and Utilities outperformed within the Russell 2000. Financials has hung on to that leadership in April, but Utilities has given theirs up.
- Materials was the worst performer in Small Cap throughout March by a significant margin, which has continued into April.



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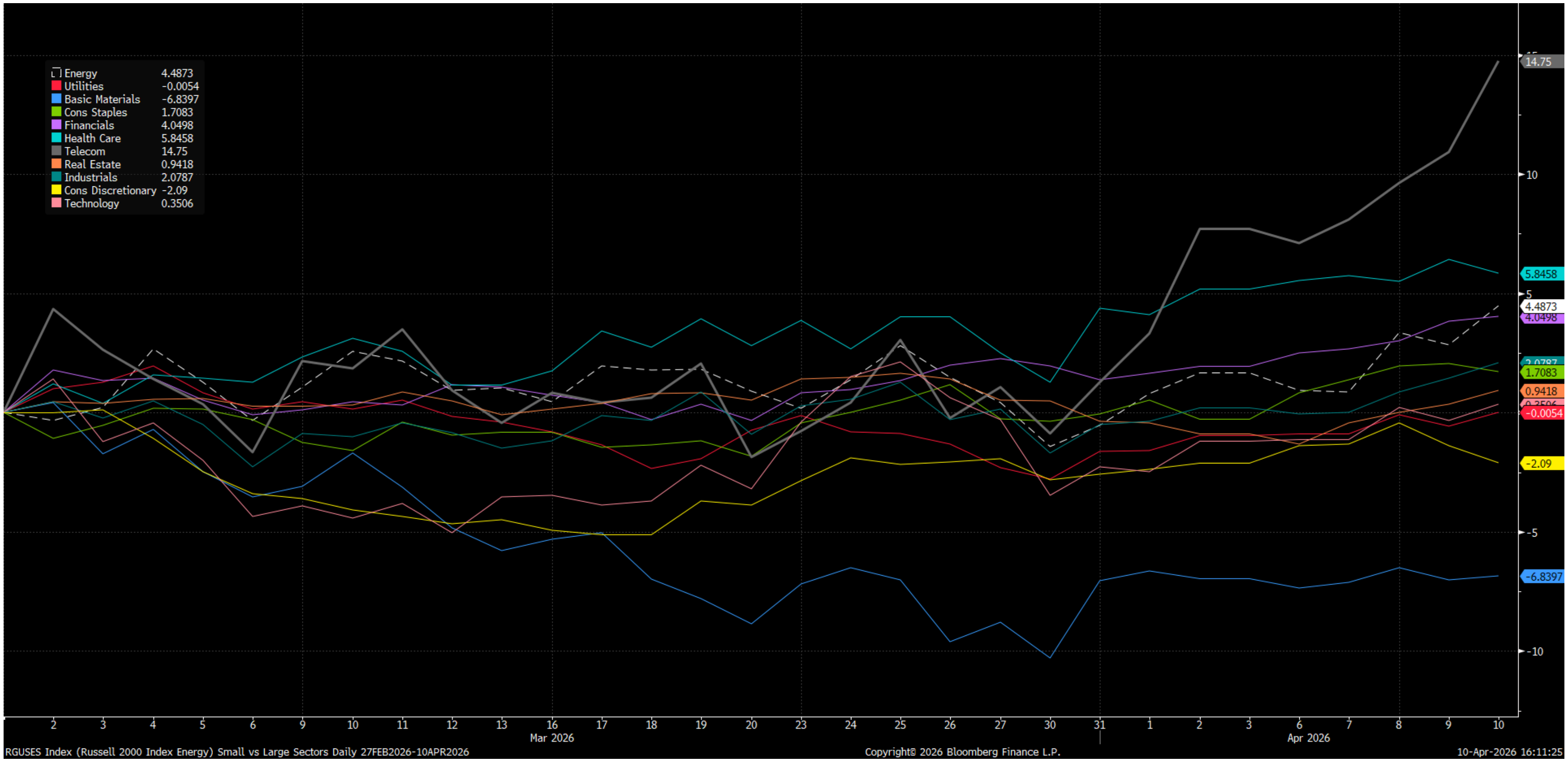
Source: RBC US Equity Strategy, Russell, Bloomberg; as of April 10, 2026

Most Sectors Getting a Lift in Small Cap Relative to Large Cap in April

- Since the start of the war, Telecom has seen the strongest outperformance in Small Cap relative to its Large Cap peer, followed by Health Care then Energy and Financials.
- Materials has seen the most significant underperformance in Small Cap relative to its Large Cap peer since the start of the war.



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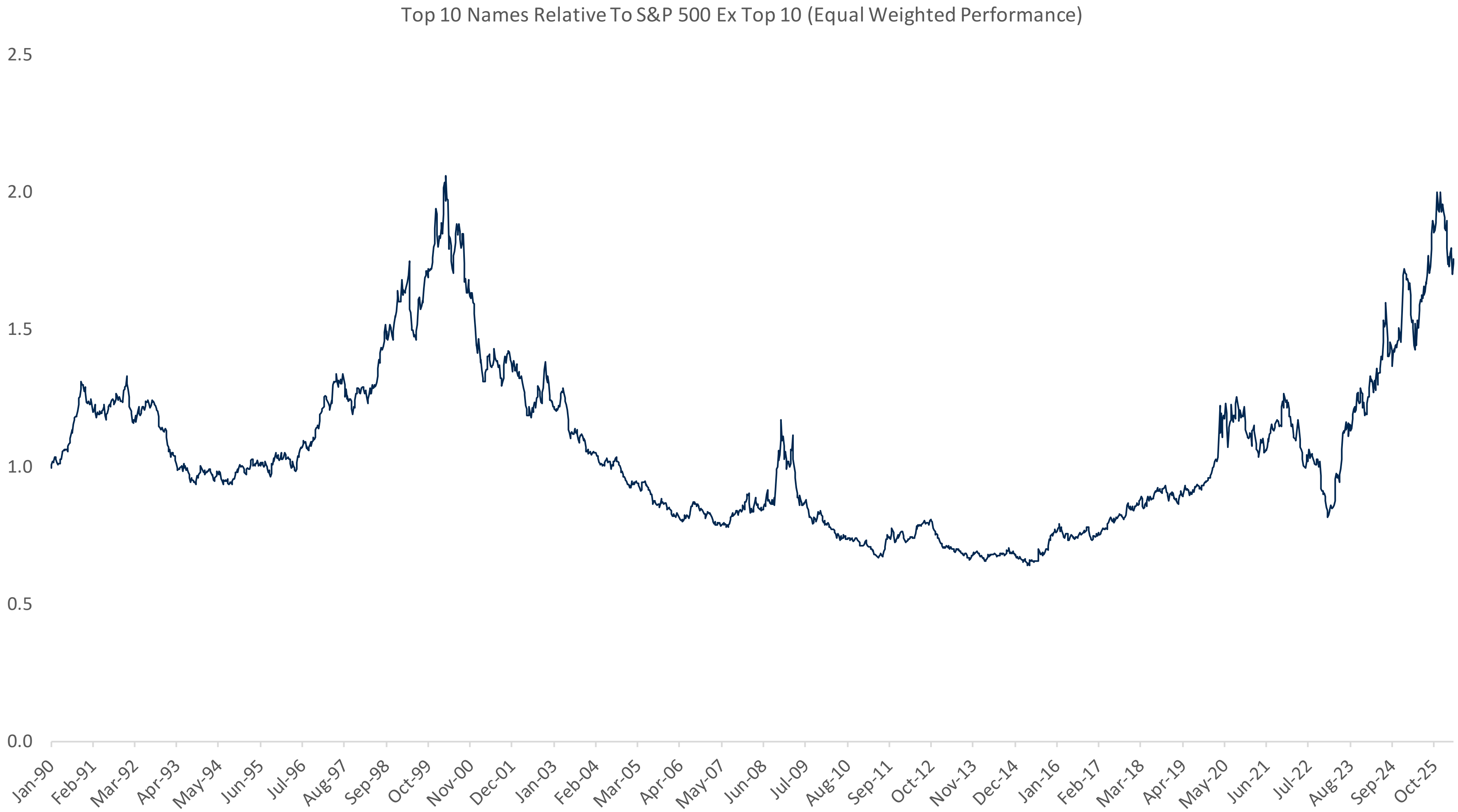
Source: RBC US Equity Strategy, Bloomberg, Russell (both Large Cap and Small Cap sector inputs), as of April 10, 2026

10 Biggest Stocks in the S&P 500 Attempting to Stabilize After a Fall from Grace

The performance of the top-10 names recently saw some major deterioration relative to the rest of the stock market earlier this year. This was in line with the last two periods of major underperformance and we had noted the recent relative lows would be a natural place for mega cap growth to try to reclaim leadership. In March and early April, the mega cap growth names have attempted to stabilize, though technically the period of underperformance that began last year is still in place.



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Source: RBC US Equity Strategy, S&P Capital IQ / ClariFI, S&P, Compustat, CIQ estimates, IBES estimates; latest data point available as of April 7, 2026. Mid-week basket portfolio rebalancing applied; as of April 7, 2026

Growth Has Attempted a Comeback in Leadership vs. Value Within Large Cap in Early April

- This follows a brief return of Growth leadership in early March after the war began, then a renewed period of Value dominance in the second half of the month.
- In 2025, Value worked best to start the year, but after the tariff lows in the market, the Growth trade dominated.

Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, Russell, as of April 10, 2026

The Russell 2000 Is Also Attempting to Stabilize vs. the S&P 500 in Recent Trading

- Small Caps technically remain in an uptrend vs. Large Caps since last fall, but the price action has been choppy with the relative ratio peaking in late January.
- The latest outperformance period in Small Cap began in mid-March.

Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, S&P, Russell, as of April 10, 2026

Russell 2000 Performance vs. Nasdaq Has Also Been Choppy This Year

- There's been some renewed momentum in Small Caps recently, but the relative ratio has been unable to make a new high.

Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, Russell, Nasdaq, as of April 10, 2026

Russell 2000 Outperformance of Private Markets Stocks Has Continued This Month

Like private markets-related stocks, the Russell 2000 had turned down in absolute terms in March. In April so far, we have seen Small Caps start to move higher, while private markets-related stocks have ticked up only very modestly.

Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, S&P, Russell, as of April 10, 2026

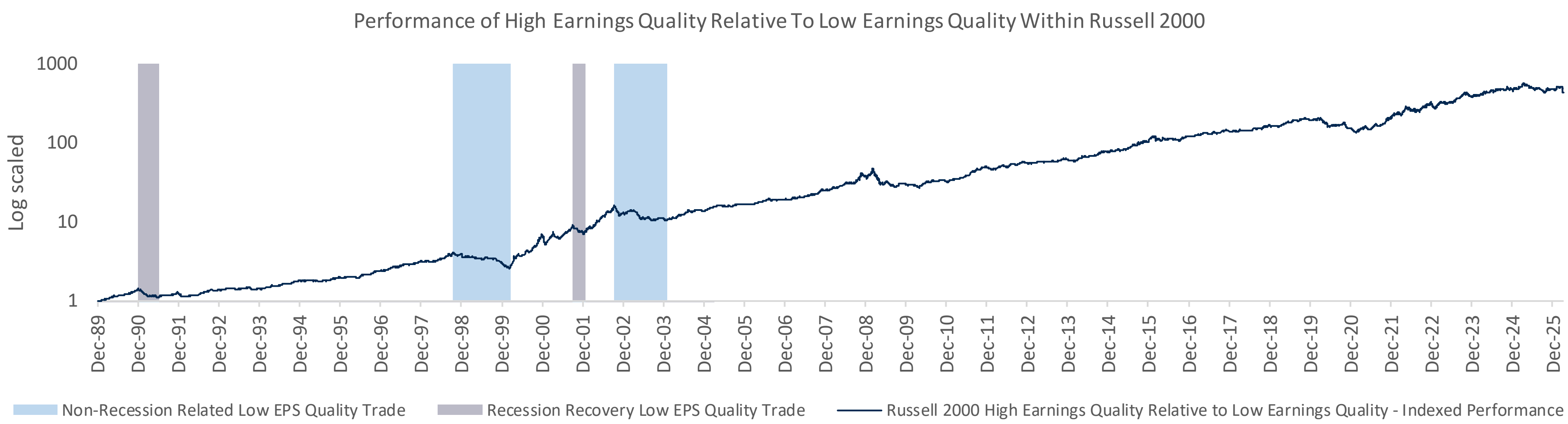
High EPS Quality Outperforming Within Small Cap & Large Cap Recently

- The outperformance of high earnings quality within Small Caps peaked in early-April 2025, when the broader market bottomed a few days after the Liberation Day tariffs were announced, after which the market embarked on a fierce recovery. After that, low earnings quality led, as the market priced in rate cuts, looser financial conditions, and a hot economy in 2026. It's also worth noting that the Russell 2000 hit a recession low on our P/E model on April 8th, and that low-EPS-quality outperformance is a classic post-recession recovery trade. Starting mid-October 2025, high EPS quality fought back and started to outperform again, but as 2025 wound down, the trade turned choppy. So far in 2026, the high-EPS-quality factor has been working again with some choppiness around the uptrend.
- In Large Cap, high-earnings-quality stocks maintained steady outperformance from 2023 to 2025 but this trade peaked in May 2025. Between late October and mid-November, both Small and Large experienced a modest shift toward higher earnings quality. However, this trend then reversed, with low earnings quality gaining prominence once again in late 2025. This trade has been choppy in 2026, with a tilt toward high-earnings-quality dominance.

Note: The earnings quality factor is a sector-neutral, equal-weighted multifactor based on historical constituents that combines the trailing 12-month return on equity, earnings stability (measured as the ratio of the one-year change in EPS to the standard deviation of the one-year change in EPS across eight prior periods), and the distinction between positive and negative earnings based on whether EPS is above or below zero.
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi; Russell, S&P, as of April 9, 2026

High EPS Quality Tends to Outperform in Small Cap, but Low-Quality Bursts Can Be Lengthy

- We examined how long and how far low-quality bursts of leadership within the Russell 2000 lasted around the recession rebounds and other rebounds following growth scares and other major periods of stress over the past few decades.
- The latest period of low-EPS-quality leadership – which began after the Liberation Day low in the broader market back in April 2025 and ended in October 2025 – didn't match the prior low-quality bursts in terms of either duration or magnitude. It was similar to the low-EPS-quality-outperformance trade that occurred off the 2015-2016 growth-scare low in the broader market, however.
- Once the broader market exits the current drawdown, we see risk of another burst of low-quality outperformance returning within Small Cap.



Event	Peak Date	Trough Date	Number of Trading Days	High Earnings Quality (%)	Low Earnings Quality (%)	Difference (%)
1990-1991 Recession Rebound	12/27/1990	06/25/1991	125	40%	83%	-44%
Dot-Com Bubble Rebound	10/16/1998	03/10/2000	353	39%	119%	-80%
2001 Recession Rebound	10/01/2001	01/08/2002	69	24%	60%	-36%
Post Dot-Com Period Rebound	10/09/2002	01/20/2004	340	92%	187%	-95%
Global Financial Crisis Rebound	03/05/2009	09/22/2009	140	87%	228%	-140%
2016 Growth Scare Rebound	02/10/2016	10/05/2016	166	33%	53%	-20%
2020 COVID Recession Rebound	04/03/2020	02/16/2021	219	114%	230%	-116%
2025 Trade Liberation Day Rebound	04/08/2025	10/20/2025	135	34%	71%	-37%
Median ex 2025			*166*	*40%*	*119%*	*-80%*

Note: The earnings quality factor is a sector-neutral, equal-weighted multifactor based on historical constituents that combines the trailing 12-month return on equity, earnings stability (measured as the ratio of the one-year change in EPS to the standard deviation of the one-year change in EPS across eight prior periods), and the distinction between positive and negative earnings based on whether EPS is above or below zero.
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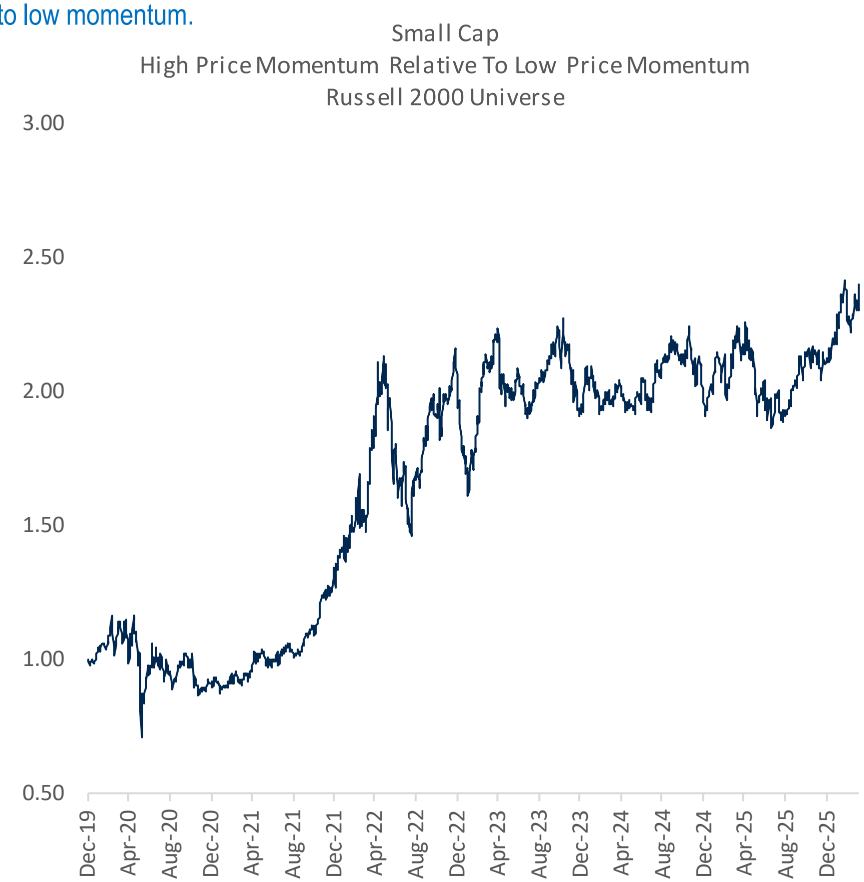
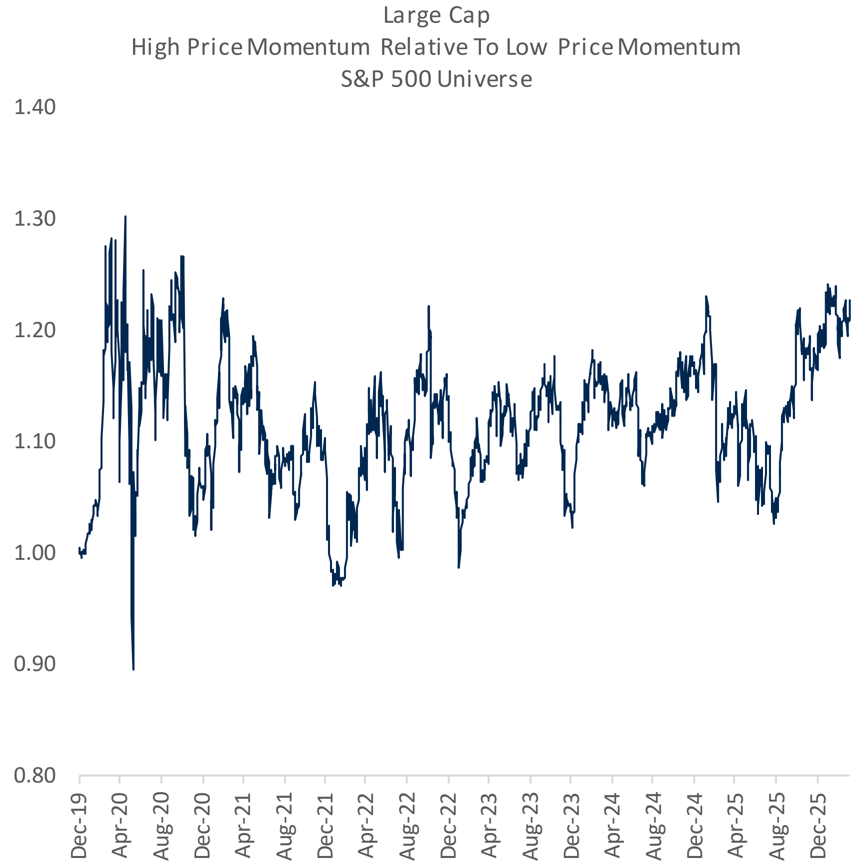
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi; Russell, S&P, as of April 7, 2026

High-Price-Momentum Leadership Has Regained Strength in Small Cap in Recent Trading

- Within Small Cap, high-price-momentum stocks experienced sharp underperformance during the Covid market shock in 2020. However, they rebounded strongly, outperforming throughout 2021 and 2022. The high-price-momentum factor saw a significant deterioration in performance during the summer of 2022, following a late-spring peak where it outperformed low-price-momentum stocks. A similar pattern unfolded in late 2022 and early 2023. High-price-momentum stocks failed to lead through the majority of 2023 and 2024. In 2025 there was a notable uptick in the relative performance of high-price-momentum stocks, with the relative ratio to low price momentum approaching the high end of its range. After a stall in late 2025, in early 2026 we initially saw the high-momentum outperform the low-momentum factor, but most recently we saw a breakdown of momentum. In the latest updates, high momentum is outperforming again relative to low momentum.
- Within Large Cap, high-price-momentum stocks experienced a sharp underperformance during the Covid market downturn in 2020. From 2021 to 2024, the relative performance of high-price-momentum versus low-price-momentum stocks exhibited a choppy pattern, characterized by intermittent bursts of outperformance and underperformance. However, starting late summer of 2025, high-price-momentum stocks dominated again through much of the fall with the trade getting close to the high end of its range. In our previous published reports, we noted that we were close to the high of the typical range in this trade, and in the most recent trading, we saw high momentum regain some strength relative to low momentum.





Note: The price momentum factor is a sector-neutral, equal-weighted factor based on historical constituents that measures e relative to the 200-day moving average.
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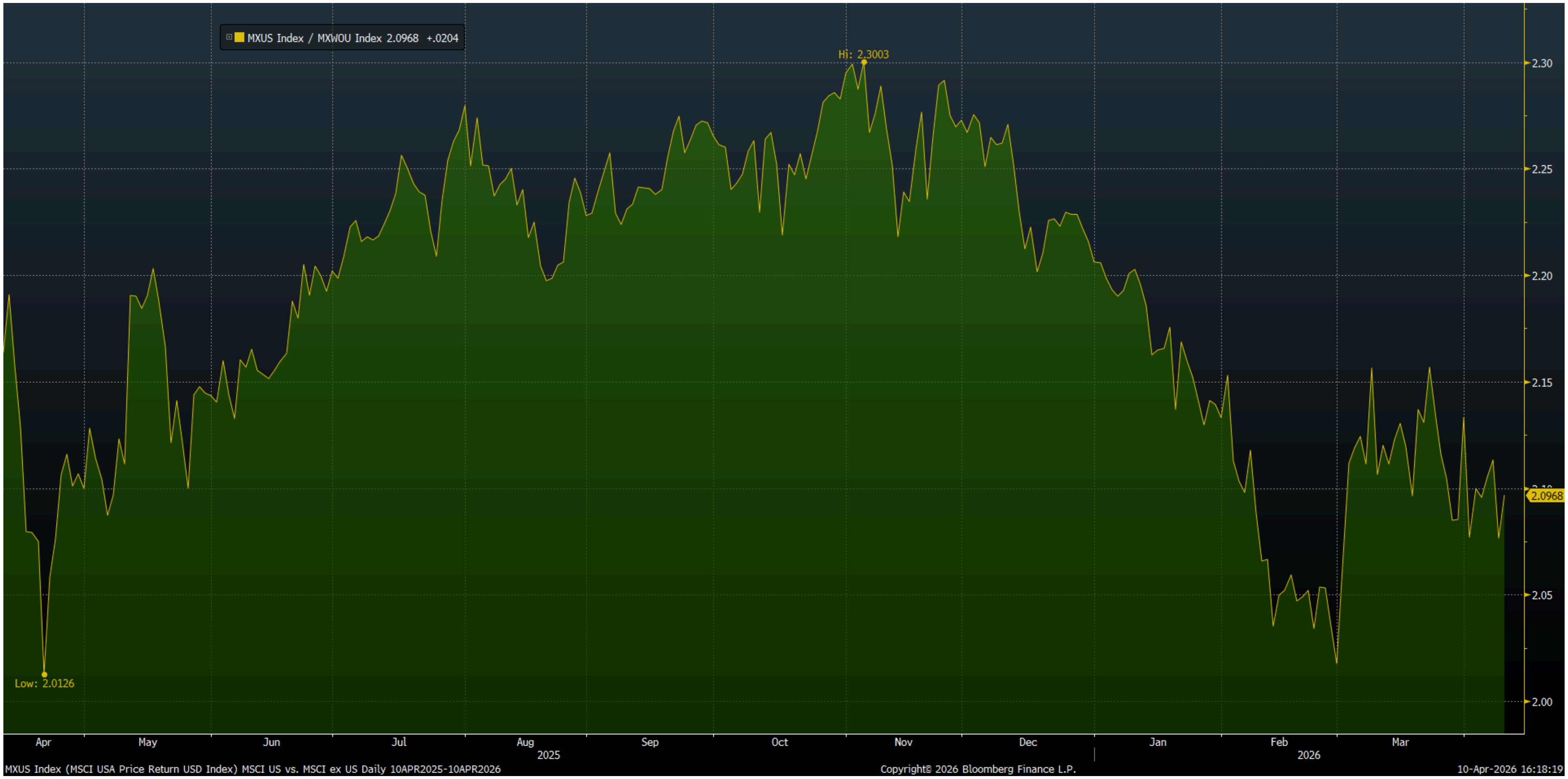
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi; Russell, S&P, as of April 9, 2026

The US Started to Outperform Non-US Again After the Iran War Started

- This reverses a stretch of US underperformance that began last fall.
- At the recent lows, the US/non-US relative ratio was close to the post-liberation day lows.
- The US is admittedly off its highs relative to non-US in the latest updates. The trade has been moving sideways in recent weeks.



Source: RBC US Equity Strategy, Bloomberg, MSCI; as of April 9, 2026; please see the MSCI disclaimer at the end of this report
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US Growth / Value Trade Has Tracked the US / Europe Trade in the Past

- The relationship broke down in 2022. It may be returning, however.
- In March, the US outperformed Europe again, and Growth outperformed Value again within the US.

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Source: RBC US Equity Strategy, MSCI, Russell, Bloomberg; as of April 10, 2026; please see the MSCI disclaimer at the end of this report

Among Major Developed Market Regions, the Far East Has Been the Best YTD

- This outperformance has persisted despite recent declines.

Source: RBC US Equity Strategy, Bloomberg, MSCI; as of April 9, 2026; please see the MSCI disclaimer at the end of this report
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Hong Kong and Japan Have Been the Top-Performing Major DM Countries YTD

- This outperformance has persisted despite recent declines.

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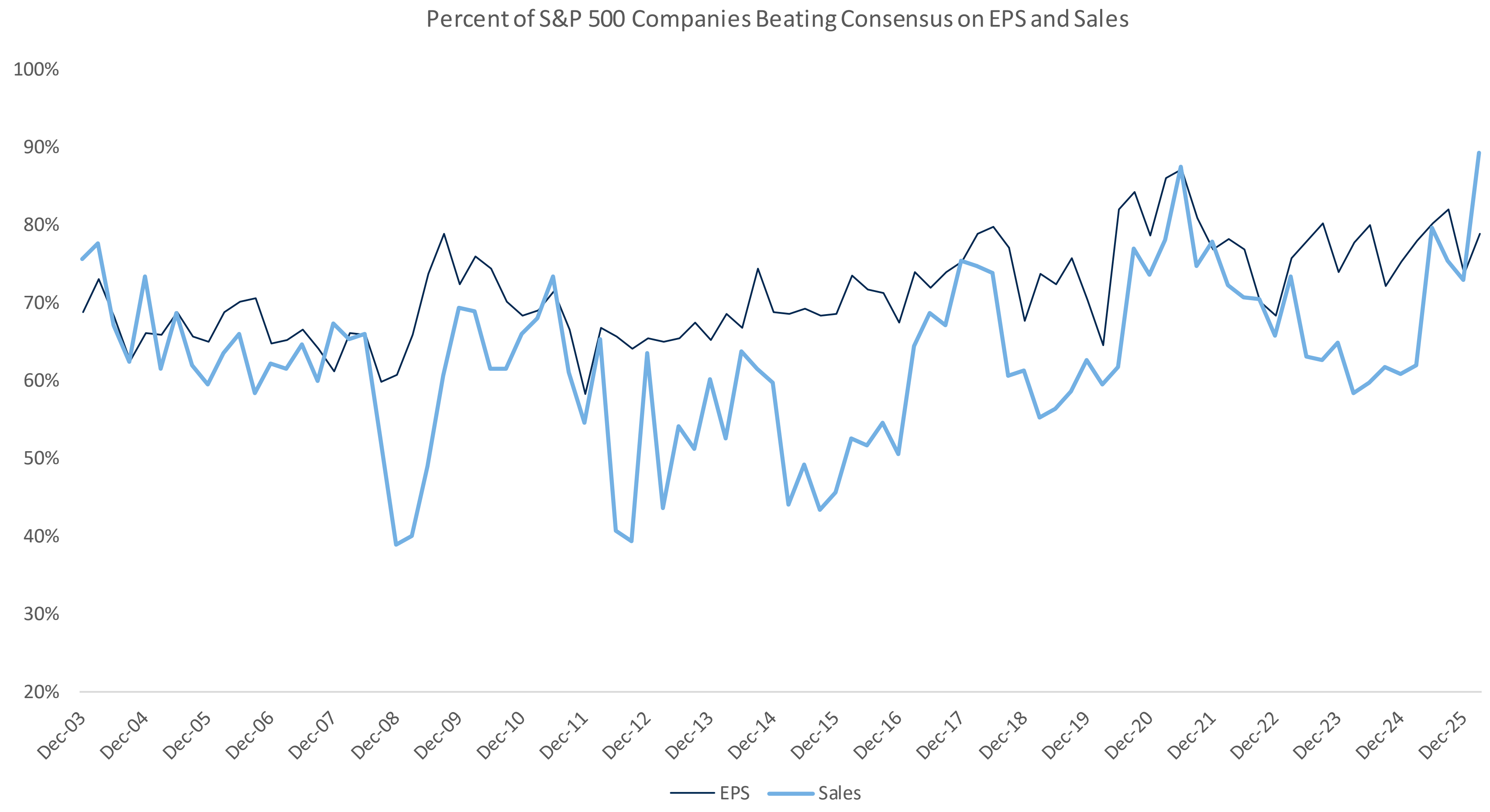
In Large Cap, EPS and Revenue Beats for 1Q26 Have Been Stronger Than 4Q25 So Far

- 79% beating on EPS and 89% beating on sales for 1Q26 (vs. 74% on EPS and 73% on sales during 4Q25).



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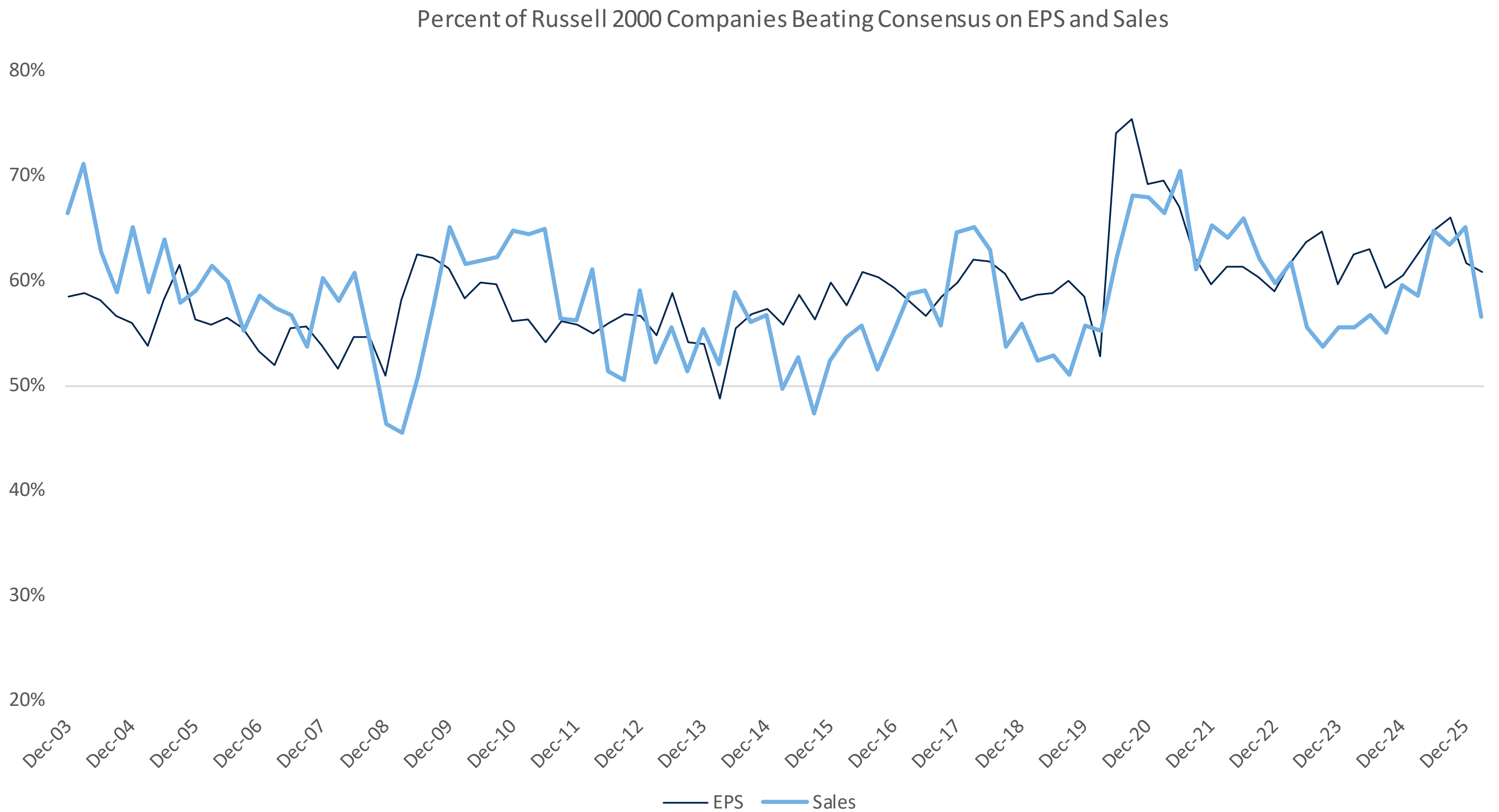
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi, CIQ estimates. S&P, Prelim data point for 1Q26 captured on April 7, 2026, with 4% of S&P 500 results in.

In Small Cap, EPS and Revenue Beats Are Coming in Weaker Than Last Quarter

- 61% beating on EPS & 57% beating on sales for 1Q26 (vs. 62% on EPS and 65% on sales during 4Q25).



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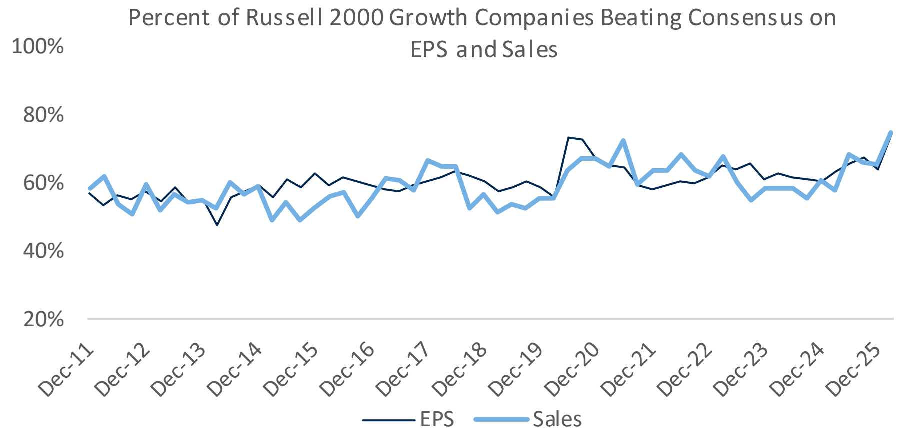
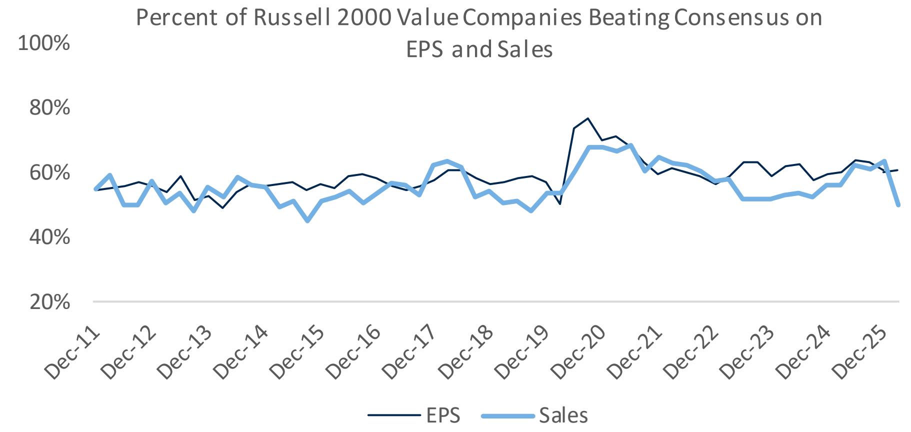
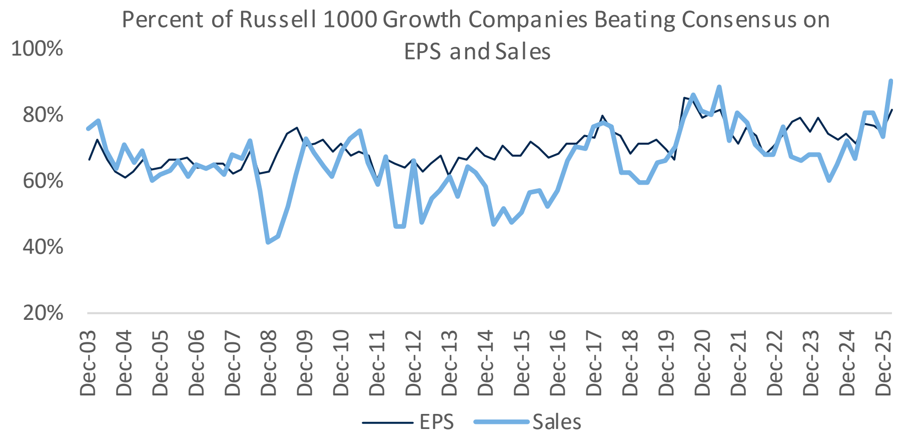
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi, CIQ estimates. Russell; Prelim data point for 1Q26 captured on April 7, 2026, with 1% of Russell 2000 results in.

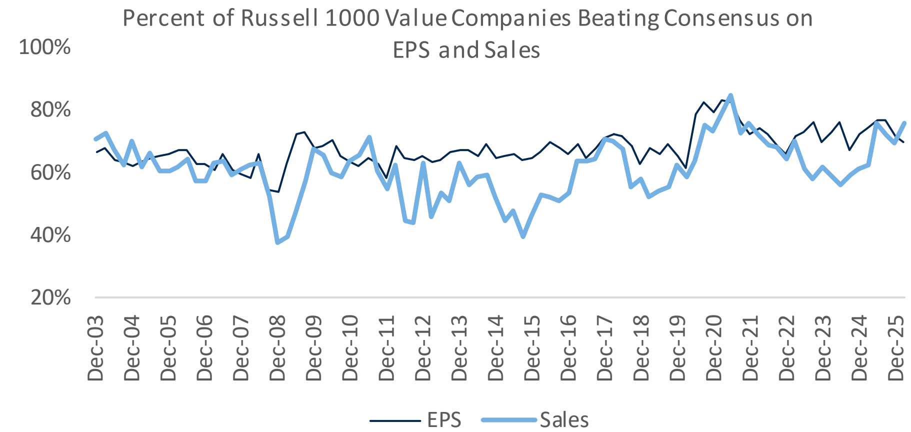
EPS Beats Have Perked Up in Small & Large Cap Growth; EPS Beats Down vs. Last Quarter in Value

- For Small Cap Growth, 75% beating on EPS & 75% beating on sales for 1Q26 (vs. 65% on EPS and 66% on sales during 4Q25).
- For Small Cap Value, 61% beating on EPS & 50% beating on sales for 1Q26 (vs. 61% on EPS and 64% on sales during 4Q25).
- For Large Cap Growth, 82% beating on EPS & 91% beating on sales for 1Q26 (vs. 75% on EPS and 74% on sales during 4Q25).
- For Large Cap Value, 70% beating on EPS & 76% beating on sales for 1Q26 (vs. 72% on EPS and 70% on sales during 4Q25).









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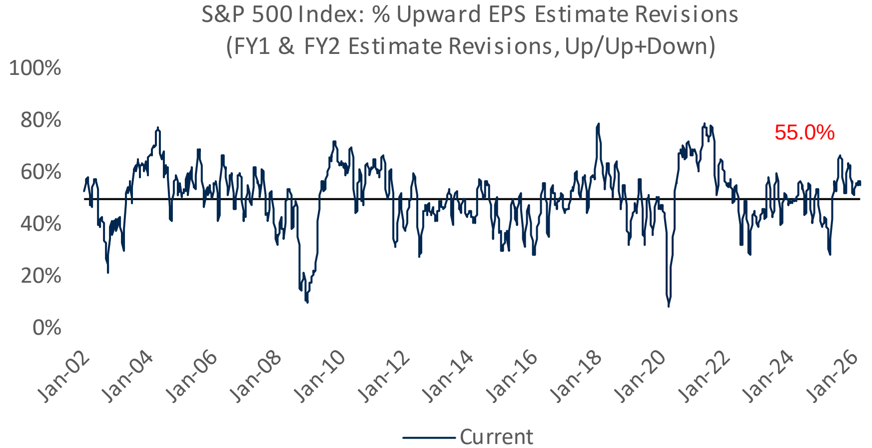
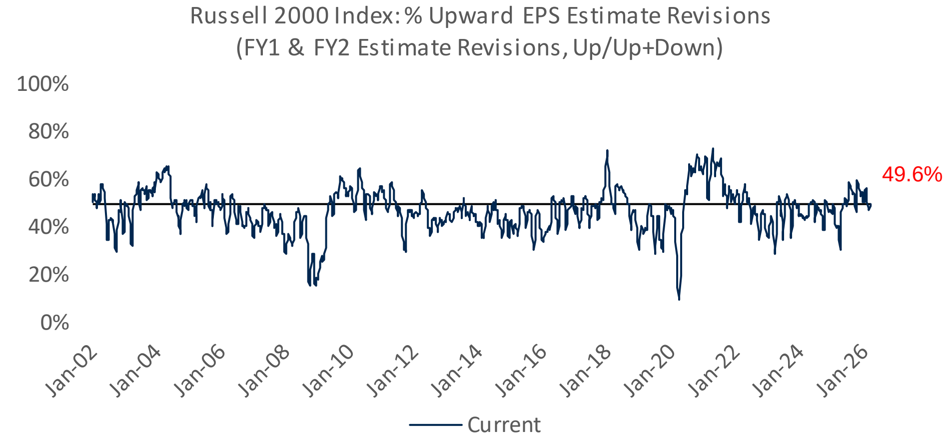
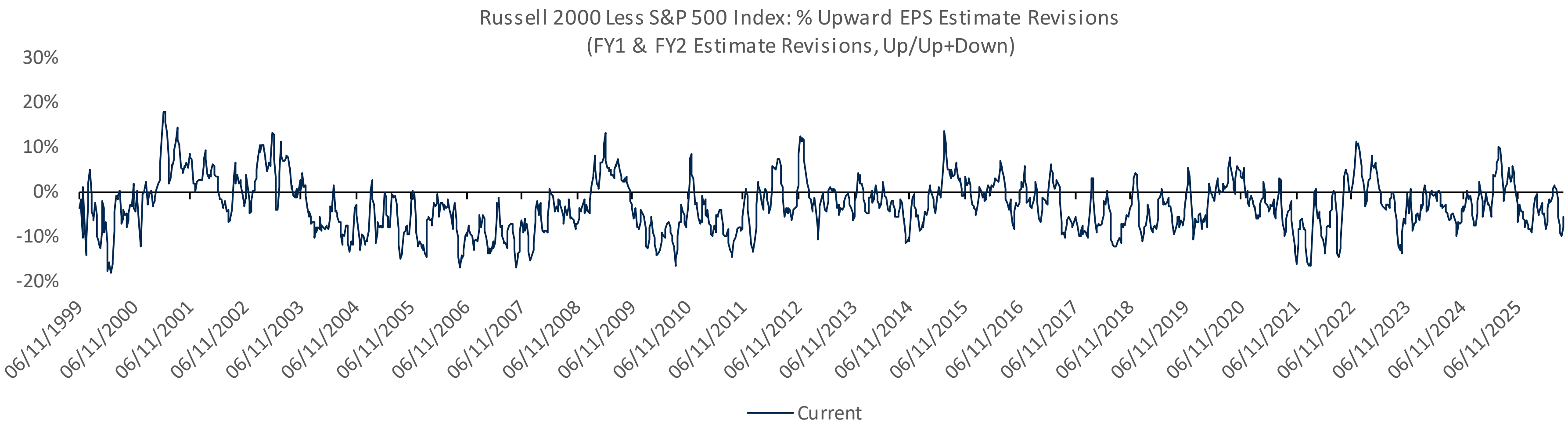
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi, CIQ estimates. Russell; Prelim data point for 1Q26 captured on April 7, 2026, with 1% of Russell 2000 Growth, 1% of Russell 2000 Value, 3% of Russell 1000 Growth and 2% of Russell 1000 Value results in.

EPS Estimate Revisions Have Improved a Little for S&P 500, but Are Still Below 2025's Peak

- Upward and negative revisions are slightly positive again for Large Cap, but slightly negative for Small Cap in the most recent update.
- Of note, this gauge of earnings sentiment is below the highs of fall 2025 for both.
- Note that the S&P 500 has recently reclaimed an advantage to the Russell 2000 on this stat. For much of the 4Q25 reporting season, Small Caps had been looking a little better than Large Caps here.







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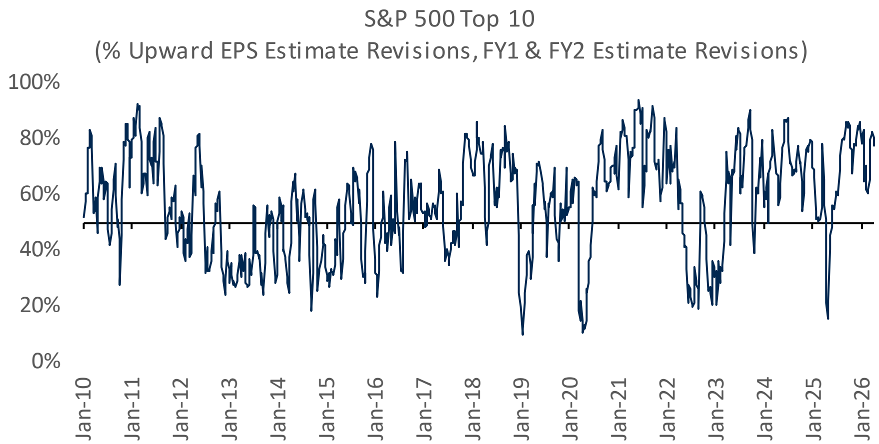
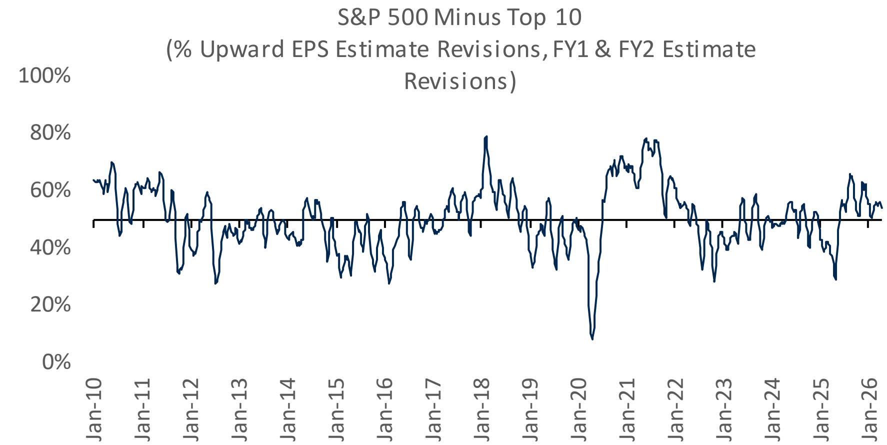
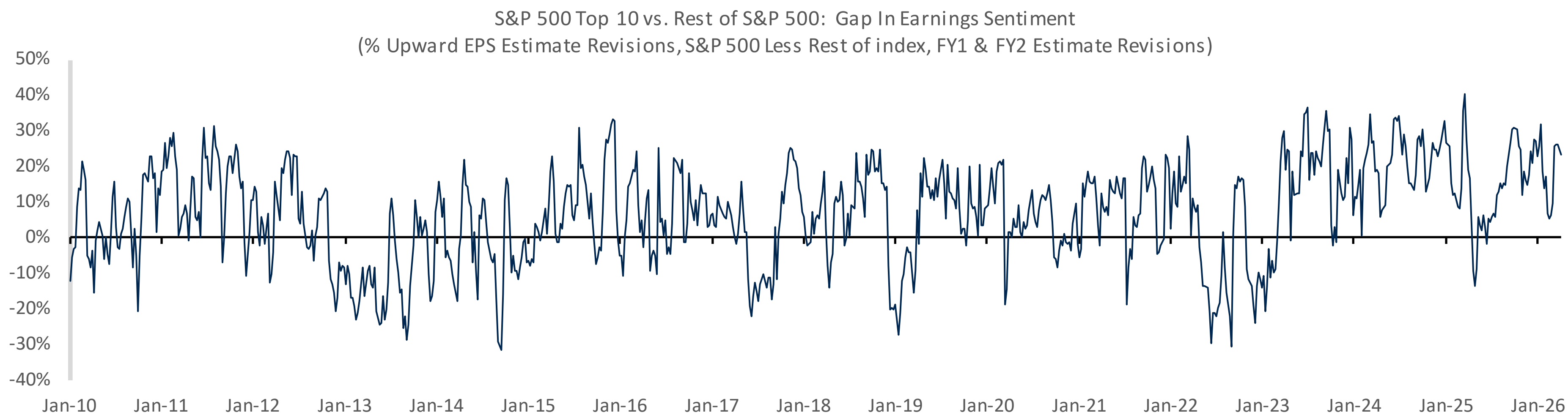
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi, CIQ estimates, S&P, Russell. For REITs, FFO/share revisions are used instead of EPS revisions; as of April 7, 2026.

EPS Revisions Have Been Better for the Biggest Cap Names in the S&P 500 vs. the Rest of the Index

- The dominance of the biggest market cap names has weakened in the most recent update but is close to the most recent highs.
- Both the top-10 names and the rest of the index are seeing rates of upward revisions below last year's highs. Levels are weaker in the rest of the index than the top-10 names and weakened in the most recent update.







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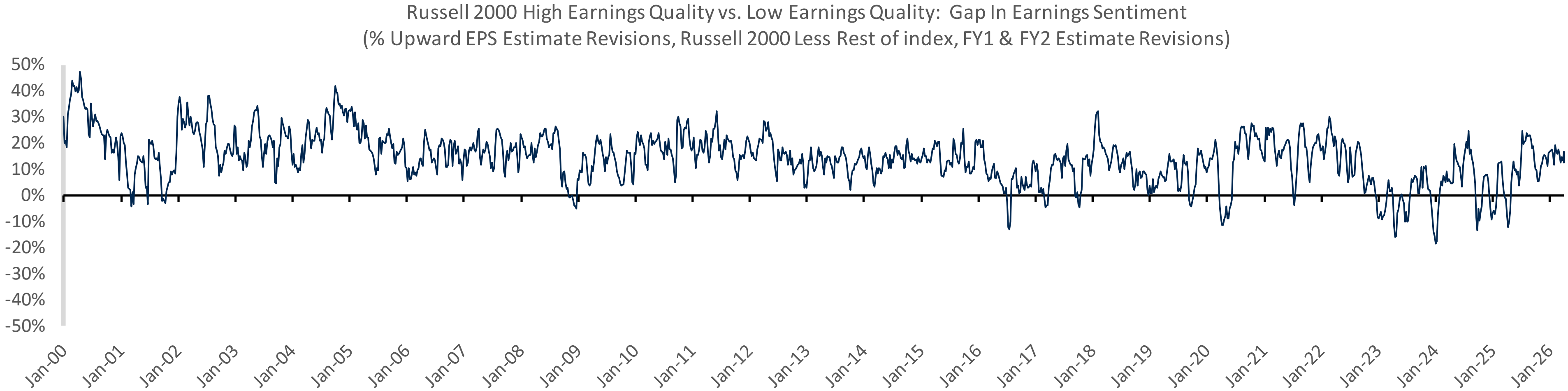
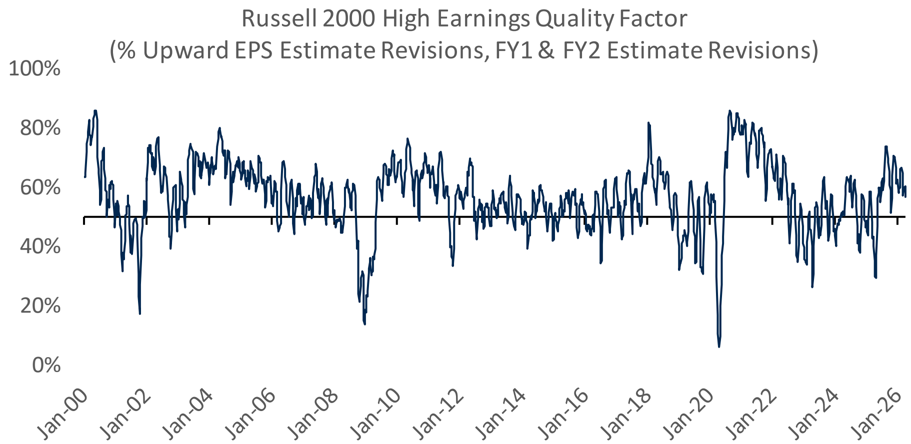
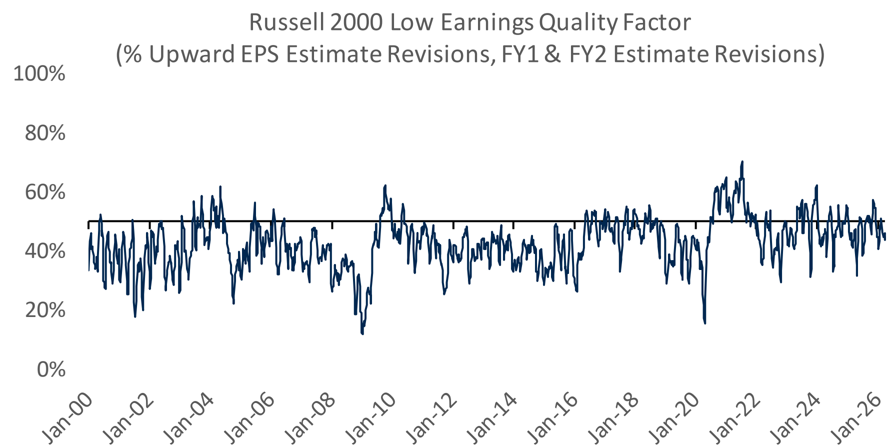
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi, CIQ estimates, S&P. For REITs, FFO/share revisions are used instead of EPS revisions; as of April 7, 2026.

Small Cap Stocks With High EPS Quality Have Had Stronger Revisions Trends Than Low EPS Quality

- High EPS Quality Small Cap stocks are seeing rates of upward revisions that are positive, still a bit below last year's peak but still positive generally this year.
- Low EPS Quality Small Cap stocks are seeing rates of upward revisions that are slightly negative.







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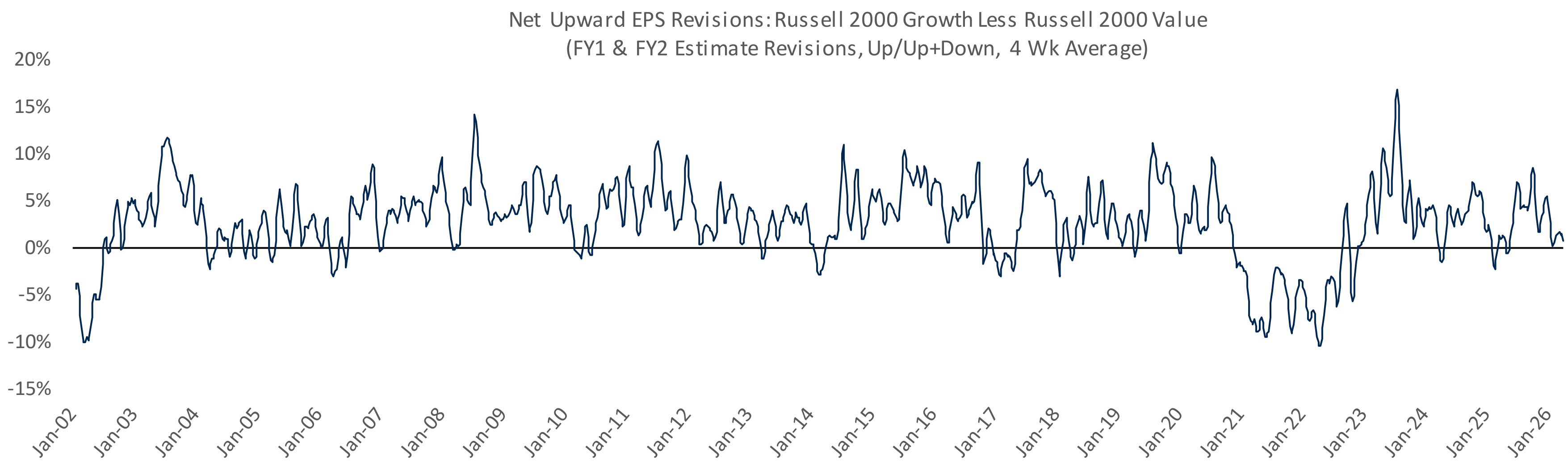
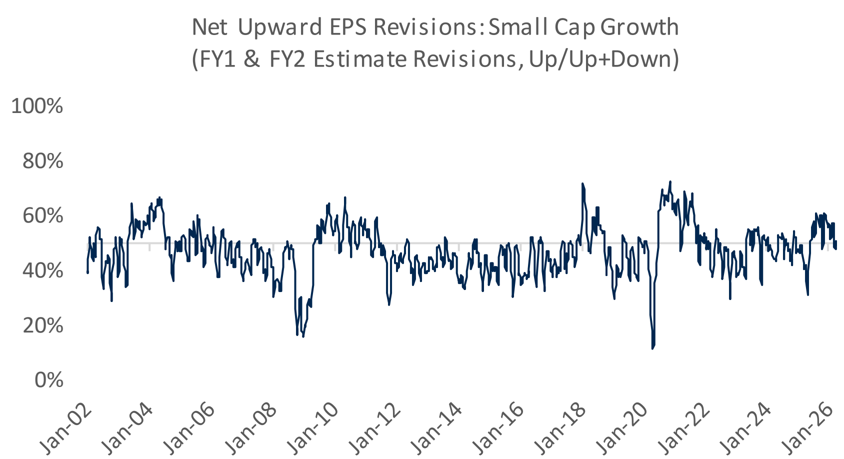
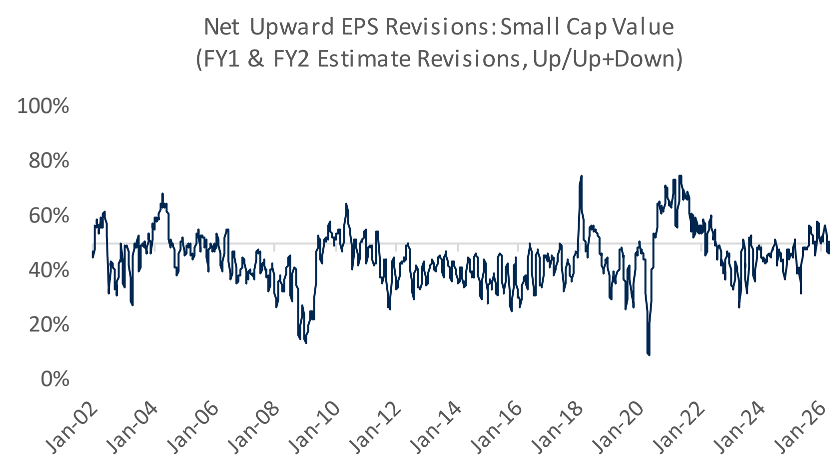
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi; Russell, S&P, as of April 7, 2026

Growth No Longer Meaningfully Ahead of Value on EPS Revisions Within Small Cap



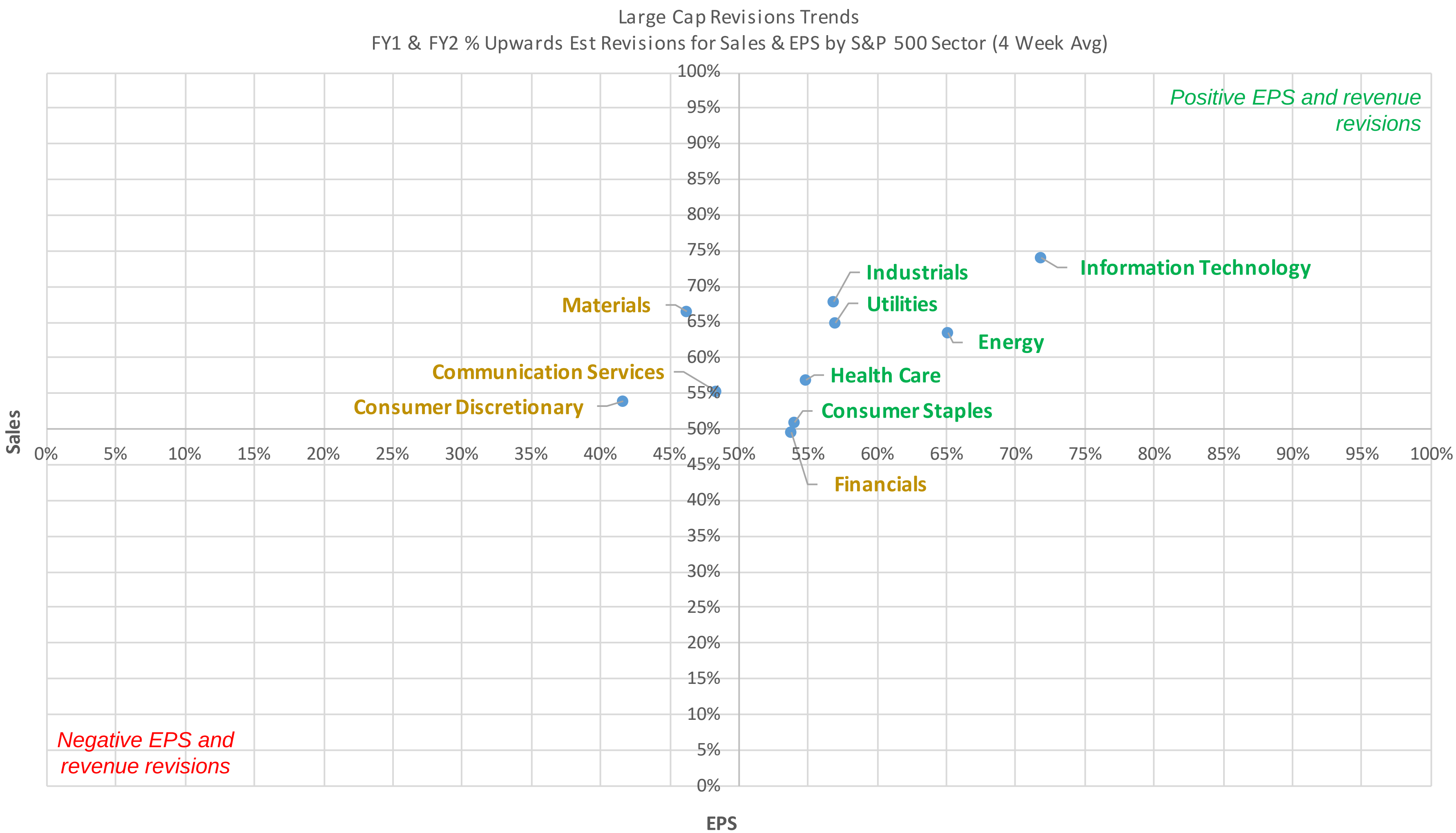




Source: RBC US Equity Strategy, S&P Capital IQ/ClariFI, CIQ estimates, Russell; as of April 7, 2026

Within Large Cap, Most Sectors Seeing Positive EPS and Sales Revisions

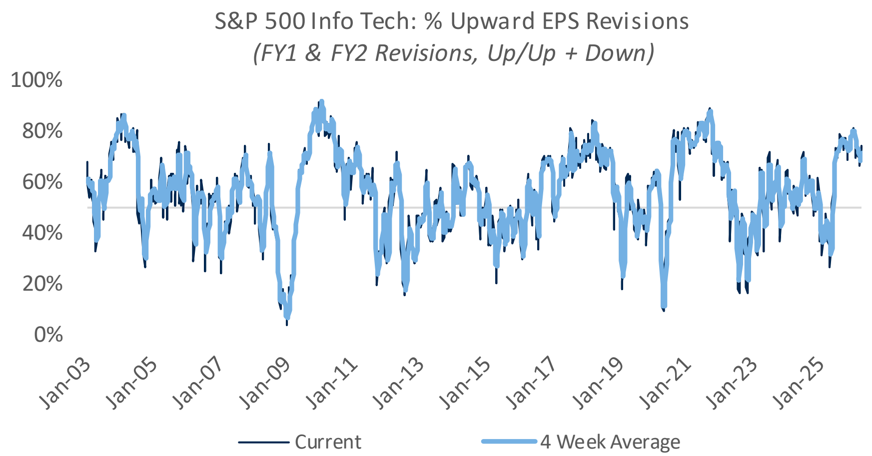
- Financials is seeing positive EPS revisions, but balanced sales revisions.
- Trends remain strongest in Tech and have improved in Energy.
- Discretionary and Comm Services have seen EPS revisions deteriorate and turn negative, though sales revisions remain positive.

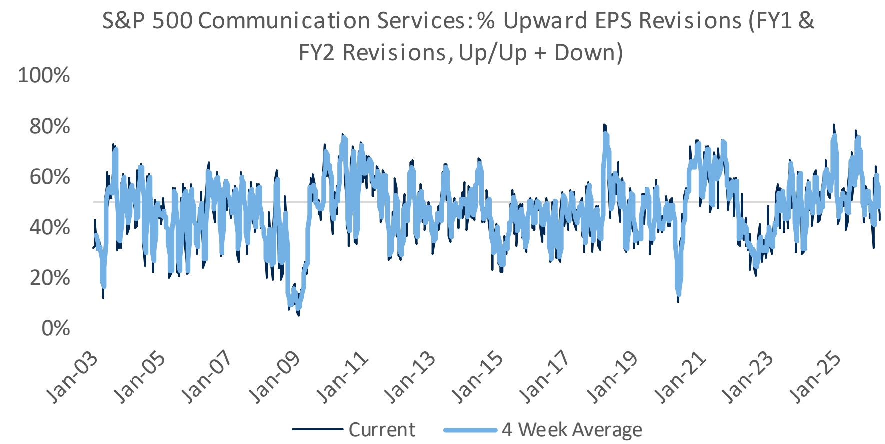


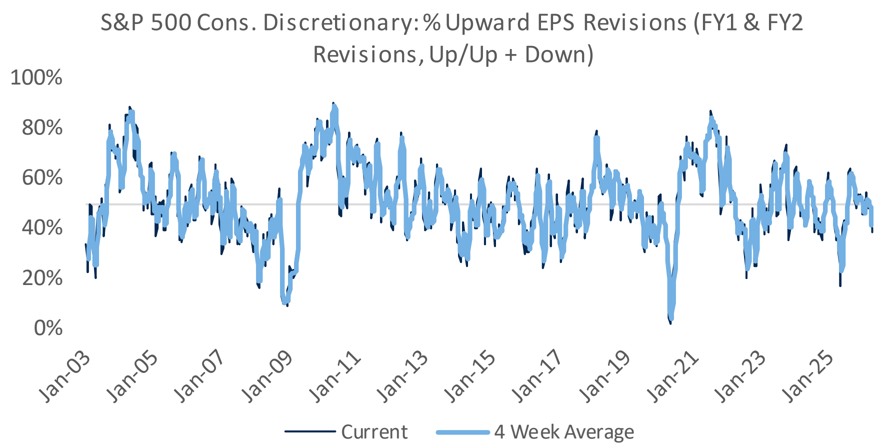
Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, CIQ estimates, S&P. Excludes REITs; as of April 7, 2026

S&P 500 Tech EPS Revisions Have Slipped Slightly, After Coming Close to Past Peaks

- The other growth-oriented sectors – Comm Services & Consumer Discretionary – had already seen a significant downshift in the rate of upward EPS estimate revisions. Tech is making a move that many other sectors had already experienced. EPS revisions for Communication Services deteriorated in recent updates.



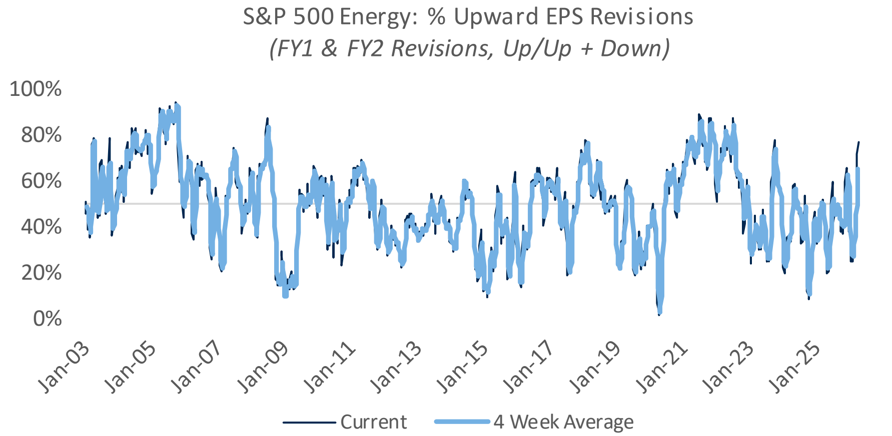


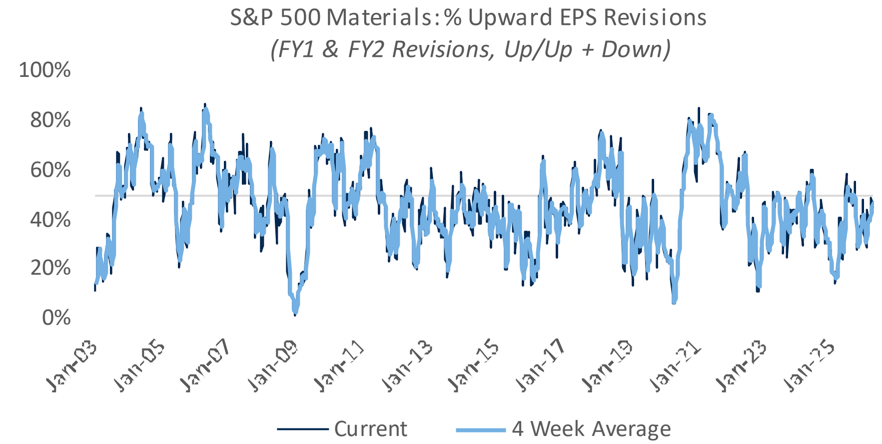


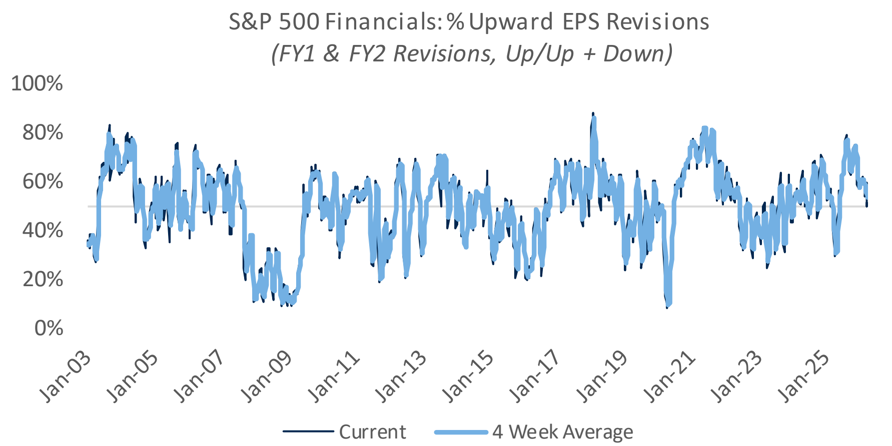
Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, S&P; as of April 7, 2026

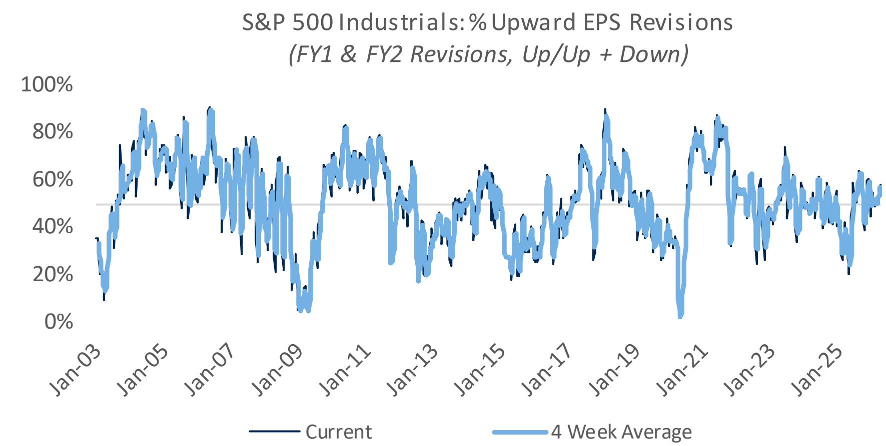
S&P 500 Commodity & Cyclical Sectors Have Seen Some Deterioration in EPS Revisions

- Materials is still seeing negative EPS revisions – but moving higher in recent updates. Industrials is now slightly positive on the 4-week average given some strength in recent updates.
- Financials has slipped from peak but remains in slight positive revision territory – displaying some resilience.
- Energy improved in recent updates and is now positive on the 4-week average.





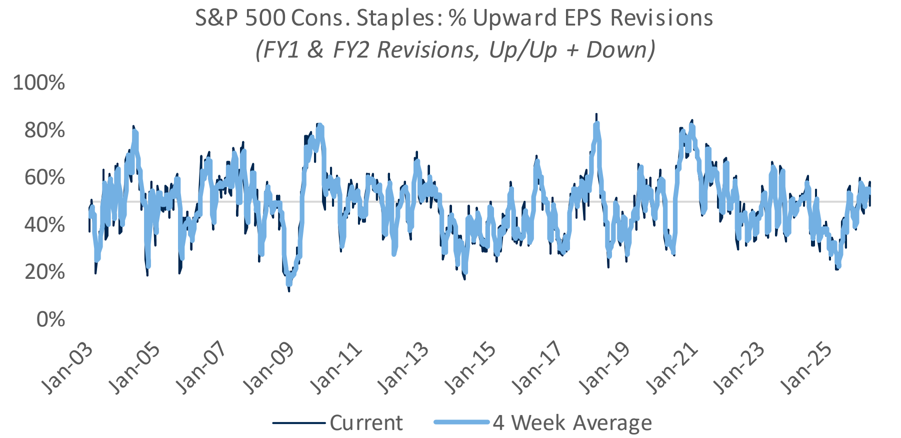


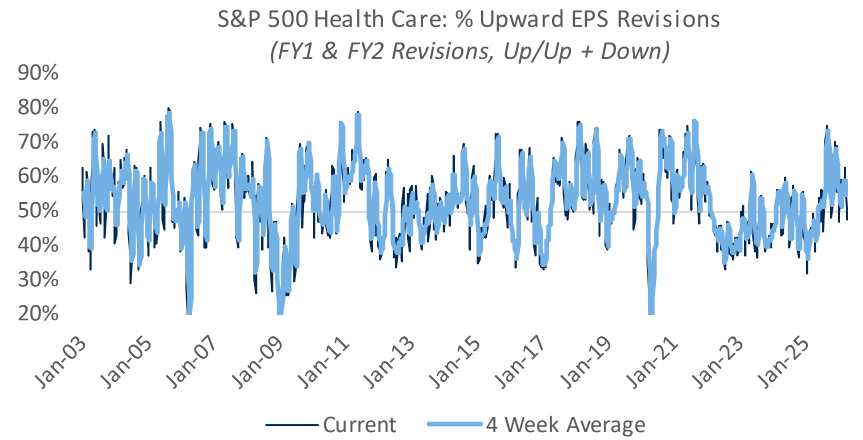


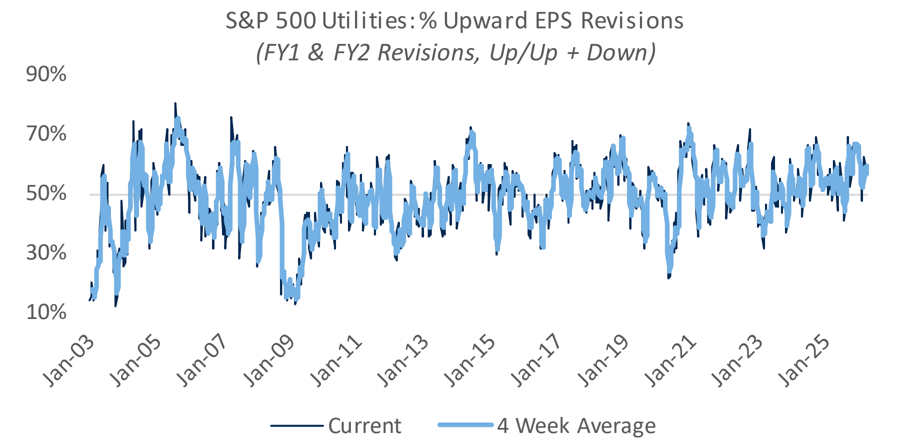
Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, S&P; as of April 7, 2026

S&P 500 Defensive Sectors Have Seen Mixed Trends in EPS Revisions

- Utilities revisions are positive and seeing strength in recent updates.
- Staples has weakened in recent updates, but remains slightly positive on the 4-week average.
- Health Care has fluctuated a bit recently, but remains in positive revisions territory on the 4-week average data point. The sector has seen weakness in recent updates and has admittedly moved well below the recent peak.



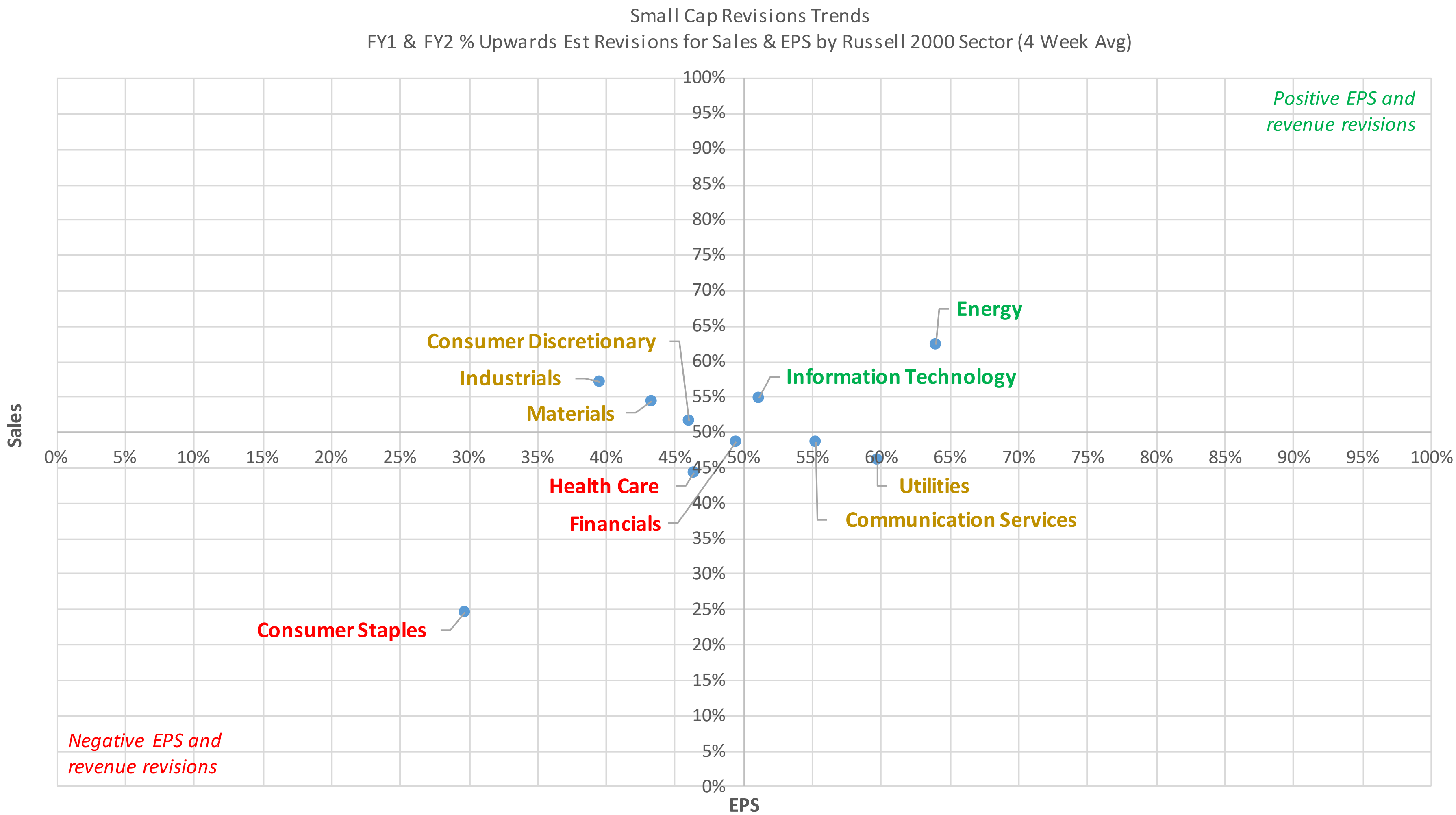




Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, S&P; as of April 7, 2026

Within Small Cap, Only Tech and Energy Are Seeing Positive EPS & Sales Revisions

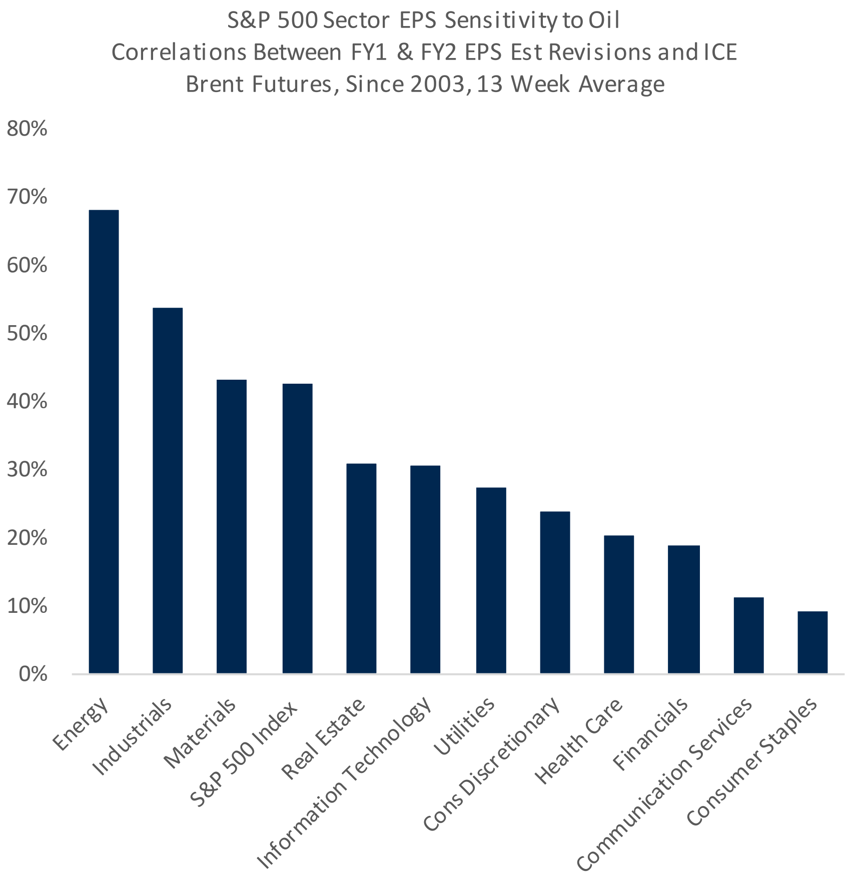
- Staples, Financials and Health Care are seeing negative revisions for both EPS and sales.
- EPS revisions for Utilities weakened during recent updates.

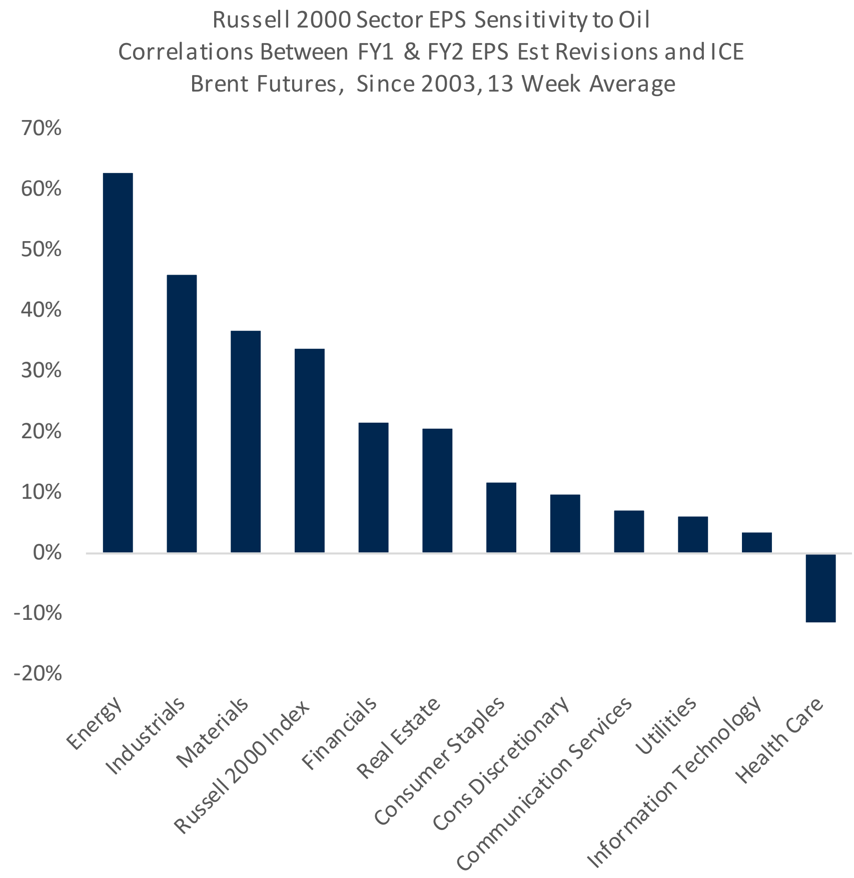


Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, CIQ estimates, Russell. Excludes REITs; as of April 7, 2026

Rising Oil Prices Tend to Take EPS Revisions for Energy Companies Higher

- While few sectors tend to see negative revisions when oil prices rise, it's worth noting that shares of cyclical and consumer-oriented sectors have a far lower correlation.

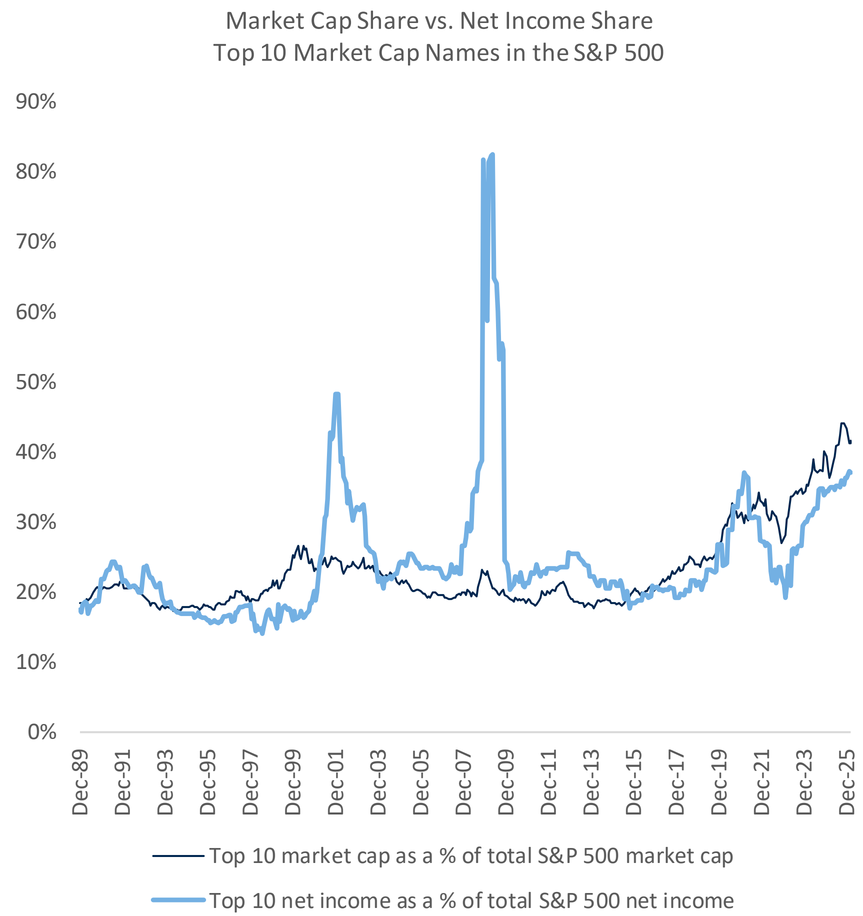


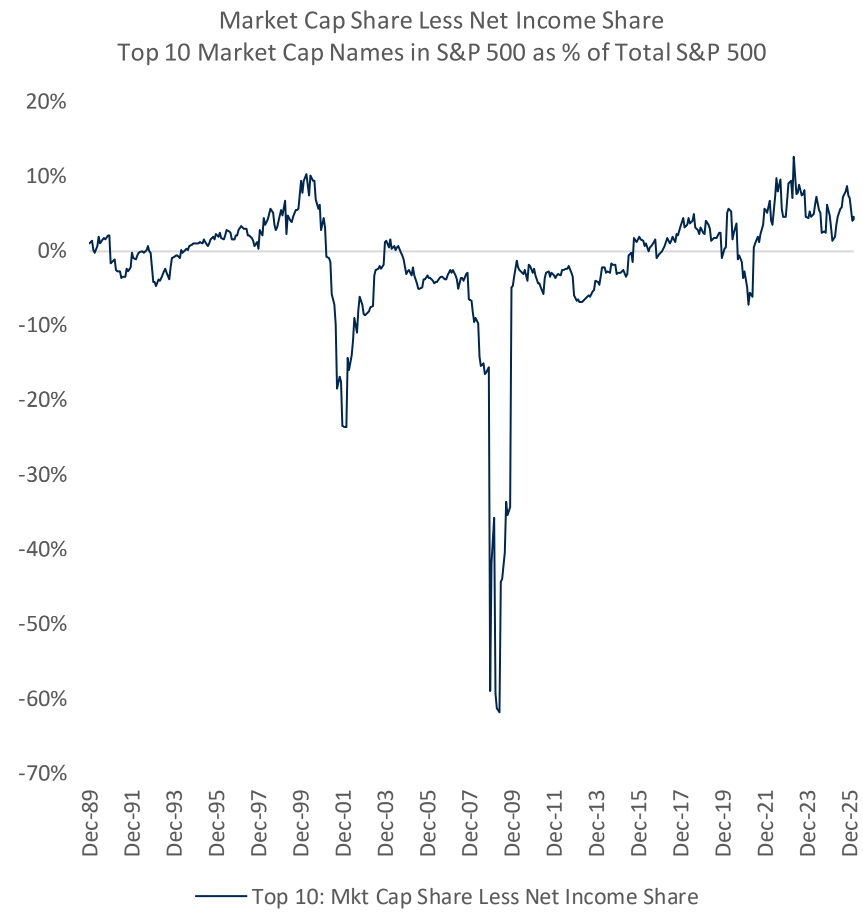


Source: RBC US Equity Strategy, S&P Capital IQ Clarifi, S&P, Russell, Bloomberg; as of April 7, 2026

Gap Between Market Cap & Net Income Share for the Biggest S&P 500 Names Has Been Wide

Since 2021, we've generally seen the top-10 names in the S&P 500 capture a greater share of the index's market cap than net income. We think this is because equity investors have been willing to pay up for better long-term growth expectations around the AI story. However, in recent months, the gap has widened – i.e., the top-10 names' market cap share is outpacing this group's net income share by a wider-than-usual amount. As of early April, market cap share was 41.6% while net income share was 37.0%, decreasing the gap to 4.6%. As of March 2000, the gap was 10.3%.

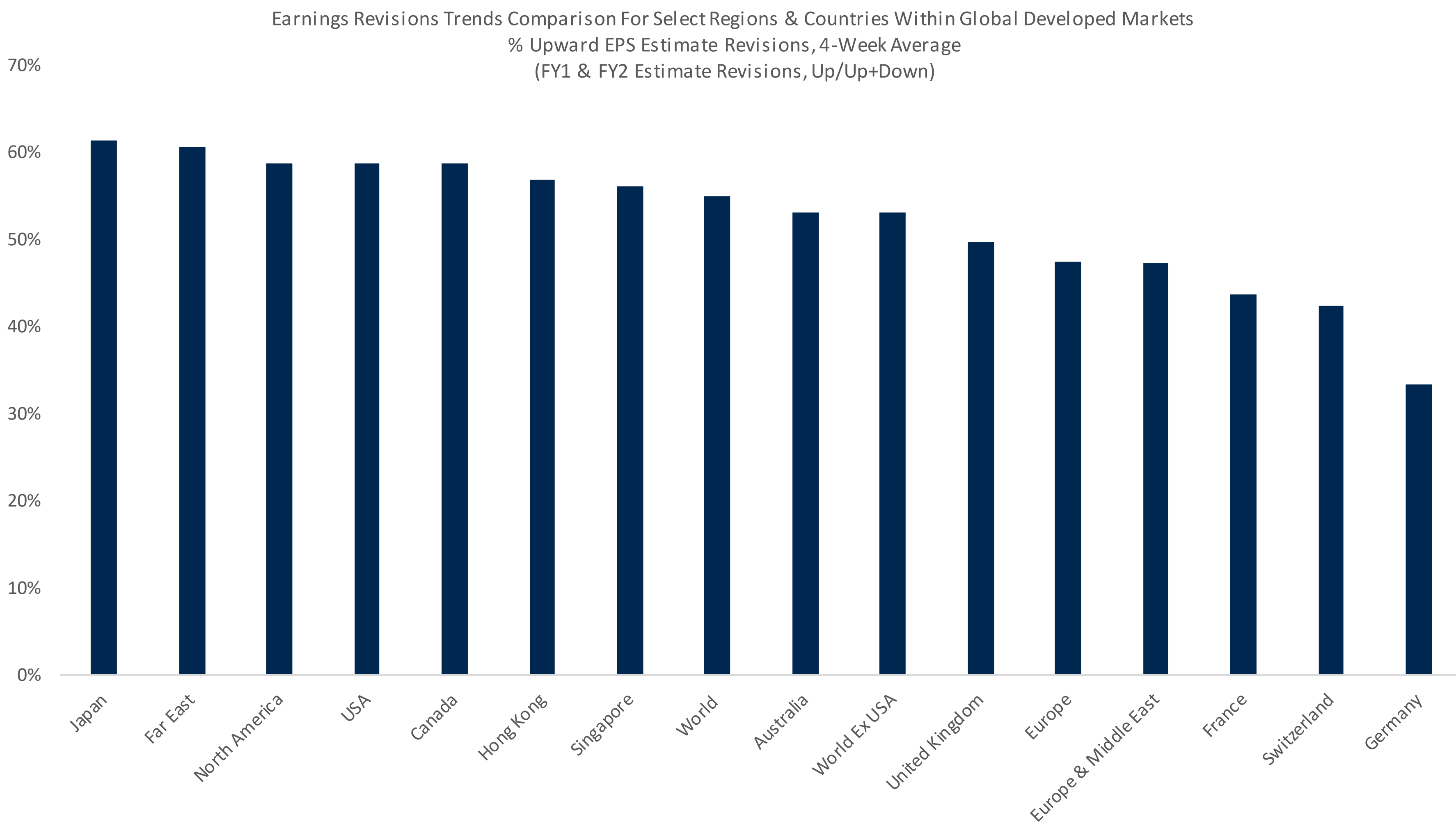




Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, S&P, latest data point available as of April 7, 2026. The top 10 names are currently: AAPL, BRK.B, MSFT, AMZN, NVDA, GOOGL, GOOG, META, AVGO, and TSLA.

EPS Revisions Have Been Strongest in the Far East & North America, Weakest in Europe

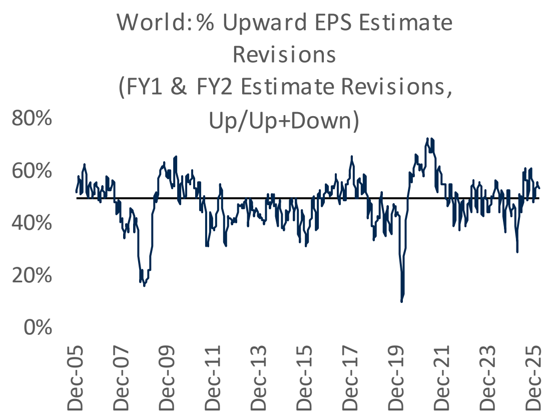
- Revisions for Europe have been balanced between upward and downward revisions.

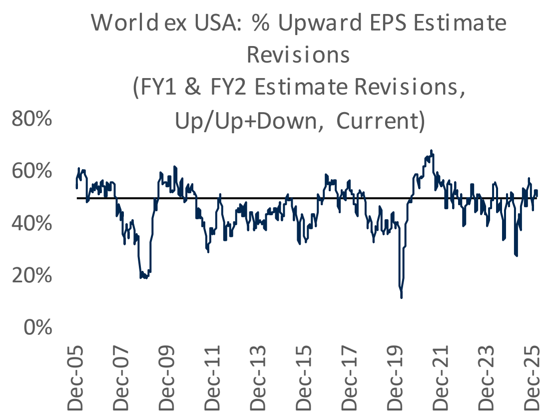


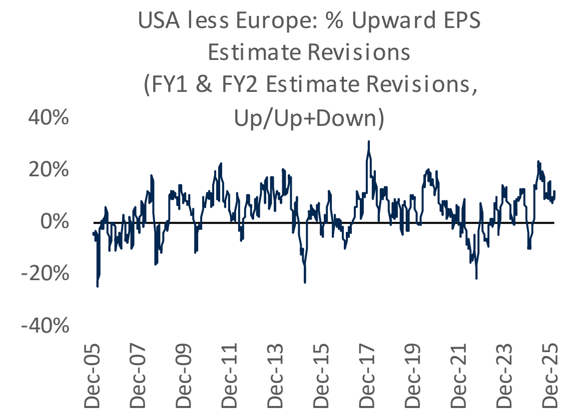
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, MSCI, S&P Capital IQ Clarifi; as of April 7, 2026; please see the MSCI disclaimer at the end of this report; regions/countries based on MSCI constituents

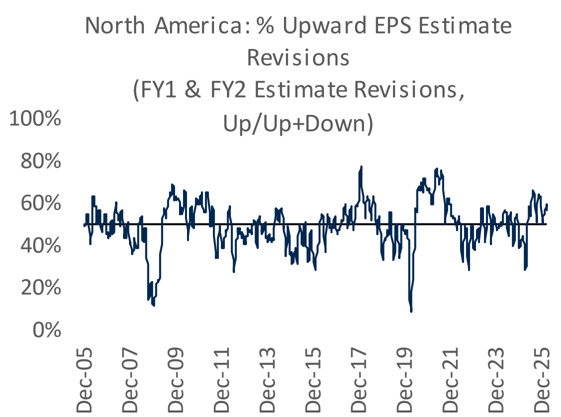
EPS Revisions Trends Deteriorating Globally & in the US, Far East Is Strong but Slipping from Past Peaks

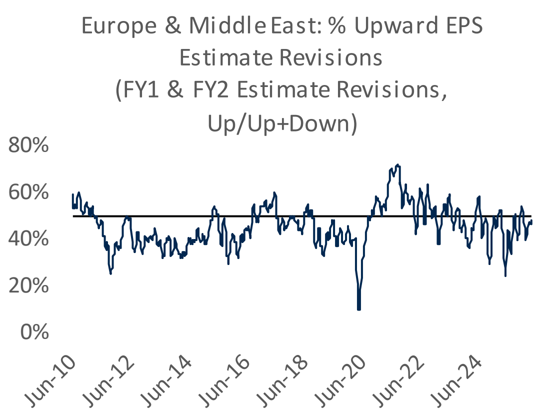
- US dominance relative to Europe has been weakening and is well below recent highs. Europe has been improving in recent updates, but remains in negative territory. We had seen some improvements in World, USA and North America, but deterioration returned in recent updates.

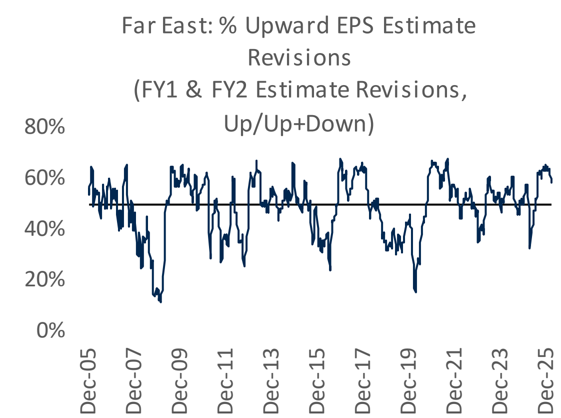












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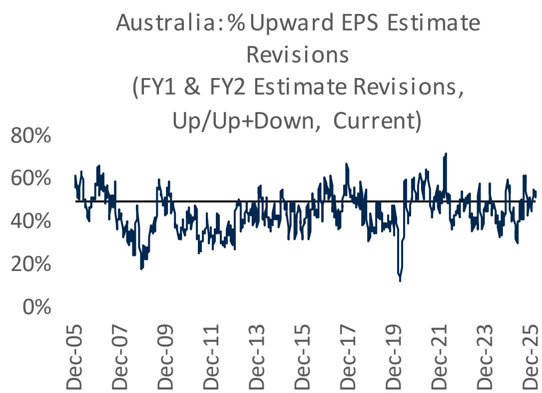
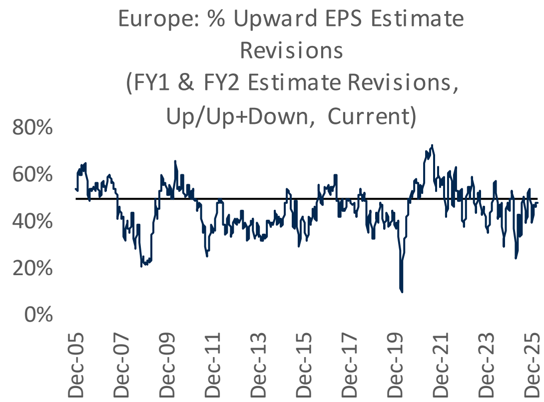
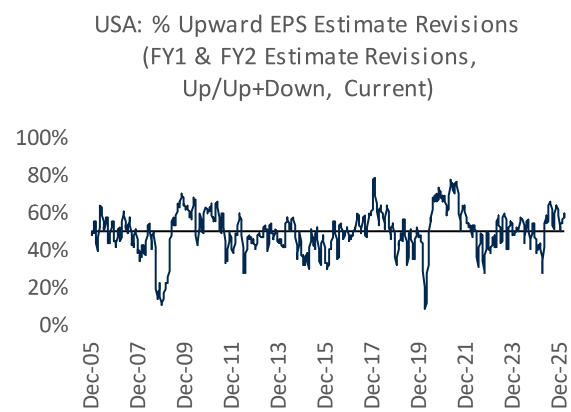
Source: RBC US Equity Strategy, MSCI, S&P Capital IQ Clarifi; as of April 7, 2026; please see the MSCI disclaimer at the end of this report; regions/countries based on MSCI constituents

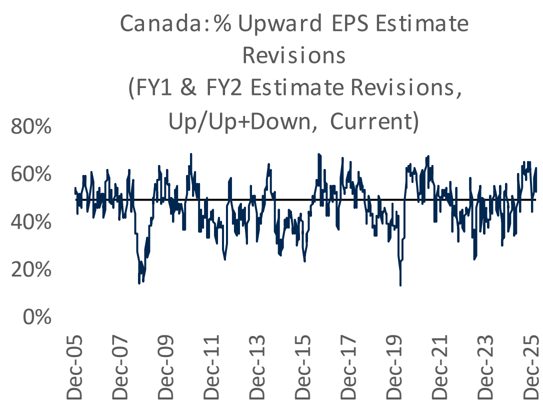
Among Most Major DM Countries, EPS Revisions Remain Well Below Last Year's Highs

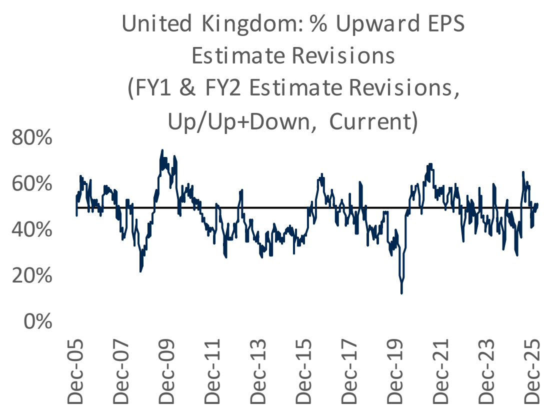
- There has been some slight improvement in recent updates but the overall downtrends are still intact.
- Japan is the exception and (until recently) had been strengthening since last year, but has been near past peaks and also appears to be starting to erode.

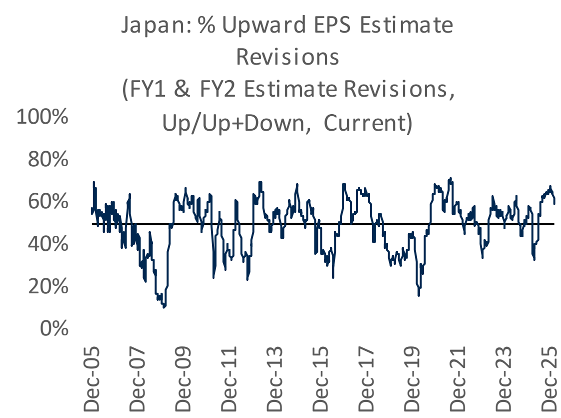












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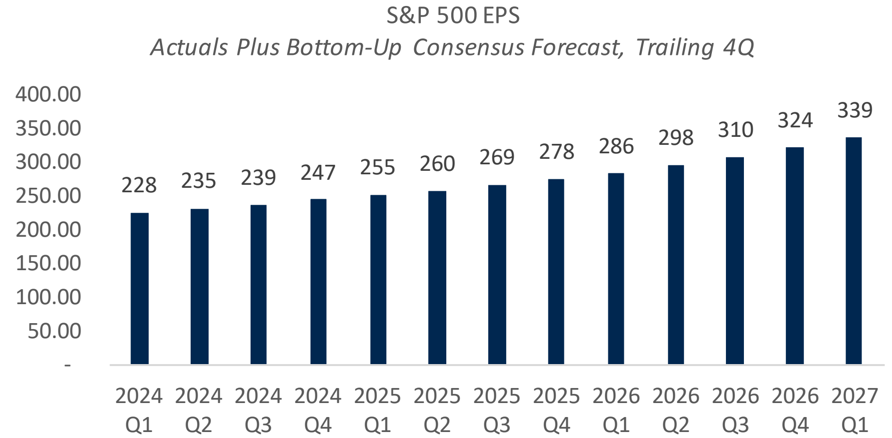
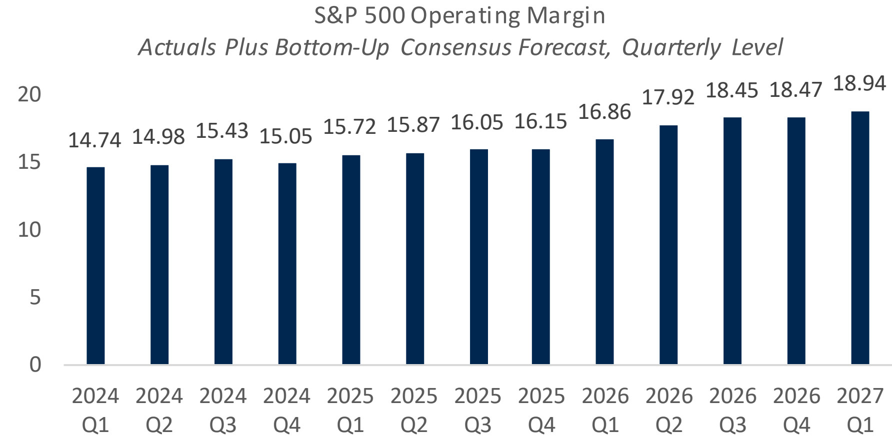
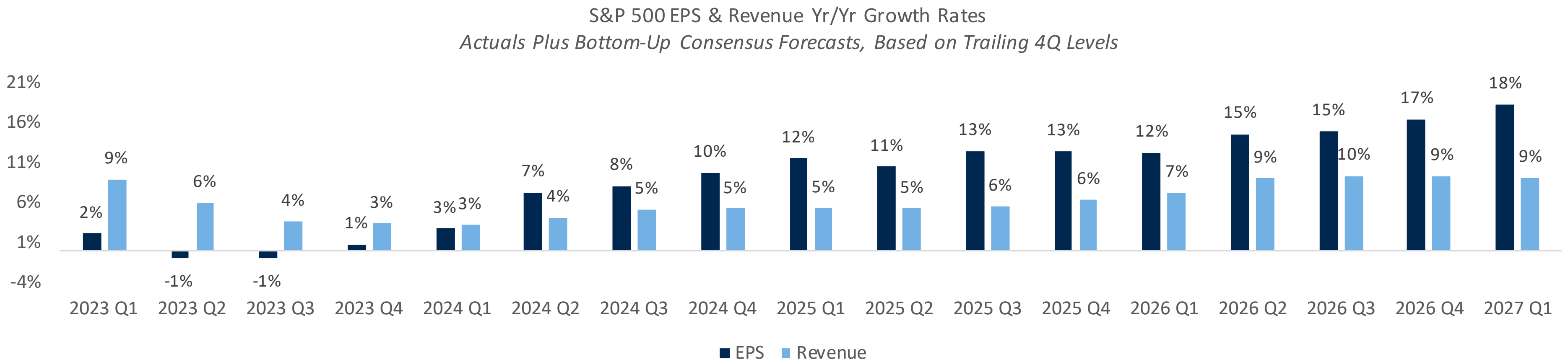
Source: RBC US Equity Strategy, MSCI, S&P Capital IQ Clarifi; as of April 7, 2026; please see the MSCI disclaimer at the end of this report; regions/countries based on MSCI constituents

Tracking the Bottom-Up Consensus for S&P 500 EPS

- In our valuation and price target modeling, we are utilizing the bottom-up consensus S&P 500 EPS forecast as tracked by Bloomberg.
- For 4Q26, the trailing dollar value per share level is $324 (which also currently reflects a full-year, calendar-year 2026 level). This has improved significantly since the start of reporting season where it started out at $313.
- The current bottom-up consensus forecast bakes in some operating margin expansion for the broader index in the year ahead and revenue growth of 9%.
- The anticipated yr/yr growth in EPS for 4Q26, on a trailing four-quarter basis, is 16.6%, up from the 12.6% growth rate anticipated for 2025.
- Note, our valuation/EPS modeling now uses 1Q27 as its focal point, where consensus anticipates $339 on a trailing 4Q basis for a growth rate of 18%.



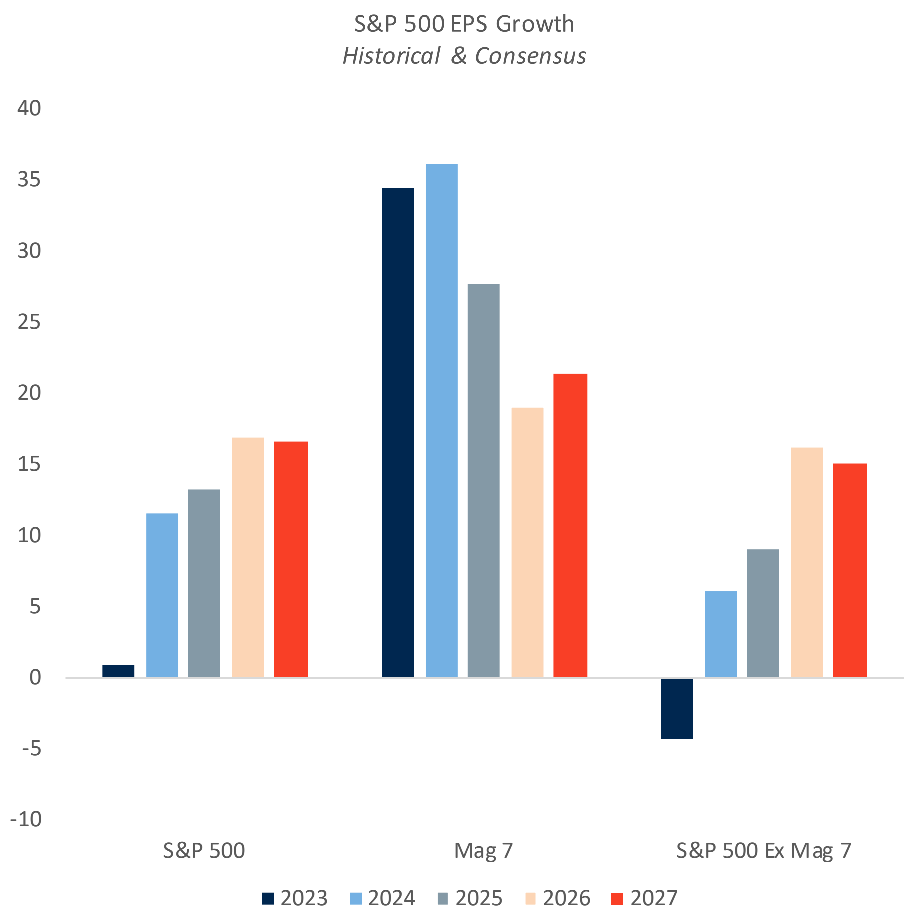


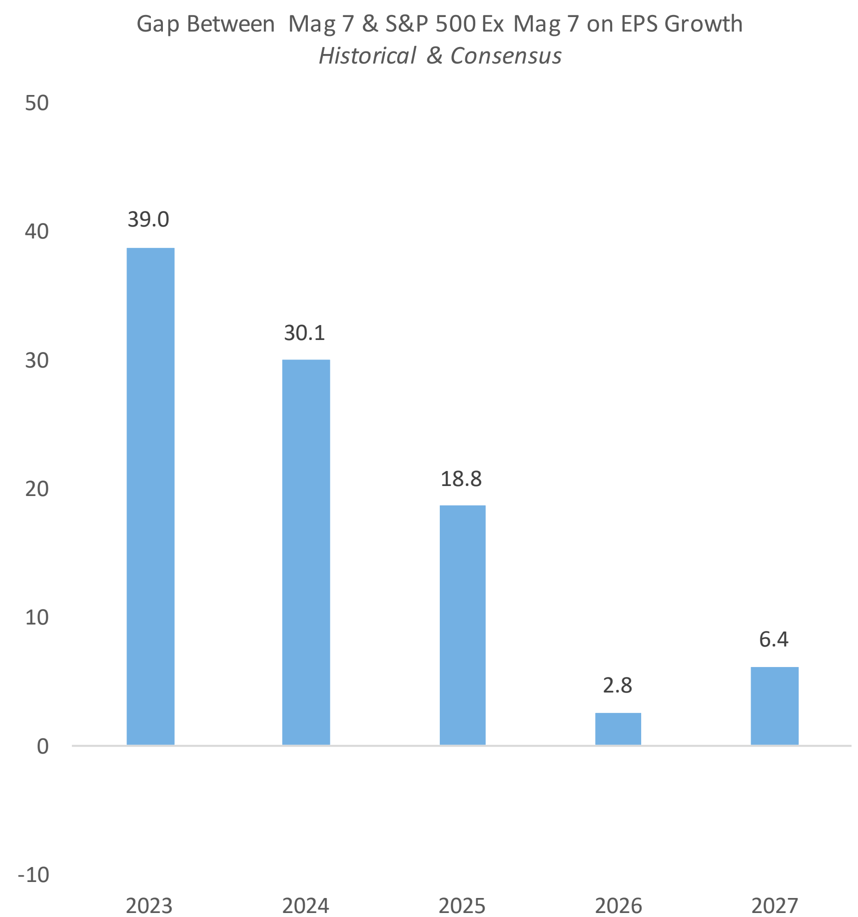


Note: Operating margin stats exclude REITs and Financials; this data is maintained by Bloomberg and can be found on the BI STOX page on Bloomberg – an interactive model is not available from the RBC US Equity Strategy team.
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg; latest available data as April 8, 2026

Mag 7 EPS Growth Expected to Slow in 2026, but Pick Up Again in 2027

- Meanwhile, the rest of the S&P 500 is expected to move higher in 2026, then lower in 2027 (a recent development).
- The gap between Mag 7 and the rest of the S&P 500 on EPS growth has been shrinking since 2023, but Mag 7 has maintained an advantage – refusing to cede its earnings dominance on the forward-looking consensus stats.
- There was a subtle change in our last few updates. The latest forecasts imply the gap between Mag 7 and the rest of the market is expected to continue to narrow into 2026 and then widen in 2027.

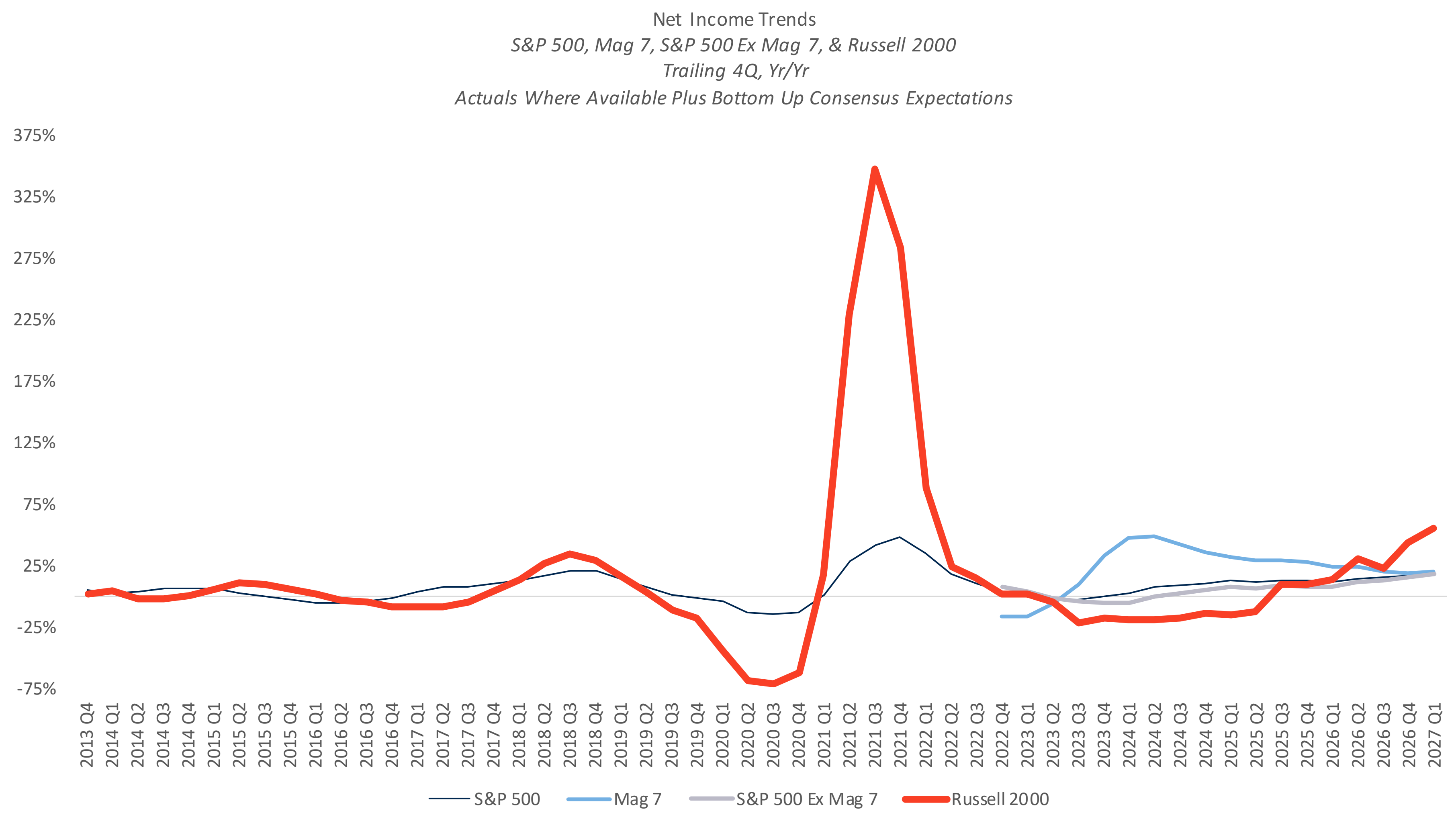




Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, latest available data as April 8, 2026

Consensus Expects Small Caps to Surpass S&P 500 and Mag 7 on Net Income Growth in 2026

- Small Caps' growth rate is now expected to keep accelerating through 1Q27.



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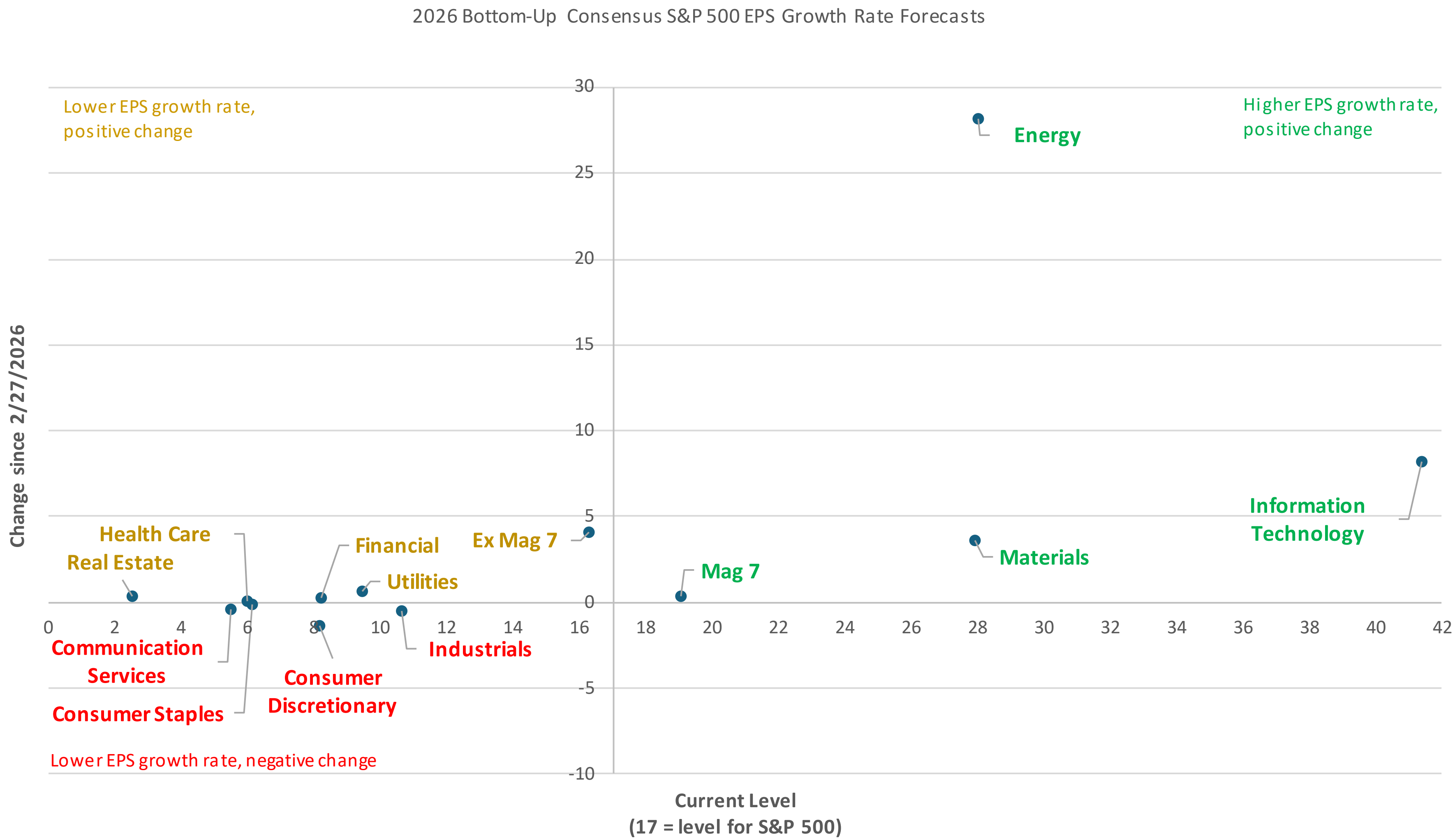
Source: RBC US Equity Strategy, Bloomberg, latest available data as April 8, 2026

Consensus EPS Growth Rates Have Been Strong & Improving for Energy, Tech & Materials

- Most sectors have seen their EPS growth rate forecasts stay essentially flat since the war began, with only a modest increase or decrease.



Source: RBC US Equity Strategy, Bloomberg, latest available data as April 8, 2026
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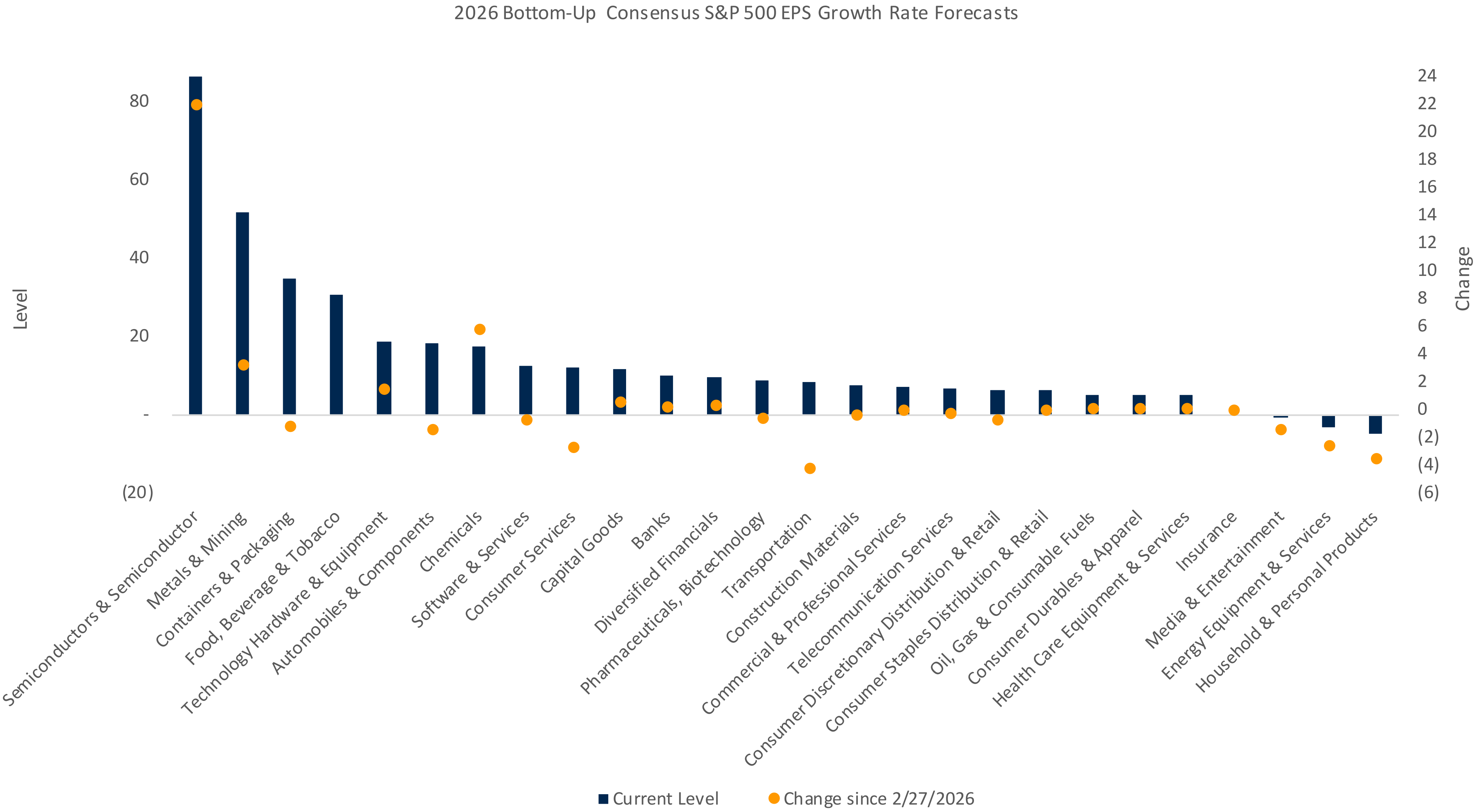
Highest EPS Growth Rate Still Expected for Semis & Semi Equipment, Then Metals & Mining

- Both of these have moved up since the Iran war began as well.
- Most industries have seen their anticipated growth rates fall recently.



Source: RBC US Equity Strategy, Bloomberg, latest available data as April 8, 2026
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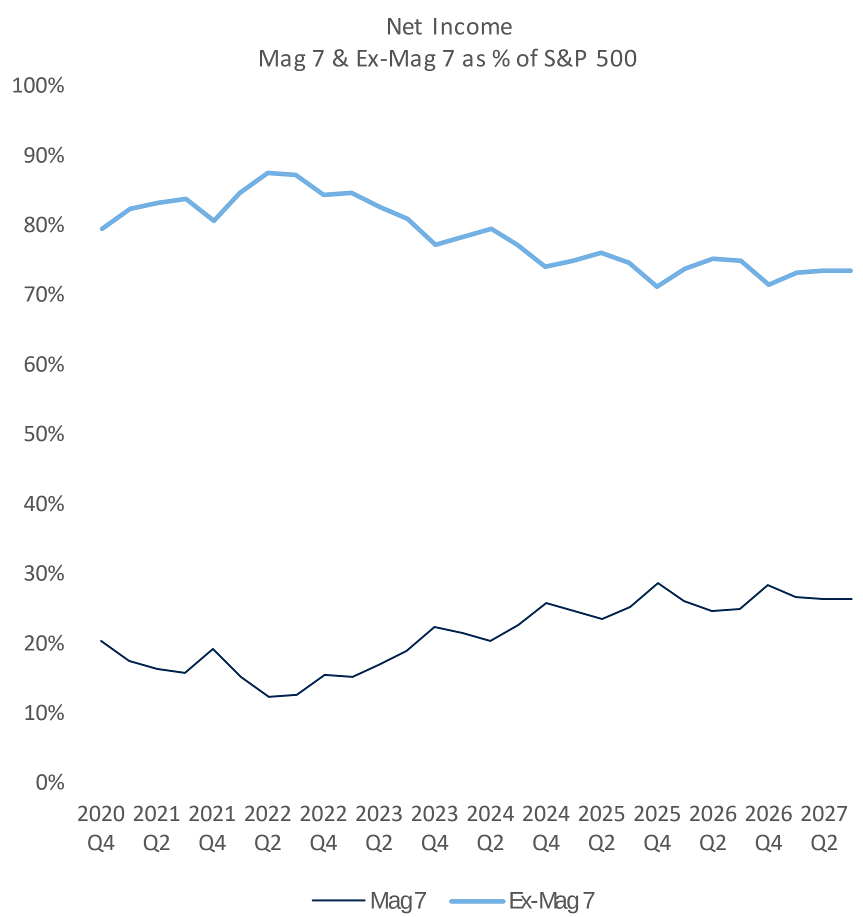
Mag 7 Has Become a Buffer for S&P 500 EPS

- On a trailing 4Q basis, the Mag 7 has risen from 17% of S&P 500 net income at the end of 2021 to 26% at the end of 2025, meaning the AI trade is a bigger driver of earnings today than it was at the start of the Russia-Ukraine war.
- We used Bloomberg's data on bottom-up consensus net income to run a stress test for net income growth in the broader S&P 500 over the next 12 months. We assumed the current consensus assumption in place for the Mag 7 will remain unchanged relative to where it is today, but took down the consensus assumption for S&P 500 ex Mag 7 net income by 7% (also relative to where the consensus is today). This takes down the consensus assumption for the overall index by 5%, reducing the yr/yr growth rate for the S&P 500 as a whole to 13% from 19% for 1Q27 (on a trailing 4Q basis).



S&P 500 Net Income Stress Test	Consensus 1Q27 (Trailing 4Q)	RBC Strategy Assumption 1Q27 (Trailing 4Q)	Change vs. Current	Notes
Mag 7	**809,265**	**809,265**	**0%**	**No change to current consensus**
Implied yr/yr change vs. 1Q26	*20%*	*20%*		*No change to yr/yr growth rate*
S&P 500 Ex Mag 7	**2,267,426**	**2,108,706**	**-7%**	**Cut consensus by 7%**
Implied yr/yr change vs. 1Q26	*19%*	*11%*		*Reduces yr/yr growth rate to 11% from 19%*
Total S&P 500	**3,076,691**	**2,917,971**	**-5%**	**Reduces consensus by 5%**
Implied yr/yr change vs. 1Q26	*19%*	*13%*		*Reduces yr/yr growth rate to 13% from 19%*

A 7% decline in ex Mag 7 EPS expectations reduces the overall consensus forecast by roughly 5% for the next 12 months, lowered the overall S&P 500 growth rate to 13% from 19%

Source: RBC US Equity Strategy, Bloomberg, latest available data as April 8, 2026
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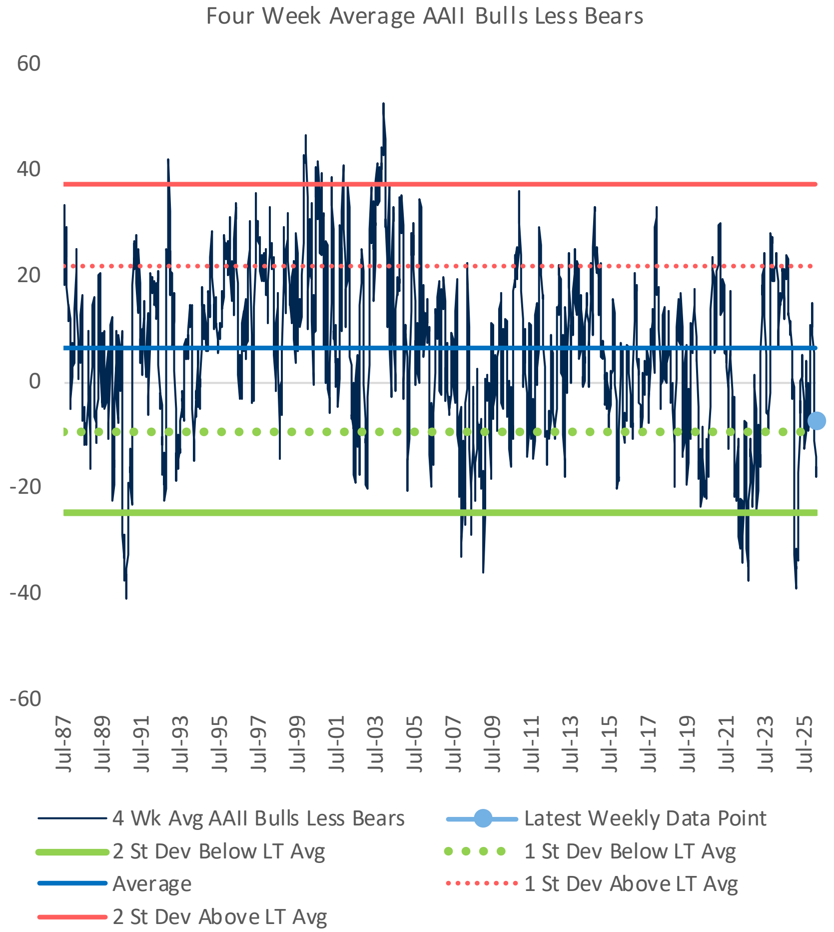
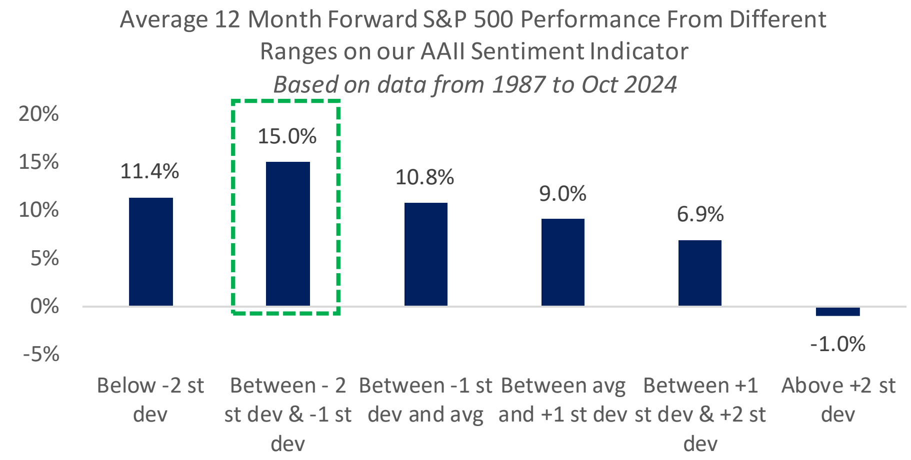
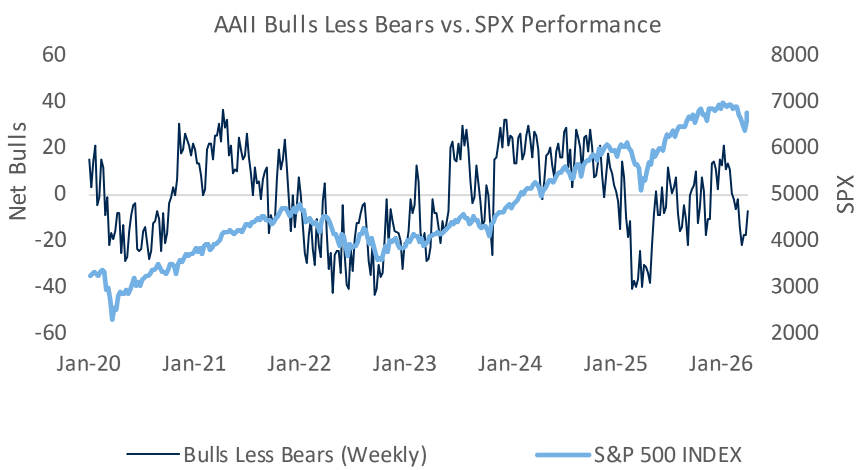
Our Main Sentiment Model Points to a Gain of 15.0% Over the Next 12 Months

- As of 4/9/26, net bulls were at -7.3% on the weekly update (an improvement vs. the prior week's -17.8%) and -16.1% on the four-week average (up vs. -17.9% the prior week).
- The four-week average remains between one standard deviation and two standard deviations below the long-term average, a level that has, on average, been followed by a gain of 15.0% in the S&P 500 on a 12-month-forward basis.
- Net bulls on the weekly data point hit an absolute low on 9/22/2022 (-43.2%) and more recently on 2/27/2025 (-41.2%). The recent drop in sentiment to more than one standard deviation below average was consistent with what we'd expect in a tier 1 / garden variety (5-10%) S&P 500 drawdown. But if risk of a deeper drawdown (tier 2 or 3) rises again, those deeper lows of 2022 and 2025 are good reference points for how negative sentiment could turn.

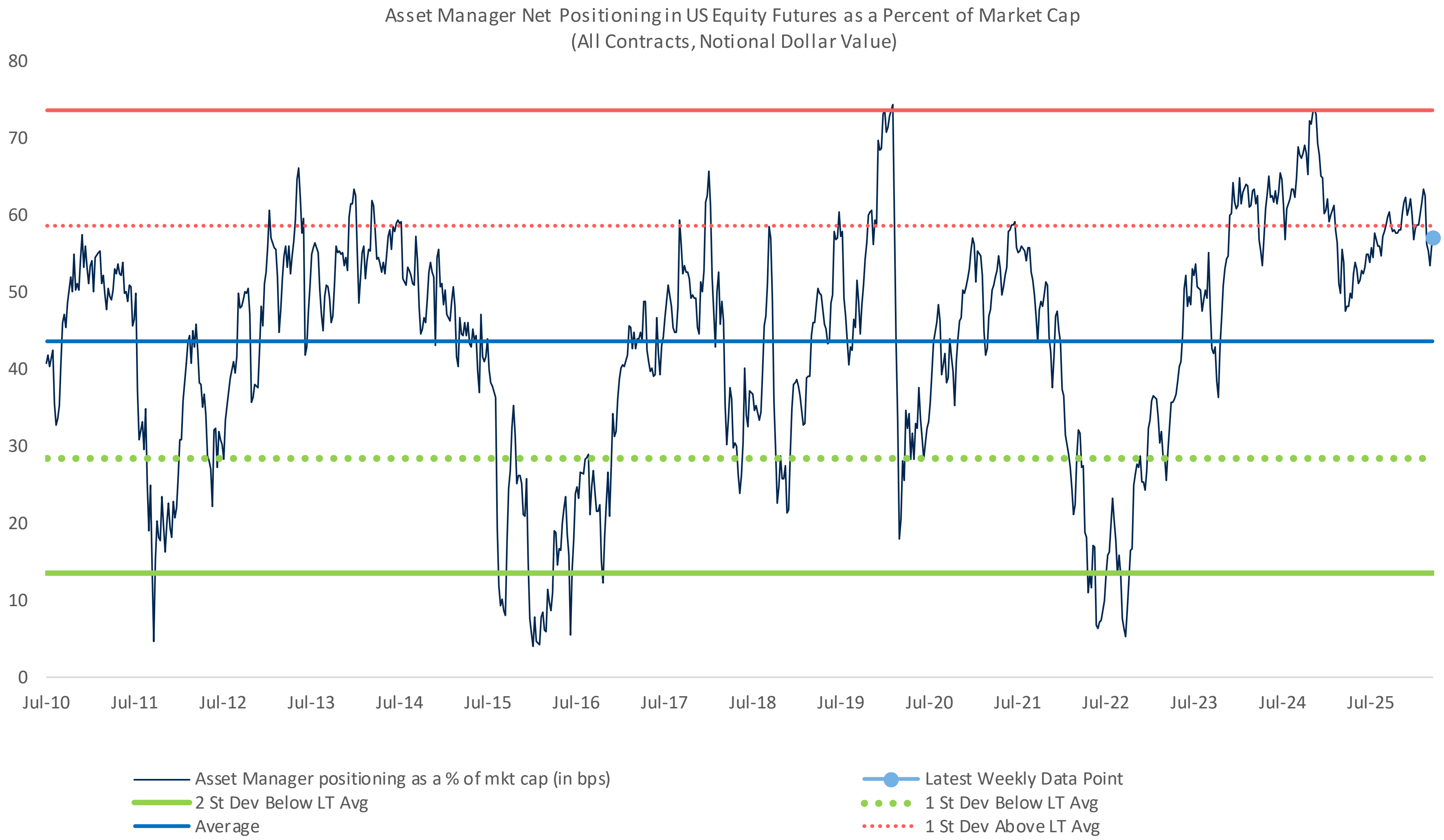






Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, AAII, S&P; updated April 9, 2026

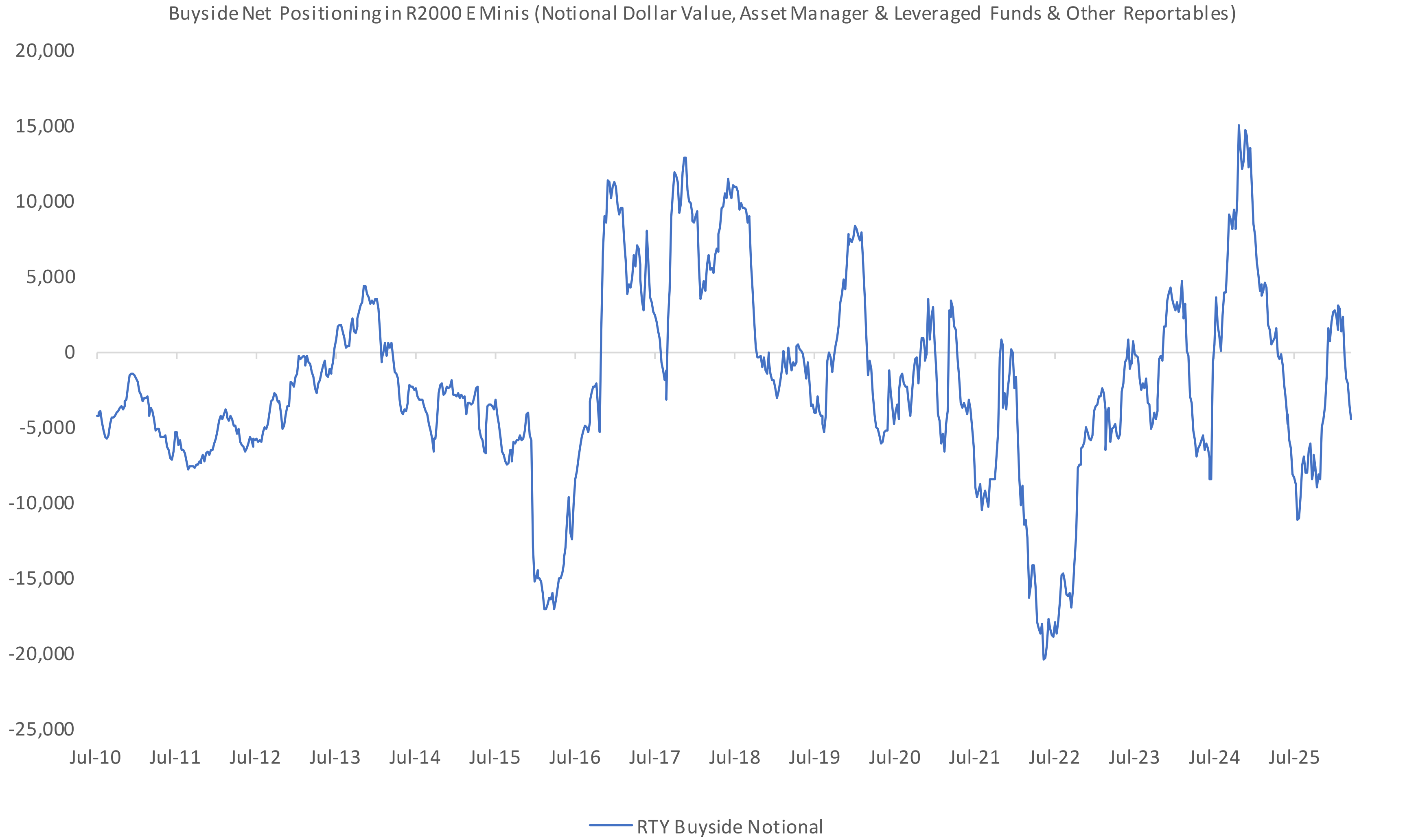
US Equity Futures Asset Manager Positioning Has Retreated Slightly, but Is Still Elevated



Source: RBC US Equity Strategy, Bloomberg, CFTC; as of 4/7/2026
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.

Small Cap Positioning Recently Returned to Slight Net Short Territory

- The recent high was close to levels that often mark the top, but admittedly was not back up to all-time highs.
- Important lows that may help us identify when the rotation away has gone too far include the early-2025 lows around the tariffs and the 2022 lows, which were also close to the 2015-2016 lows.



Source: RBC US Equity Strategy, Bloomberg, CFTC; as of 4/7/2026
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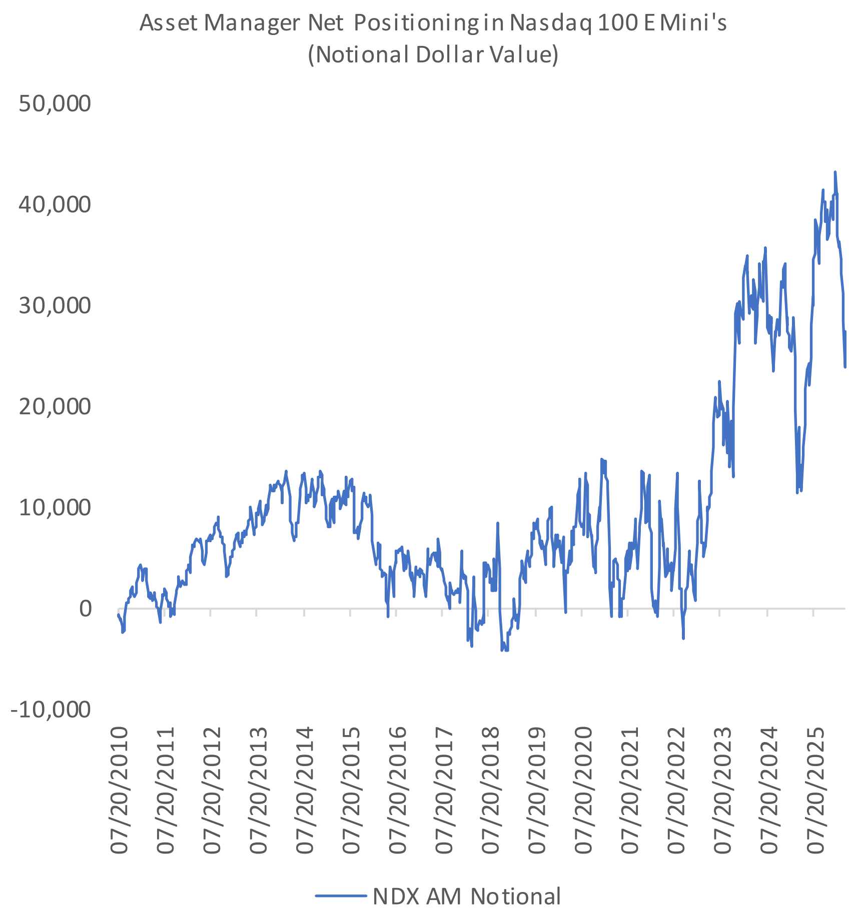
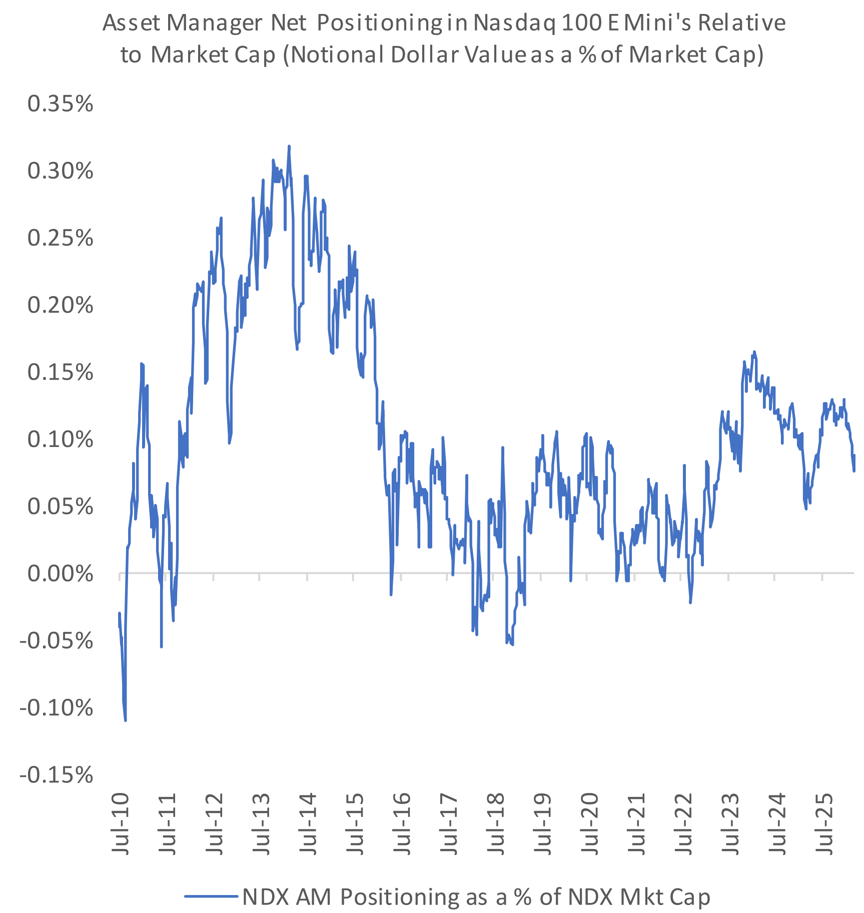
Asset Mgr Positioning in Mega Cap Growth Has Also Been Dropping, but Doesn't Look Washed Out

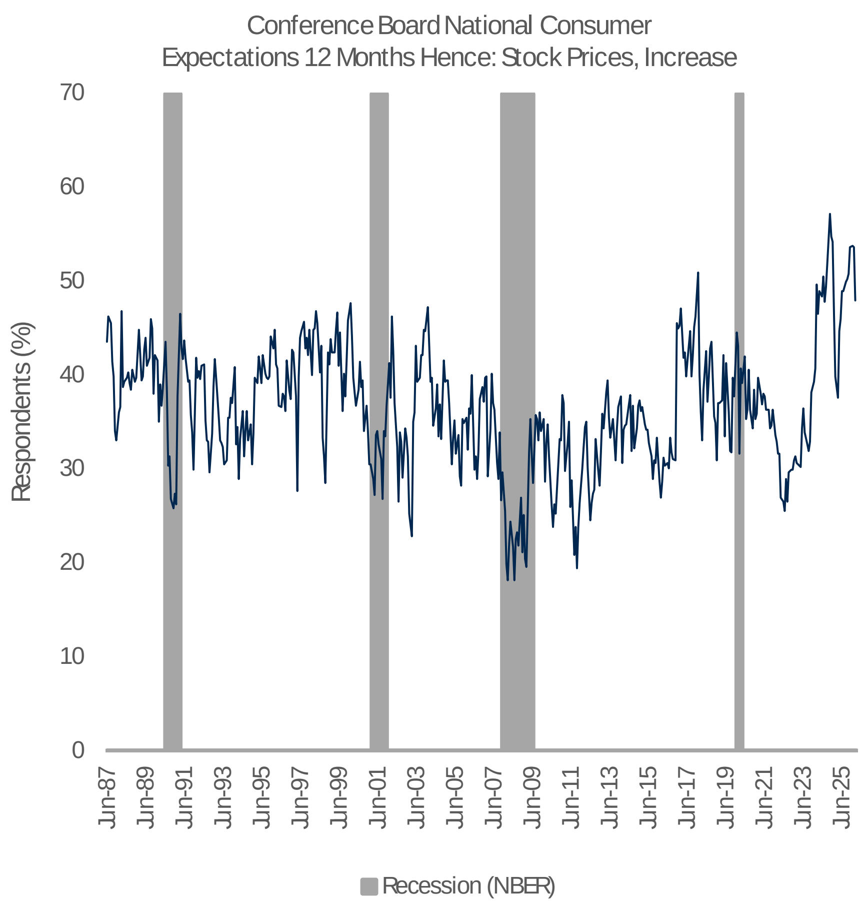


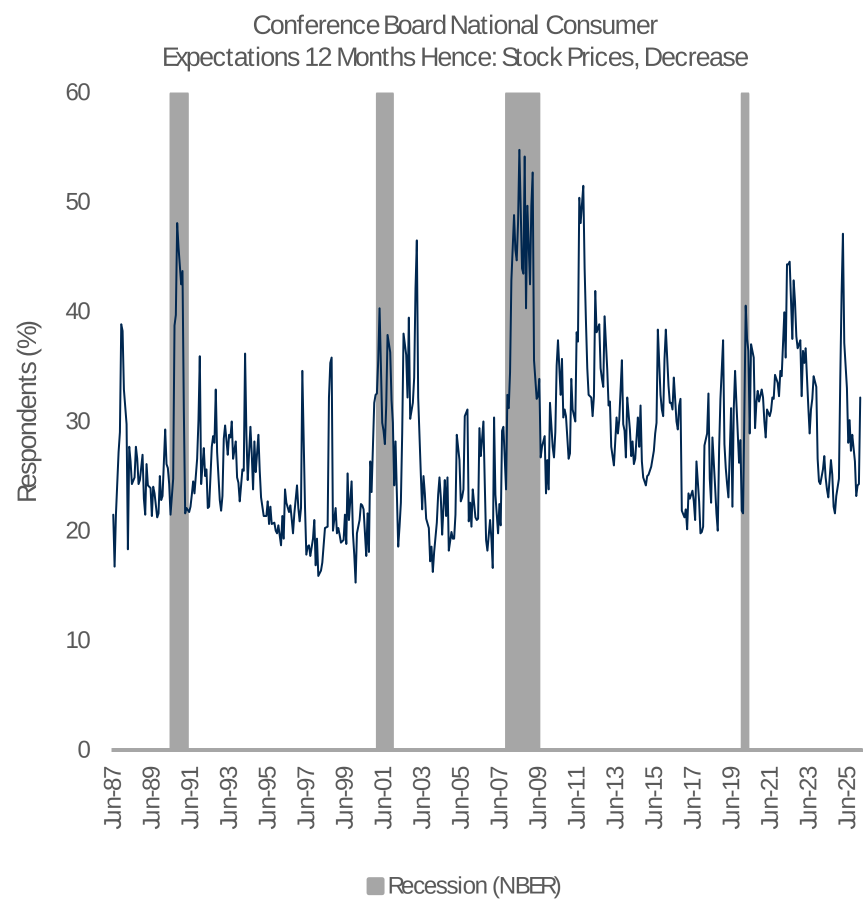


Source: RBC US Equity Strategy, Bloomberg, CFTC; as of 4/7/2026

Consumers Have Been Highly Optimistic on Stocks, but That Optimism Has Stalled in Early 2026

- Those expecting higher stock prices are down sharply since the latest highs, but remain elevated vs. history.
- Bulls on the stock market did not return to the most recent all-time high, but did get back in line with prior peaks.
- Those anticipating lower stock prices moved up sharply in the latest update as well.

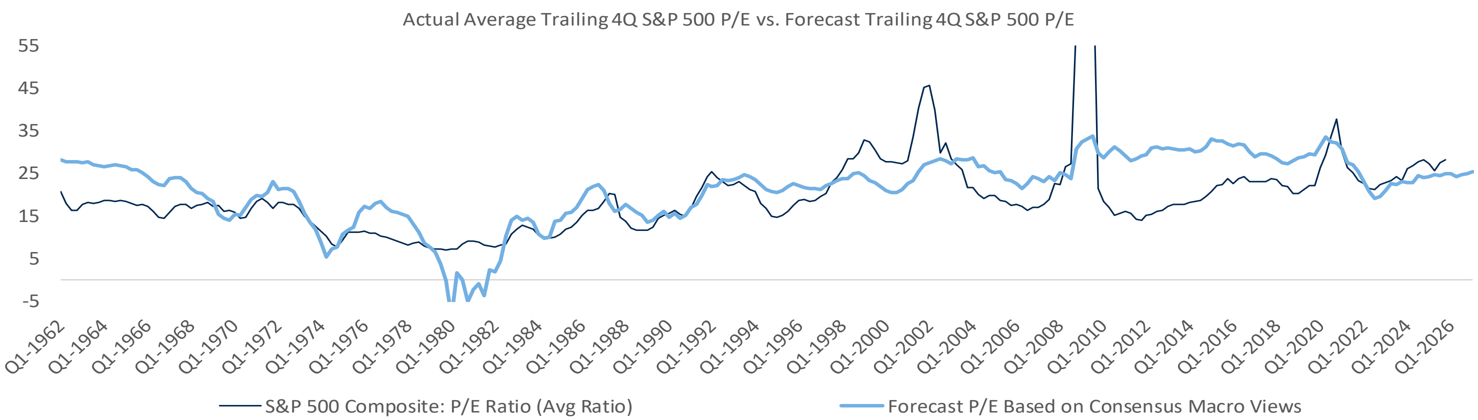




Source: RBC US Equity Strategy, Bloomberg; through March 2026
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.

Current Assumptions and Stress Tests from Our Valuation / EPS Model

- This model is based on regression analysis using data going back to 1962. We use quarterly data series for CPI (yr/yr, 3-month average), Fed funds (the effective date, then the upper bound of the announced rate when available), and 10-year yields along with the trailing average S&P 500 P/E multiple. We have excluded the 2010s (the decade between the GFC and COVID) from our regression analysis, as the historical, inverse relationships between the macro variables and the P/E either reversed or eroded during that decade.
- In our S&P 500 price target process, we normally use a projected P/E that is generated by this model using consensus macro forecasts for CPI, the Fed, and 10-year yields with a reference period of four quarters from now as opposed to a static year-end level, along with the bottom-up consensus EPS forecast for the next four quarters. As of our April 2026 update, the reference point for all assumptions has been changed to 1Q27 from 4Q26.
- Since the Iran war began, we haven't seen much movement in consensus EPS growth forecasts outside of the Mag 7 and Energy sector. In order to inject some conservatism into our S&P 500 price target modeling, we are, for now, utilizing an EPS assumption for 1Q27 (trailing 4Q basis) that haircuts the consensus estimate by 5%. We are also leveraging macro assumptions in our P/E calculation that are more conservative than the consensus as these have also seemed to have become frozen in recent weeks. On the P/E, we are bringing in 3.3% CPI (in line with a stress test for $100 oil that RBC's Economics team published last month), a flat Fed (no cuts or hikes), and 10-year yields of 4.5% (not quite the 5% threshold that equity investors tend to worry about, but a bit higher than where we are today). This math points to fair value for the S&P 500 for 1Q27 of 7,759, roughly a 13.6% gain versus mid-April pricing.



Scenarios and Stress Tests For 1Q27

			Macro Assumptions		***Implied P/E***	***1Q27 T4Q EPS Assumptions***		
		CPI	**Fed Funds**	**10 Year Yield**	**Using Model**	**Bottom - Up Consensus**	**5% Haircut**	**10% Haircut**
		Y/Y, 3 Mo Avg	*Upper Bound / Qtr End*	*Quarter End*		*$339*	*$322*	*$305*
Consensus Macro	*Used in model*	2.8	3.32	4.13	25.36	8,592	8,162	7,733
RBC Rates/Econ Inputs	*As of March 2026 monthly forecast update*	2.4	3.50	3.80	25.93	8,783	8,344	7,905
Higher Oil Scenario #1	*RBC Econ CPI stress test, flat Fed, slightly higher yields*	3.3	3.75	4.50	24.11	8,167	7,759	7,350
Higher Oil Scenario #2	*RBC Econ CPI stress test, cuts, yields lower*	3.3	3.00	4.00	25.14	8,517	8,091	7,665
Higher Oil Scenario #3	*Higher CPI, hikes, much higher yields*	3.8	4.00	5.00	22.92	7,763	7,375	6,987

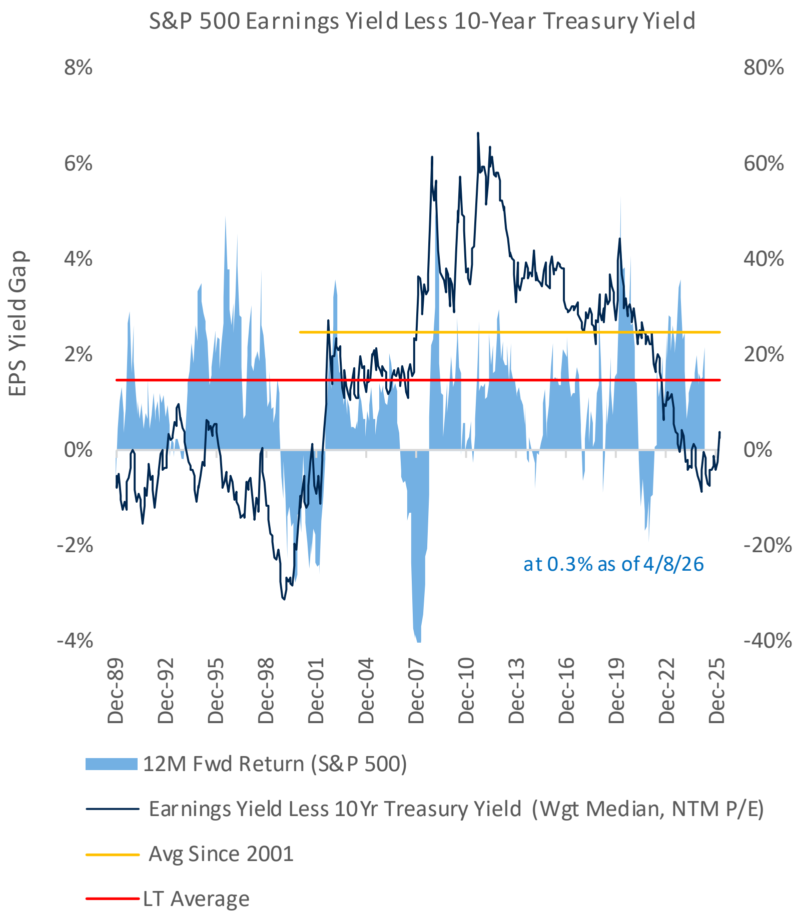
P/E Test

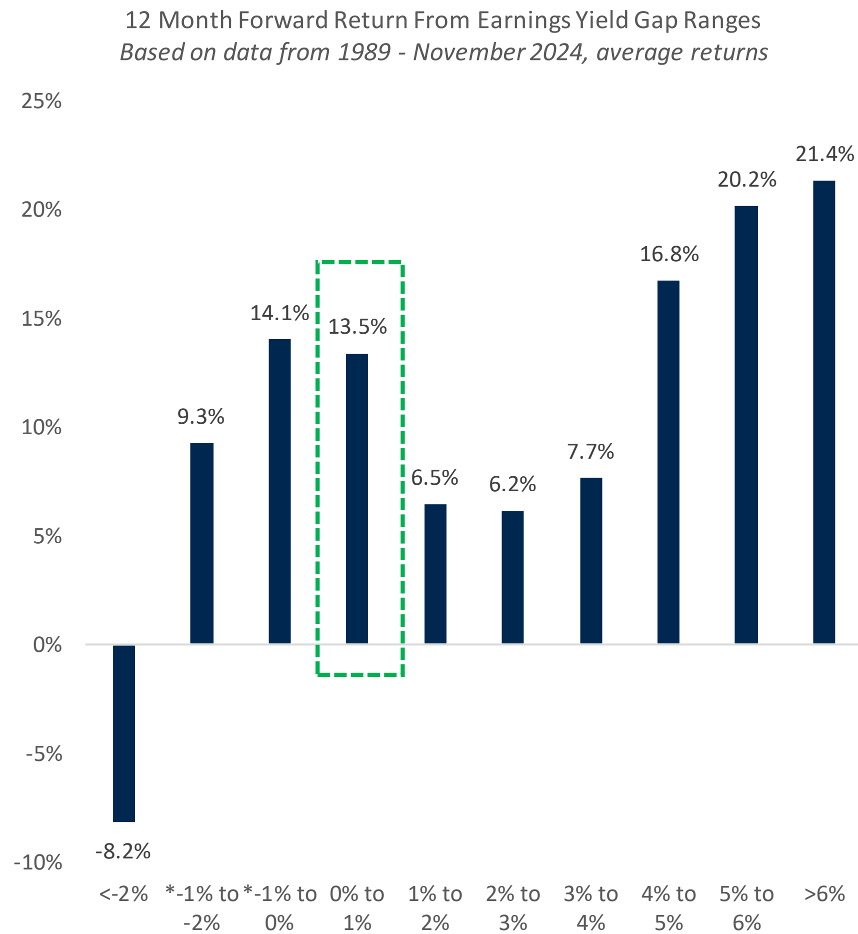
Reference period for macro assumptions and trailing 4Q EPS is 1Q27; RBC and consensus macro and EPS forecasts are latest available as of 4/10/2026

Source: RBC US Equity Strategy, Bloomberg, Haver, S&P
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors; we do not share the excel version of this model.

Our EPS Yield Gap Analysis Points to Mid-Teens Gains for the S&P 500 in the Next 12 Months

- The gap between the next 12 months' earnings yields in the S&P 500 and the 10-year Treasury yield is now slightly positive again, and within a range that has been followed by strong gains in the S&P 500 in the past.





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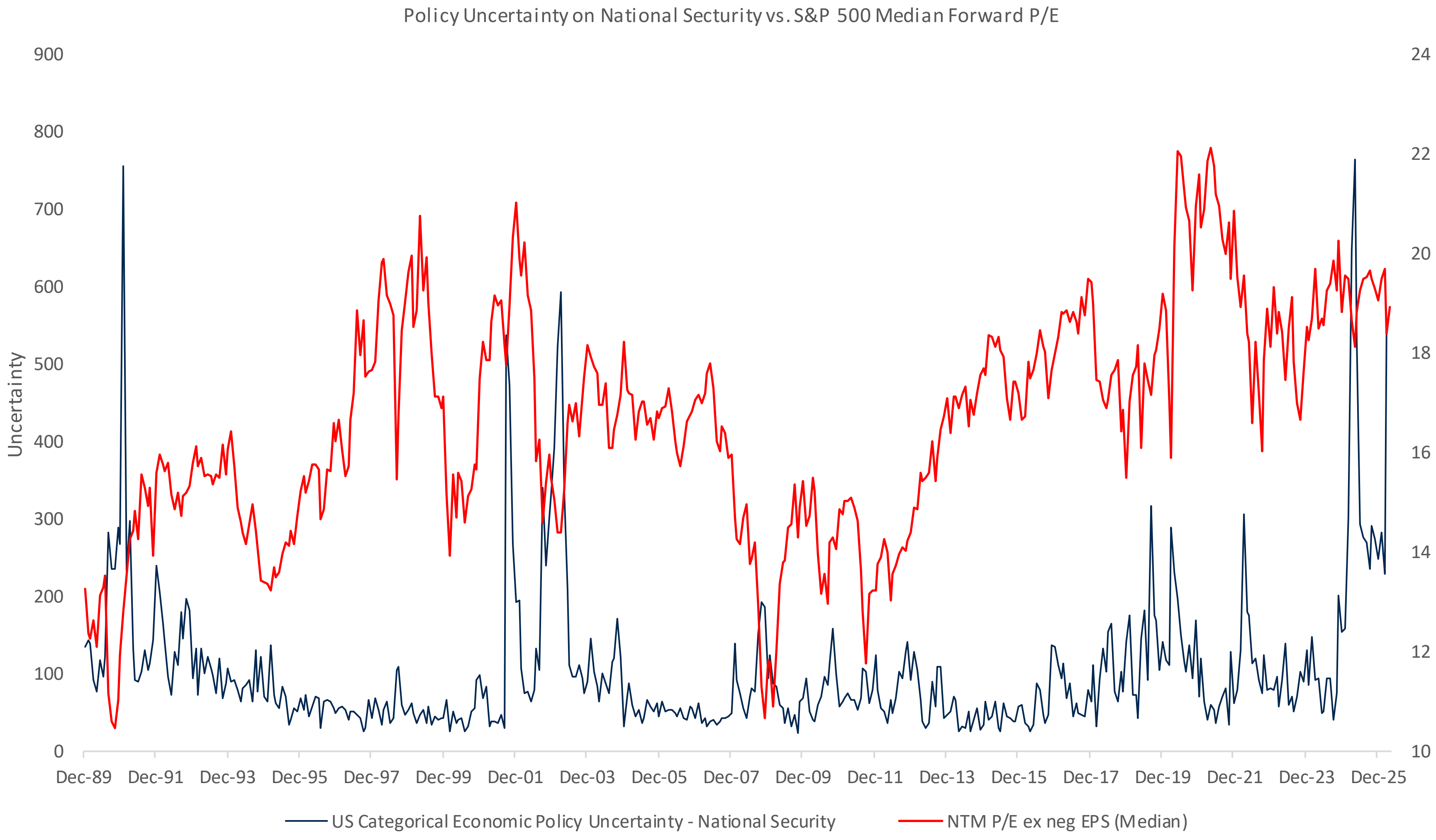
Source: RBC US Equity Strategy, Haver, Bloomberg, S&P; April 8, 2026.

Foreign Policy Uncertainty Tends to Weigh on P/Es

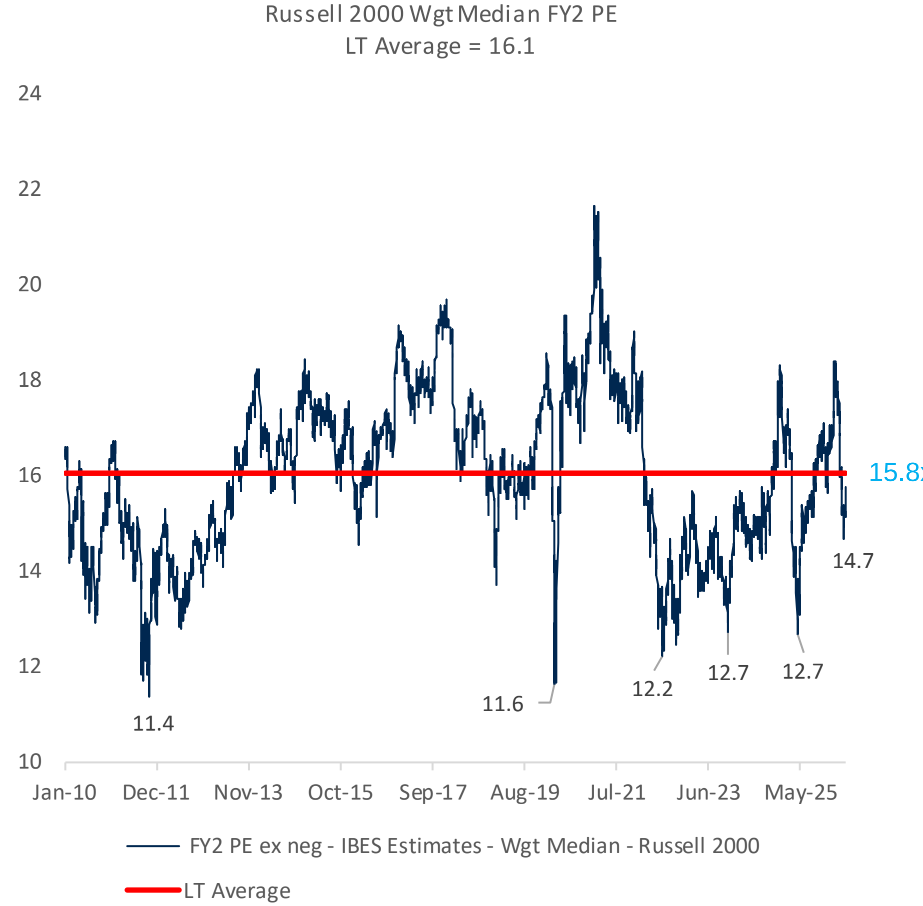
- Whenever geopolitical uncertainty spikes, the first thing that usually jumps into our mind is that forward P/E multiples tend to come under pressure for the S&P 500. This speaks to one of the transmission mechanisms of geopolitical conflicts and risks to equities.
- In recent years we've seen some deterioration in S&P 500 median P/Es when uncertainty regarding national security spiked in spring 2025 (Liberation Day tariffs), 1Q22 (Russia's invasion of Ukraine), and 1Q20 (COVID). This is something we also saw in early 2003 as the US was preparing to invade Iraq.



Source: Bloomberg, Baker Davis & Bloom, S&P Capital IQ Clarifi, April 8, 2026

Valuations Compressed Across Market Caps as Markets Digested Geopolitical Shocks & Other Fears

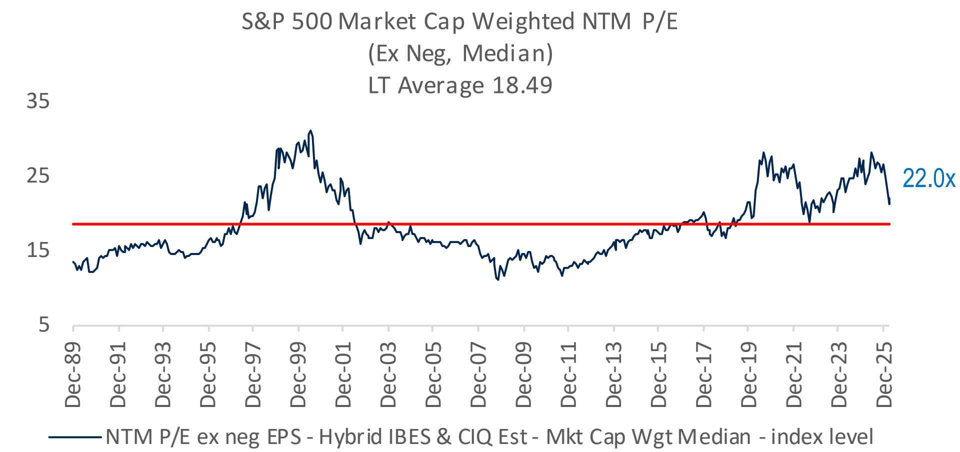
- Valuations have come down across both Large and Small Caps. Small caps appear further along in digesting macro shocks, including Iran/Middle East-related volatility and the removal of Fed cuts, while Large Caps are still working through AI-driven positioning and private credit concerns that began last fall.
- Markets are focused on whether the recent geopolitical escalation represents a peak shock – if contained and the war spillovers remain limited, current valuation resets may provide a floor for equities. However, downside risk remains if second-order effects broaden, including further conflict escalation, tighter financial conditions, or renewed recession fears – raising the possibility of revisiting post-COVID valuation troughs.
- Overall, we think it's fair to say the froth was recently removed from both Large Caps and Small Caps, giving both size segments room to move up if the fundamental (geopolitical) narrative continues to improve. But we disagree with those who argue that valuations became a reason to buy the market on their own. The S&P 500 returned to last year's tariff lows, but not the lows of 2018, 2020, or 2022. The Russell 2000 also failed to return to either its 2025 low or its 2022 or 2023 lows. Small Caps have been a helpful marker of market bottoms over time as they tend to return to the recession zone of 11-13x when broader market declines have gone too far.

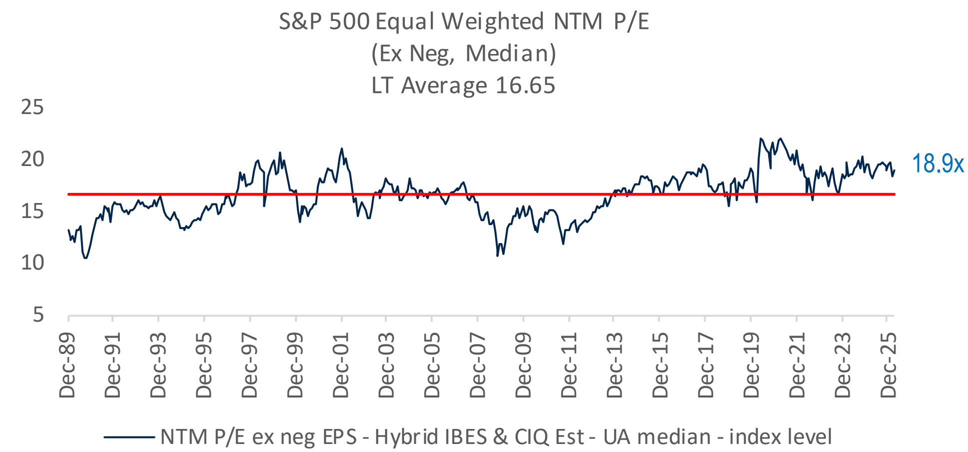


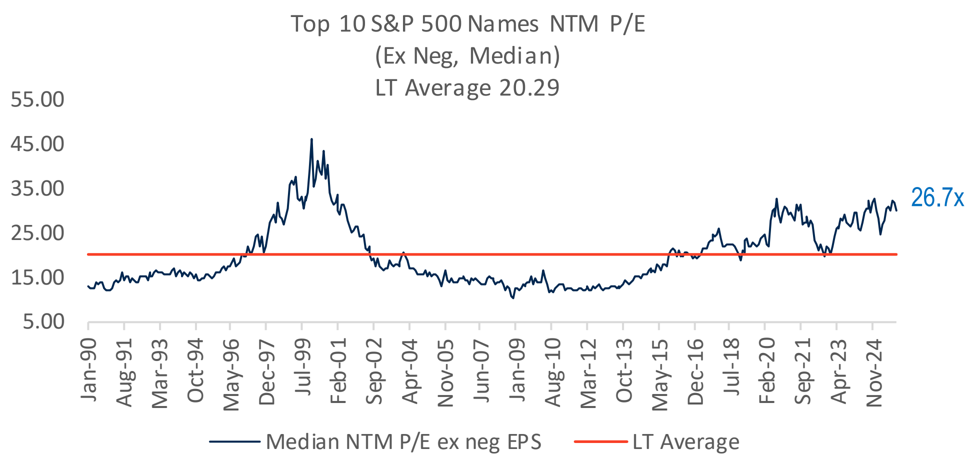
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Russell, S&P Capital IQ / ClariFI, CIQ estimates, IBES estimates; as of April 8, 2026.

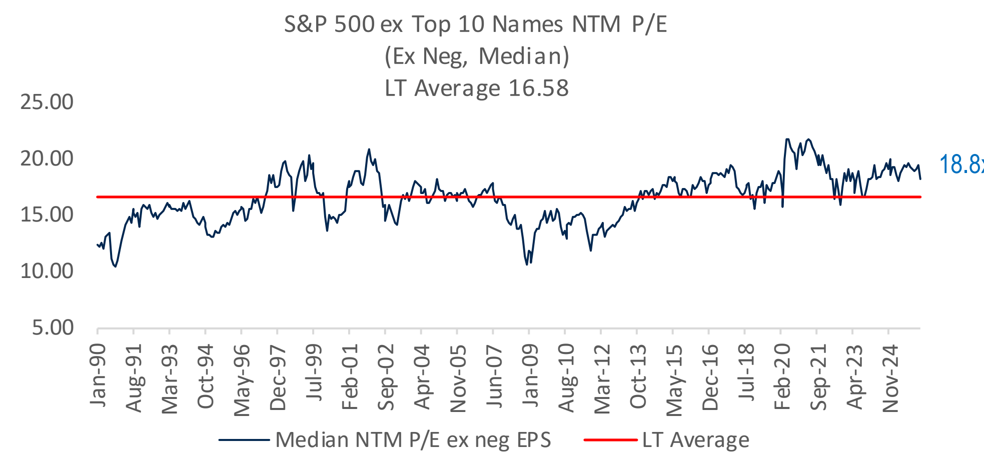
Forward P/Es Have Stalled Near Their Pre- and Post-COVID Era Ceilings Throughout the S&P 500

- When we look at NTM P/Es on bottom-up consensus EPS forecasts, we find that valuations have been coming under pressure in the S&P 500 generally – whether we're focusing on the overall index, the top-10 market cap names, the index excluding those names, and looking at the data on an equal-weighted or market cap-weighted basis.
- On this methodology, the broader index on a cap-weighted basis and the top-10 names bumped up against their pre- and post-COVID ceiling last year. In the equal-weighted S&P 500 and the index excluding the top market-cap names, the NTM P/E has stalled near its post-COVID high but not its pre-COVID high.
- We are seeing more noteworthy slippage in the market cap-weighted P/E in part due to compression in the P/Es of a handful of the biggest market cap names.









Note: Mid-week basket portfolio rebalancing applied for the Top 10 and S&P ex Top 10 baskets; as of April 8, 2026.
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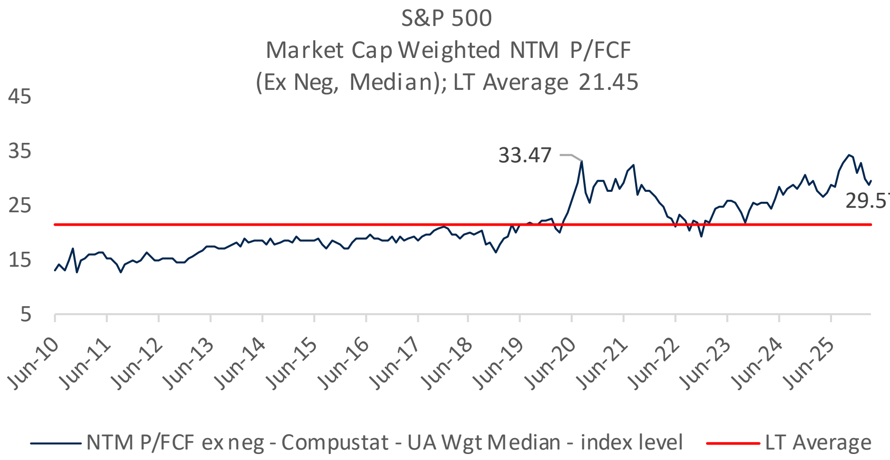
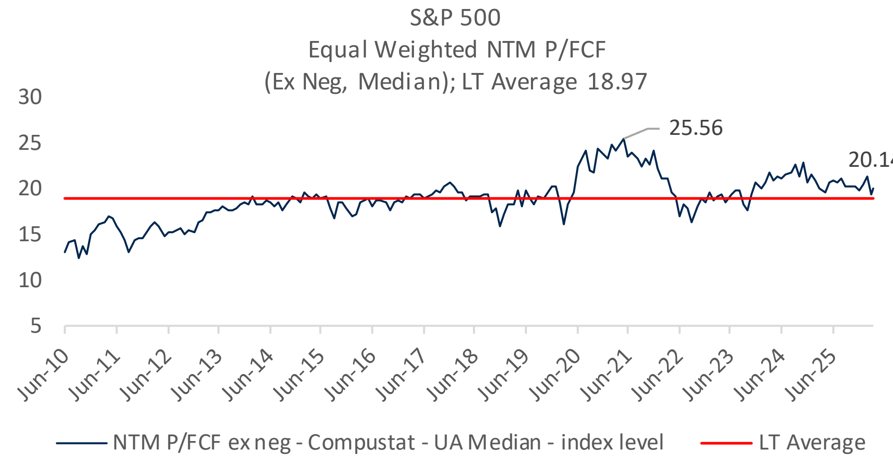
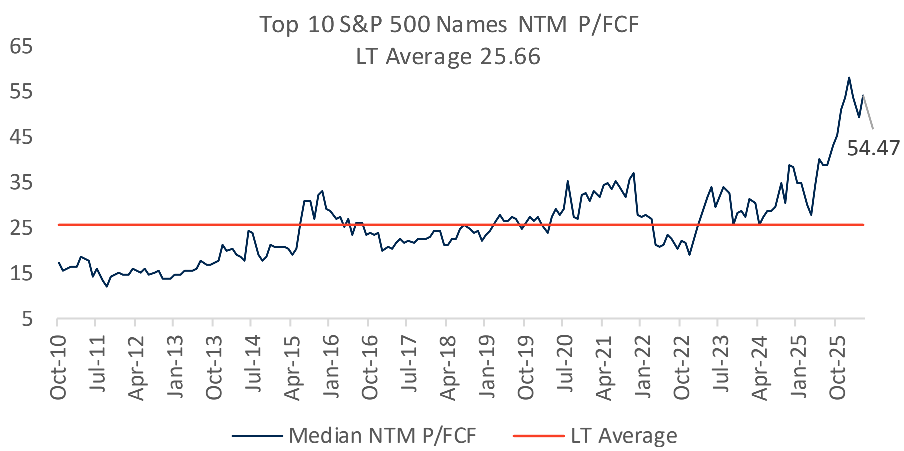
Source: RBC US Equity Strategy, S&P, S&P Capital IQ / ClariFI, CIQ estimates, IBES estimates; as of April 8, 2026.

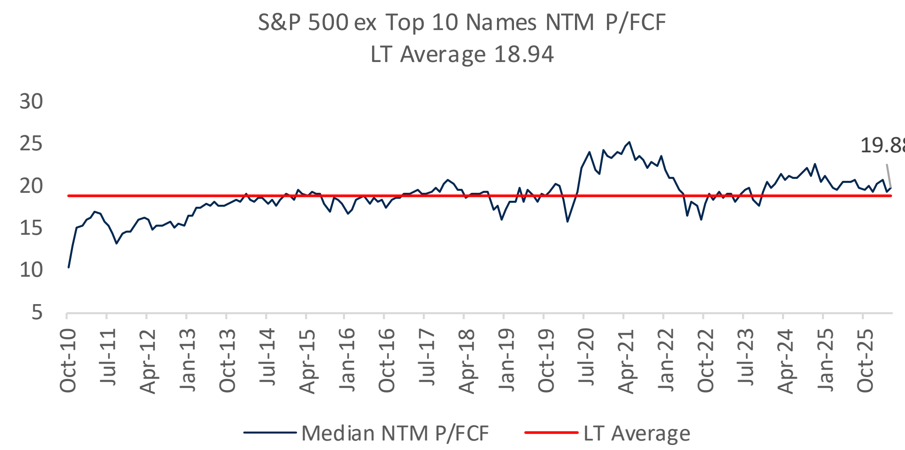
The S&P 500 Returned to Past Peaks on Projected Cash Flow, Driven by Mega Cap Growth Stocks

- The last major peak on this metric for the S&P 500 was achieved in mid-2021 – the index would go on to rally through the end of the year, peaking in early-January 2022.
- The problematic cash flow multiple is something that very much seems to be concentrated in the mega cap growth complex. This multiple is well below recent and prior peaks for the equal-weighted S&P 500 and the index excluding the top-10 market cap names.









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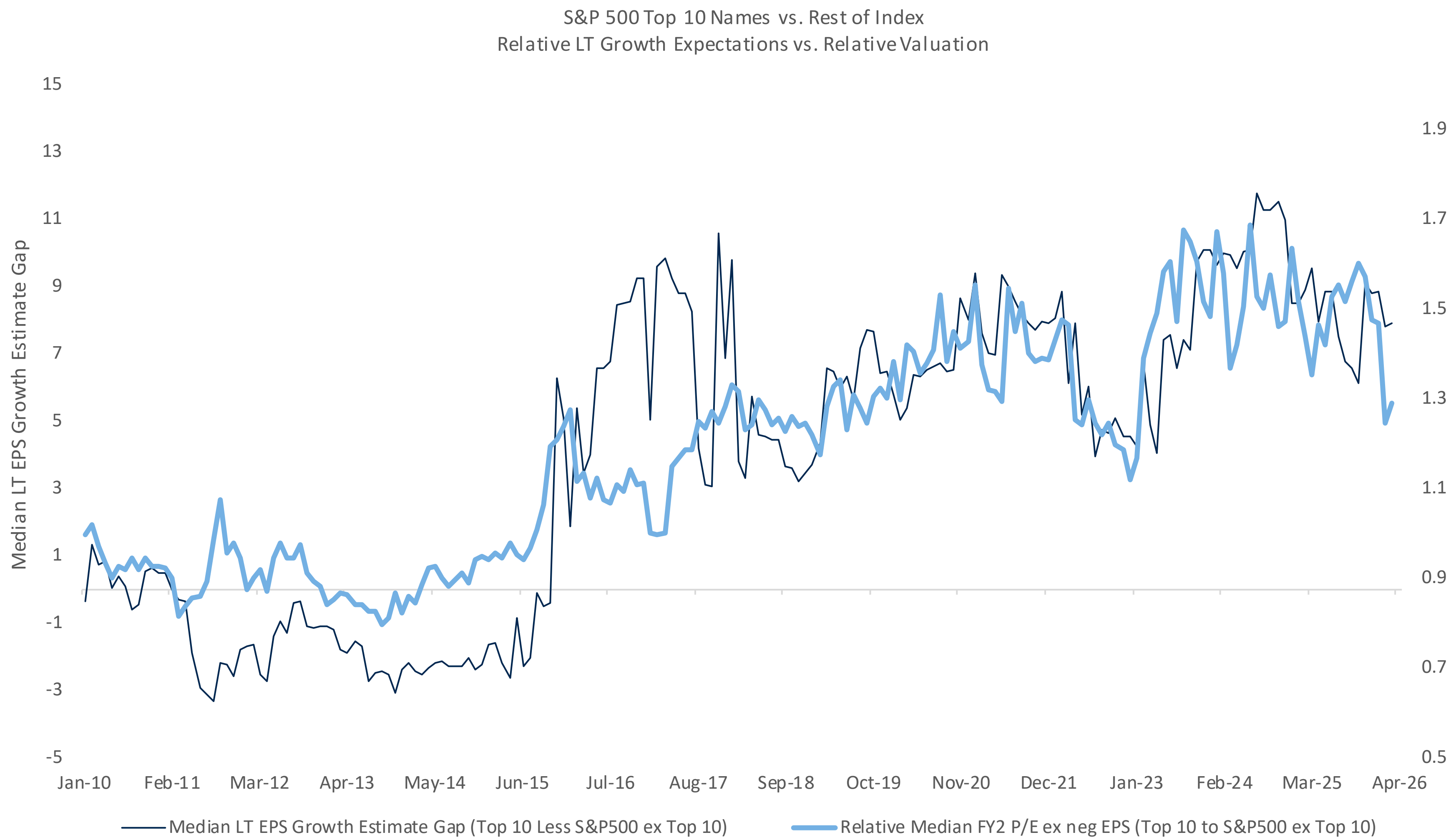
Source: RBC US Equity Strategy, S&P, S&P Capital IQ / ClariFI, Compustat, CIQ estimates, IBES estimates; as of April 8, 2026.

Relative Valuations of Top-10 S&P 500 Names Usually Track Relative LT EPS Growth

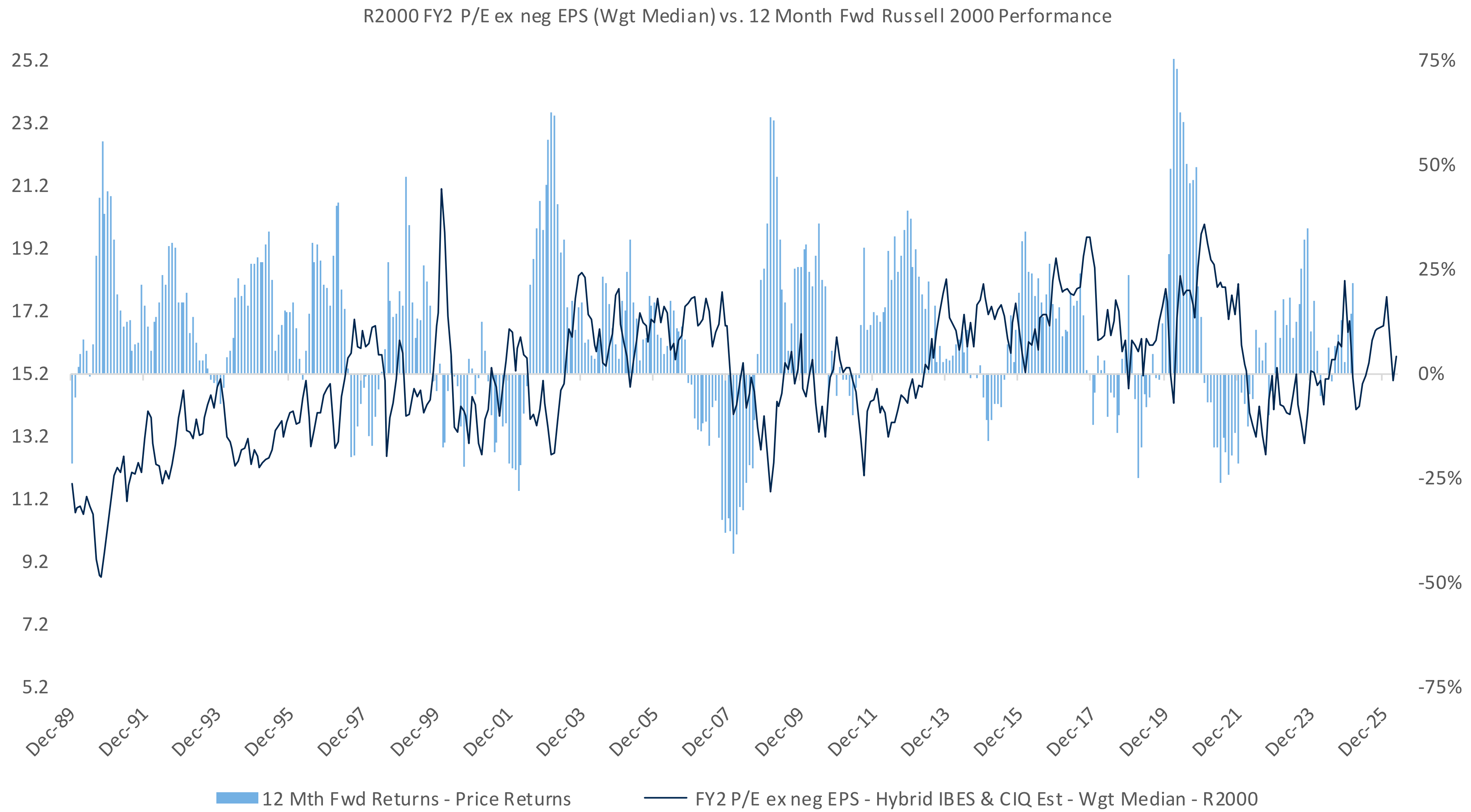
In the chart below we look at the biggest market cap names against the rest of the S&P 500 on relative P/E and relative LT EPS growth. Generally, these two lines have been tracking one another. Last year, a gap opened up suggesting the mega cap growth trade was a bit ahead of itself. In the most recent updates, the gap has reversed – indicating that the mega cap growth trade looks attractive again from this perspective. It is possible, however, that the market is anticipating a reduction in long-term growth expectations for the biggest market cap names.



Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, S&P, S&P Capital IQ/ClariFi, CIQ estimates, IBES estimates. Mid-month basket portfolio rebalancing applied. As of April 8, 2026.

The Russell 2000 FY2 P/E Is Slightly Above Its Long-Term Average

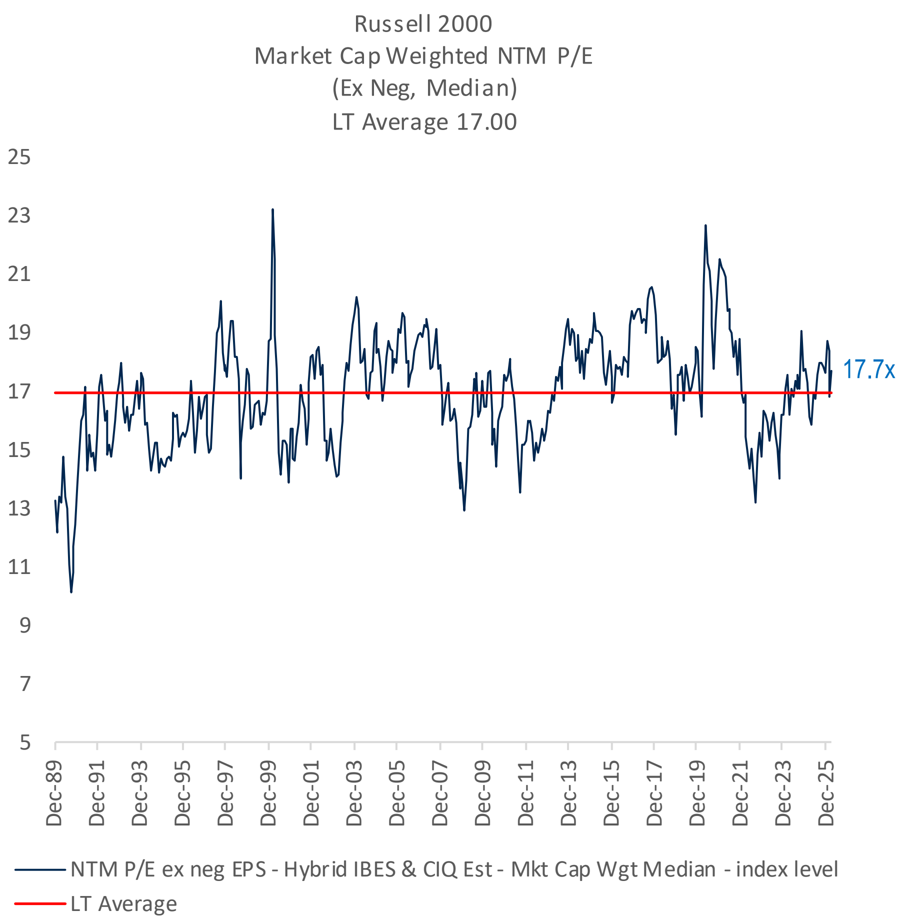
- The Russell 2000 forward P/E hit 12.65x when the stock market hit its YTD low in early April. That was a significant milestone, as this indicator often bottoms in the 11-13x range. That level was also in line with its 2022 and 2023 lows.
- At January month-end, this stat was 17.5x, close to the November-2024 high of 18.1x. On an intramonth basis, this metric got even closer to the November-2024 level.
- As of early-April 2026, this metric is 15.75x – above its long-term average of 15.18x (it had briefly dipped below it earlier in the month).

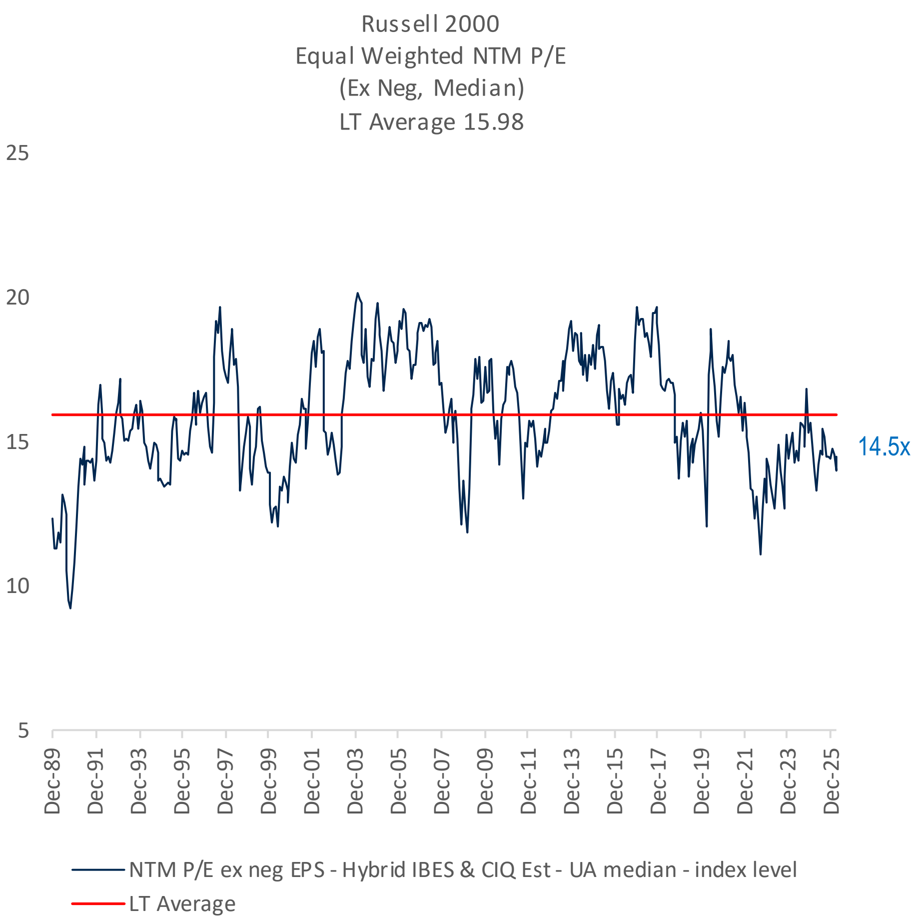


Source: RBC US Equity Strategy, Russell, S&P Capital IQ / ClariFI, CIQ estimates, IBES estimates; as of April 8, 2026

The Russell 2000's Market Cap-Weighted NTM P/E Is Slightly Above Average Now

- The market cap-weighted Russell 2000 NTM P/E most recently topped out at 19x in November 2024, in line with the most recent peak. There was still some distance to travel before reaching all-time highs, however. This multiple has come in recently as the broader market wobbled and is back in line with its long-term average again. Note that in 2022, this P/E got back down to 11.1x in 2022 and 13.4x in 2025.





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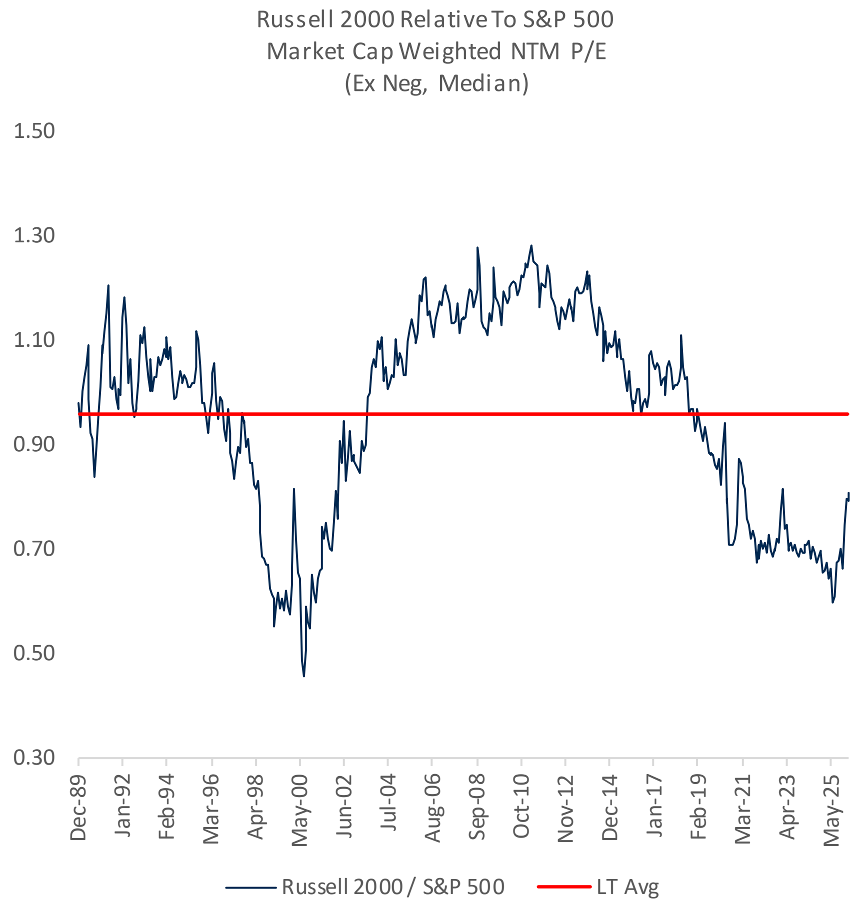
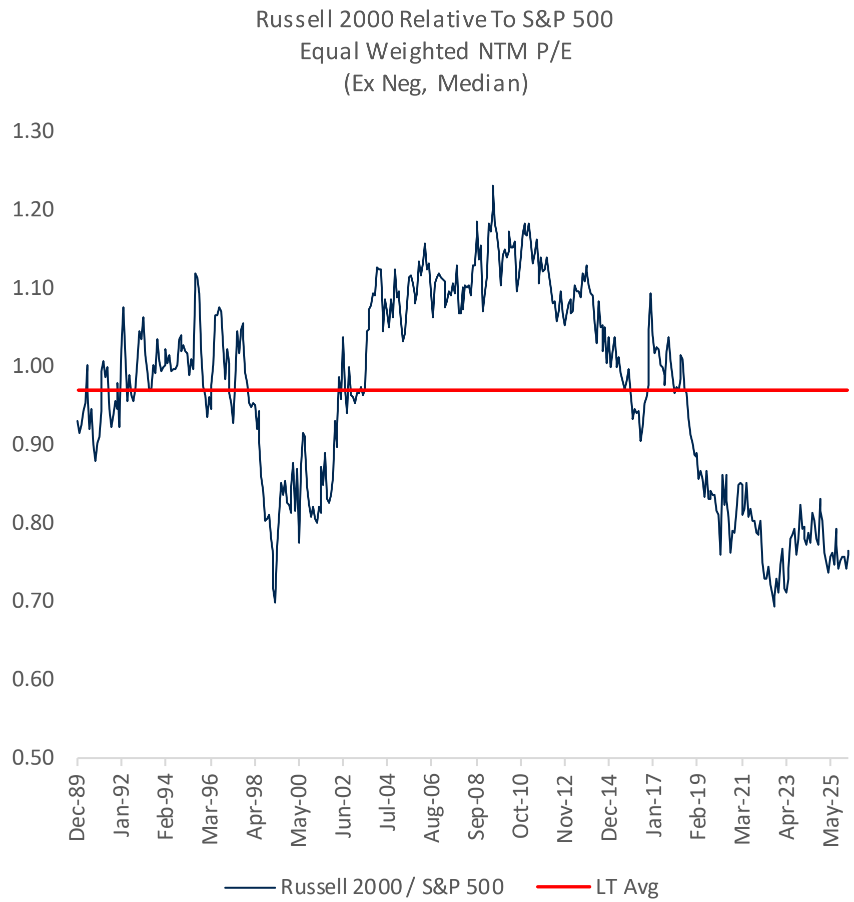
Source: RBC US Equity Strategy, Russell, S&P Capital IQ / ClariFI, CIQ estimates, IBES estimates; as of April 8, 2026.

Russell 2000 Remains Undervalued vs. S&P 500 on NTM P/E





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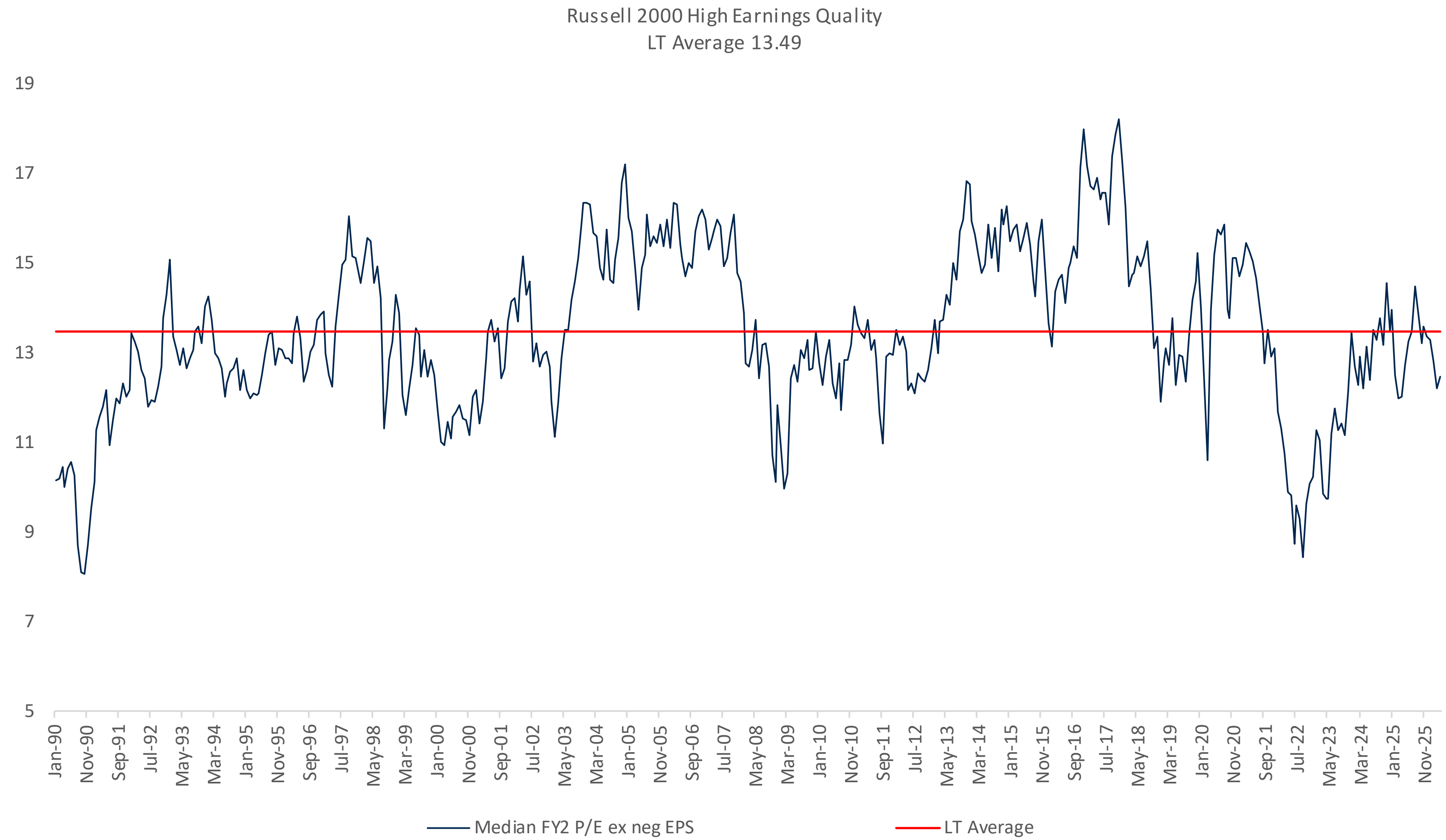
Source: RBC US Equity Strategy, S&P, Russell, S&P Capital IQ / ClariFI, CIQ estimates, IBES estimates; as of April 8, 2026.

High Earnings Quality Trades at a Discount Within Small Cap on Forward P/E

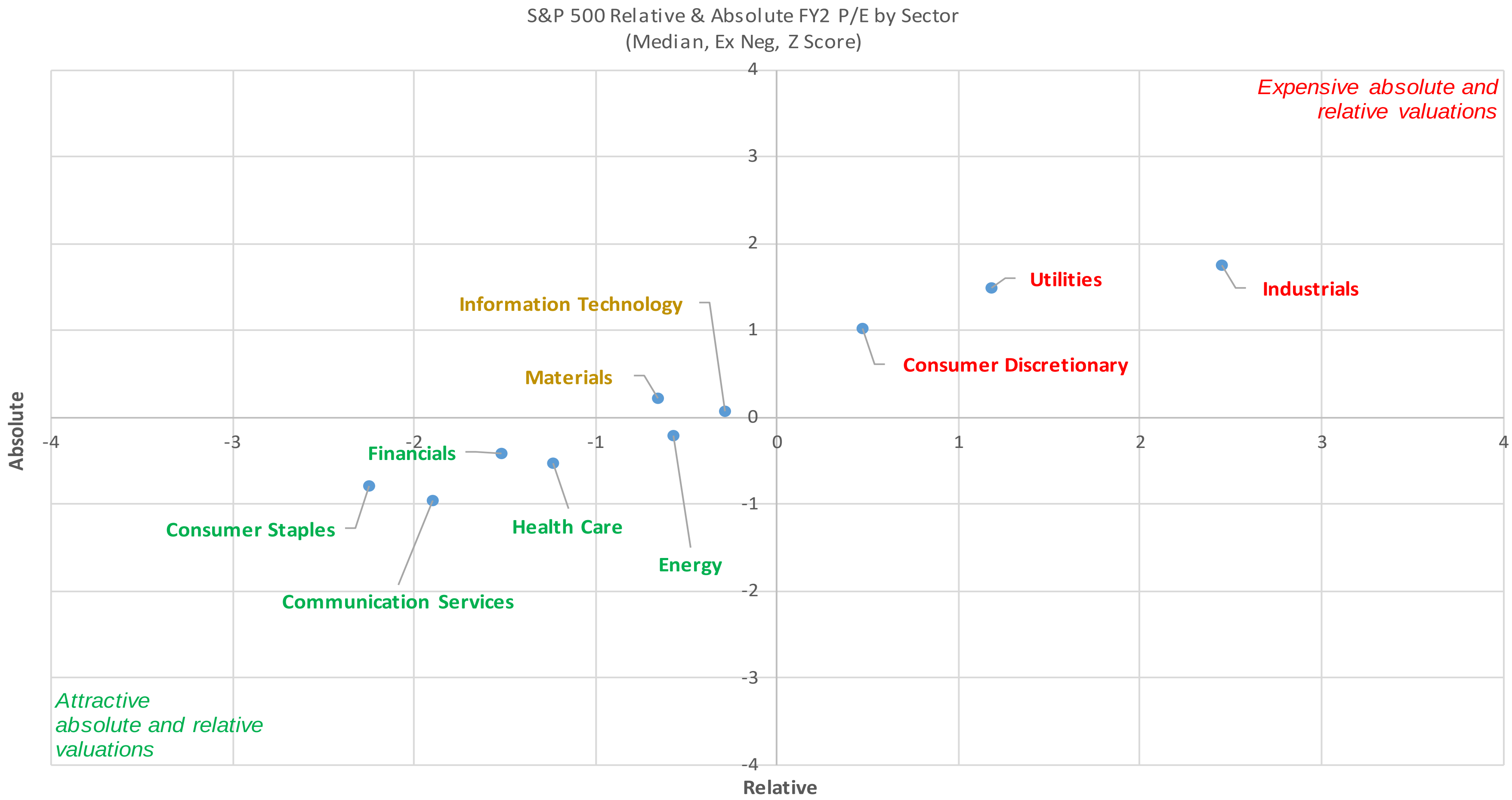
- We examined median valuation multiples for the high-EPS-quality baskets within the Russell 2000. We found that the high-EPS-quality basket's forward P/E is below its historical average, suggesting to us that valuation opportunities do exist within this cohort.



Note: The earnings quality factor is a sector-neutral, equal-weighted multifactor based on historical constituents that combines the trailing 12-month return on equity, earnings stability (measured as the ratio of the one-year change in EPS to the standard deviation of the one-year change in EPS across eight prior periods), and the distinction between positive and negative earnings based on whether EPS is above or below zero.
Source: RBC US Equity Strategy, S&P Capital IQ/ClariFi; Russell, S&P, as of April 8, 2026.

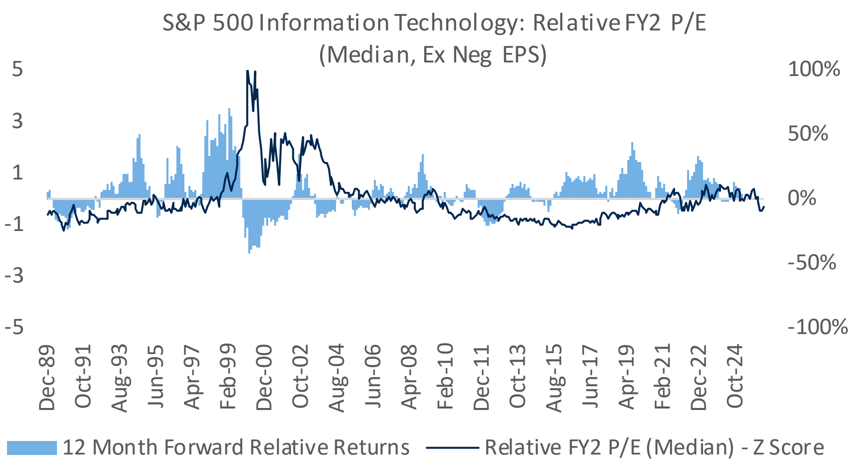
Industrials, Utilities, and Consumer Discretionary Look Most Expensive Within Large Cap

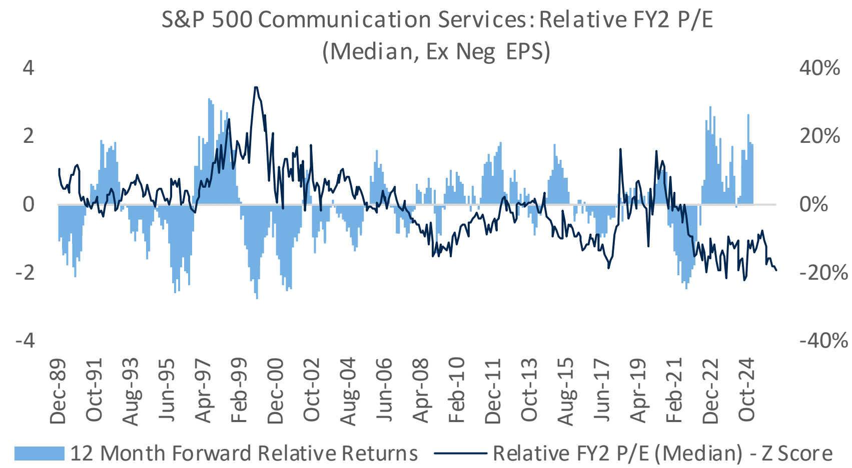
- Tech is now at its long-term average on an absolute P/E basis, and slightly below average on a relative P/E basis.
- Meanwhile, Energy, Health Care, Communication Services, Financials, and Consumer Staples look attractively valued on both absolute and relative P/E – more so on relative than absolute. This is a recent development for Energy and Financials.
- Materials looks slightly expensive on absolute P/E but attractive on relative P/E.

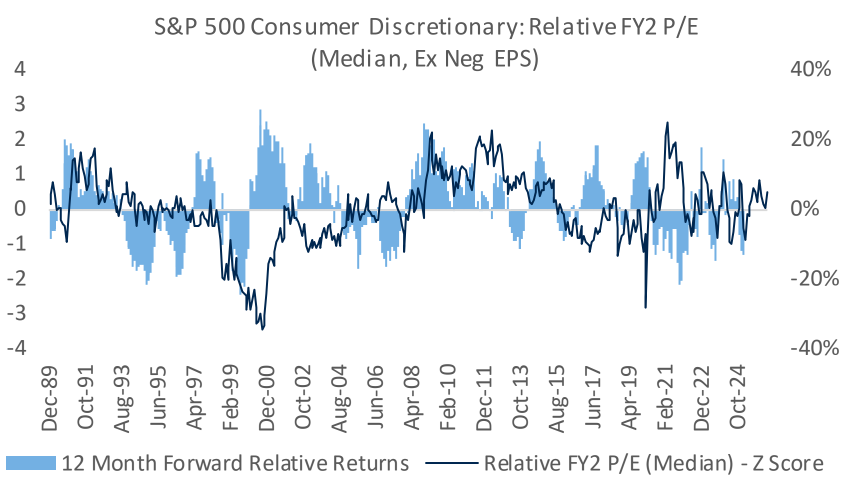


Note: Excludes REITs; data since December 1989 for all sectors ex REITs; as of April 8, 2026.
Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, S&P

Tech's P/E Is Now Below Average; Comm Svcs Looks Undervalued; Cons Disc Slightly Expensive



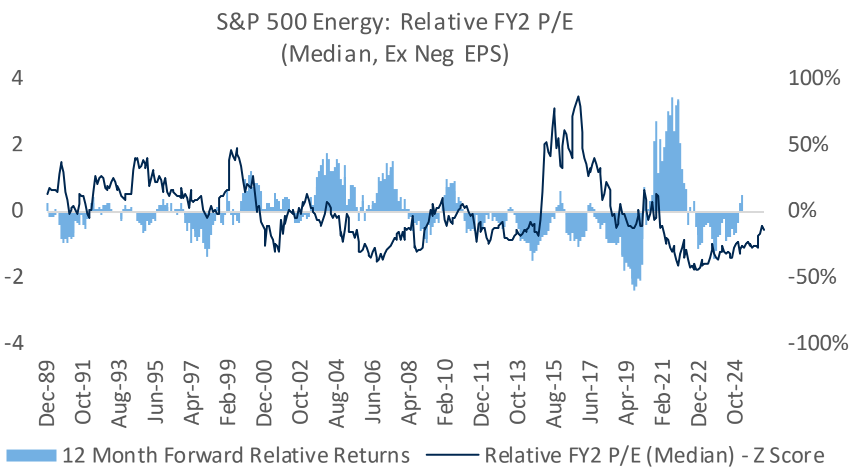


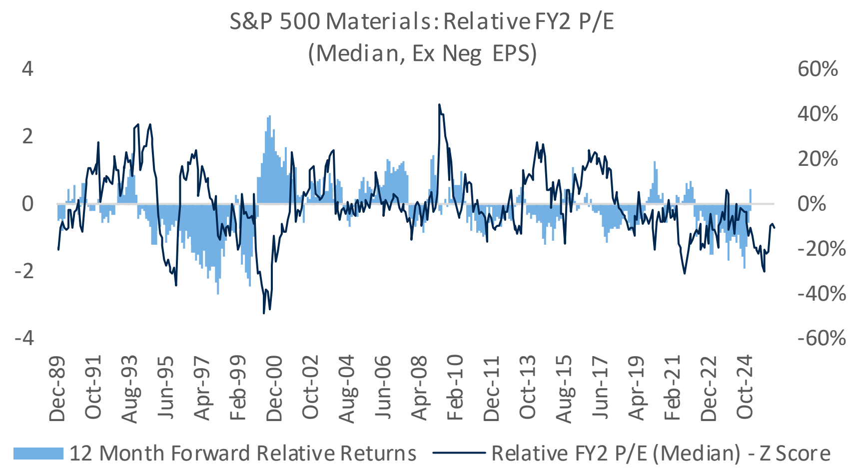


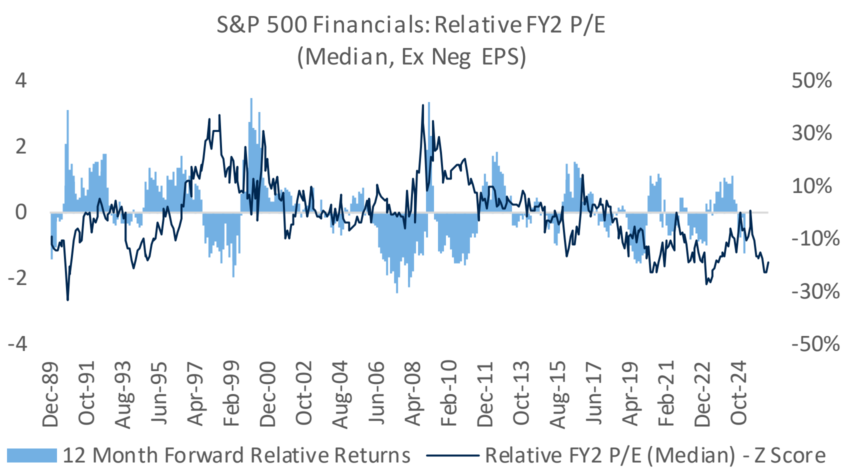
Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, as of April 8, 2026

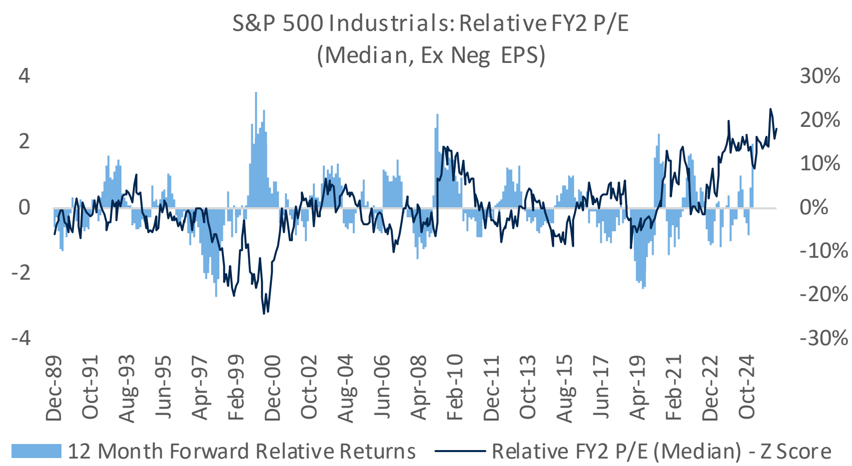
Energy, Materials & Financials Have Attractive Valuations, but Industrials Looks Highly Expensive

- Energy and Materials have seen their relative valuation appeal erode a bit recently, however. Financials is approaching post-COVID lows.



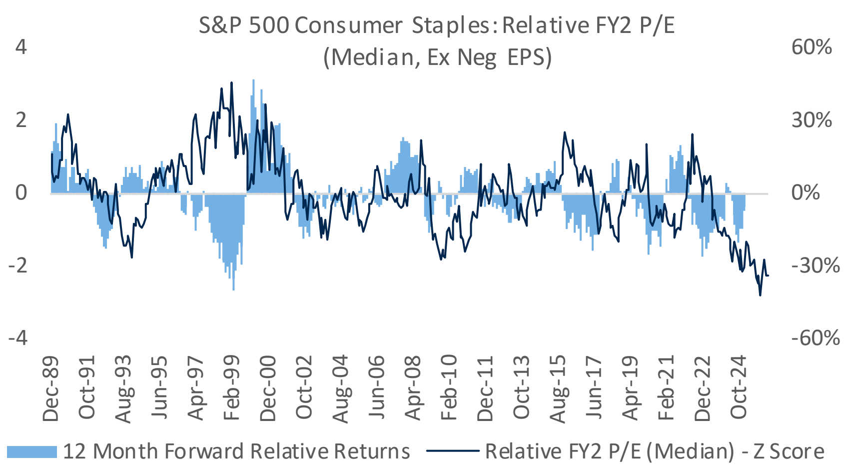


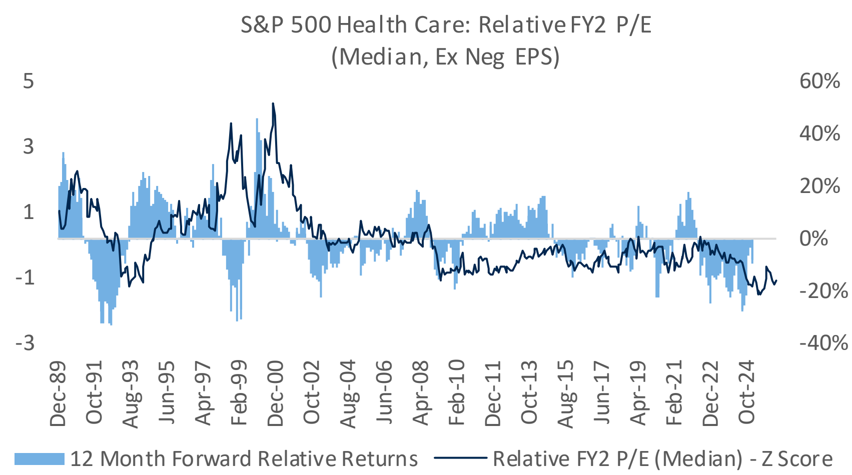


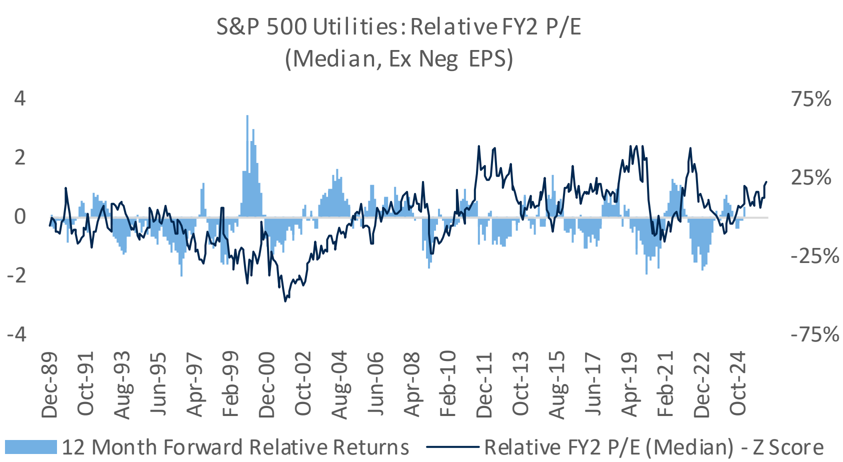


Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, as of April 8, 2026

Cons Staples and Health Care Have Deeply Attractive Valuations, Utilities a Bit Above Average

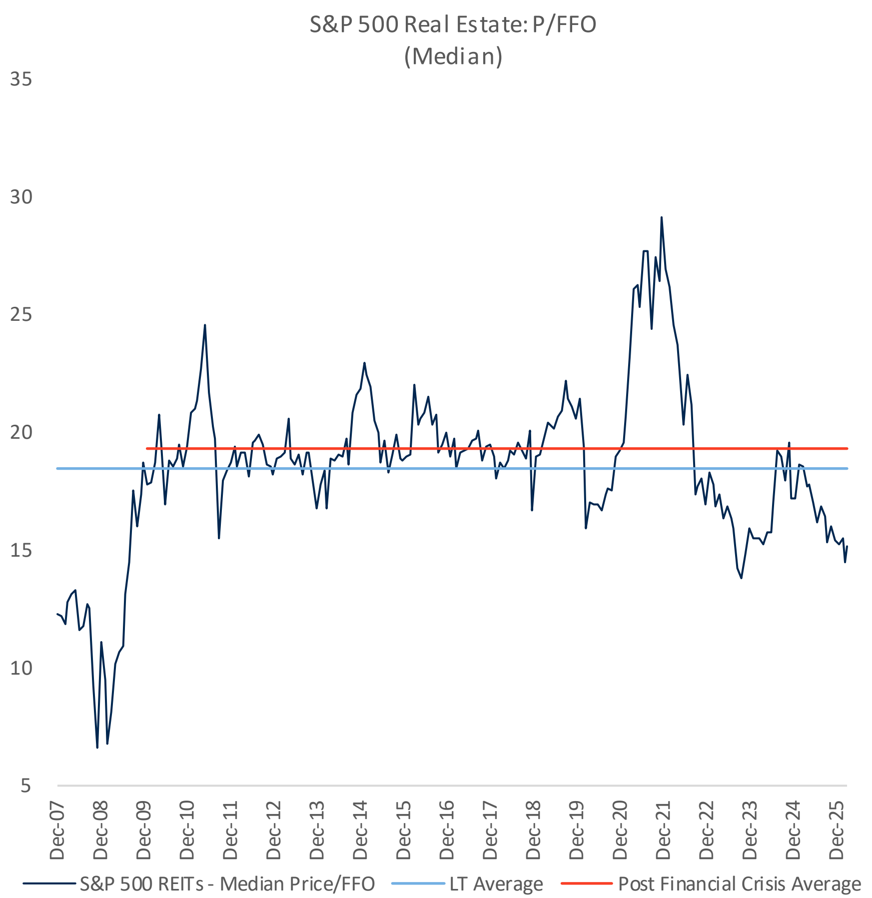


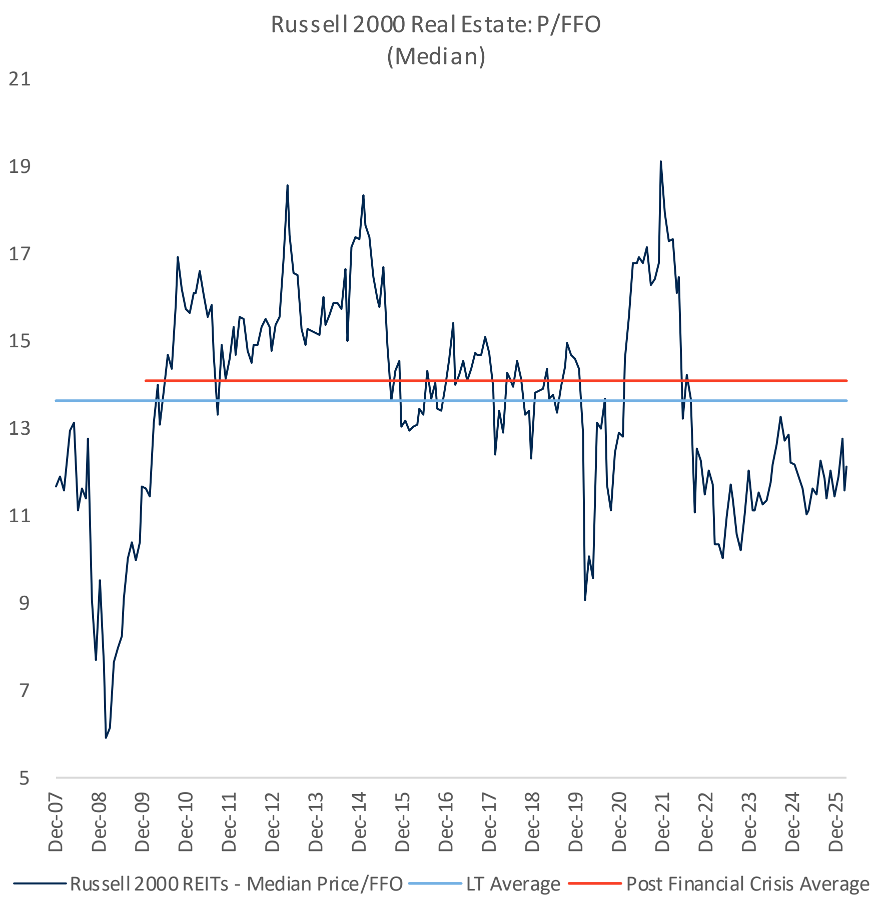




Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, as of April 8, 2026

REITs Have Attractive Median Valuations Within Both Large & Small Cap

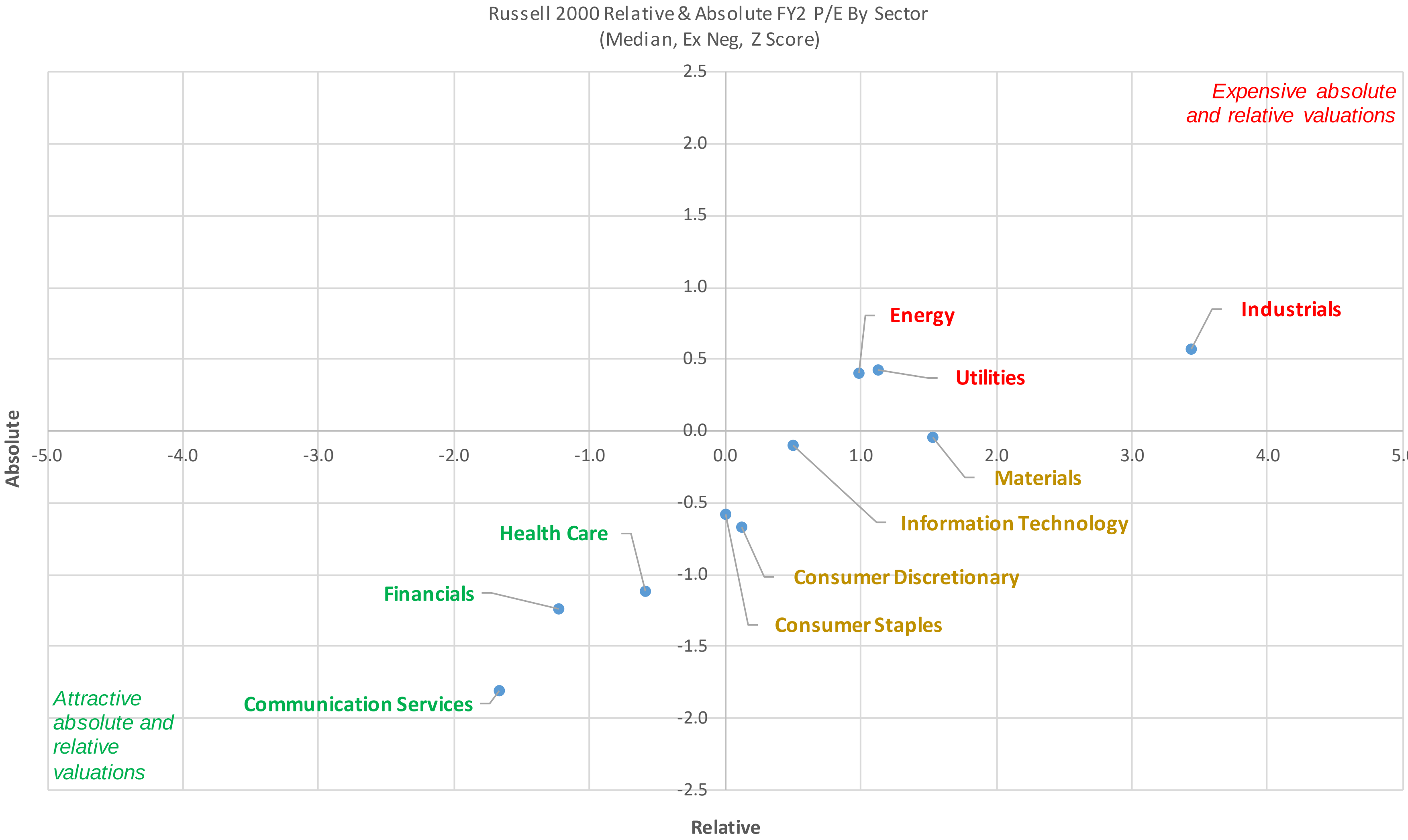




Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, as of April 8, 2026

Valuations Look Most Attractive in Comm Svcs, Financials & Health Care Within Small Cap

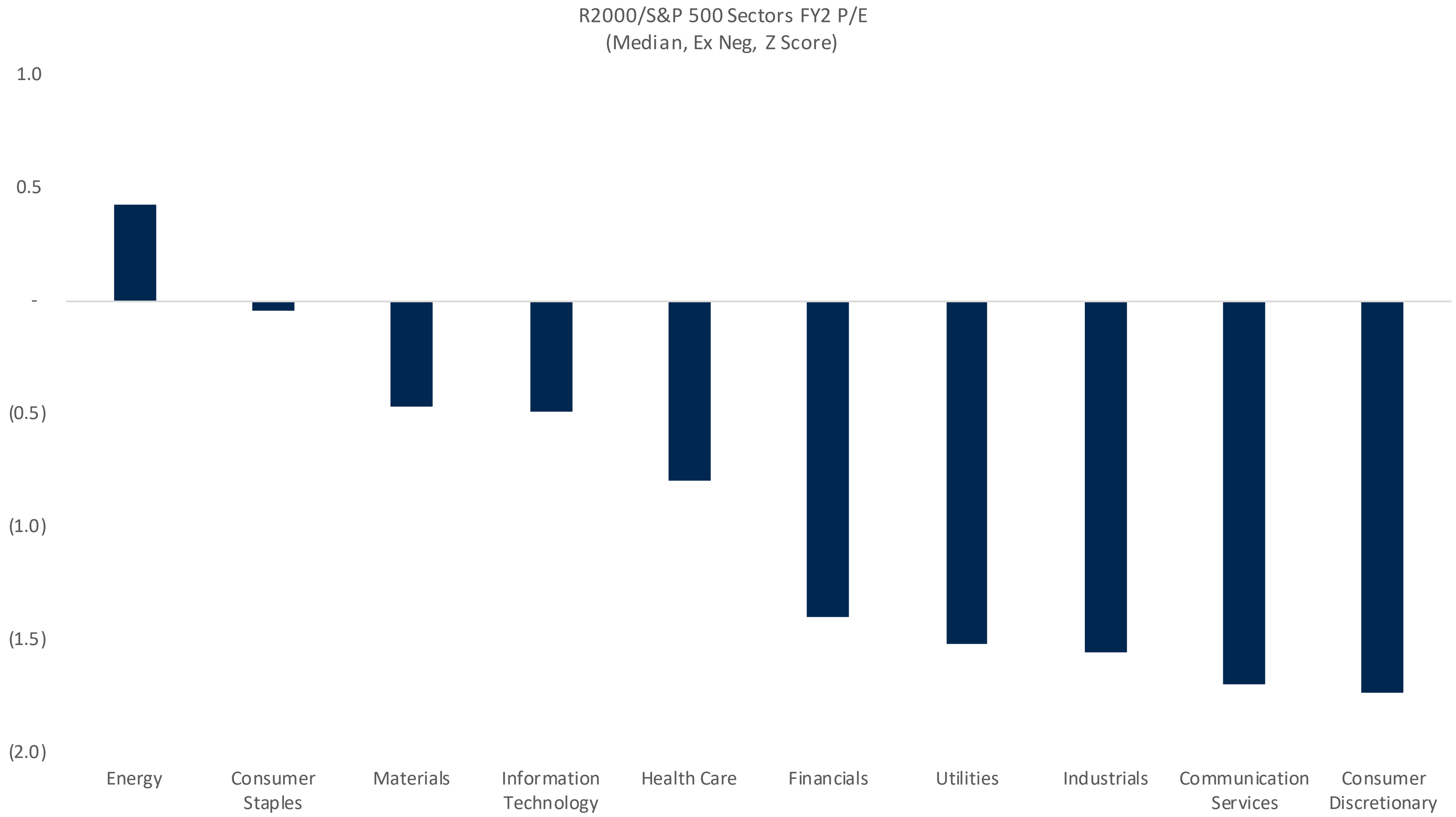
- Staples, Consumer Discretionary, Info Tech and Materials screen expensive on a relative P/E basis and attractive on an absolute P/E basis. The Energy sector in the Russell 2000 stands out as the most expensive, especially on a relative P/E basis. Utilities and Industrials are now screening negative on both an absolute and relative P/E basis.



Notes: Excludes REITs; data since December 1989 for all sectors ex REITs; as of April 8, 2026.
Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell

Most Sectors Look Undervalued in Small Cap Relative to Their Large Cap Peers

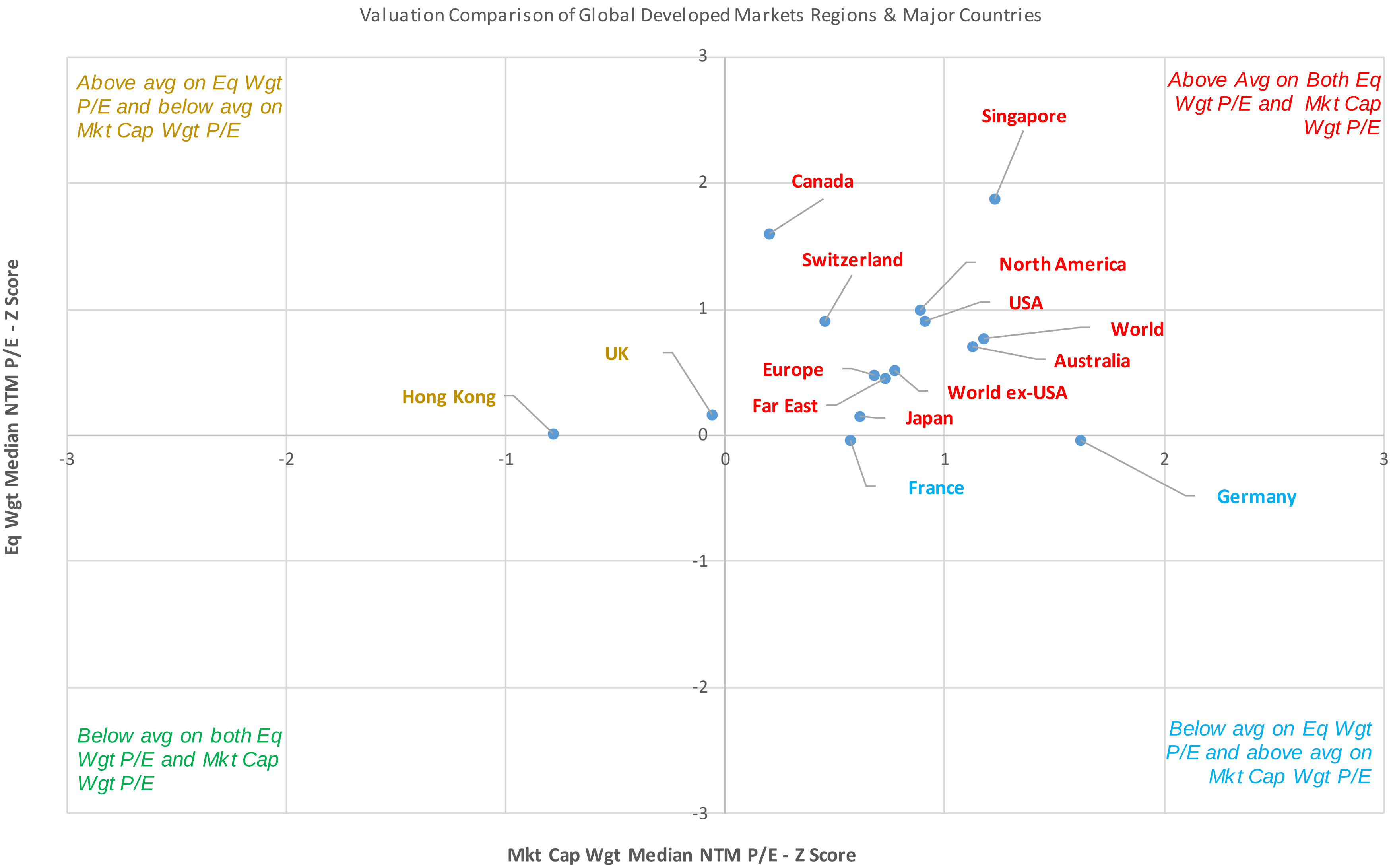
- Energy is the only exception.



Notes: Excludes REITs; data since December 1989 for all sectors; as of April 8, 2026.
Source: RBC Equity Strategy, S&P Capital IQ / ClariFI

North America Has Been Driving Up Global Developed Market Equity Valuations

- It is no surprise that the US looks expensive. More interesting to us is that Canada, Australia, and Singapore look more overvalued than other major developed market countries.
- While World ex USA and Europe and Japan don't look cheap, valuations look more reasonable than what we see in North America and the commodity-driven countries. Note within Europe, Germany and France look expensive on a market cap-weighted basis.



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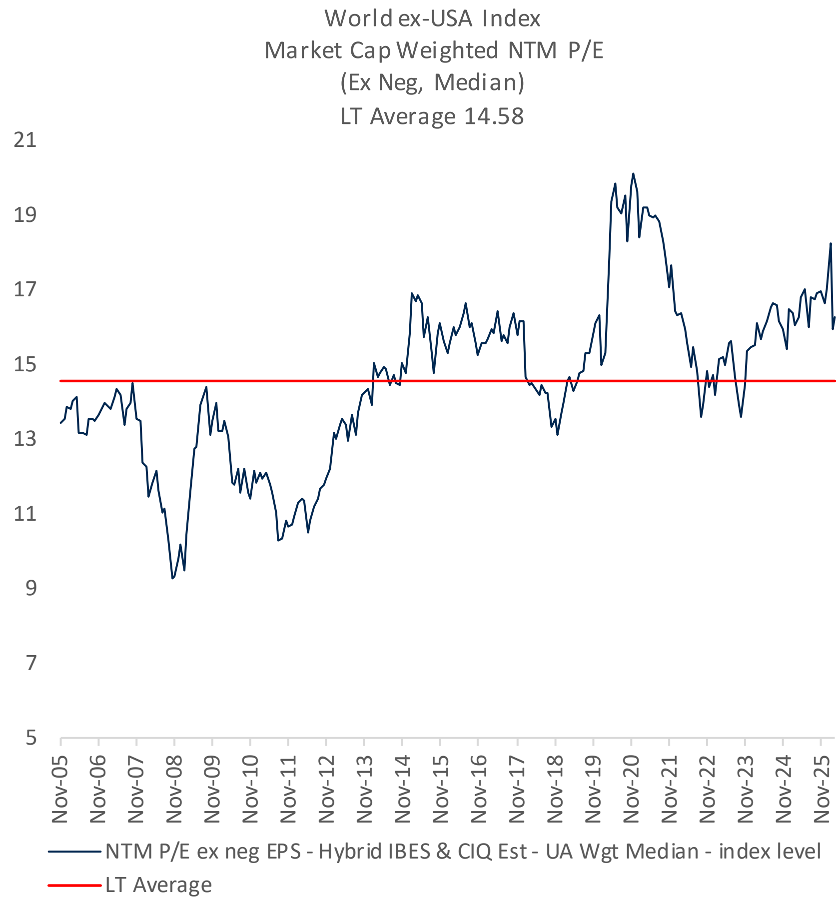
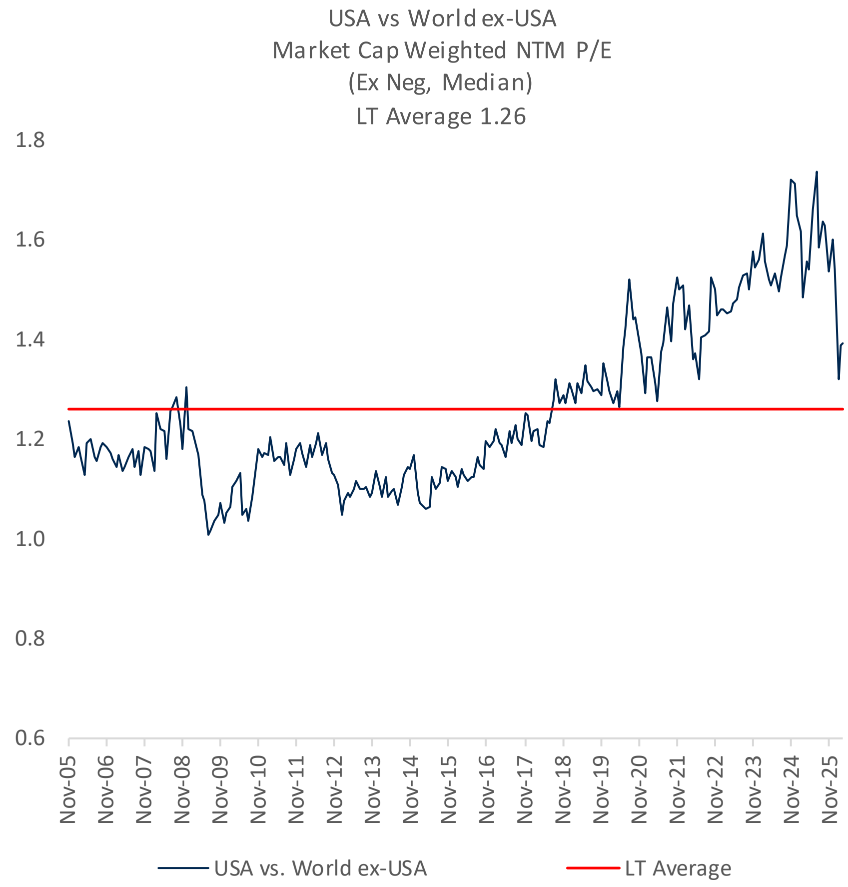
Source: RBC US Equity Strategy, MSCI, S&P Capital IQ Clarifi; as of April 8, 2026; please see the MSCI disclaimer at the end of this report; regions/countries based on MSCI constituents with negative earners excluded.

US Premium Relative to Non-US Has Dropped Sharply

- The US valuation premium over the rest of the world has shrunk recently, and is close to its long-term average again.





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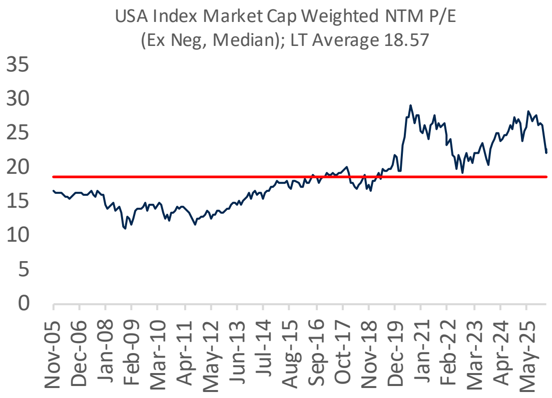
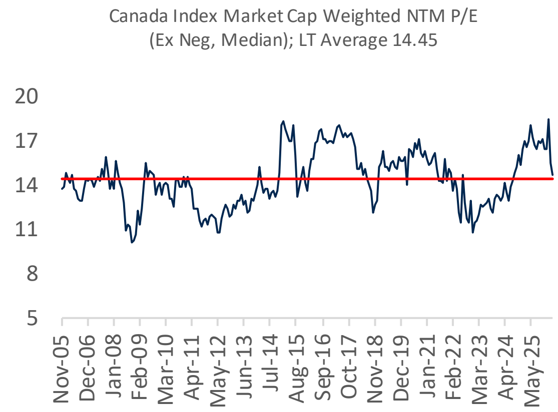
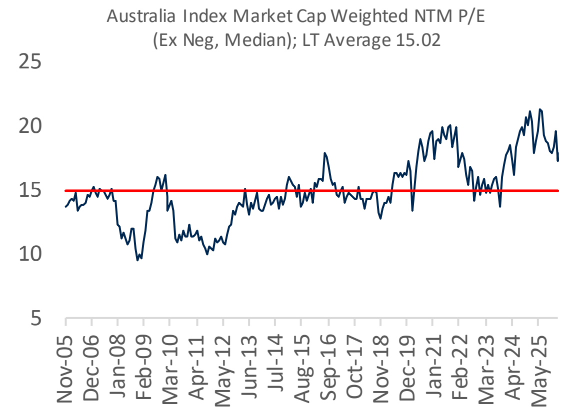
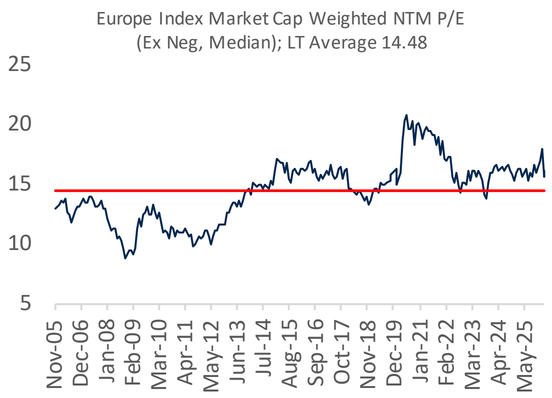
Key Major Non-US Developed Markets Countries Have Seen Their P/Es Move Down

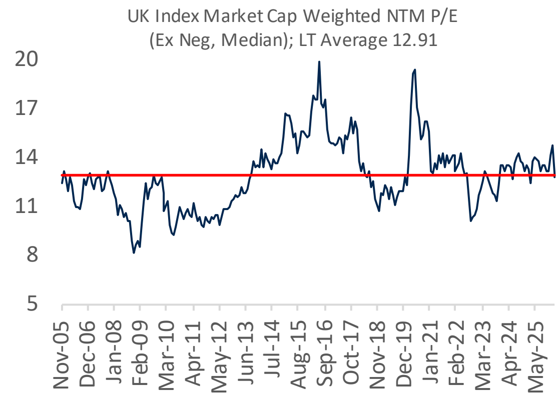
- The US P/E has continued to come under pressure. The P/Es for Canada, Australia, Europe, and UK have moved down in the latest updates.
- In the case of Canada and Australia, early-2026 levels were close to past highs (more so for Canada).

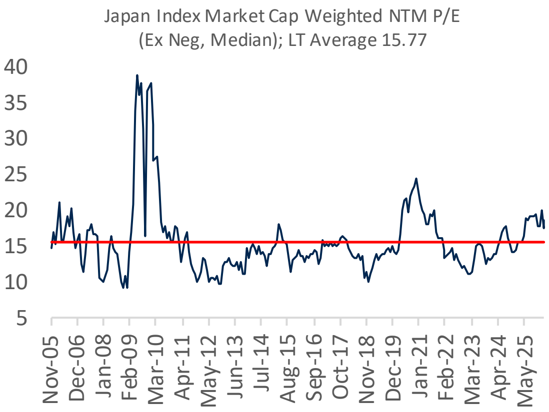












Note: The red line represents the long-term average of the time series.
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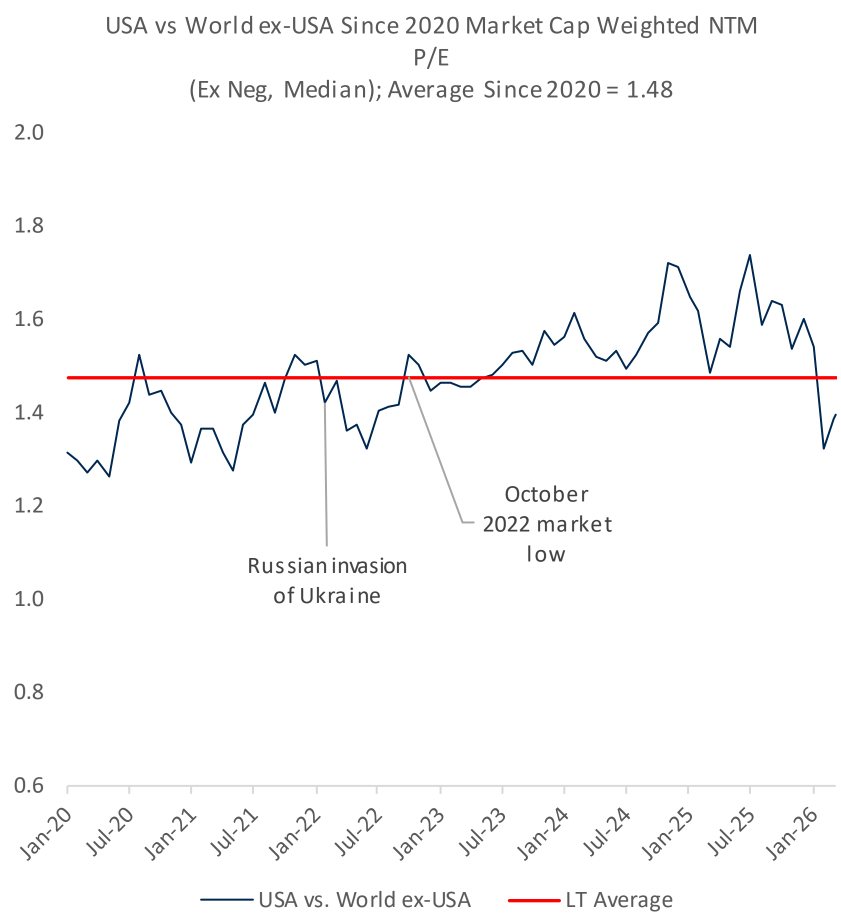
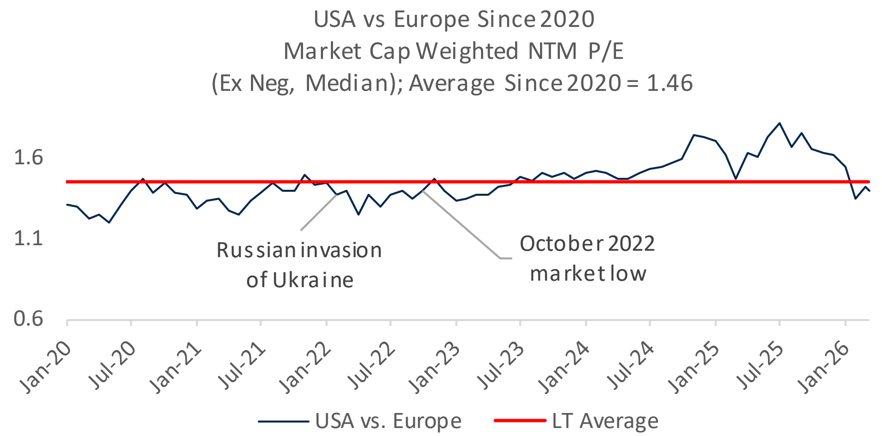
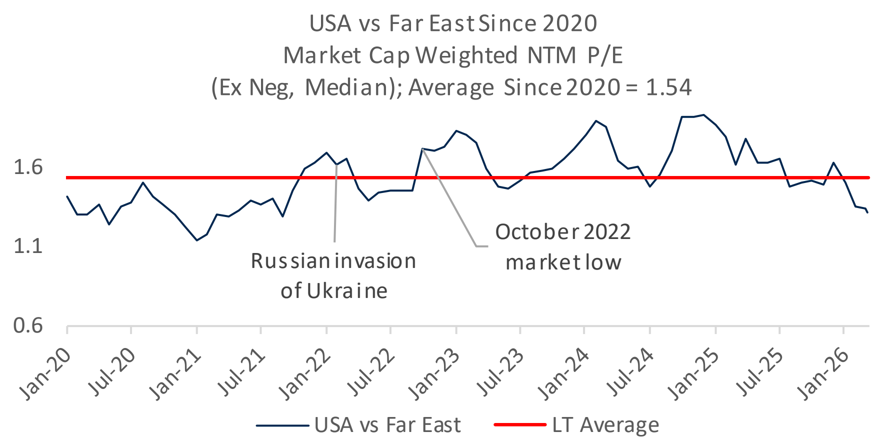
Source: RBC US Equity Strategy, MSCI, S&P Capital IQ Clarifi; as of April 8, 2026; please see the MSCI disclaimer at the end of this report; countries based on MSCI constituents with negative earners excluded.

US P/E Has Been Well Below Its Five-Year Average Relative to Non-US, Europe, and Far East

- Recently, we've seen the US P/E compress relative to Non-US, Europe, and the Far East, in a process that began last year. Recent declines took the US below its post-COVID average relative to non-US, Europe, and the Far East. We think AI fears have largely been responsible for the relative P/E compression seen late last year, setting up for a defensive trade back into the US after the US strikes on Iran occurred.







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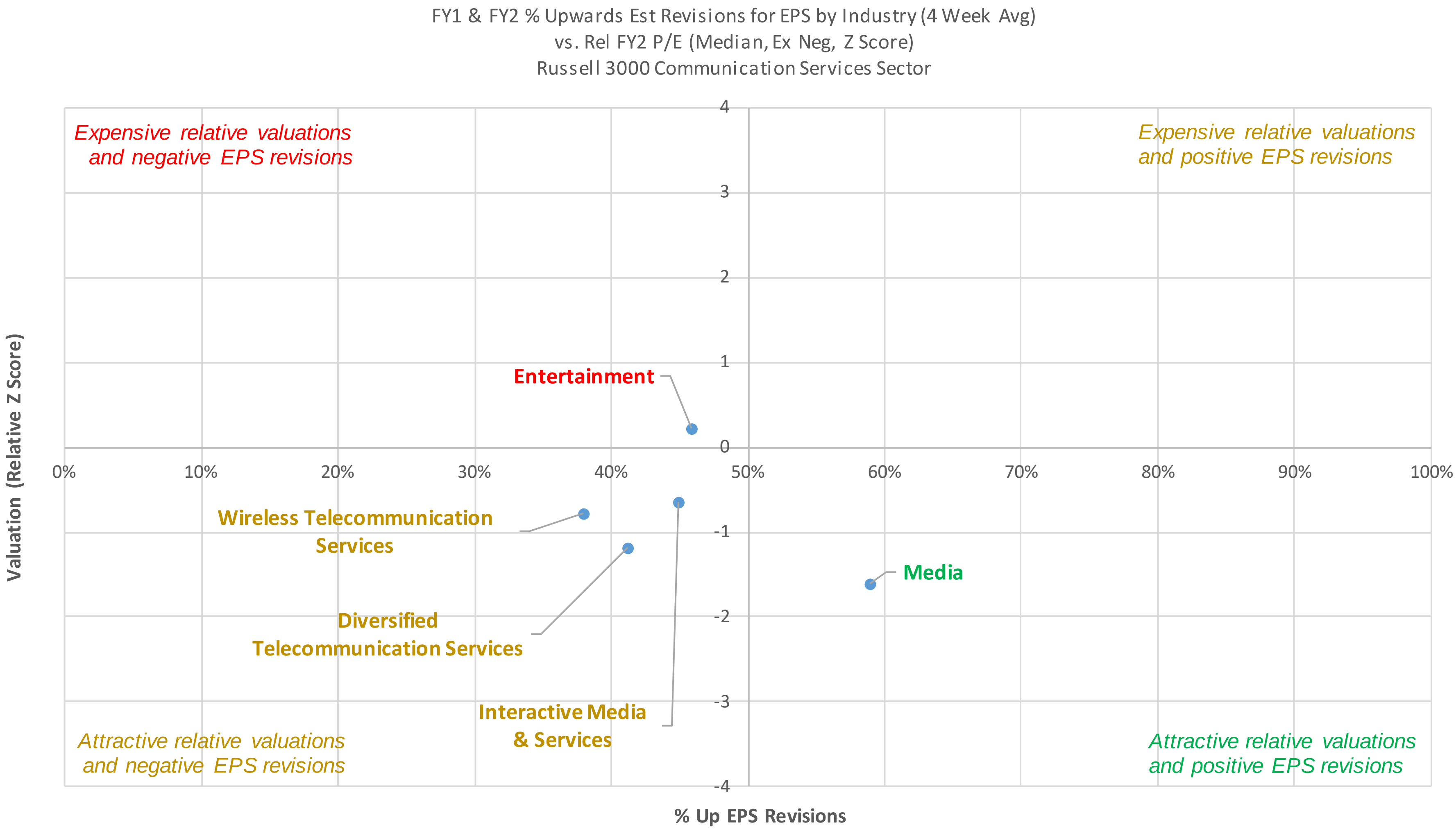
Within Comm Svcs, All Industries Look Attractively Valued Except for Entertainment

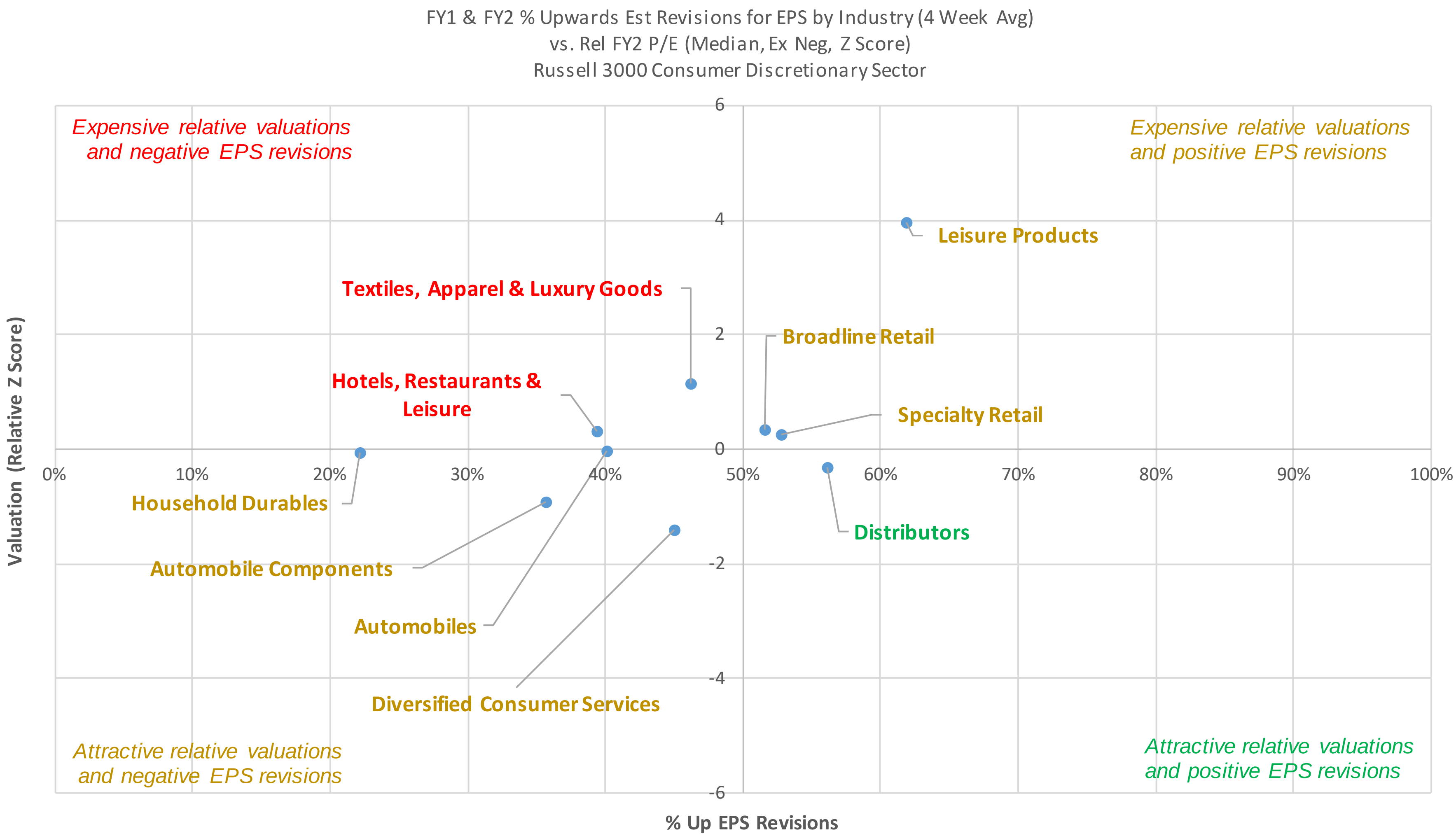
- Media has attractive valuations and positive revisions.
- Wireless Telecommunication Services, Diversified Telecommunication Services and Interactive Media & Services have negative EPS revisions, but attractive valuations.



Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell, as of April 8, 2026

Within CD, Half of the Industry Groups Look Pricey

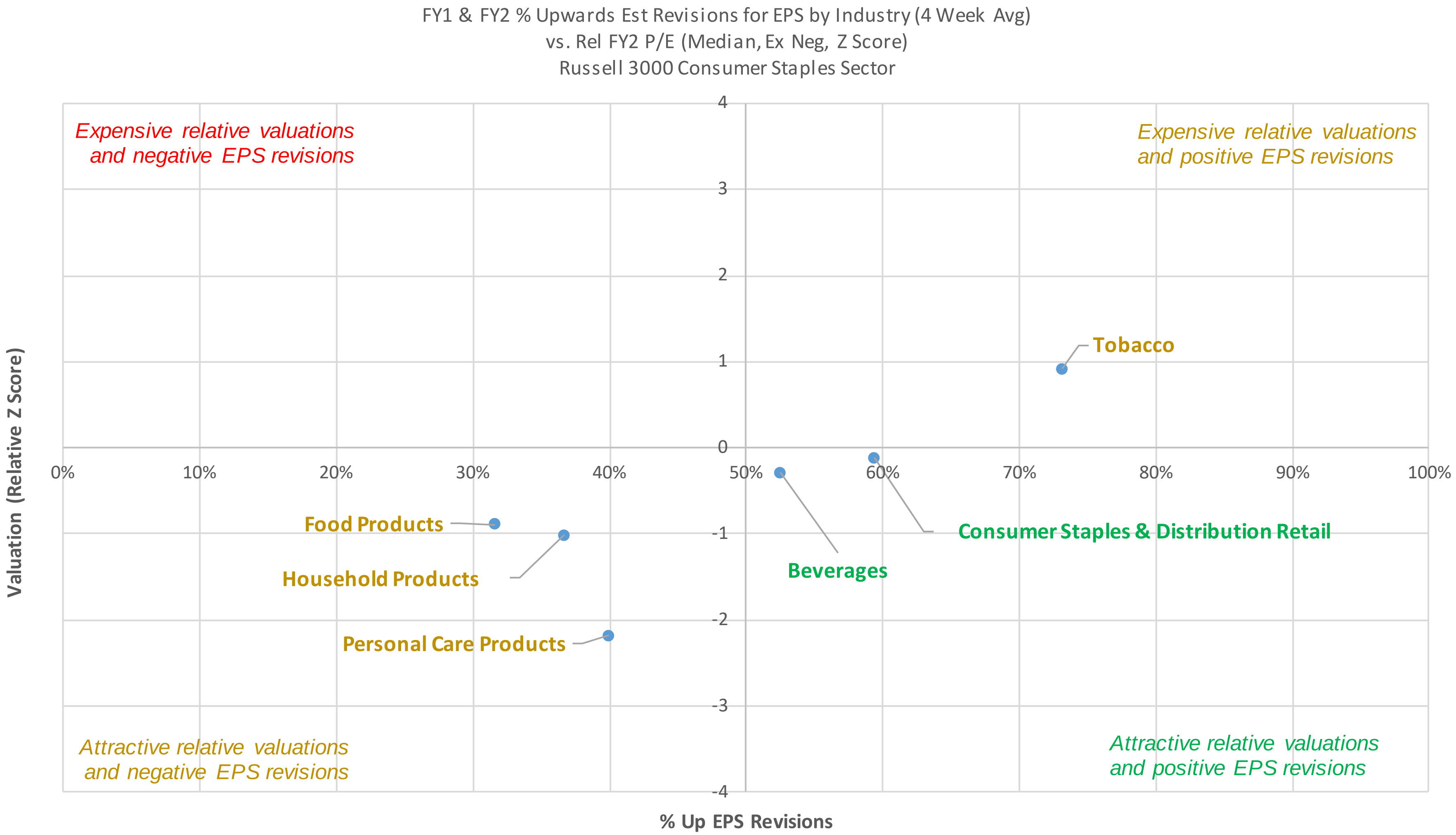
- Textiles, Apparel & Luxury Goods and Hotels, Restaurants & Leisure look pricey and have weak EPS revisions. Broadline Retail, Specialty Retail, and Leisure Products have positive revisions but expensive valuations. These are all areas that may be more vulnerable to the impacts of higher energy costs going forward given the lack of valuation appeal.
- Automobiles, Automobile Components, Household Durables, and Diversified Consumer Services have weaker revisions. Valuations look reasonable (in line with the average) but not cheap.
- Distributors is the only bright spot with slightly attractive valuations and positive earnings revisions.



Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Within Staples, Tobacco Has Expensive Valuations but Other Groups Look Cheap

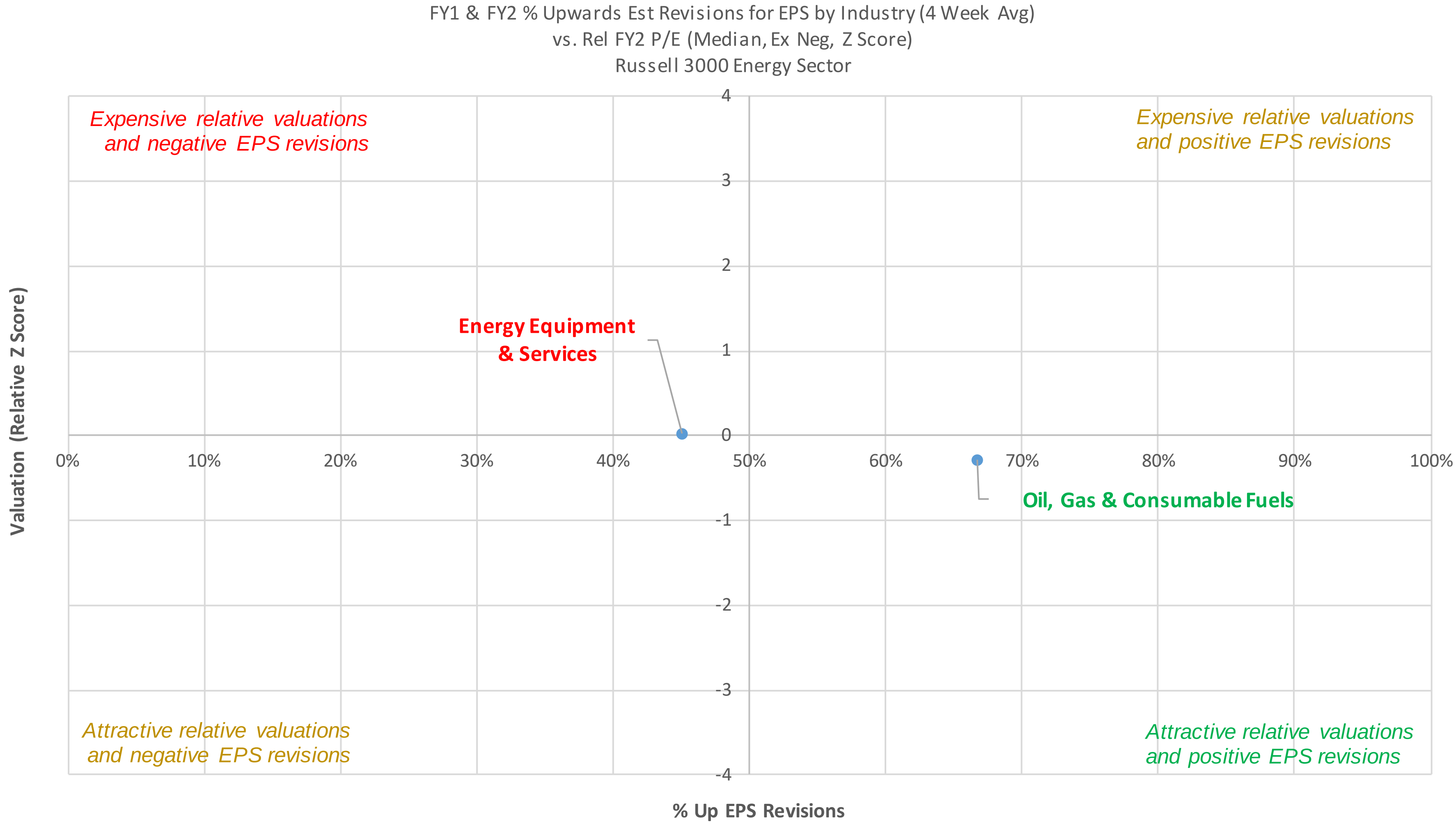
- Consumer Staples and Beverages have attractive valuations and positive earnings revisions.
- Food Products, Household Products, and Personal Care Products look attractively valued but EPS revisions are weak.



Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Within Energy, Valuations Are Close to Average for Both Industries

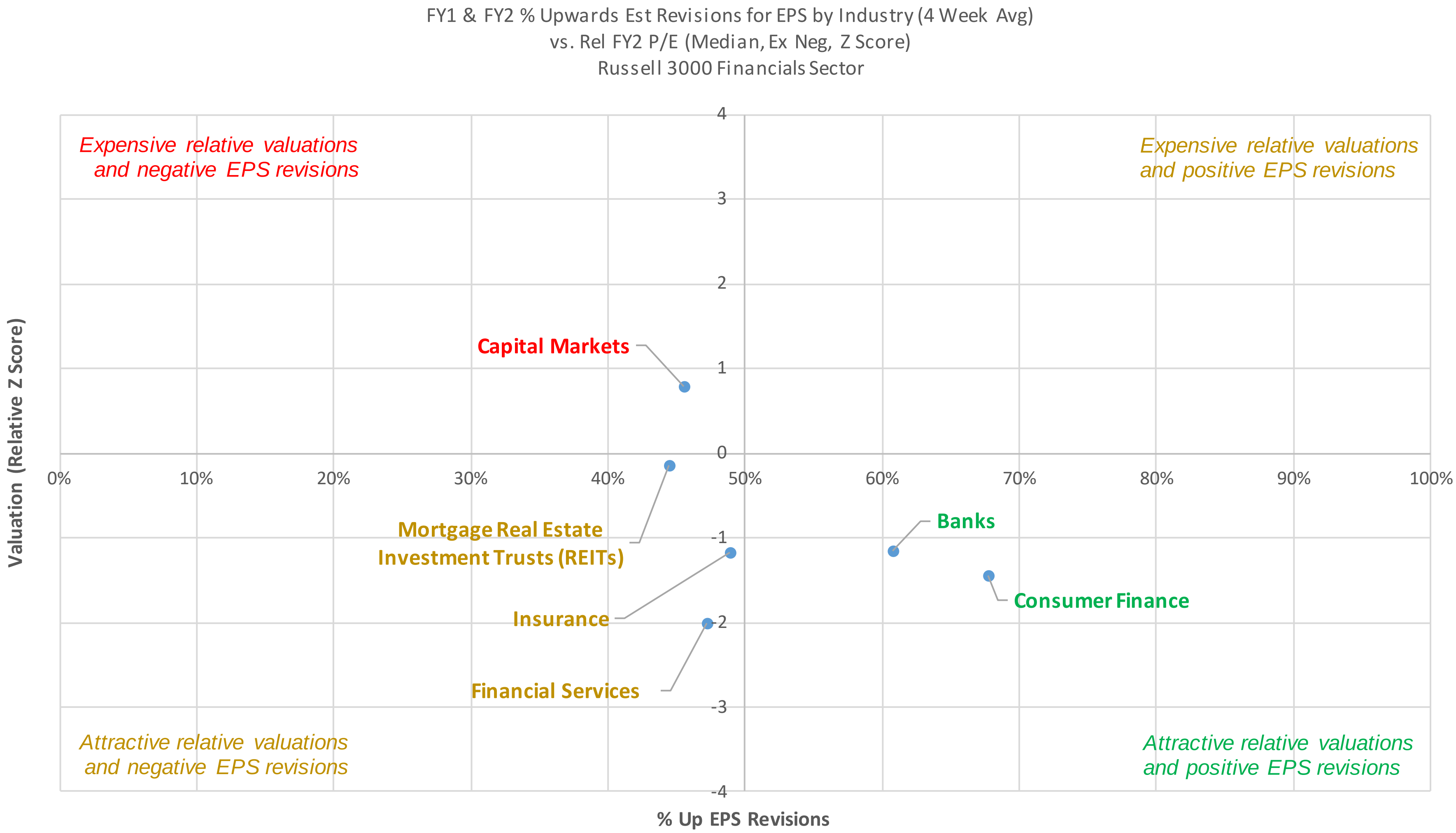
- We see a little more valuation appeal in the oil and gas names.
- Oil, Gas & Consumable Fuels have positive EPS revisions while Energy Equipment & Services have negative ones.



Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Within Financials, Capital Markets Are Still Screening Expensive With Negative EPS Revisions

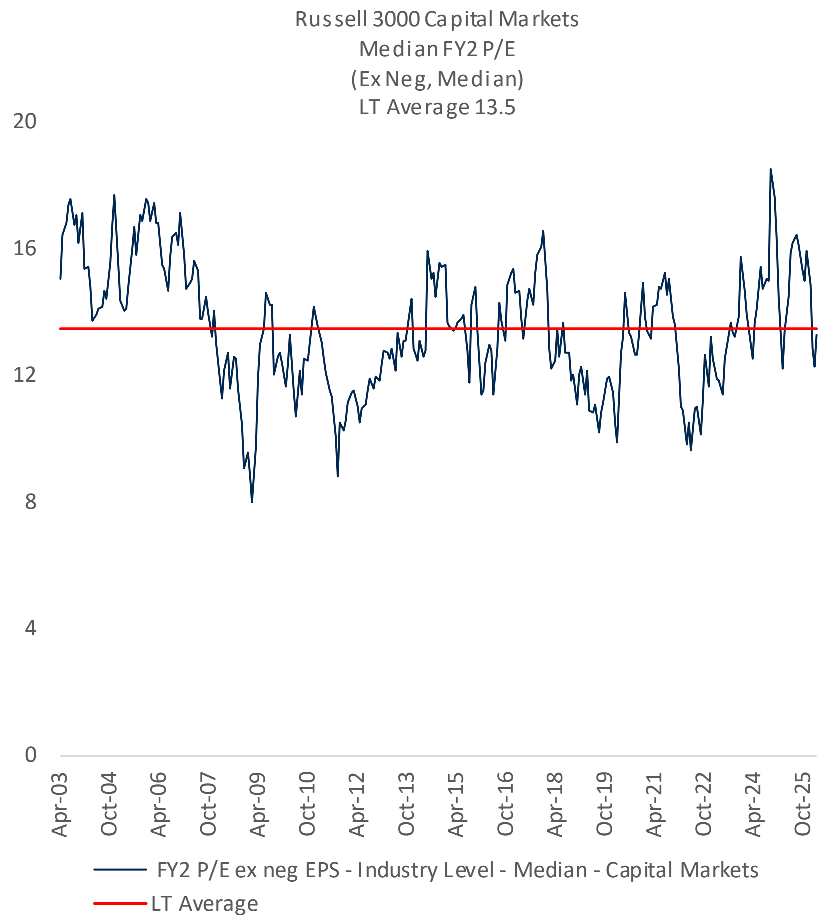
- Capital Markets was expensive to start the year, but in recent updates valuation levels have slightly improved. However, the industry used to have positive earnings revisions, but those have turned negative now – exemplifying potential further stress brewing under the surface.
- Banks, Insurance and Consumer Finance have attractive valuations and screen positive on their EPS revisions.
- Insurance, Financial Services, and Mortgage REITs have attractive valuations too but screen negative on their EPS revisions.

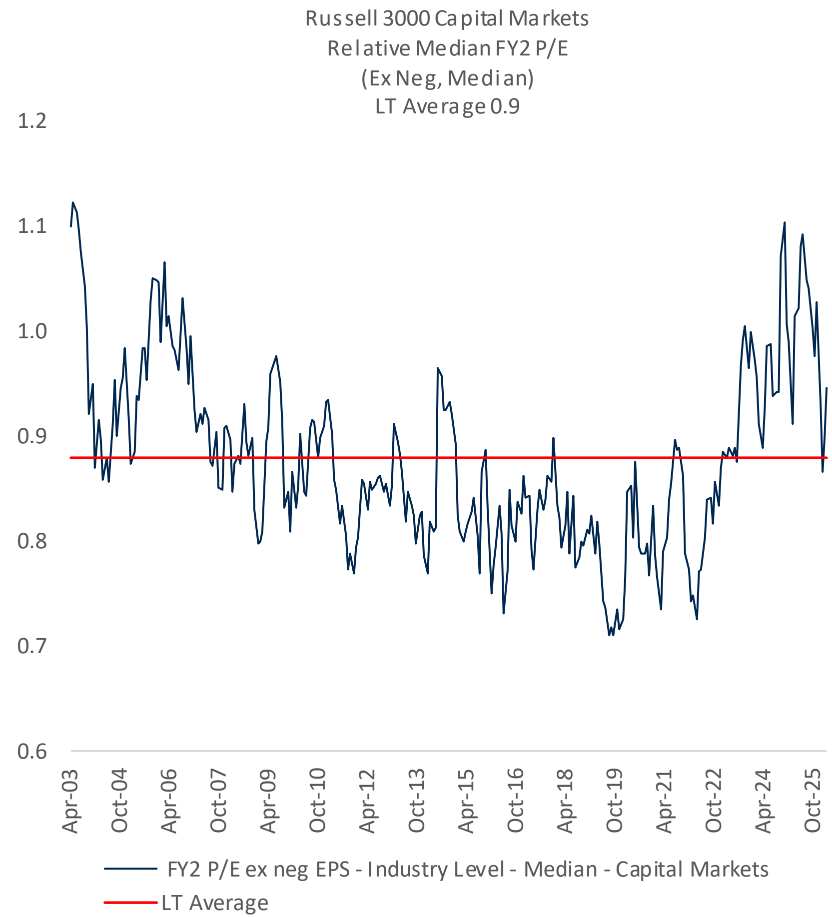


Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Within Financials, Capital Markets Valuations Have Pulled Back but Remain Above Prior-Cycle Lows

- Absolute valuation and relative valuation vs. the Russell 3000 recently fell back down to levels slightly below the long-term average, but remained well above past troughs.

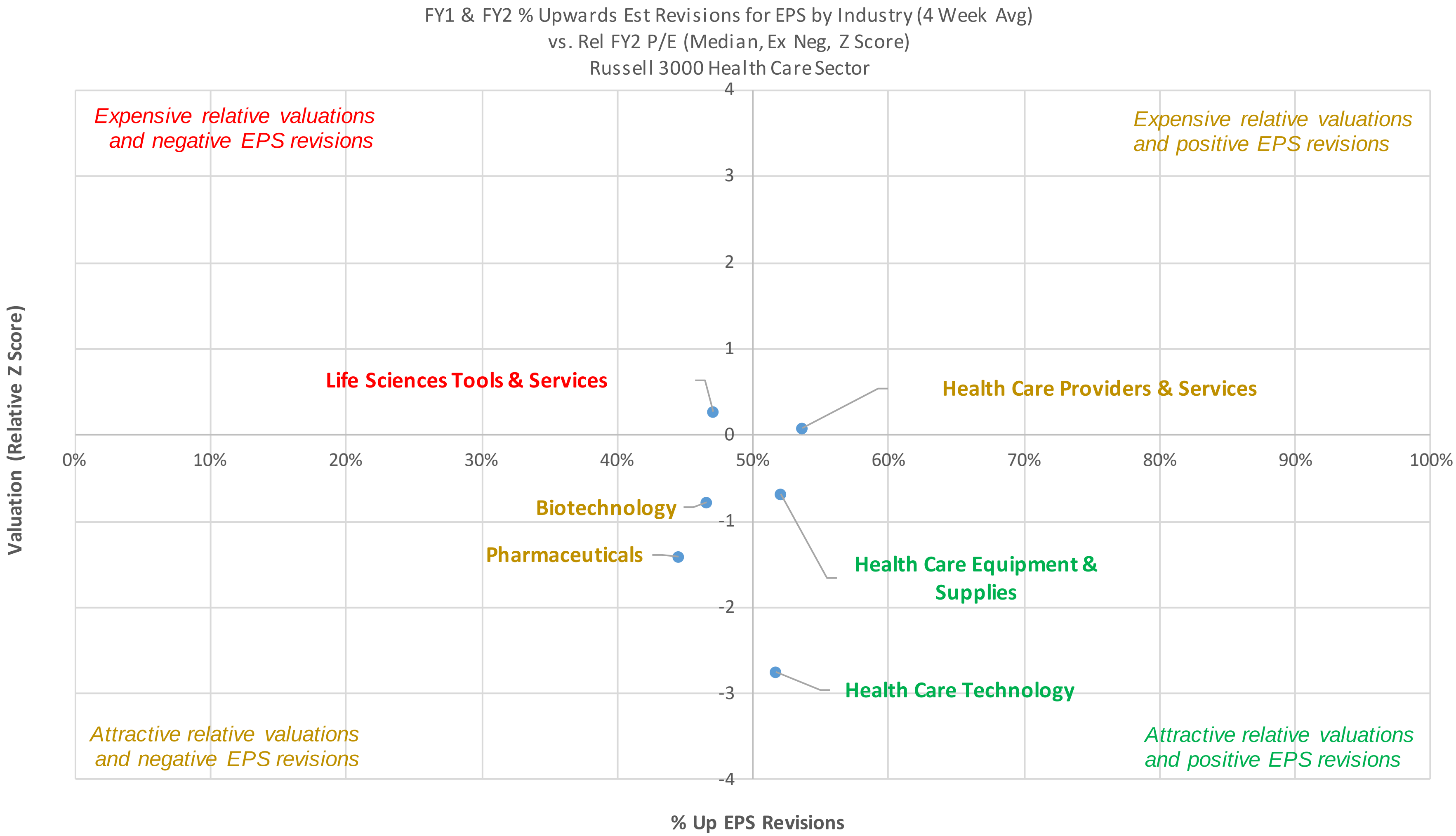




Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Within HC, Most Industries Have Attractive Valuations

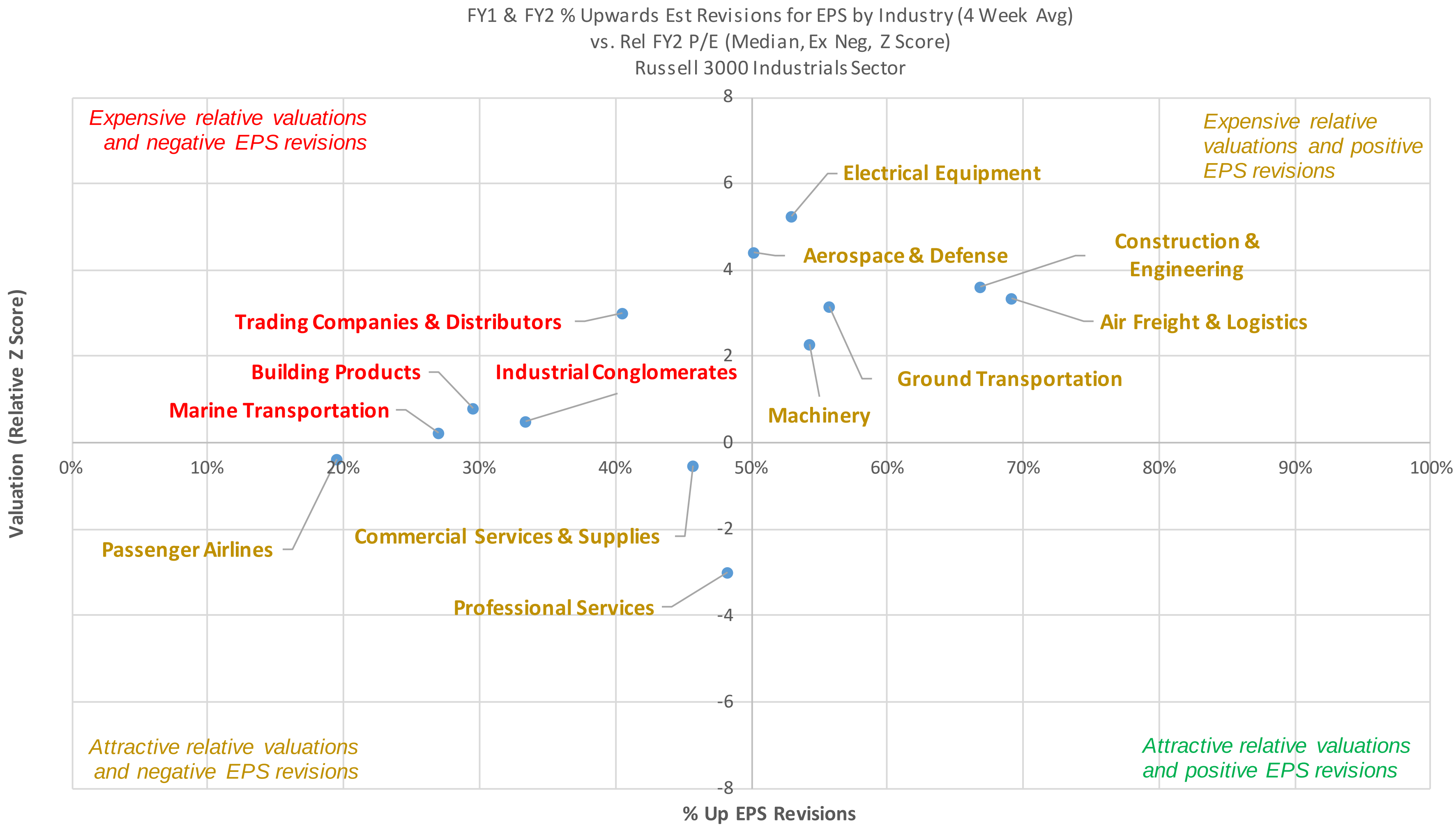
- Health Care Equipment & Supplies and Health Care Tech stand out with both attractive valuations and positive EPS revisions.
- Biotech and Pharma have attractive valuations but negative EPS revisions. On the flip side, Health Care Providers & Services are pricey with positive revisions.
- Meanwhile, Life Sciences Tools & Services have slightly expensive valuations and somewhat weaker EPS revisions.



Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell, as of April 8, 2026

Within Industrials, Few Groups Look Attractively Valued

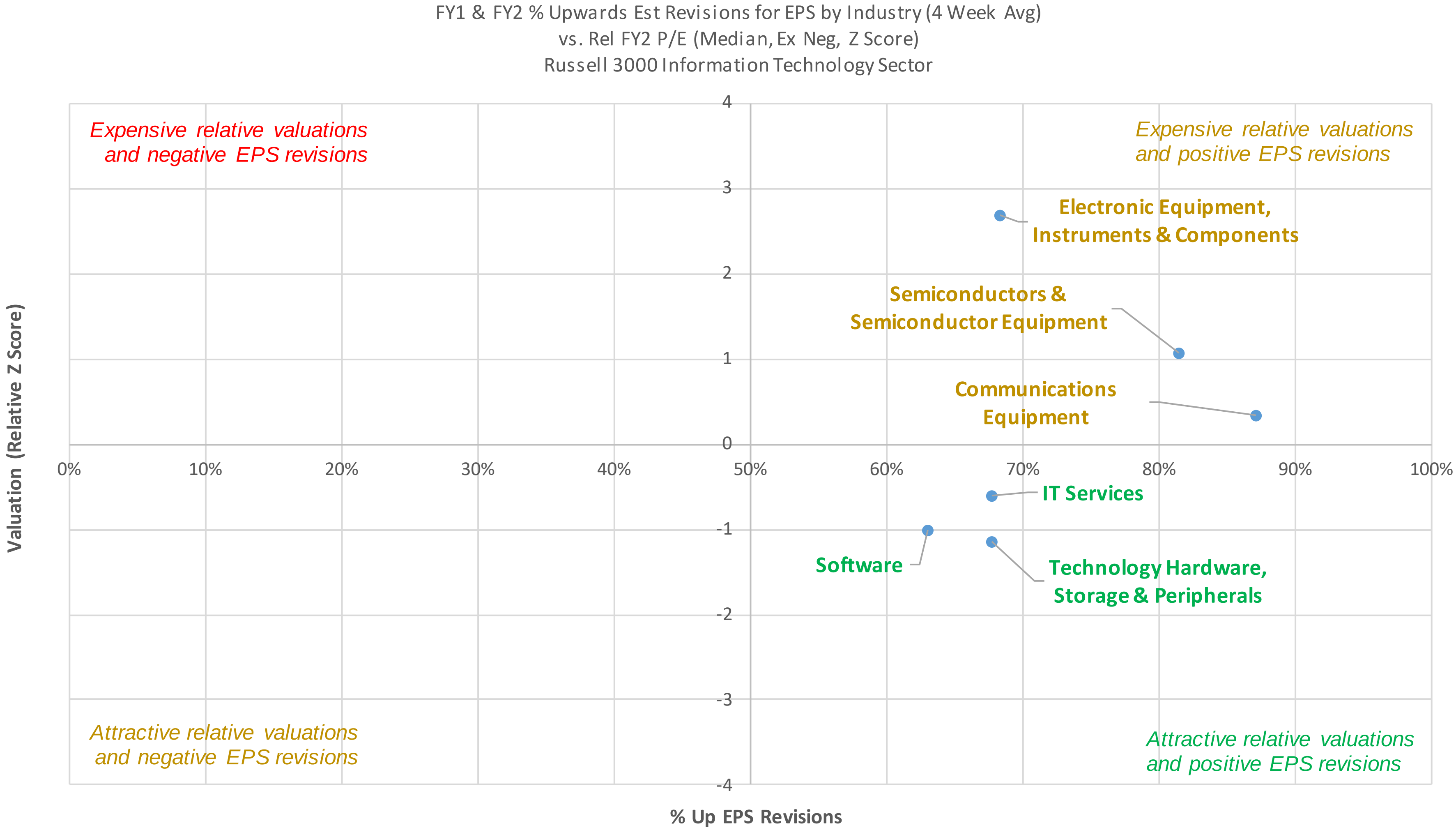
- No industry looks attractively valued and has positive EPS revisions. Electrical Equipment and Aerospace & Defense now screen extremely expensive per our model with relative valuations of close to five and four standard deviations above the long-term average, respectively.



Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Within Tech, All Industries Have Positive EPS Revisions

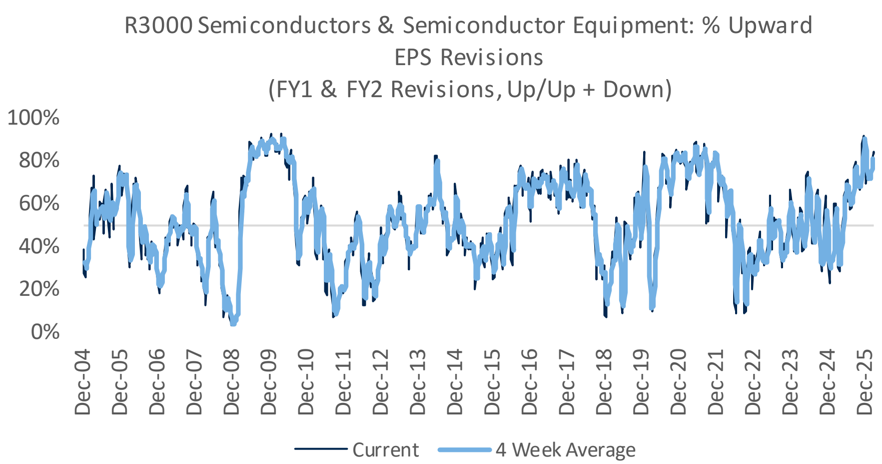
- Software, IT Services and Tech Hardware all have attractive valuations.
- Semis/Semi Equipment and Mgr. Electronic Equipment lack valuation appeal.

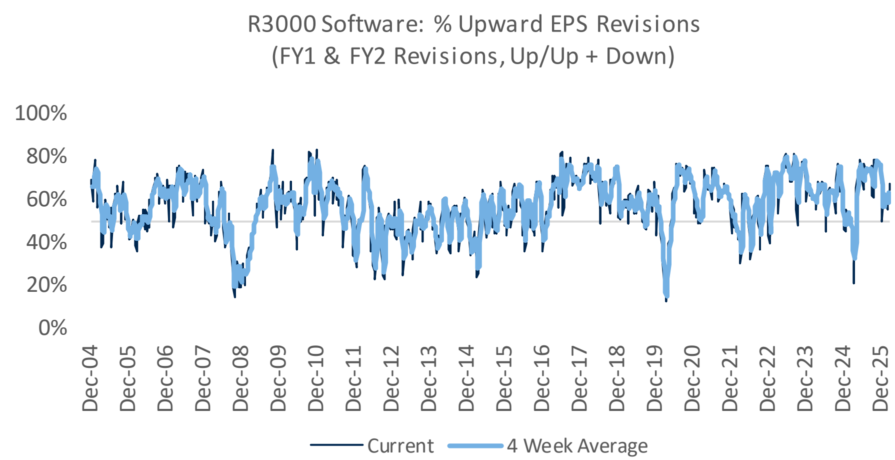


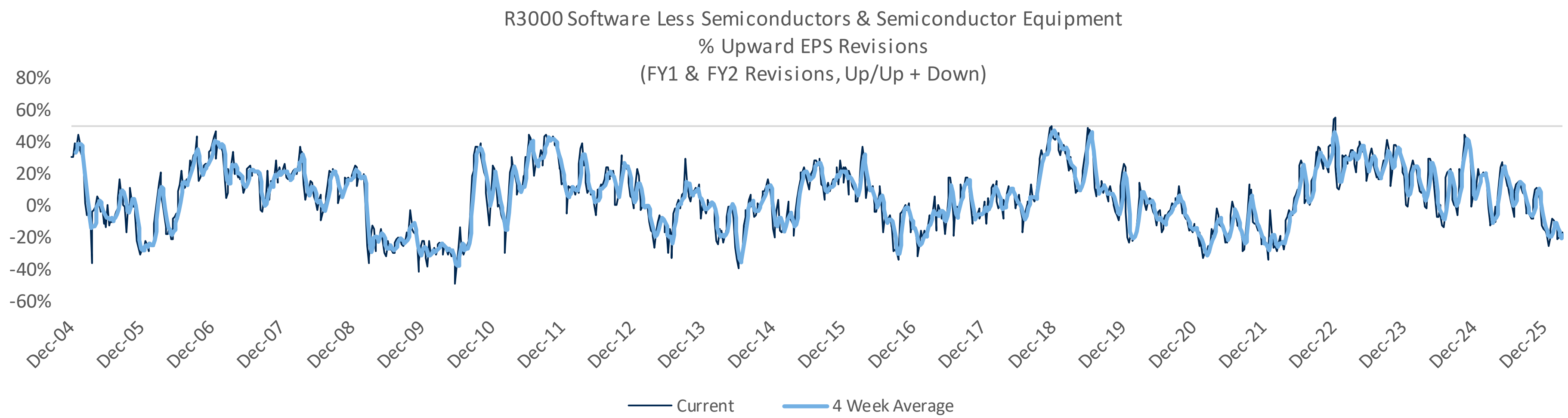
Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Semis EPS Estimate Revisions Have Been Near Peak, While Software Revisions Have Fallen Sharply

- Semis revisions have also outpaced those for Software. The gap between the two has gotten extreme and may be starting to stabilize.



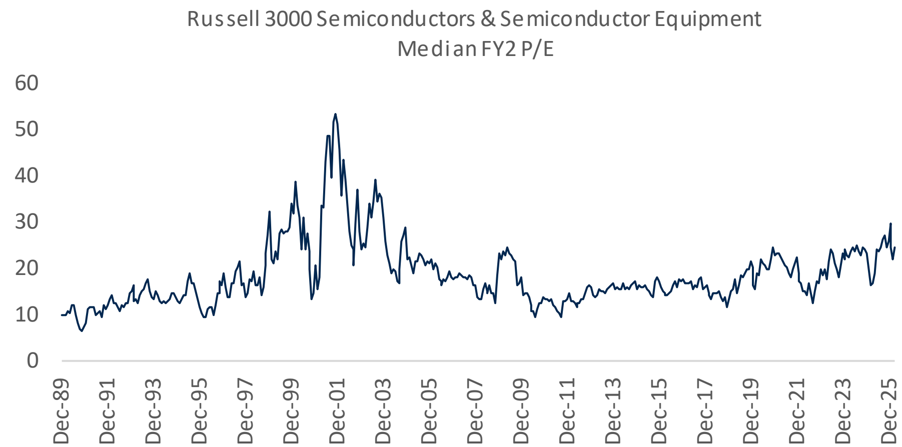


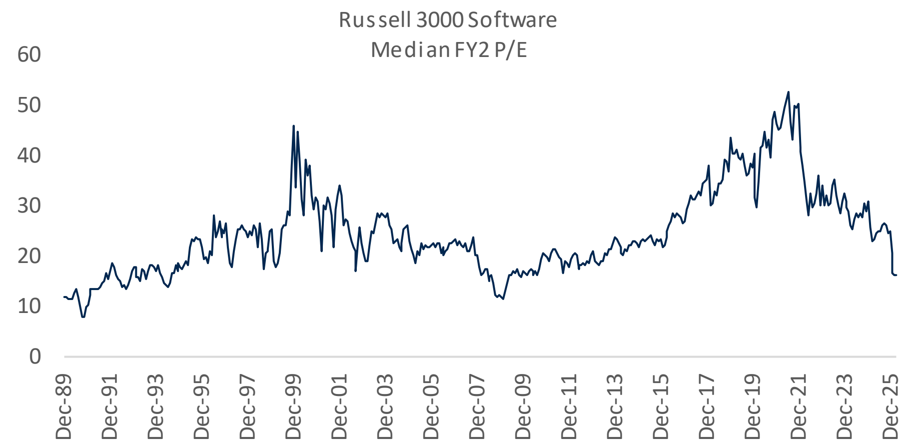


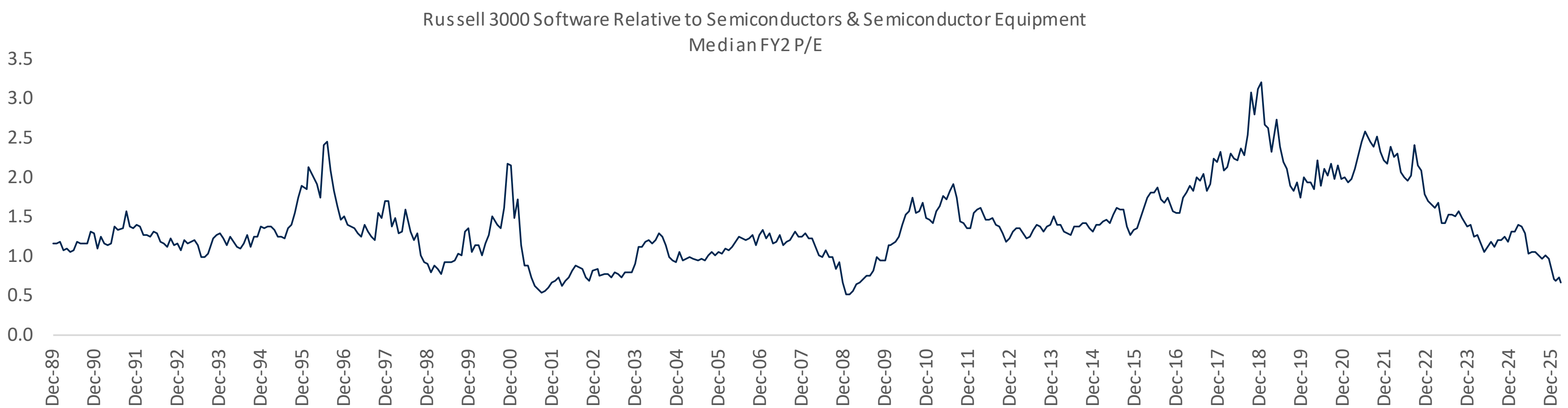
Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Semis Valuations Stalling Near Post-GFC Highs, Software FY2 P/Es Approaching Past Lows

- We have seen some slight contraction in Semis P/E.
- The relative P/E of Software relative to Semis has gotten close to Tech bubble and GFC lows.



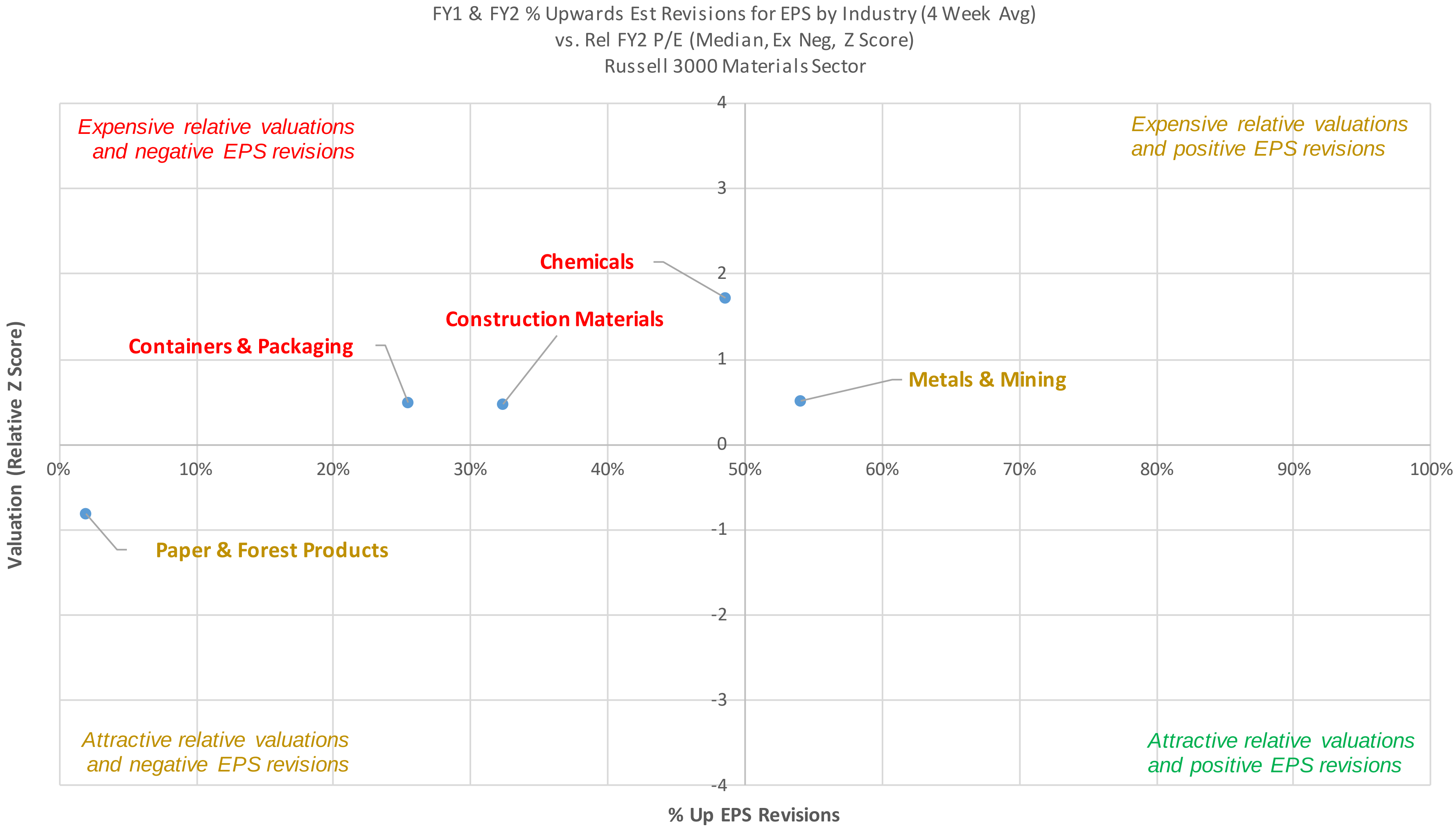




Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Within Materials, Most Industries Lack Valuation Appeal

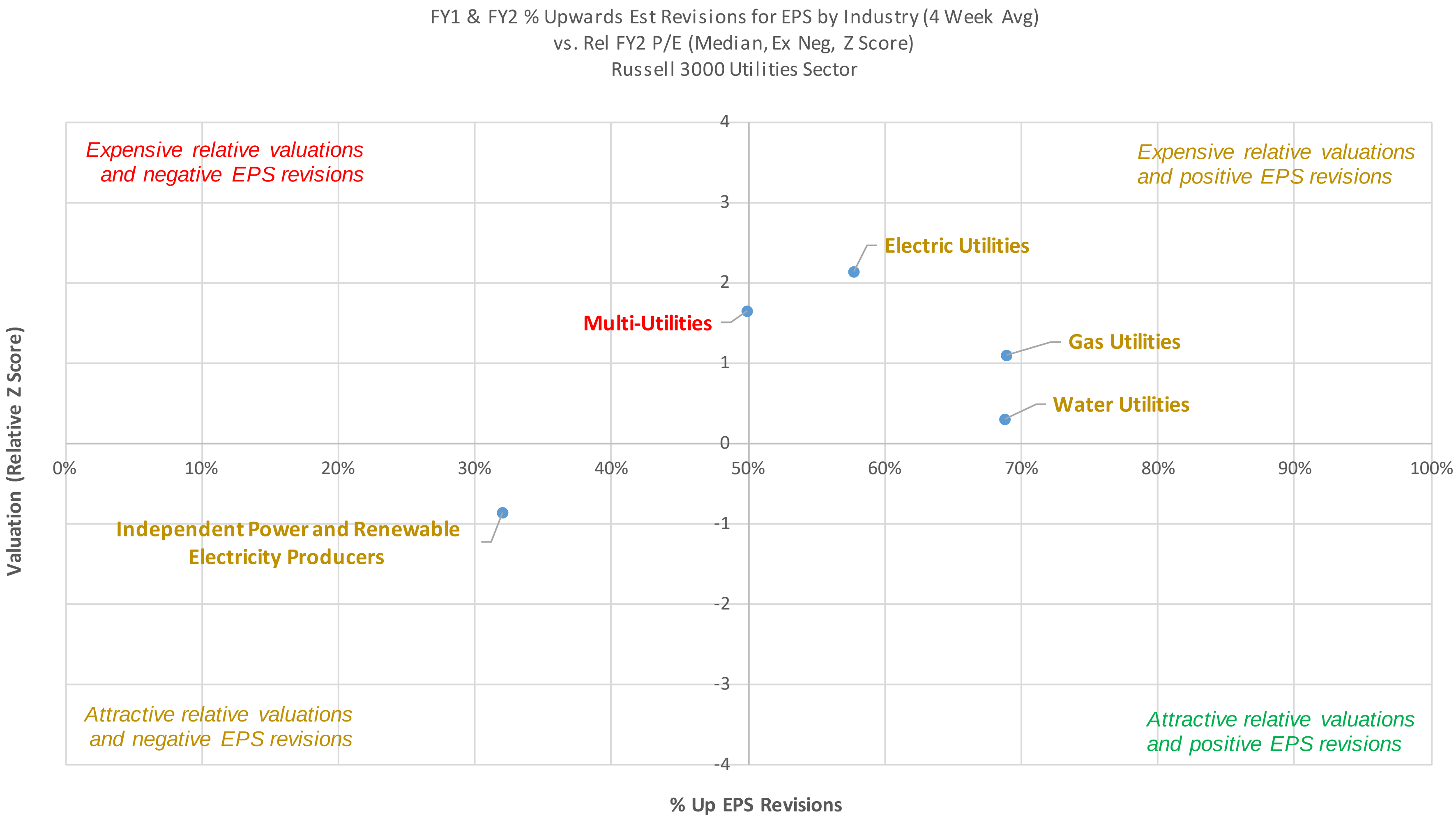
- Metals and Mining is the only industry group with positive EPS revisions. Valuations have fluctuated recently and are currently sitting in line with their long-term average.



Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell, as of April 8, 2026

Within Utilities, Most Industries Have Expensive Valuations

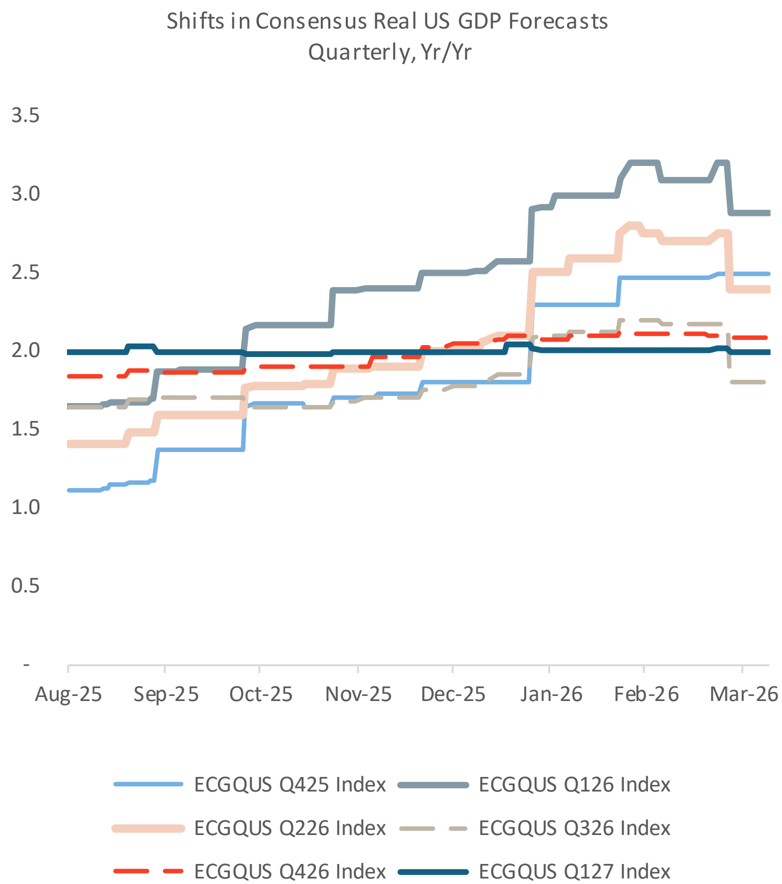
- Valuations for Multi Utilities look expensive and revisions look slightly negative.
- Electric Utilities, Gas Utilities, and Water Utilities have positive EPS revisions but expensive valuations.
- Meanwhile, Independent Power and Renewable Producers have negative EPS revisions but attractive valuations.

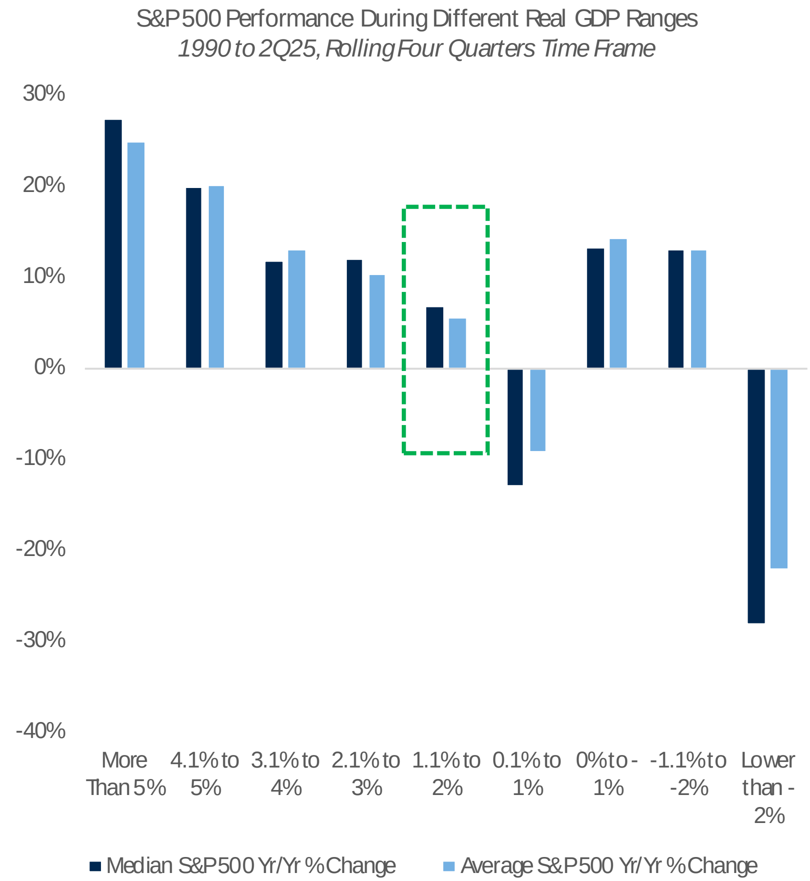


Source: RBC Equity Strategy, S&P Capital IQ / ClariFI, Russell; as of April 8, 2026

Expectations for the Real GDP Backdrop Have Been Solid from a Stock Market Perspective

- We have seen some downward revisions to 1Q26, 2Q26, and 3Q26 numbers recently, but 4Q26 and 1Q27 have been holding steady.
- The current consensus forecast for 4Q26 real GDP is at 2.1% on a yr/yr basis as of early April, while RBC Economics is anticipating 1.7% yr/yr for 4Q26 per their March-2026 monthly forecast update. Both consensus and RBC are anticipating 1.7% for 1Q27.
- Given the fact that consensus is technically in the 2.1–3% range for 4Q26, we have been baking in a 10.3% return – the average 12-month return when yr/yr real GDP is in the 2.1–3% range – into our 12-month S&P 500 price target process.
- With our latest update, however, we are flipping this model to a 1Q27 focal point from a 4Q26 focal point, which signals a slightly lower rate of yr/yr GDP growth in the 1.1–2% range. This points to a 5.7% input into our 12-month S&P 500 price target process.
- Note if the 1Q27 real GDP forecast slips into the 0.1–1% range, that poses a downside risk to our price target as stocks tend to fall in that range.

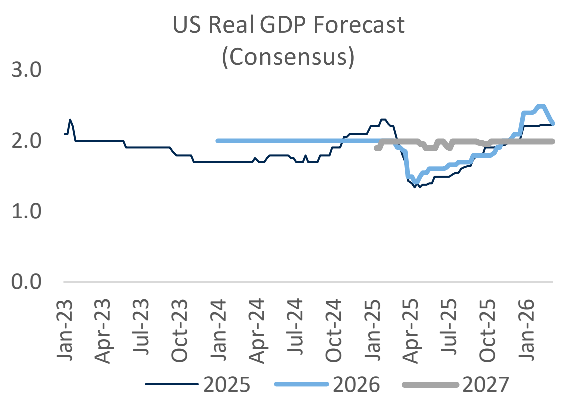


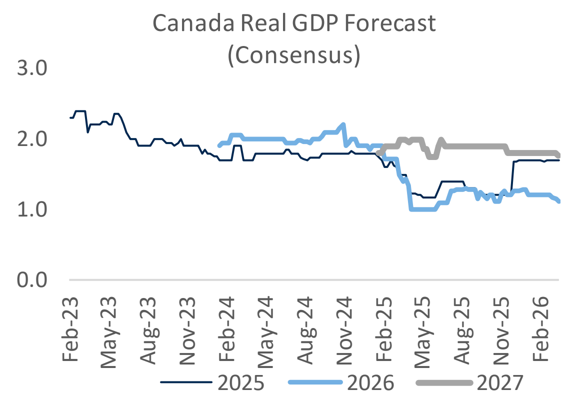


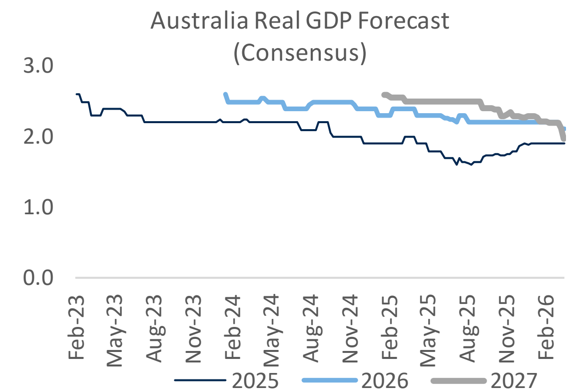
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, S&P; as of 4/8/26

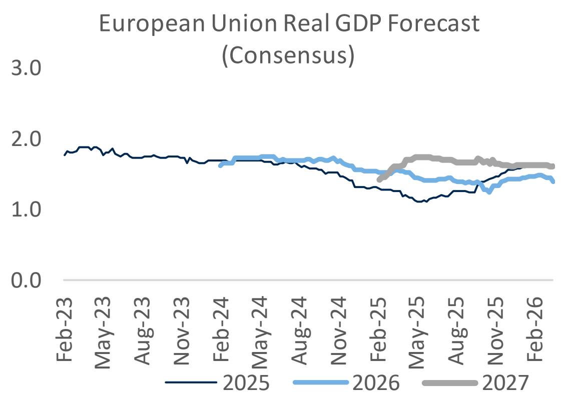
Trends in Consensus US GDP Forecasts Had Been a Bright Spot Among Global Developed Markets

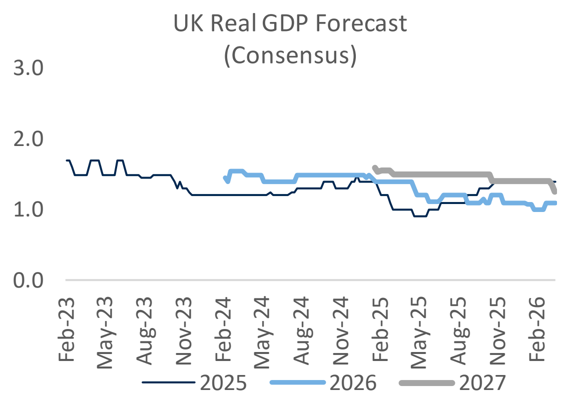
- US GDP forecasts for full-year 2026 have softened lately but remain on par with 2025's levels, which ended on a strong footing and early-2027 expectations have been firm.
- Outside the US, we've seen some slippage in consensus GDP forecasts for 2026 for Canada, Australia, and Europe, but not the UK or Japan. 2027 consensus forecasts have been stable for Canada and Europe but have come down a bit for Australia, the UK, and Japan.
- Before the war, what had been jumping out to us about the US relative to other global developed market areas was that the US is expected to see GDP acceleration in 2026, while most other areas were expected to see deceleration and that among the ones with acceleration anticipated, the US was the only one where 2026 numbers had also been moving up. At the moment, what jumps out to us is that the US is expected to see some deceleration in 2027 vs. 2026, while most other non-US developed markets are expected to see some acceleration in 2027 vs. 2026. It is hard to say if this will stick with estimates in flux.

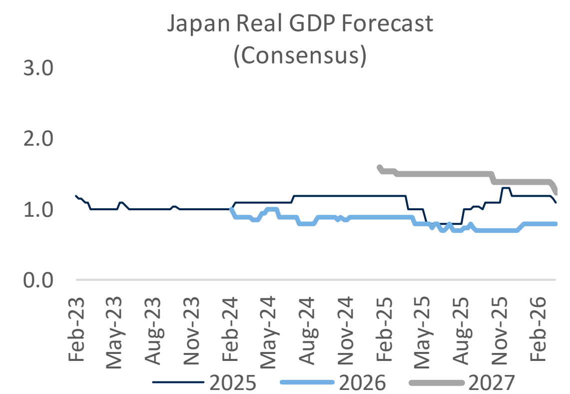








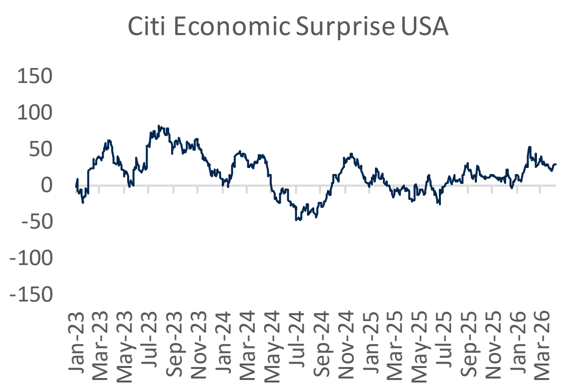


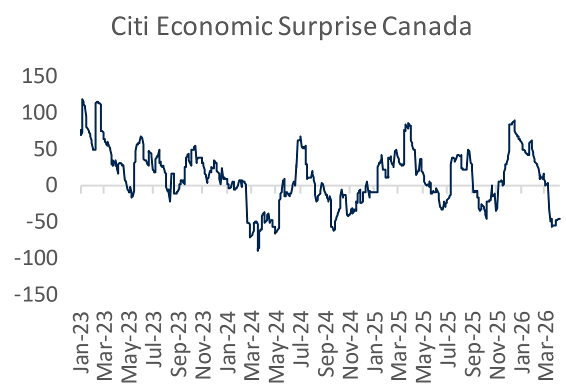


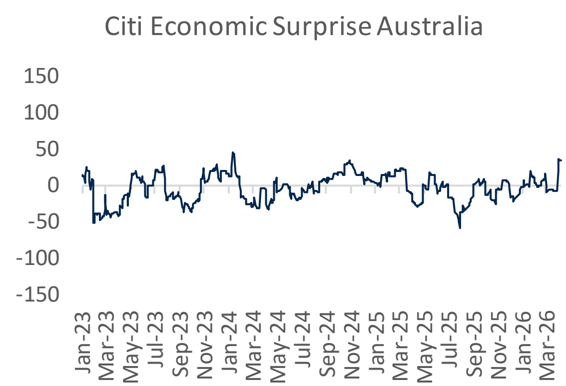
Source: RBC US Equity Strategy, Bloomberg; as of 4/3/2026; forecasts are the consensus tracked by Bloomberg

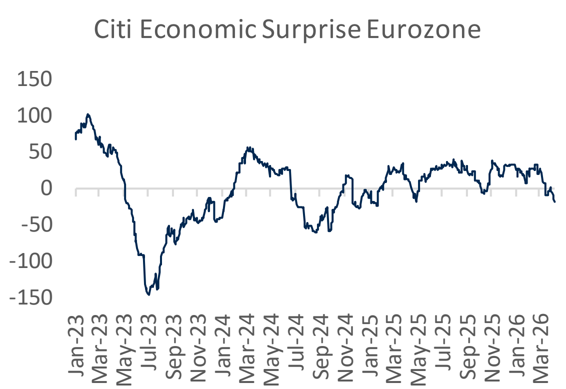
Economic Surprises Deteriorating Across Several Key Global Developed Markets

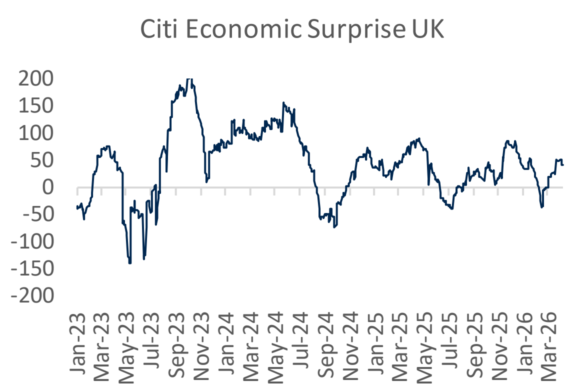
- Economic surprises generally have been positive for the US lately with weakness in recent months but slight improvement in the very latest updates.
- Canada has sharply fallen in recent months and is in negative territory. Australia, Japan, and Europe have all declined.
- The UK has been picking up in recent months with some slight weakness in the latest updates.

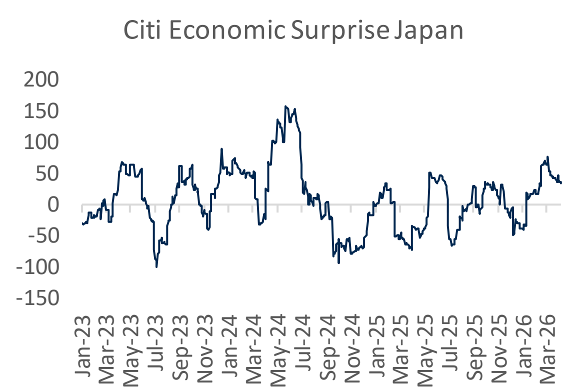






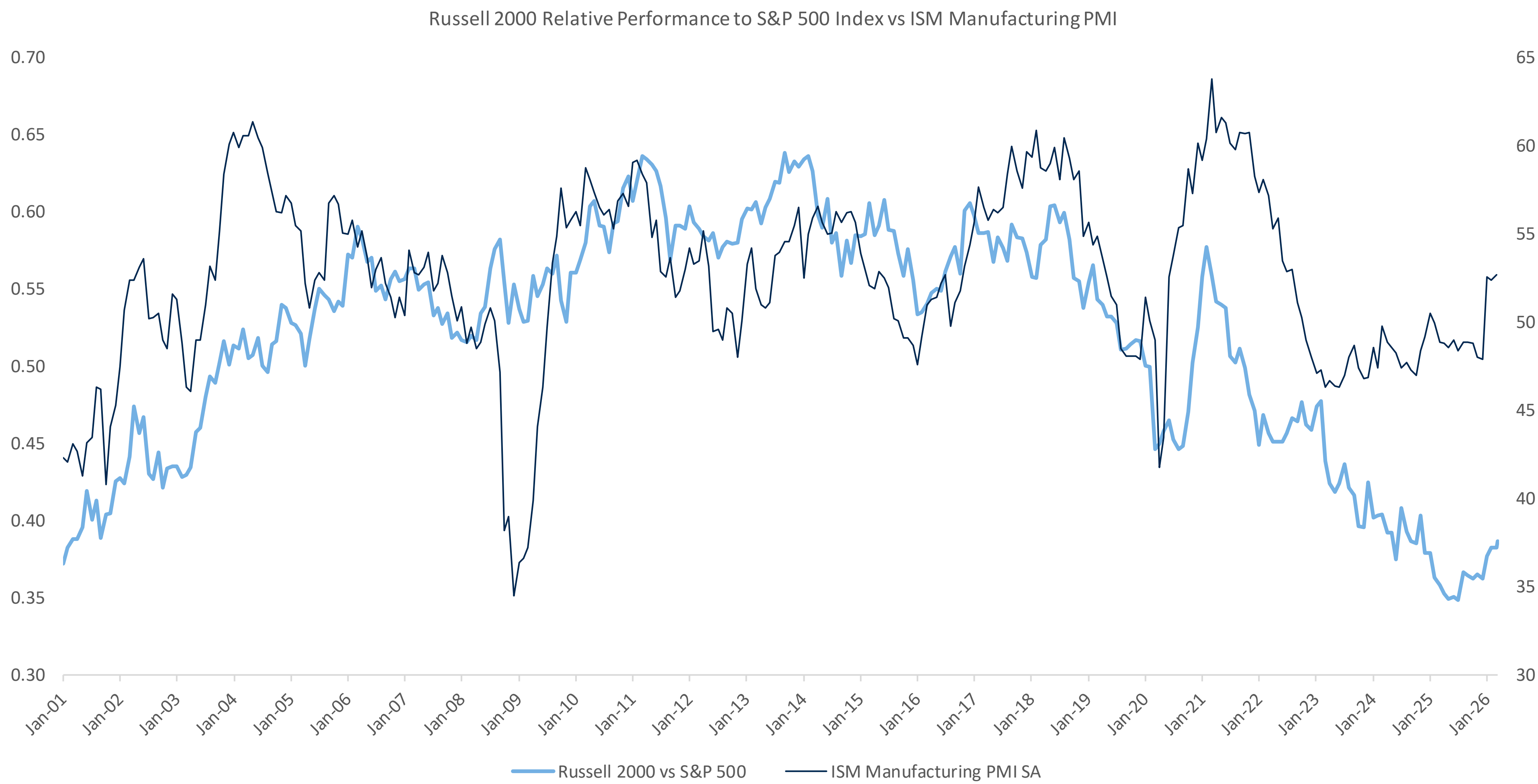






Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg; as of 4/8/26

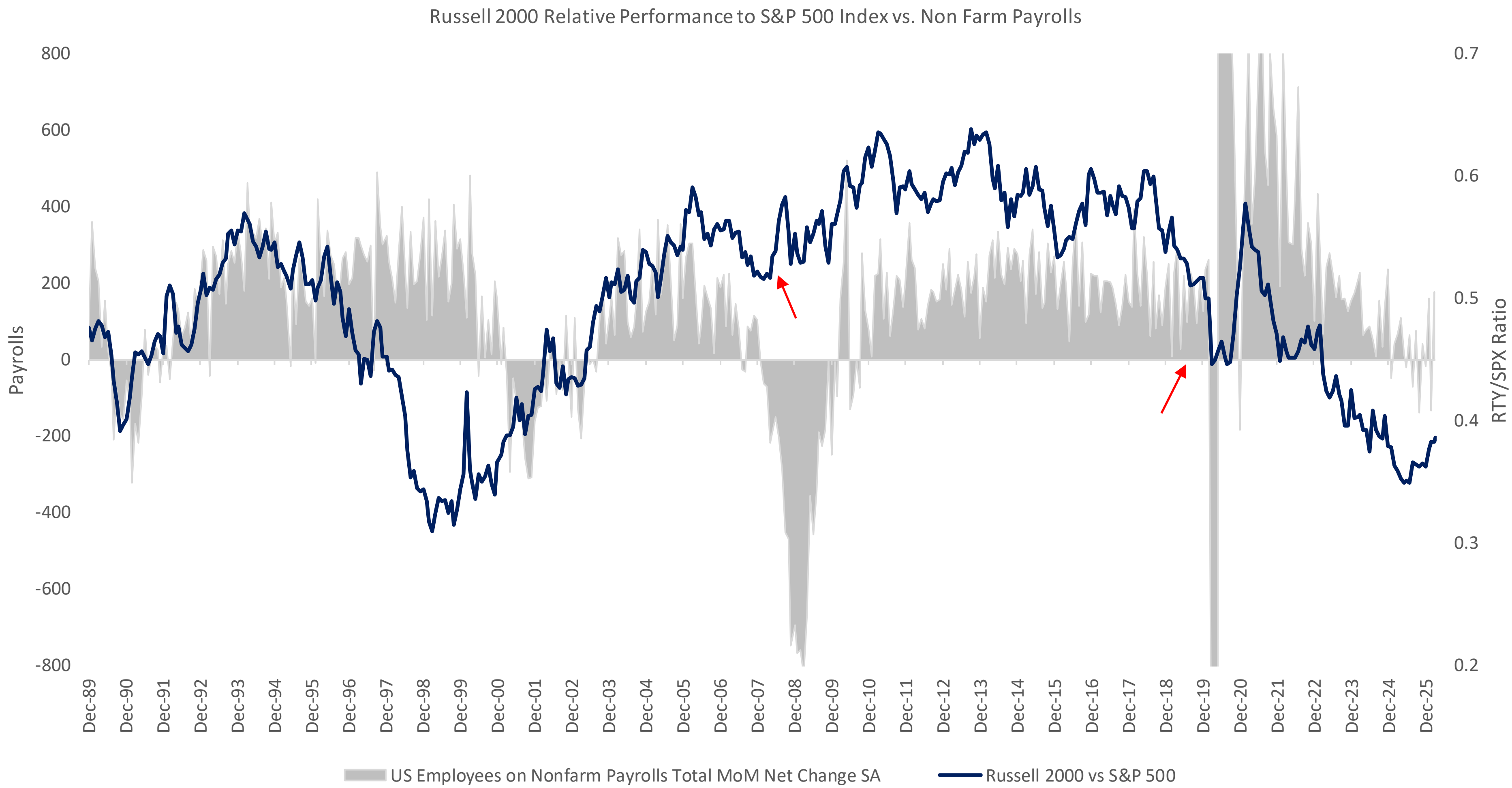
Recent Improvement in ISM Manufacturing Is Supportive of Small Caps



Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg. Russell, S&P, latest available data as of 4/8/26

Small Caps Usually Lag When Jobs Growth Is Weak, and Outperform When It Is Strengthening

- We had been starting to see some signs of a positive jobs growth environment in the January NFP release, but this shifted abruptly in the update for February, which came out in early March. That downtick was a challenge to the positive fundamental story for Small Caps that had been unfolding. The good news for Small Caps is that trends improved again in the March NFP release which came out in early April.
- Generally, neither stalling nor deteriorating jobs growth tends to be good for Small Cap performance relative to Large Caps. Usually, Small Caps need to see accelerating jobs growth to outperform. There is a wrinkle to that idea, however. In the last two cycles, Small/Large relative performance has tended to bottom right around when deep and sustained jobs losses emerge.



Source: RBC US Equity Strategy, Bloomberg. Russell, S&P. As of 4/8/2026.

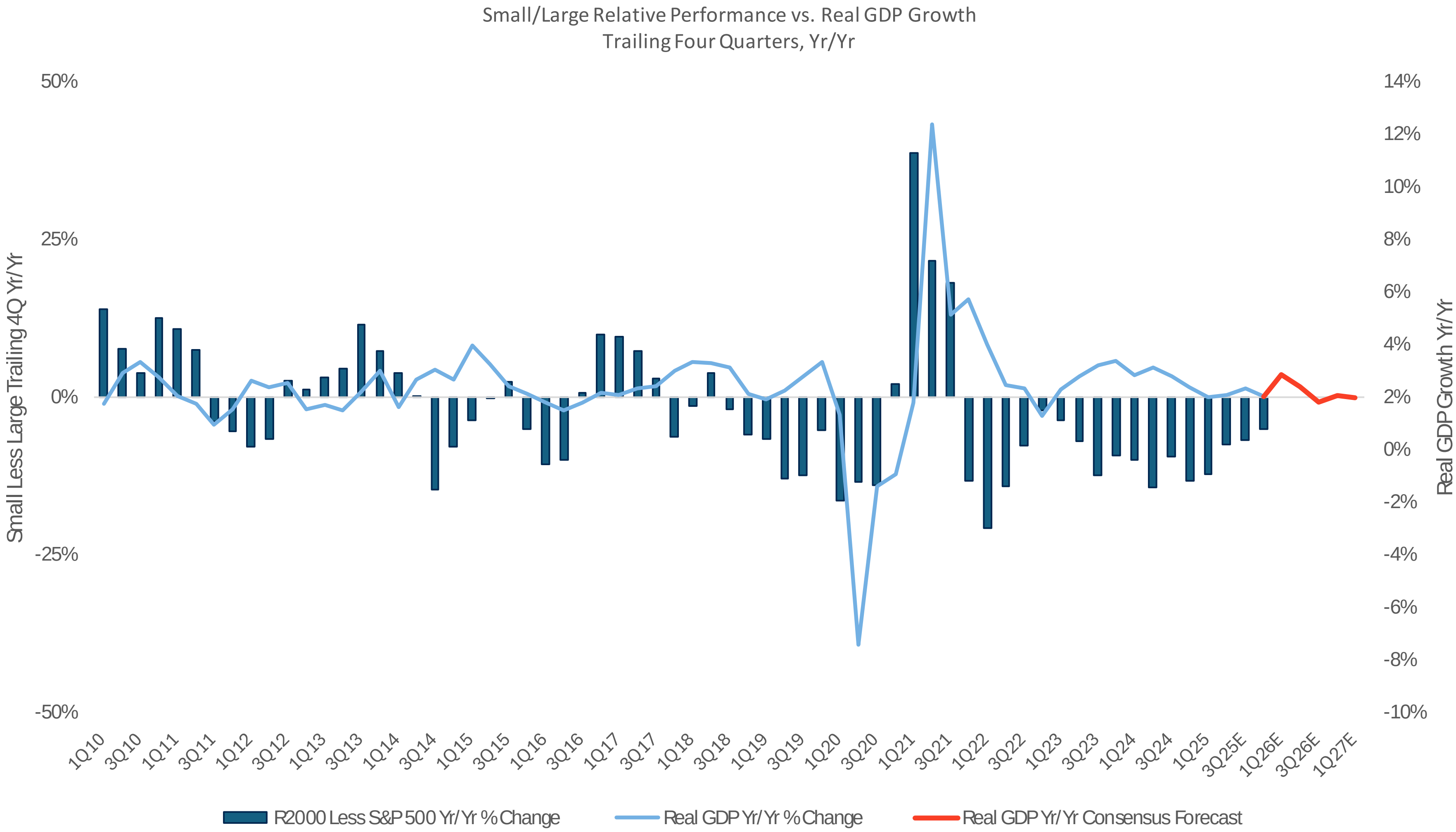
Small Caps Had Benefited from Improving Enthusiasm on the US Economy

- In recent years, Russell 2000 performance relative to S&P 500 performance – our preferred way to gauge Small/Large relative performance – has been linked to shifts in GDP expectations in the US for 2025 and more recently 2026. Small has lagged as economic growth expectations cooled off.
- Late-2025 strength in Small Cap leadership occurred alongside a sharp pickup in domestic economic expectations. 2026 expectations have come down, while we have seen some momentum in Small Cap leadership of late. It's worth noting that 2027 GDP expectations have been relatively flat.
- Note that 2026 full-year GDP forecasts have come down in our latest update, which may reflect Iran concerns.

Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy; Bloomberg, S&P, Russell, as of 4/8/26

Small Cap Outperformance Cycles Have Been Short-Lived Since the GFC

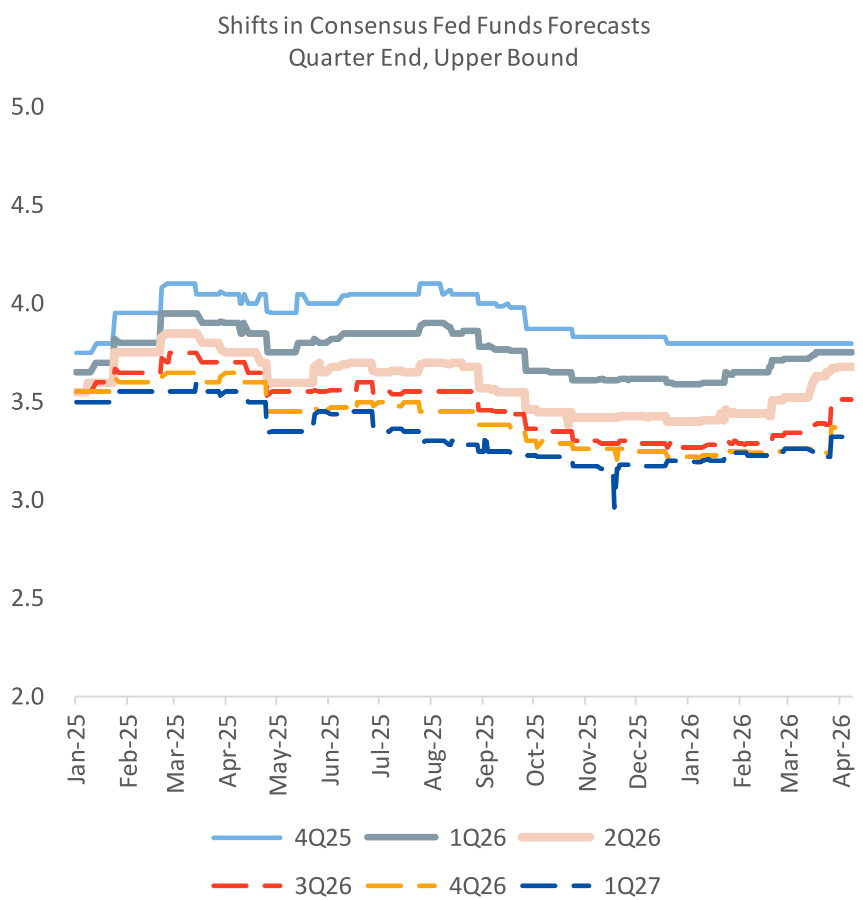
- Since the GFC, Small Cap leadership trades vs. Large Cap haven't lasted long, and have generally occurred against the backdrop of improving real GDP trends, with some of the stronger moves coming out of the 2015-2026 growth scare and the COVID recession.

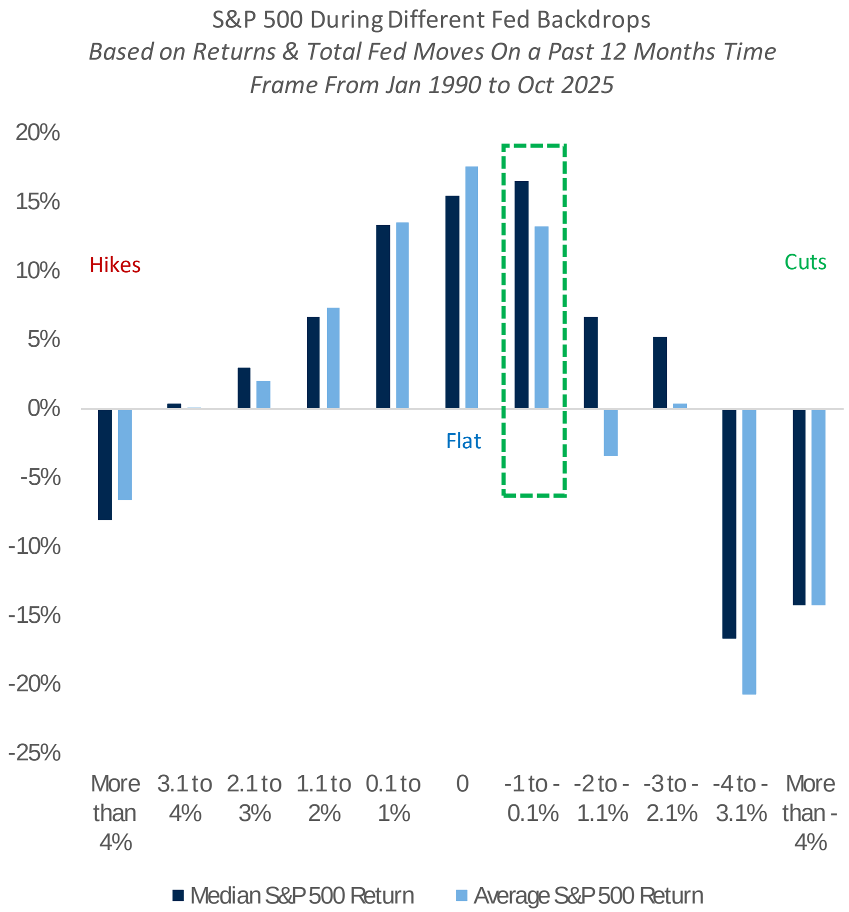


Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy; Bloomberg, S&P, Russell, as of 4/8/26

How We Think About Fed Moves in the Context of Longer-Term US Equity Market Moves

- Historically, when the Fed has made modest cuts in a 12-month period (that amount to 1% or less), the S&P 500 has gone up by 13.3% on average. When the Fed does nothing or hikes modestly, returns tend to be similar. Deeper cuts during a 12-month window tend to be accompanied by weaker equity market returns or declines.
- The published consensus per the ECFC function on Bloomberg currently points to slightly fewer than 2 cuts through 1Q27. With this in mind, we are keeping in place the assumption in our 12-month S&P 500 price target process that Fed expectations are signaling a 13.3% return in the index, the same core assumption that has been in place in our process over the past few months.
- Note that if the Fed does not cut over the next 12 months, this would have a minimal impact on our S&P 500 outlook, as S&P 500 moves tend to be slightly stronger (17.7%) when the Fed does nothing in a 12-month time frame. A few hikes, while likely to upset markets in the short term, would also not be onerous to our forecast from the perspective of this model, though we do acknowledge the removal of cuts tends to generate some downside in the US equity market in the short term.

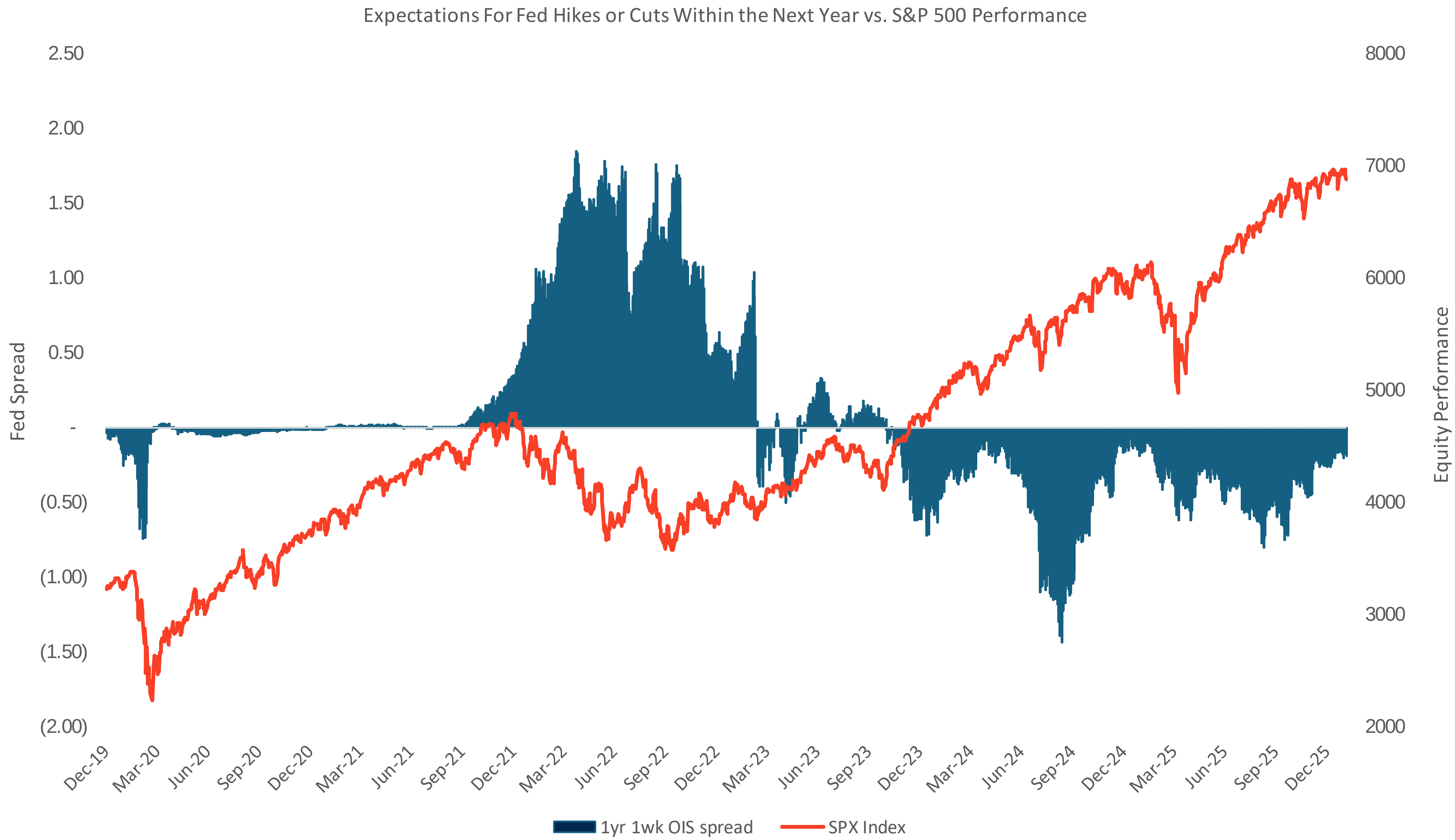




Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, S&P; as of 4/8/26

Adding Fed Cuts Tends to Boost the S&P 500 Near Term, Removing Cuts / Adding Hikes Usually a Challenge

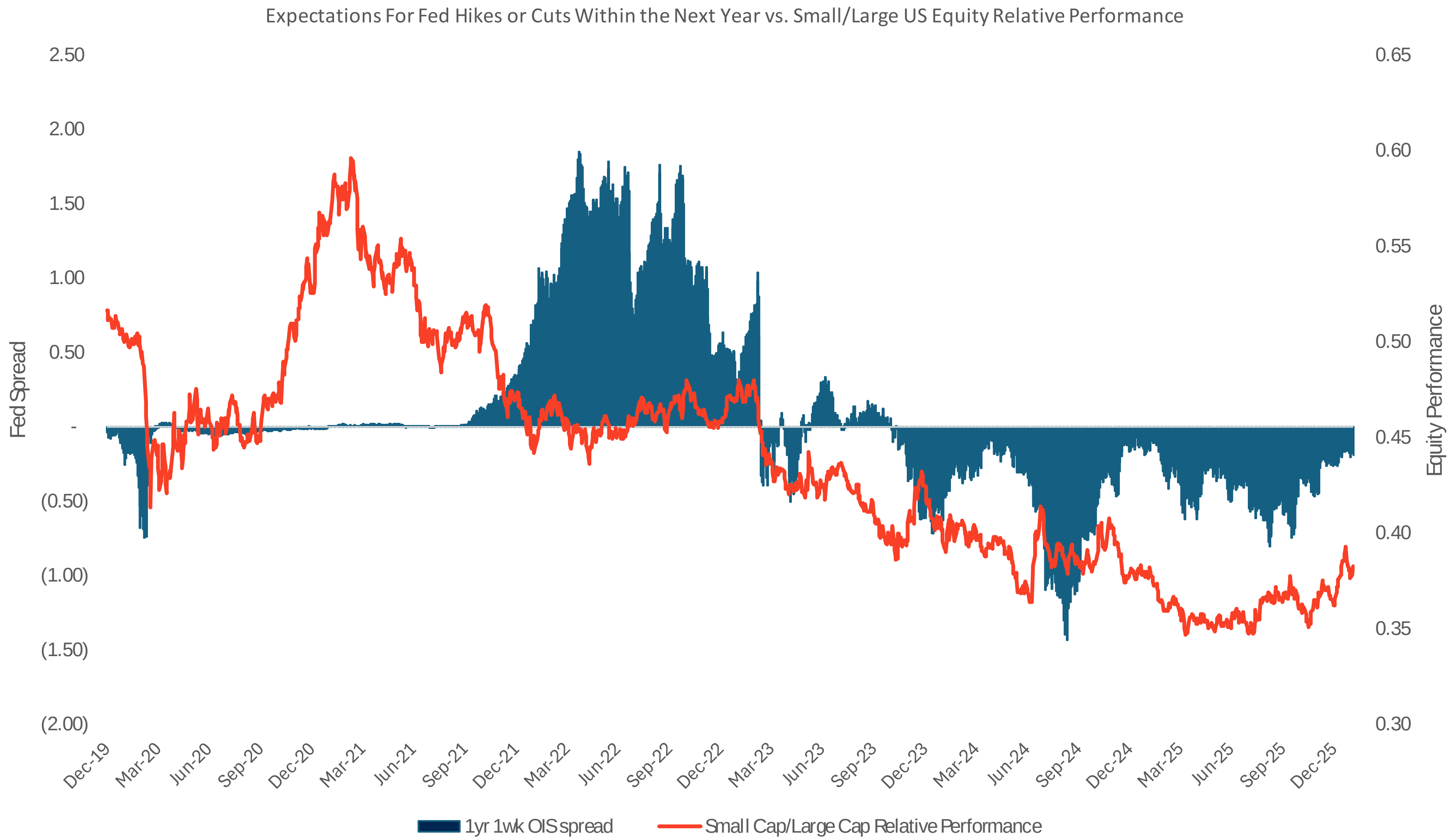
- We've gradually seen a dialing down of Fed-cut expectations in recent months, which has resulted in a weaker tailwind for the US equity market.



Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy; Bloomberg, S&P, through April 8, 2026.

The Dialing Up & Dialing Down of Fed Rate-Cut Expectations Have Driven Small Cap Relative Performance

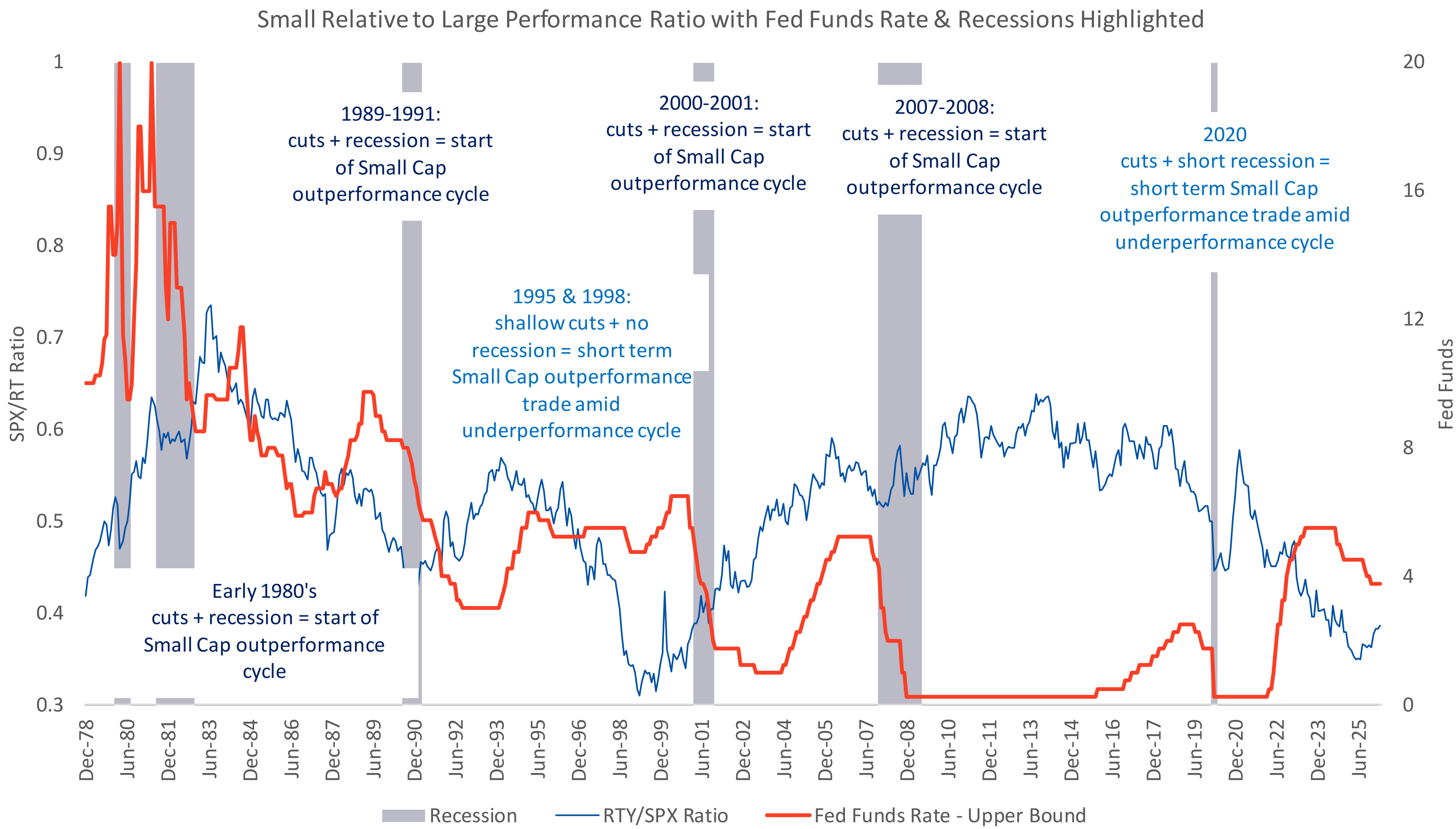
- In recent years, Small Caps tend to outperform Large Caps when Fed-cut expectations have increased, and have underperformed when Fed-cut expectations have eased back or when hikes have gotten priced in. To the extent the situation in Iran keeps the Fed on hold, it would be a problem for Small Caps in the short term from this perspective.



Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, Bloomberg, S&P; through April 8, 2026.

Deep Cuts + Lengthy Recessions Are Usually Springboards for Small Cap Leadership Cycles

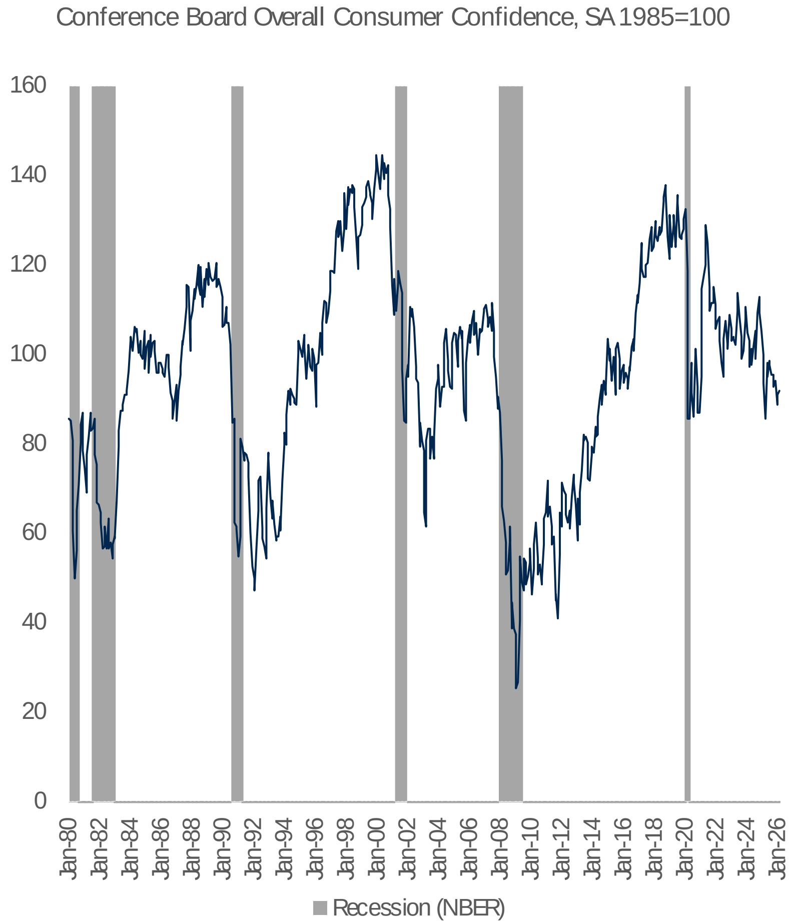
However, when the recession is quick (2020) or cutting cycles are short & shallow (1995, 1998), Small Caps have only seen a brief leadership trade but not a major pivot toward outperformance.

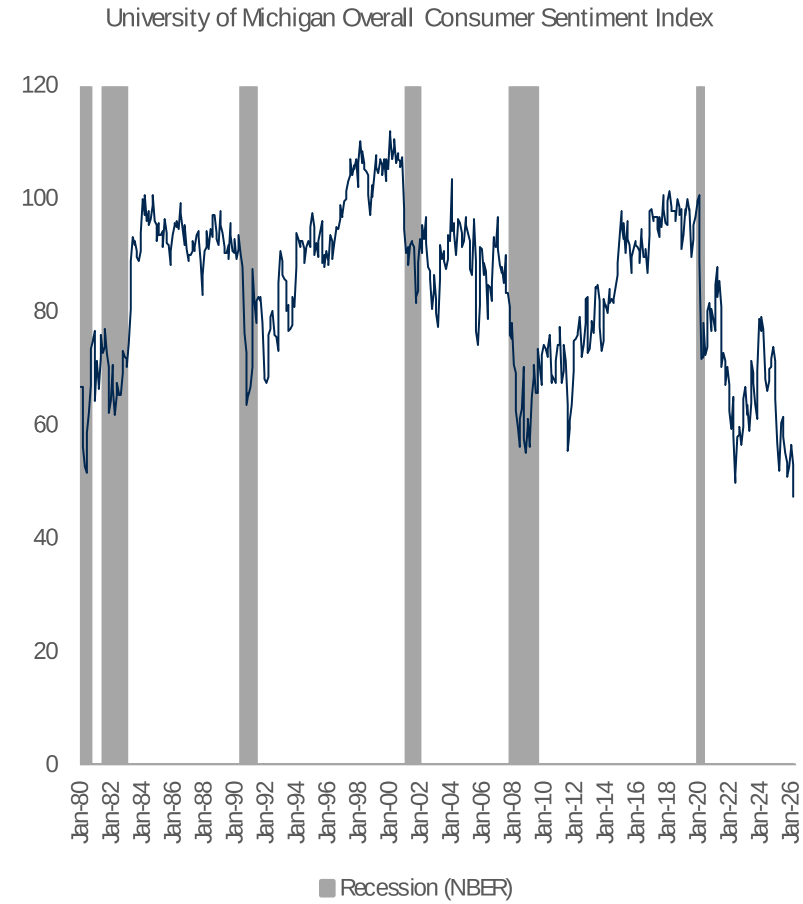


Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy; Bloomberg, Russell, S&P, as of 4/8/2026

Consumer Confidence / Sentiment Has Been Weak, and Is Not Showing Signs of Recovery

- Consumer sentiment on the University of Michigan survey broke slightly below prior 2025 and 2022 lows in the November update. After a period of attempted stabilization, April preliminary data showed some renewed signs of deterioration, with sentiment dropping to 47.6, a new post-COVID low.
- Conference Board consumer confidence – which is only through March – has shown more signs of stabilization, but this could change in the next update. For the month of March, overall confidence came in at 91.8.

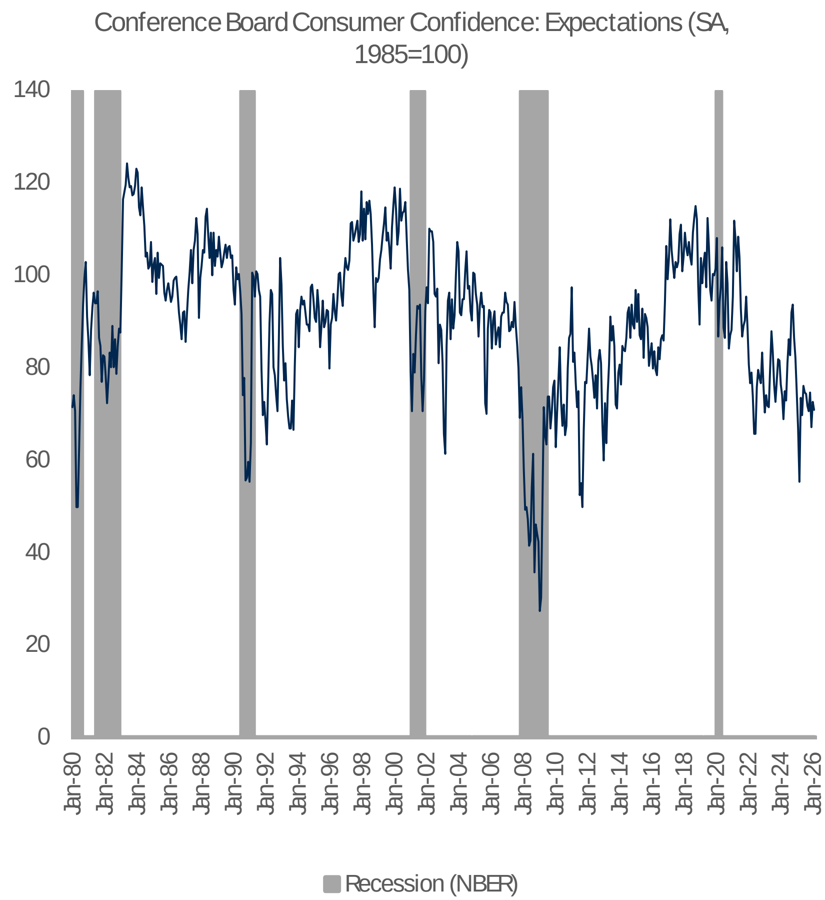


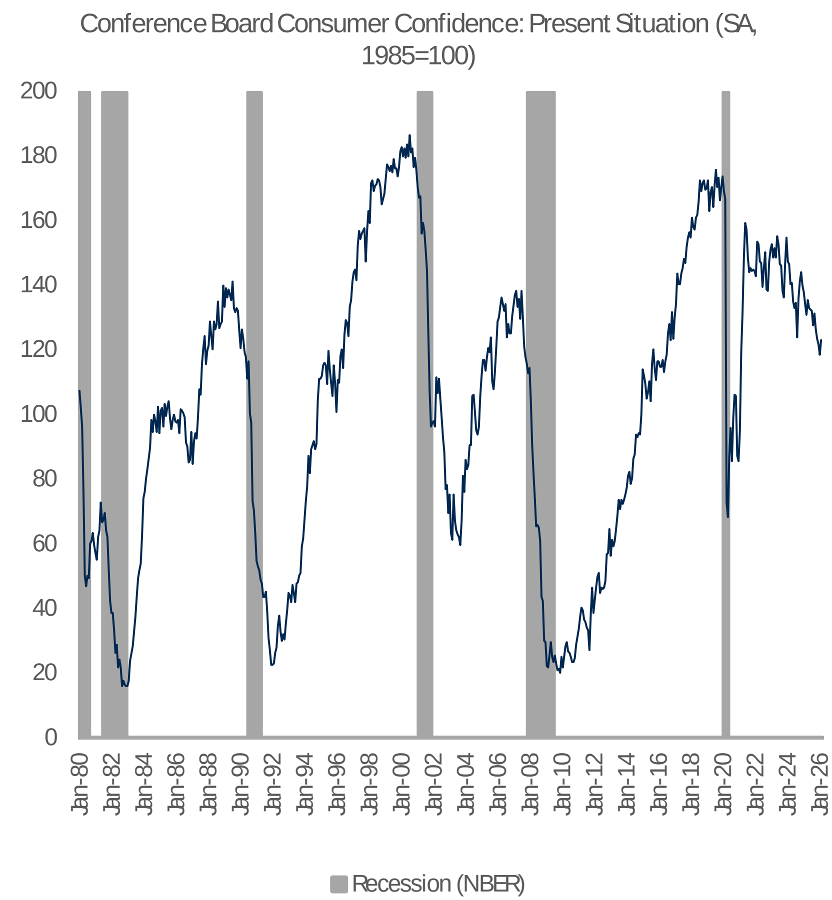


Source: RBC US Equity Strategy, Haver Analytics, Bloomberg. UMich data as of April 10, 2026; Conference Board data through March 2026.

Consumer Expectations Worsened a Bit in the Latest Conference Board Release

However, the present situation gauge improved a little for the month of March.

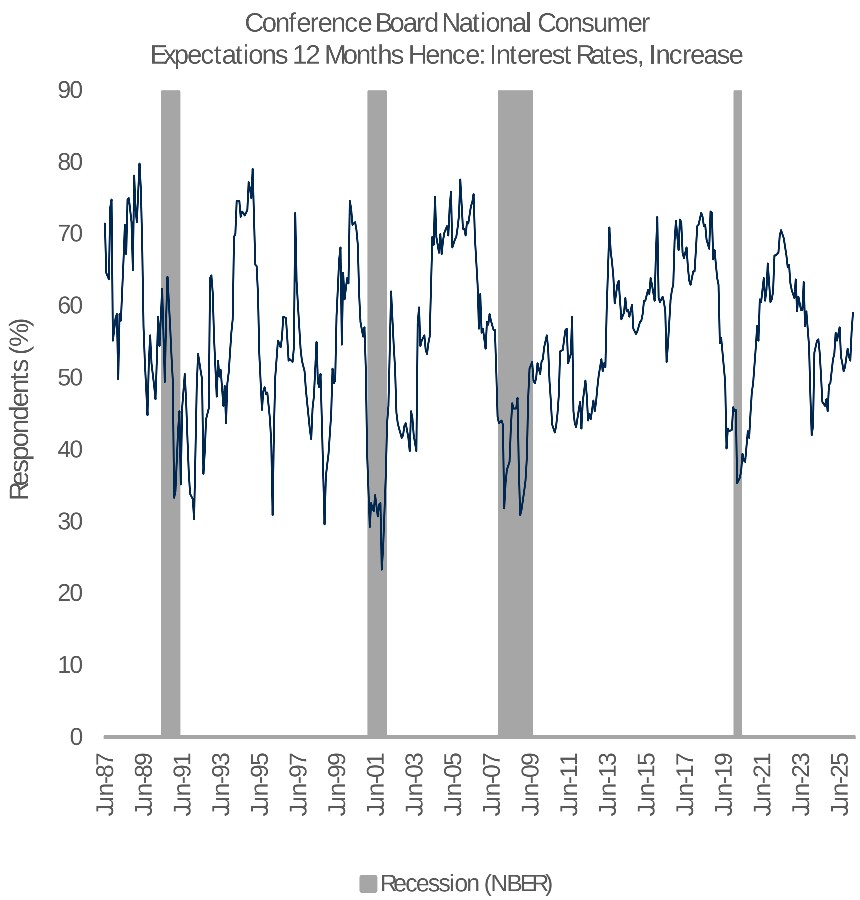


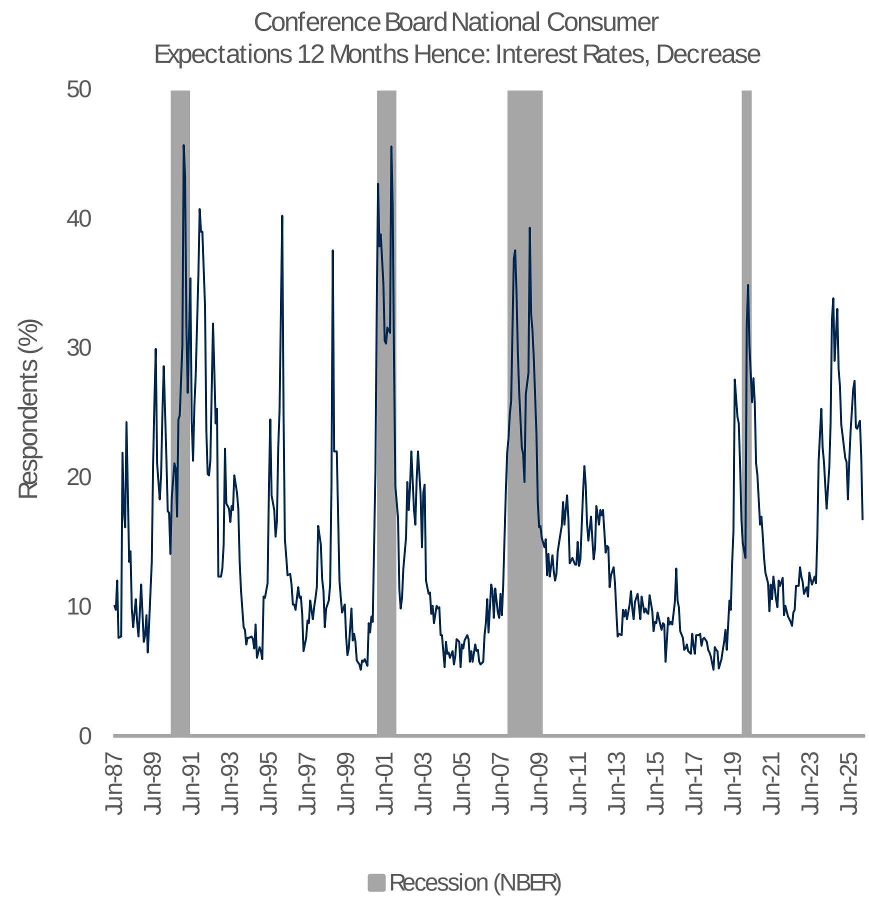


Source: RBC US Equity Strategy, Haver Analytics, Bloomberg. Through March 2026.

Interest Rate Views Have Worsened for Consumers in Recent Months

Those expecting higher interest rates increased in the latest update for the month of March, and those expecting decreases ticked down.

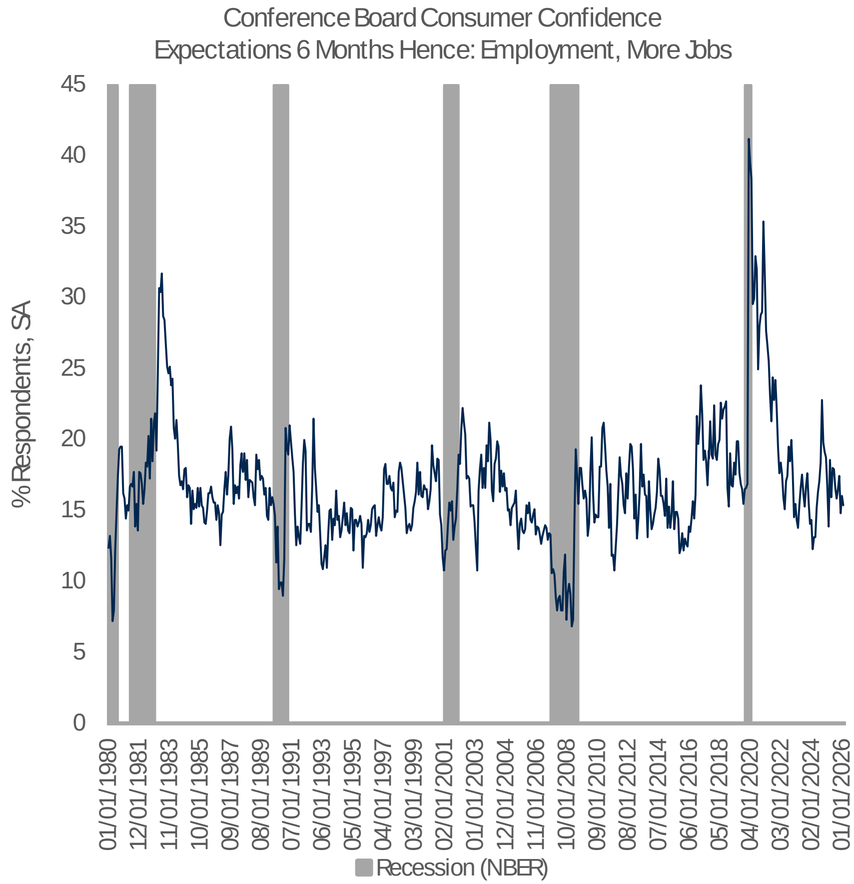


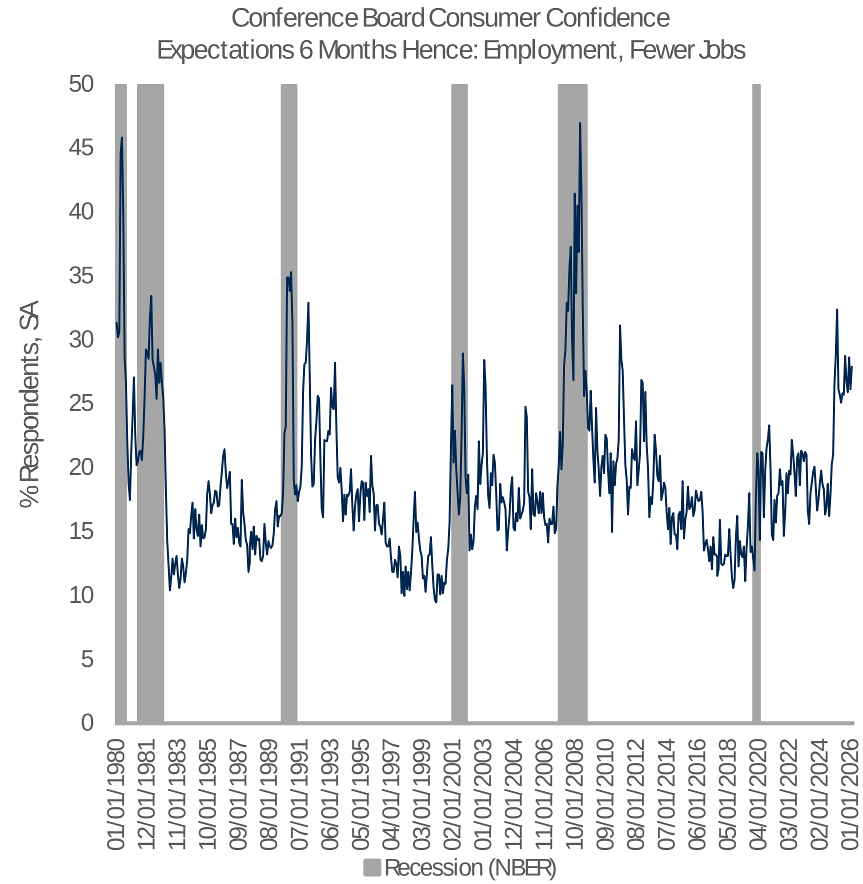


Source: RBC US Equity Strategy, Bloomberg. Through March 2026.

Consumers' Views of the Employment Backdrop Declined a Bit

Those saying they expect more jobs to be available ticked down in the latest update, and those expecting fewer jobs to be available ticked up.

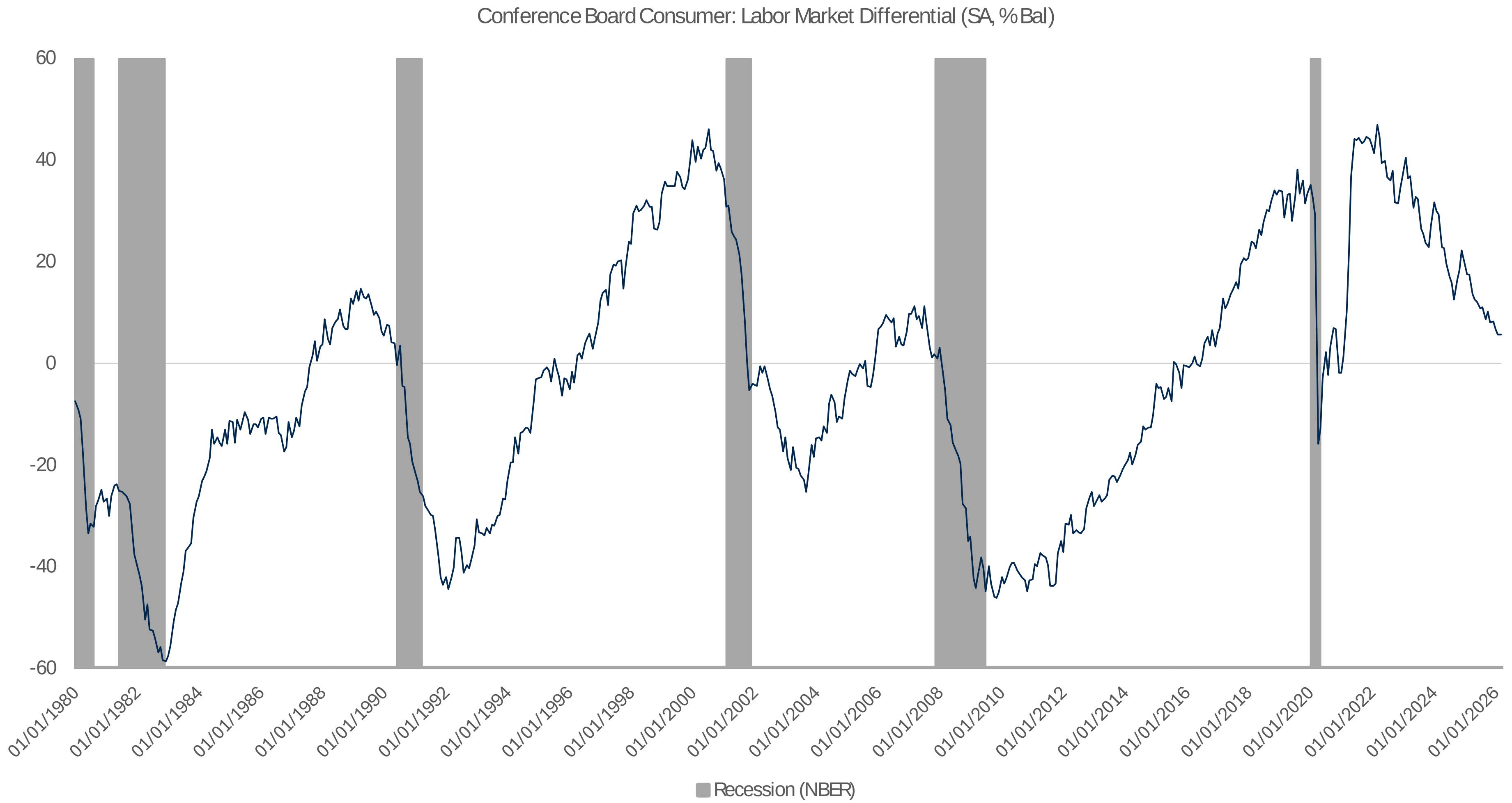




Source: RBC US Equity Strategy, Haver Analytics. Through March 2026.

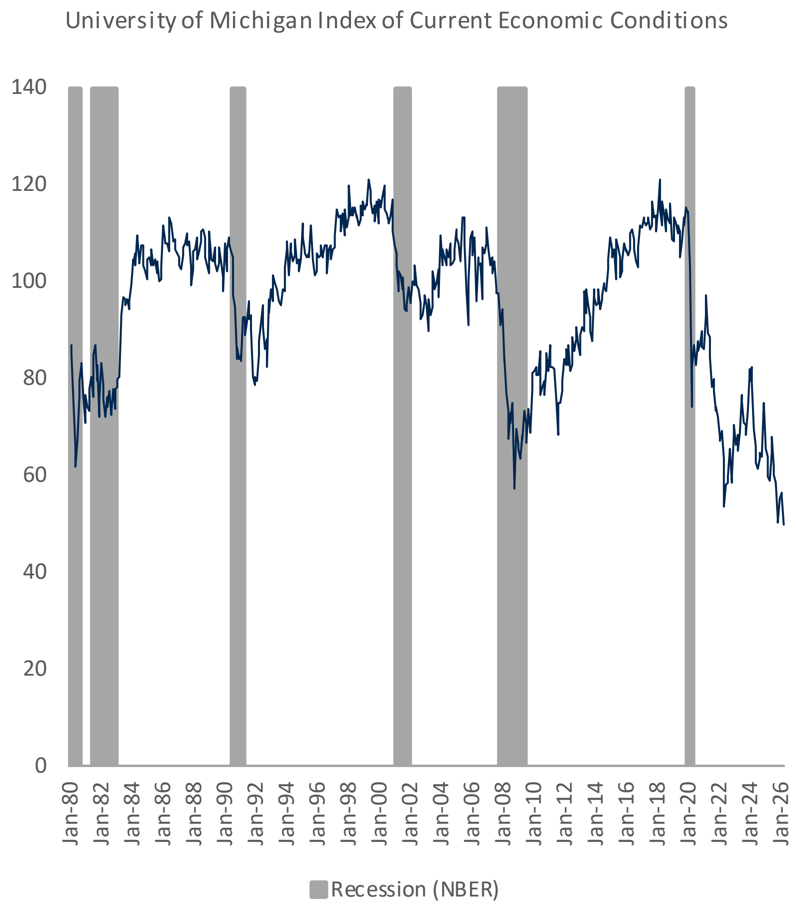
Consumer Labor Market Expectations Have Remained Weak Overall

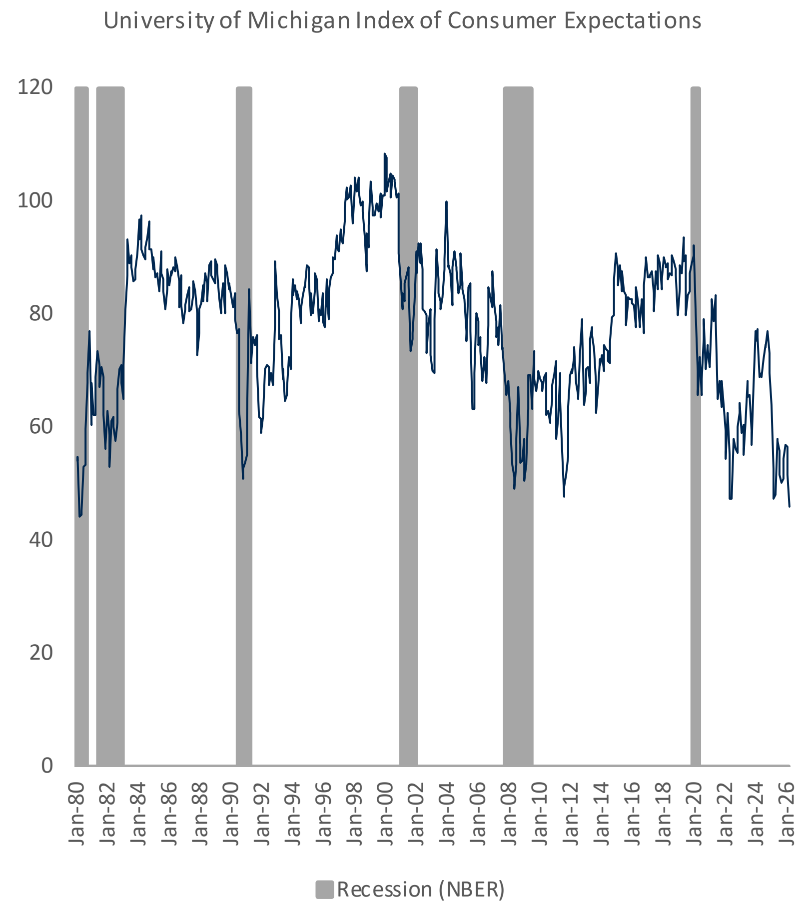
Labor market differential measures the percentage of consumers who think jobs are plentiful minus the percentage who believe that jobs are currently hard to get. It has continued to decline in recent updates.



Source: RBC US Equity Strategy, Haver Analytics, Bloomberg. Through March 2026.

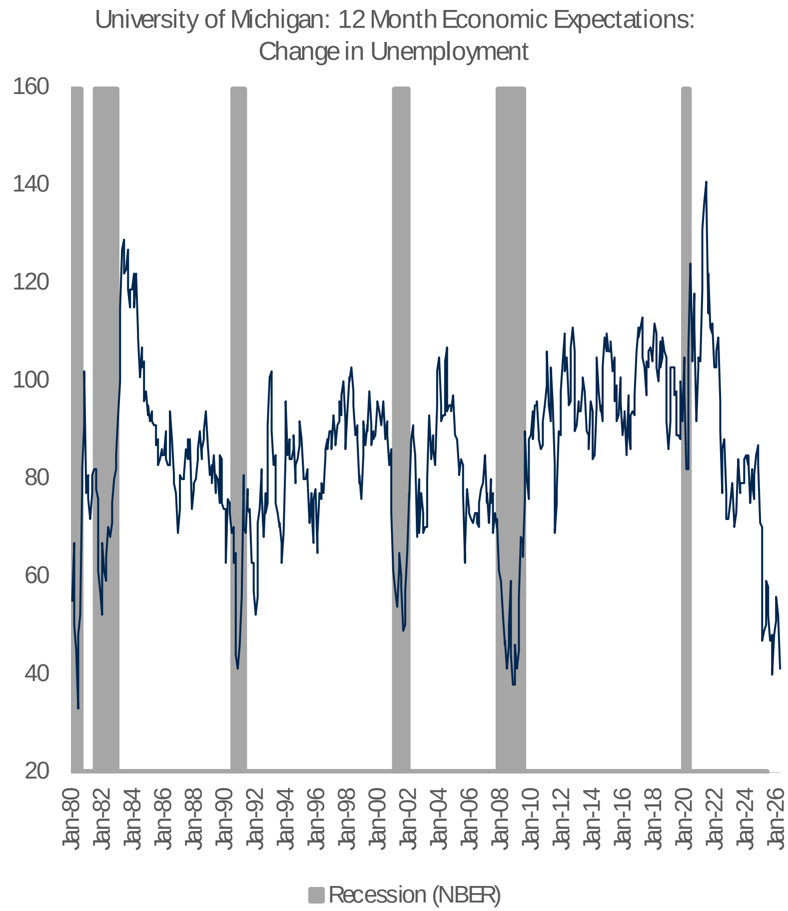
Current Economic Conditions Stalled and Expectations Weakened in the Latest U Mich Survey

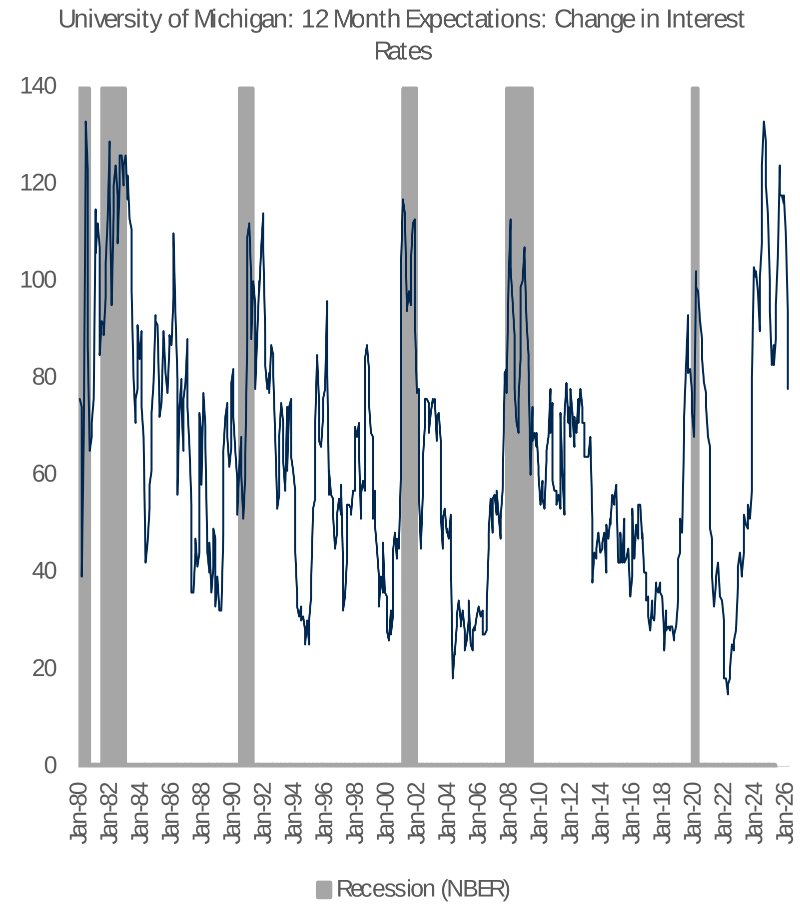




Source: RBC US Equity Strategy, Haver Analytics, Bloomberg. Data through April 2026.

Consumer Views on Employment Have Declined, Expectations for Lower Rates Have Come Down



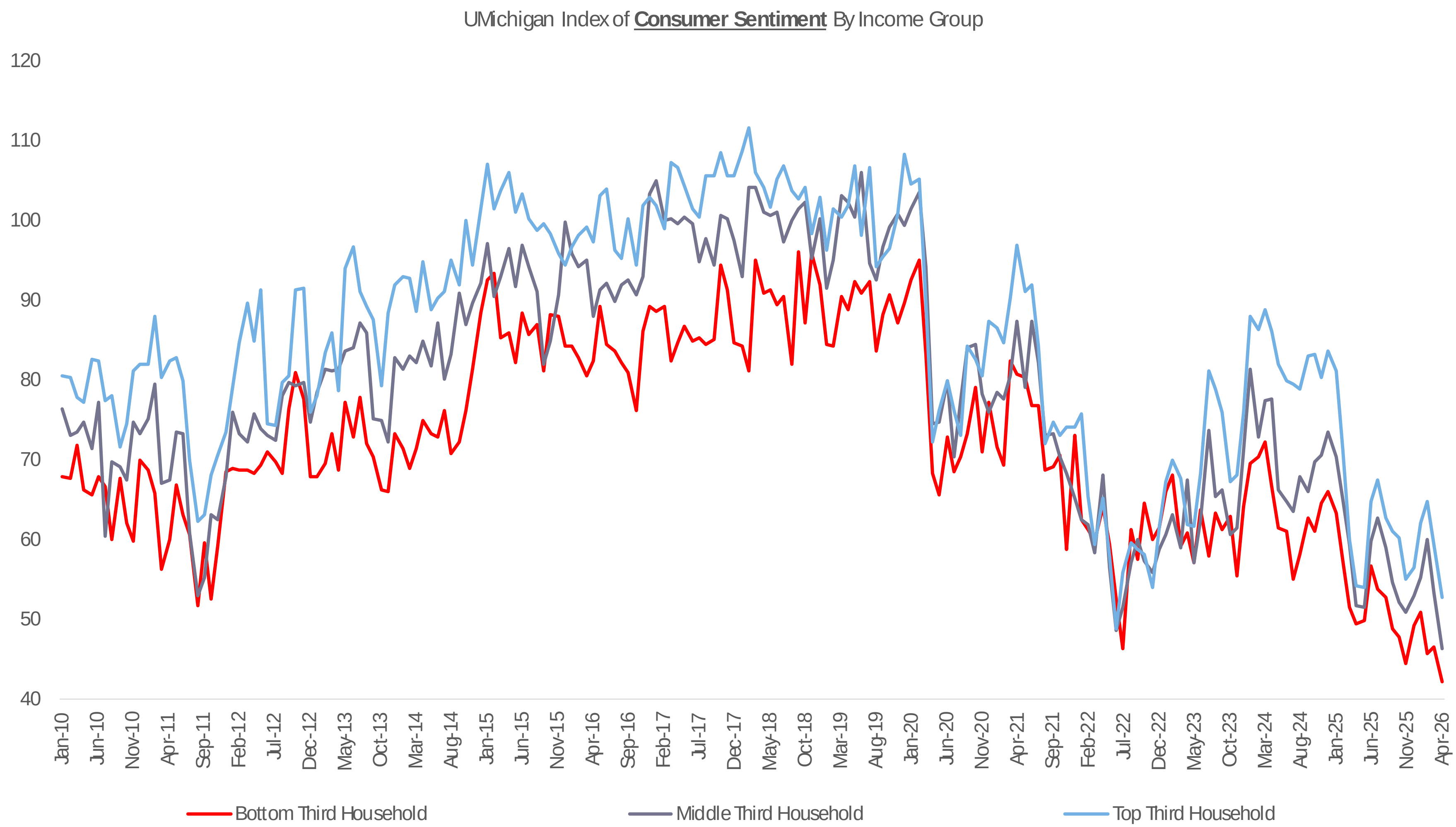


When this time series is moving up, it represents a pick-up in those expecting lower interest rates.

Source: RBC US Equity Strategy, Conference Board, Haver Analytics; Data through April 2026.

Consumer Sentiment Fell for All Income Cohorts in April's Update

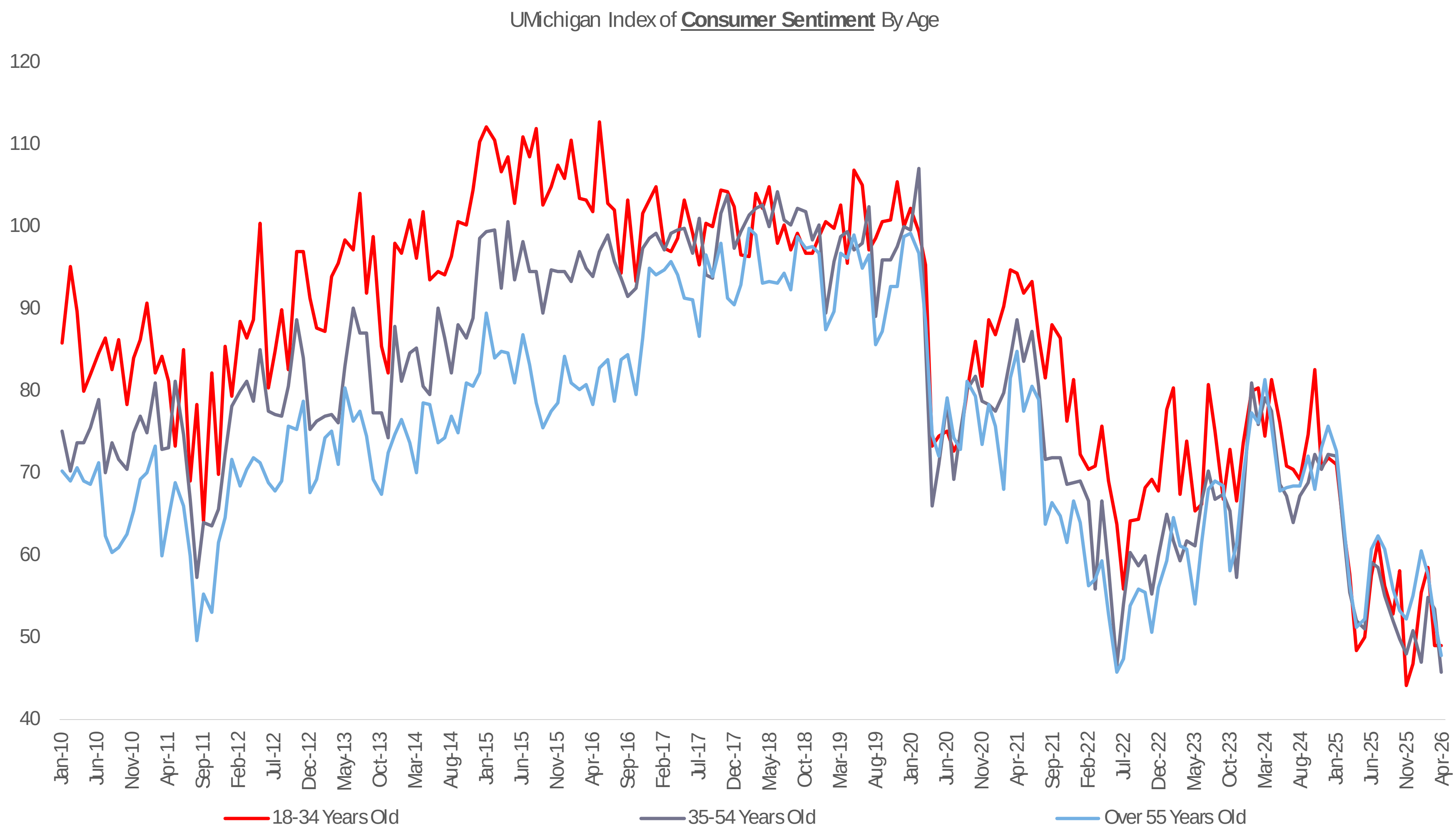
The bottom third is below its 2022 lows.



Source: RBC US Equity Strategy, Haver Analytics; latest available data as of April 10, 2026.

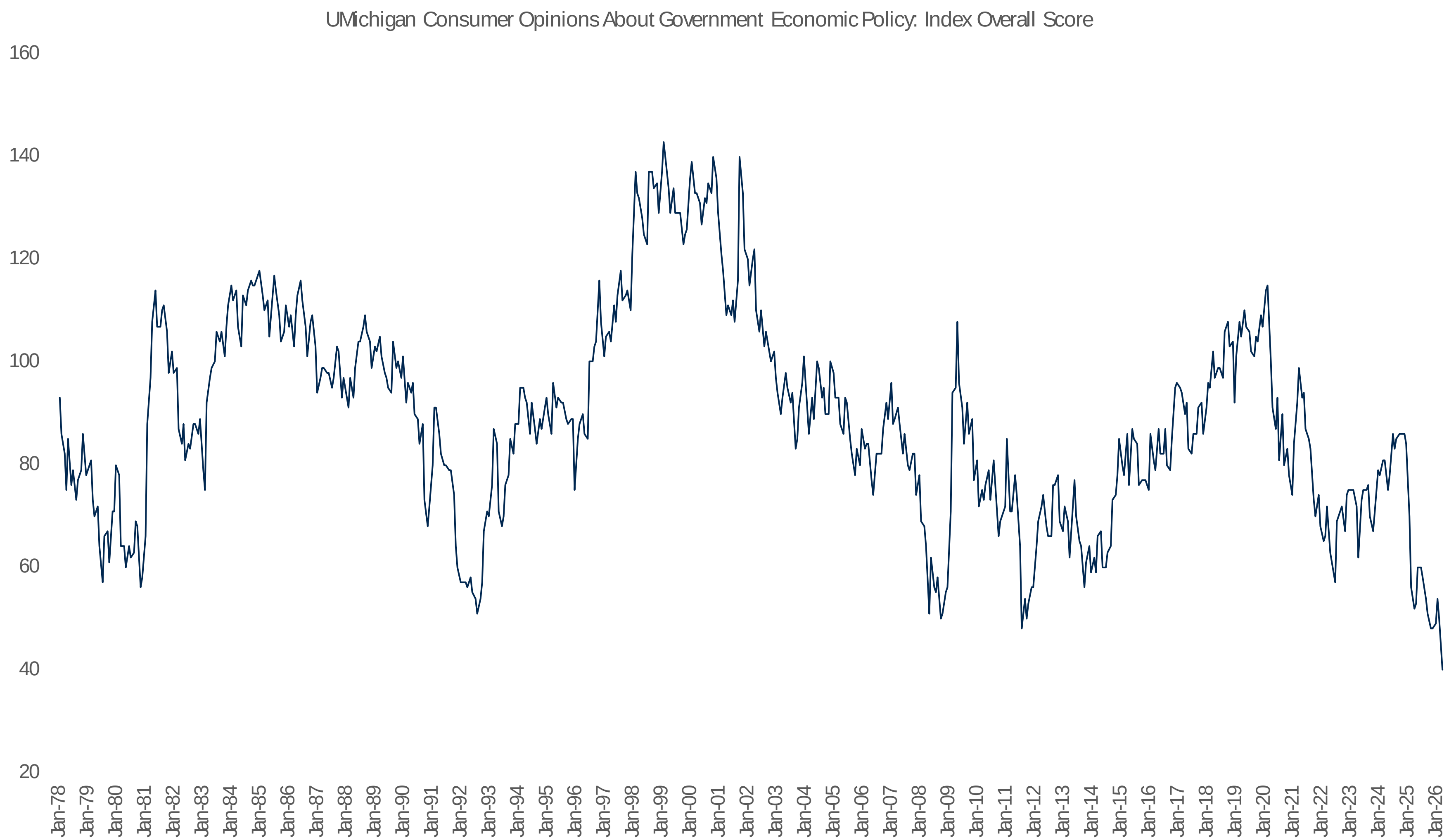
Through April, Consumer Sentiment Declined in the Middle-Age and Older Cohorts

The sentiment for the youngest cohort remained the same.



Source: RBC US Equity Strategy, Haver Analytics; latest available data as of April 10, 2026.

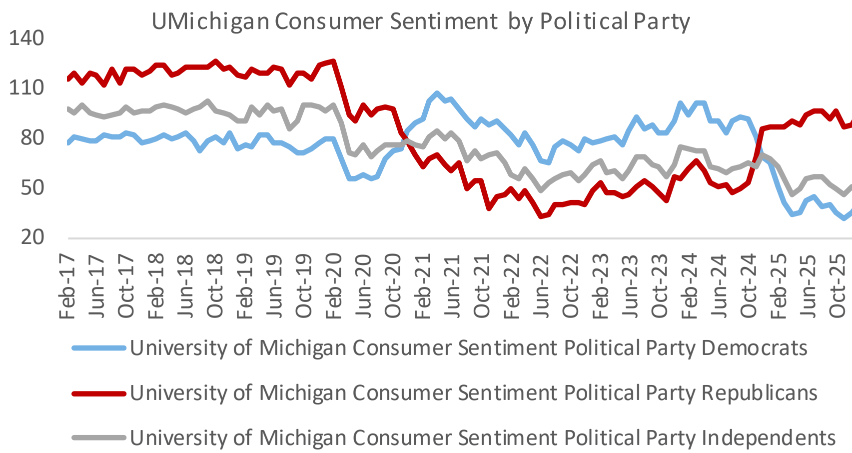
Consumer Opinions on Government Policy Near Historical Lows, Ticked Down in Latest Update

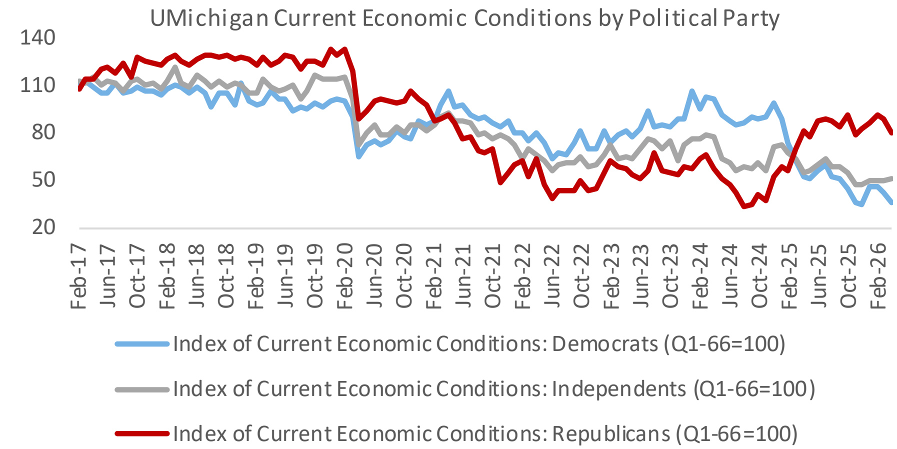


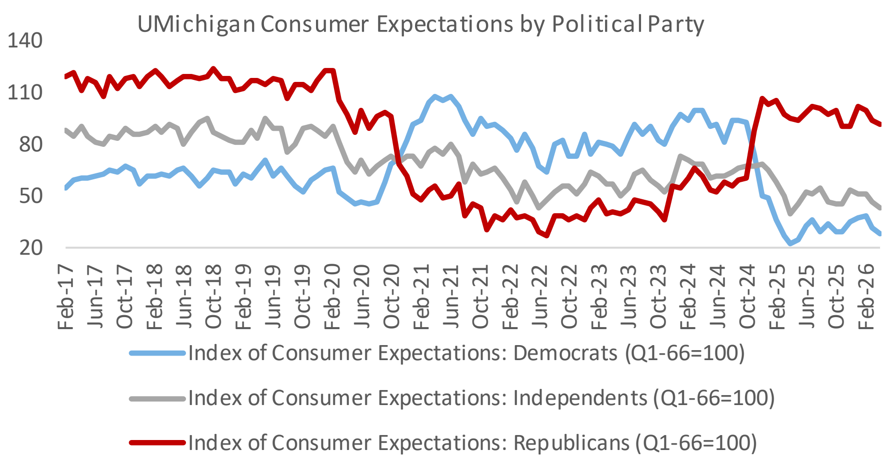
Source: RBC US Equity Strategy, Haver; as of April 10, 2026

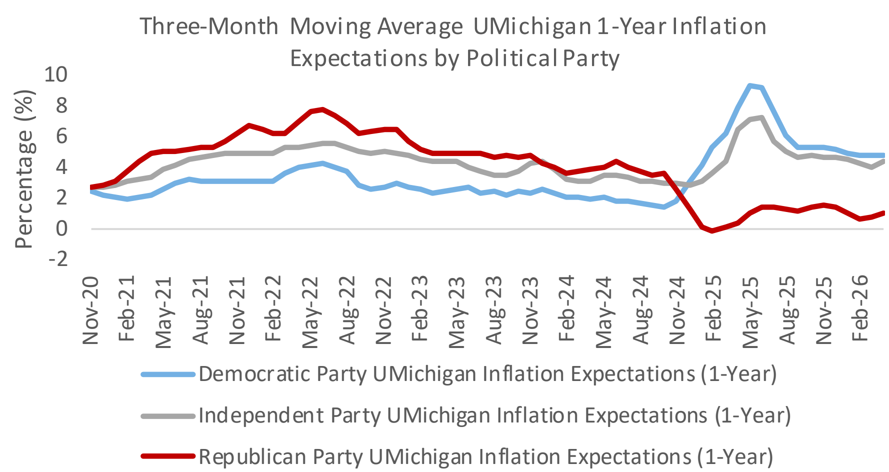
Trends by Political Cohort in the U Mich Consumer Sentiment Survey

- All three partisan cohorts have fallen in terms of overall sentiment and expectations.
- On current conditions, Independents have stabilized but both Democrats and Republicans have fallen.
- Inflation expectations appear to be easing for Democrats but ticking up slightly for the Republican and Independents cohorts.





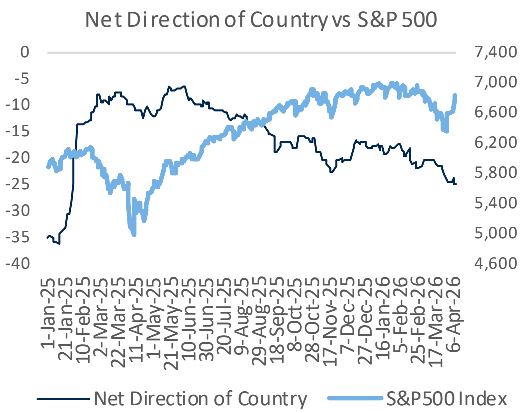


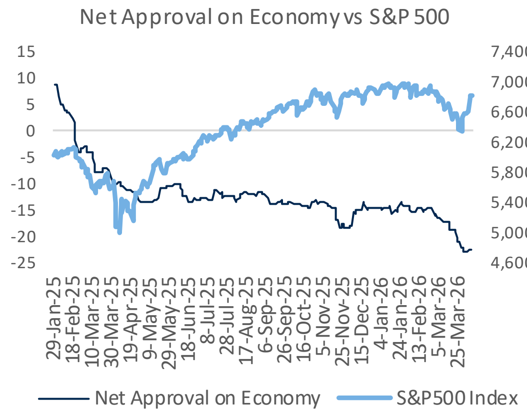


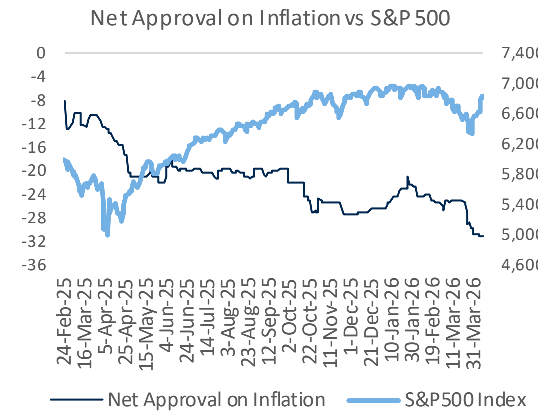
Source: RBC US Equity Strategy, Bloomberg; as of April 10, 2026

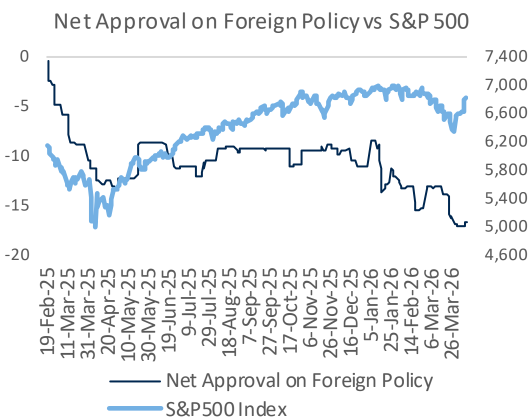
Net Approval Has Been Moving Down on Most Key Policy Issues

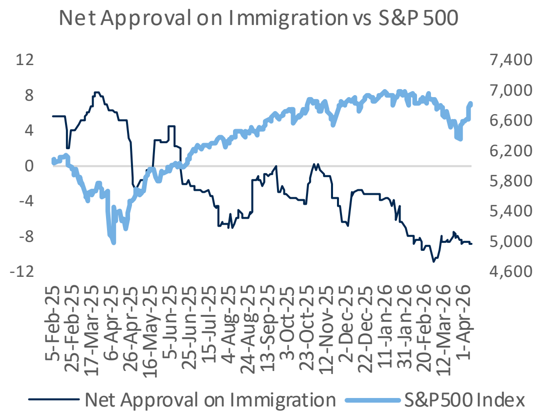
After an initial move up on the Iran strikes, trends in foreign policy have deteriorated again though it's fair to say there has been a little bit of stabilization in the very latest updates. Meanwhile, views on the direction of the country, the economy and inflation have also been slipping, though we also note a tiny bit of stabilization on these as well in the very latest updates. Immigration views are off their lows and may be stabilizing. Crime remains the only major issue in net positive territory.

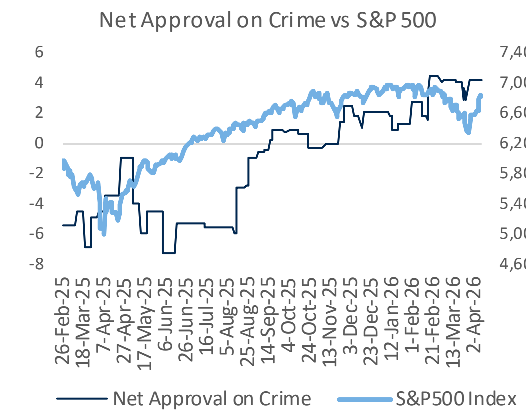








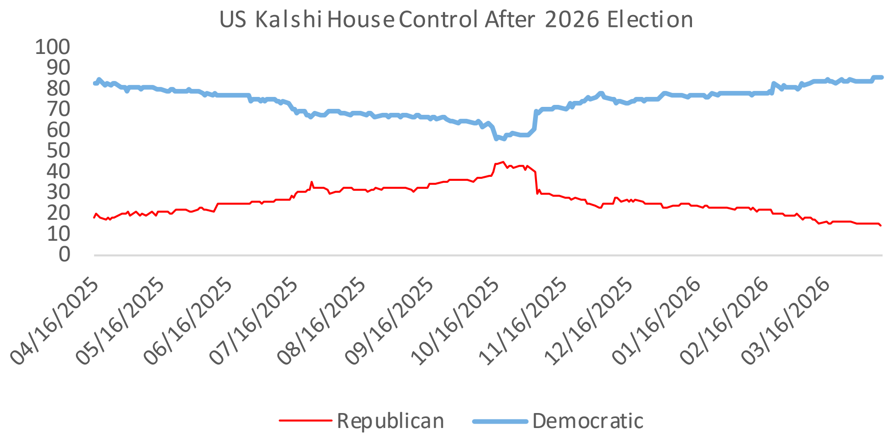


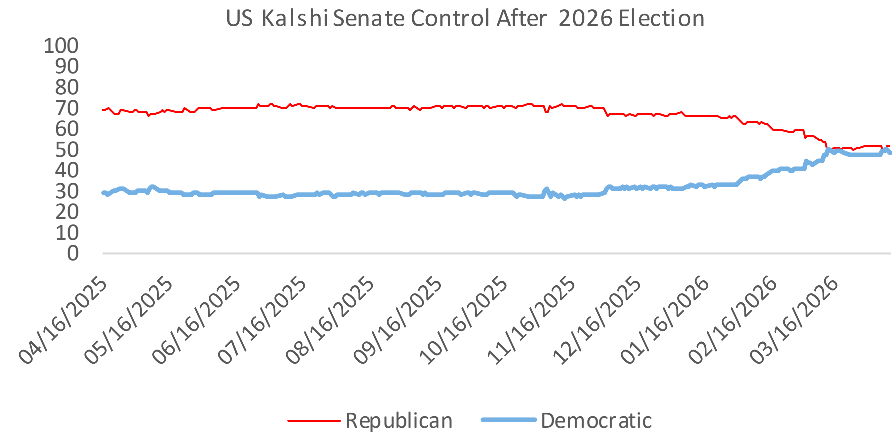


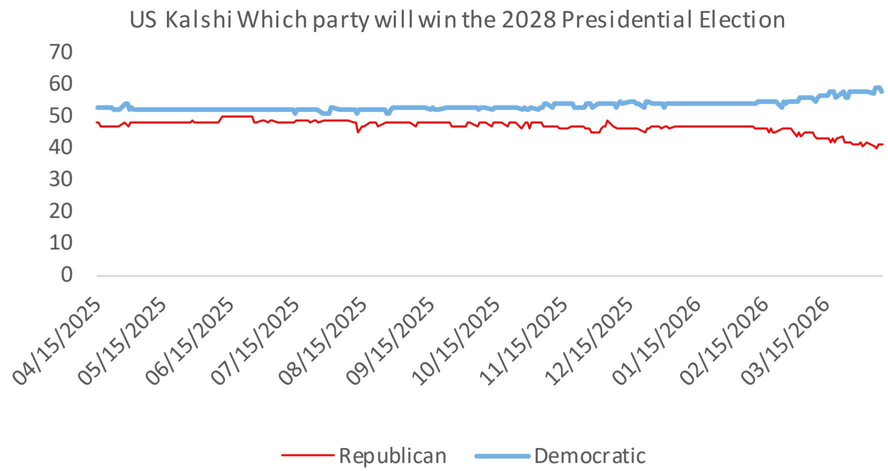
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy; Bloomberg, S&P, as of April 10, 2026

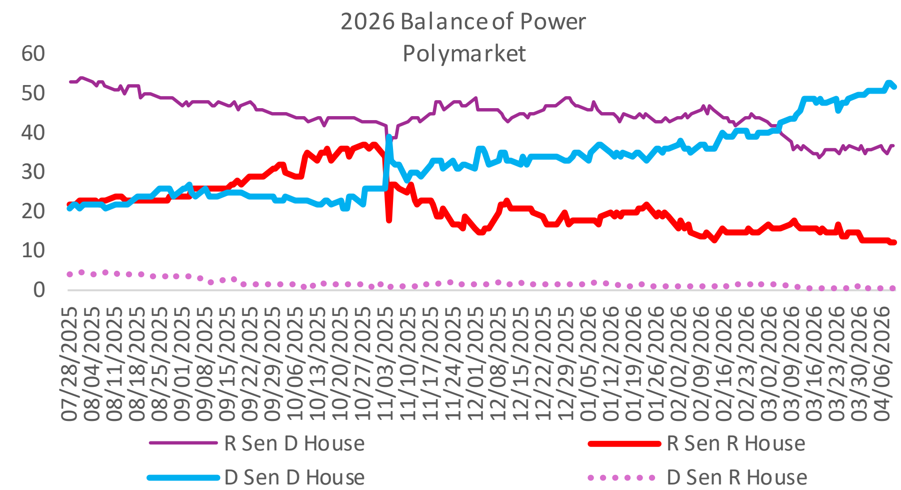
Betting Markets Have Shown Improved Expectations for Democrats in the Midterms

- Currently, betting markets anticipate Democrats will take back the House in 2026 and the White House in 2028. These outcomes have also moved higher in recent updates.
- Views on the Senate are essentially tied between the two parties, with subtle movements in recent weeks.
- In Polymarket's balance-of-power scenarios, a blue sweep in the midterms is now coming in first place, followed by a Republican Senate/Democratic House scenario. The Republican sweep scenario fell sharply last year and those odds remain low relative to the other two previously mentioned scenarios, but we have seen expectations on this outcome stabilize.





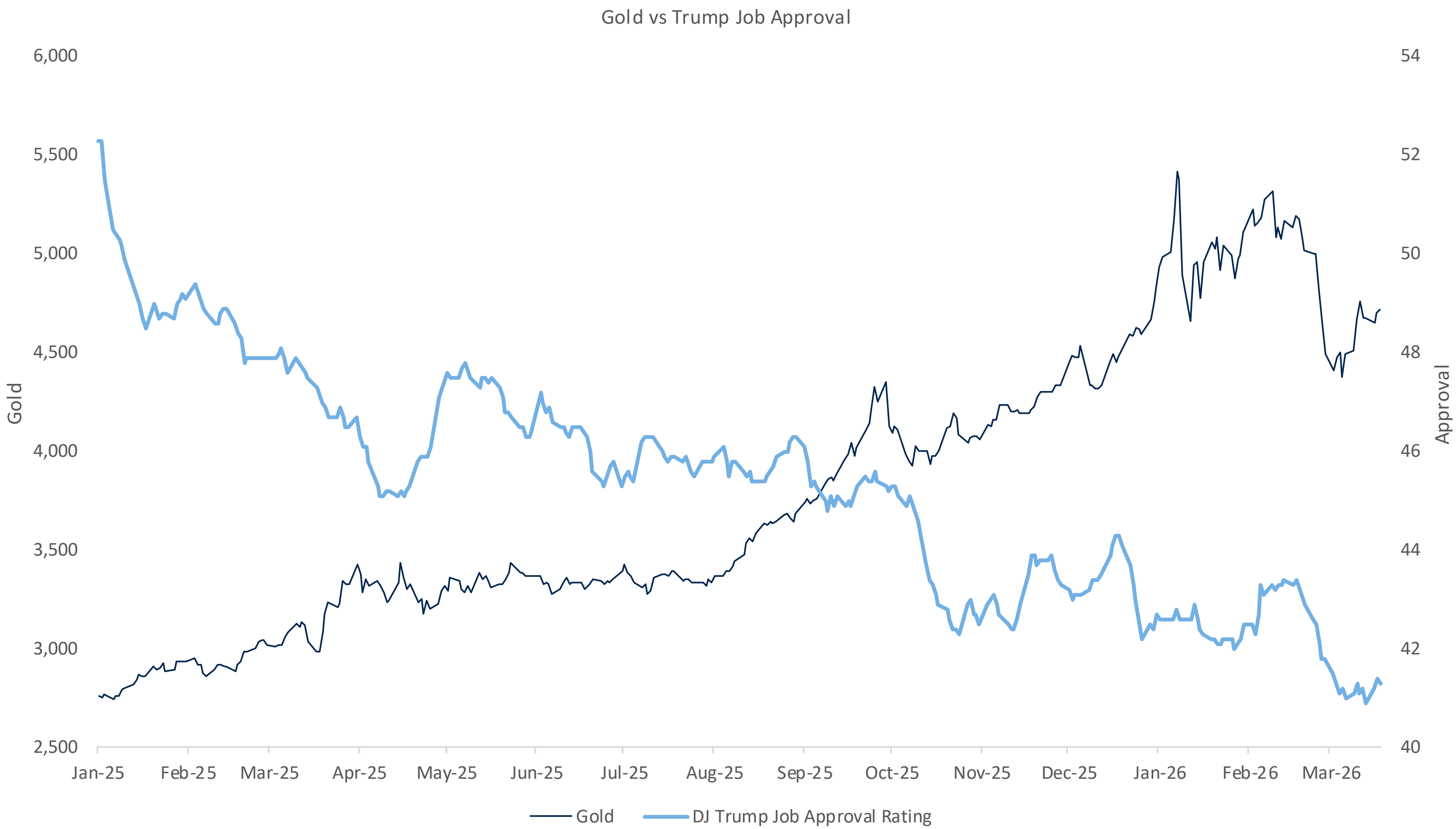




Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy; Bloomberg, as of April 10, 2026

The Surge in Gold Since 2025 Has Occurred as Trump's Job Approval Has Fallen

- RBC's Gold strategist, Chris Louney, has emphasized uncertainty as a major factor in pushing the gold price to all-time highs and has also highlighted weaker US dollar dynamics. Going forward, he expects gold prices to be supported by continued uncertainty.
- Note, the correlation between Trump's net favorability in polling and the gold price has been -89%.
- The relationship between these two indicators has weakened a bit since the Iran war began, but we have started to see some pickup in gold again as Trump's approval weakened.



Source: RBC US Equity Strategy, Bloomberg; as of April 10, 2026

Industry Group Playbook from the Drawdowns Associated With the Iraq War & Russia/Ukraine War

- Consumer Staples Distribution & Retail, Energy, Food Beverage & Tobacco, HC Equipment & Services, Pharma Biotech & Life Sciences, and Utilities were the only groups that outperformed during the drawdowns associated with both wars.
- Groups that underperformed in both included Autos & Components, Consumer Discretionary Retail & Distribution, Media & Entertainment, Semis & Semi Equipment, Tech Hardware & Equipment, and Software & Services.

	US/Iraq War Drawdown of 2002-2003	Russia/Ukraine War Drawdown of 2022
Stock Market Peak	*11/27/2002*	*01/03/2022*
Stock Market Trough	*03/11/2003*	*10/12/2022*
S&P 1500	**(14.7)**	**(25.1)**
Autos & Components	(27.7)	(45.2)
Banks	(10.7)	(28.7)
Capital Goods	(16.2)	(17.2)
Comm & Prof Svcs	(18.3)	(16.0)
Cons Disc Dist & Retail	(17.2)	(29.5)
Consumer Durables & Apparel	(14.3)	(40.4)
Consumer Services	(17.6)	(23.8)
Cons Staples Dist & Retail	(14.7)	(13.5)
Energy	(0.9)	40.5
Equity REITs	(6.9)	(33.7)
Financial Services	(19.4)	(24.5)
Food, Beverage & Tobacco	(11.8)	(4.4)
Health Care Eq & Svcs	(3.3)	(17.2)
Household & Personal Products	(5.0)	(25.7)
Insurance	(21.1)	(3.9)
Materials	(16.2)	(22.0)
Media & Entertainment	(19.4)	(42.2)
Pharma, Biotech & Life Sciences	(10.7)	(10.6)
Semi & Semi Eq	(26.0)	(46.8)
Software & Services	(18.5)	(32.2)
Tech Hardware & Equip	(19.5)	(26.1)
Telecom Svcs	(27.8)	(22.7)
Transportation	(14.6)	(26.6)
Utilities	(6.6)	(13.4)

Source: RBC Equity Strategy, Bloomberg, S&P, GICS

Industry Group Sensitivities to Oil Price Moves

- There are a handful of groups that tend to fall and underperform the S&P 1500 when oil rises: **Capital Goods, Consumer Discretionary Distribution & Retail, Media & Entertainment**, and **Semis & Semi Equipment** (the latter may be due to its heavy weight in the index and it's worth noting that the other two Technology industry groups also show a tendency to underperform). These groups all have some of the stronger inverse correlations on both our absolute and relative return stats.
- Several groups have weak correlations (either positive or negative) on our absolute return study and positive correlations on our relative return study, highlighting how higher oil prices may pressure returns, but potentially to a lesser degree than what we see for the broader market. These include defensives **Household & Personal Products, Food Beverage & Tobacco,** and **Utilities**, along with **Commercial & Professional Services, Equity REITs, Insurance, Materials,** and **Transportation.**
- **Energy** is the main group that tends to outperform and rise when oil prices move up. It has a positive correlation on both our absolute and relative return studies.

S&P 1500 Industry Group Correlation with Brent From Nov 2020 to Feb 2026	Absolute Performance	Performance Rel to S&P 1500
S&P 1500	-40%	
Automobiles & Components	-26%	7%
Banks	-41%	-5%
Capital Goods	-44%	-44%
Commercial & Professional Services	-29%	38%
Consumer Discretionary Distribution & Retail	-49%	-36%
Consumer Durables & Apparel	-30%	9%
Consumer Services	-50%	-10%
Consumer Staples Distribution & Retail	-34%	5%
Energy	25%	66%
Equity REITs	14%	42%
Financial Services	-37%	15%
Food, Beverage & Tobacco	17%	49%
Health Care Equipment & Services	2%	48%
Household & Personal Products	14%	40%
Insurance	-25%	33%
Materials	-15%	48%
Media & Entertainment	-51%	-60%
Pharmaceuticals, Biotechnology & Life Sciences	-10%	50%
Semiconductors & Semiconductor Equipment	-42%	-41%
Software & Services	-42%	-26%
Technology Hardware & Equipment	-33%	6%
Telecommunication Services	-50%	-2%
Transportation	-18%	37%
Utilities	-24%	40%

Green shading = positive correlaton of 25% or more - the greatest tendency to move up or outperform when oil rises; red shading = inverse correlation of -30% or more - the greatest tendency to fall or underperform when oil rises

Source: RBC US Equity Strategy, Bloomberg, S&P, GICS

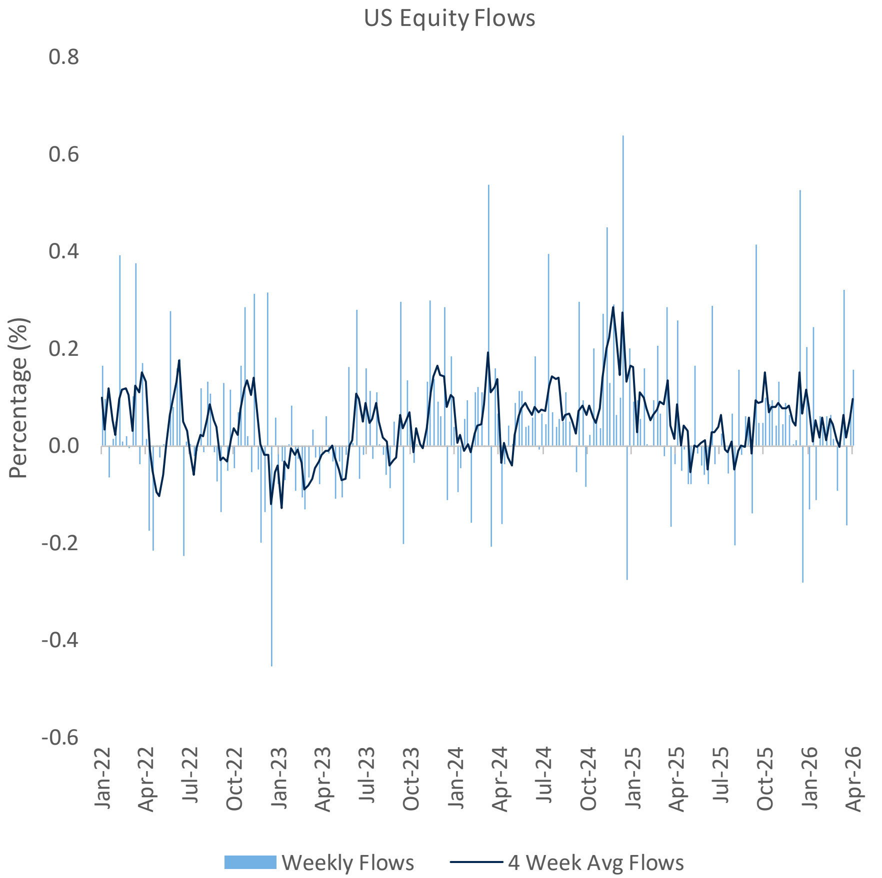
Sentiment on Stocks and Trump/Congressional Republicans Has Also Been Linked

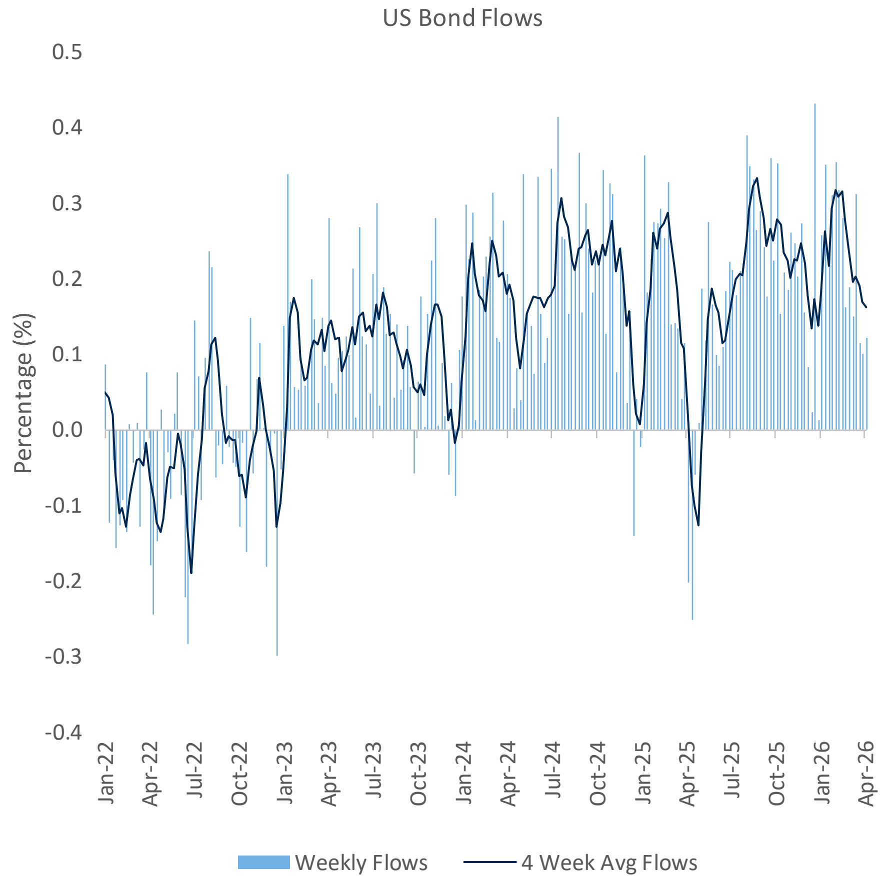
- In 2024, the S&P 500 and Trump net favorability moved in tandem. After Trump took office, S&P 500 performance and Trump's net job approval trended together until the summer of 2025. Then, the S&P 500 became more aligned with betting market expectations for a Republican sweep in the midterms.
- The November-2025 dip in the S&P 500 saw the stock market become aligned with all three of these gauges of political sentiment again.
- Expectations for a Republican sweep have been low. They were improving a bit recently but have started to slip again. The same is true for Trump's net job approval.

Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, S&P, Bloomberg; as of April 10, 2026

US Equity Fund Inflows Have Mostly Been Weak in Recent Weeks but Are Starting to Tick Up Now

- US equity funds saw inflows return on the weekly EPFR data in 2H25, but well below the levels in place in late 2024 and early 2025. We've seen some outflows on a weekly basis in early 2026, but in recent weeks we are seeing some inflows.
- Meanwhile, US bond flows have been strong this year. They recently have lost a bit of momentum, however.

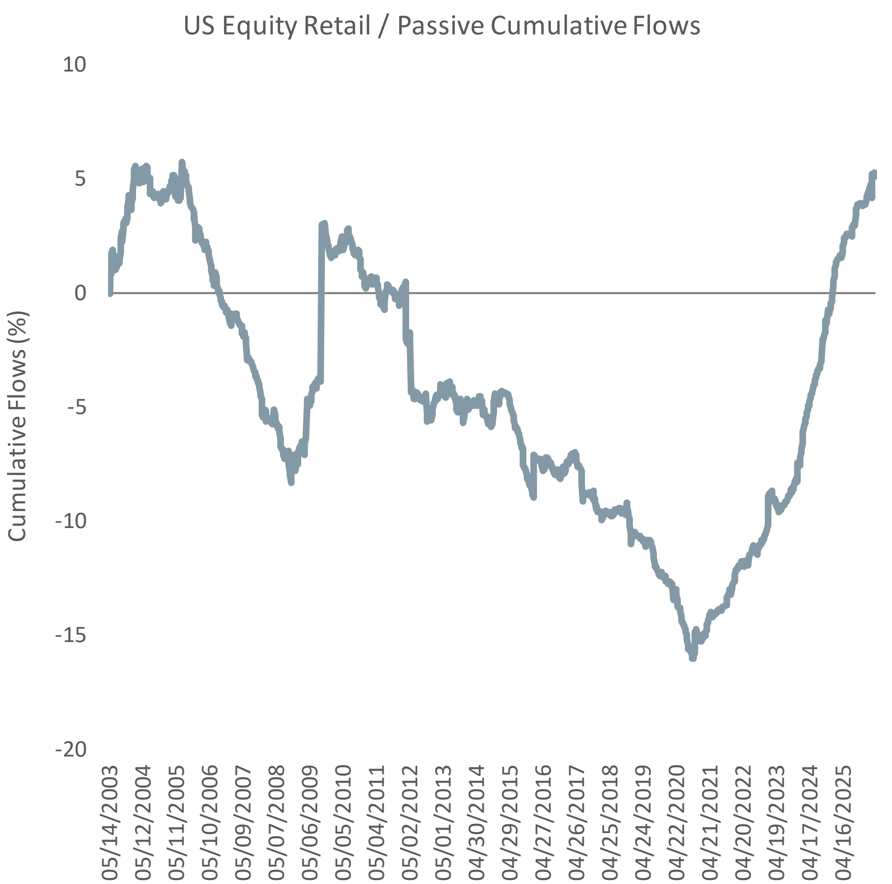


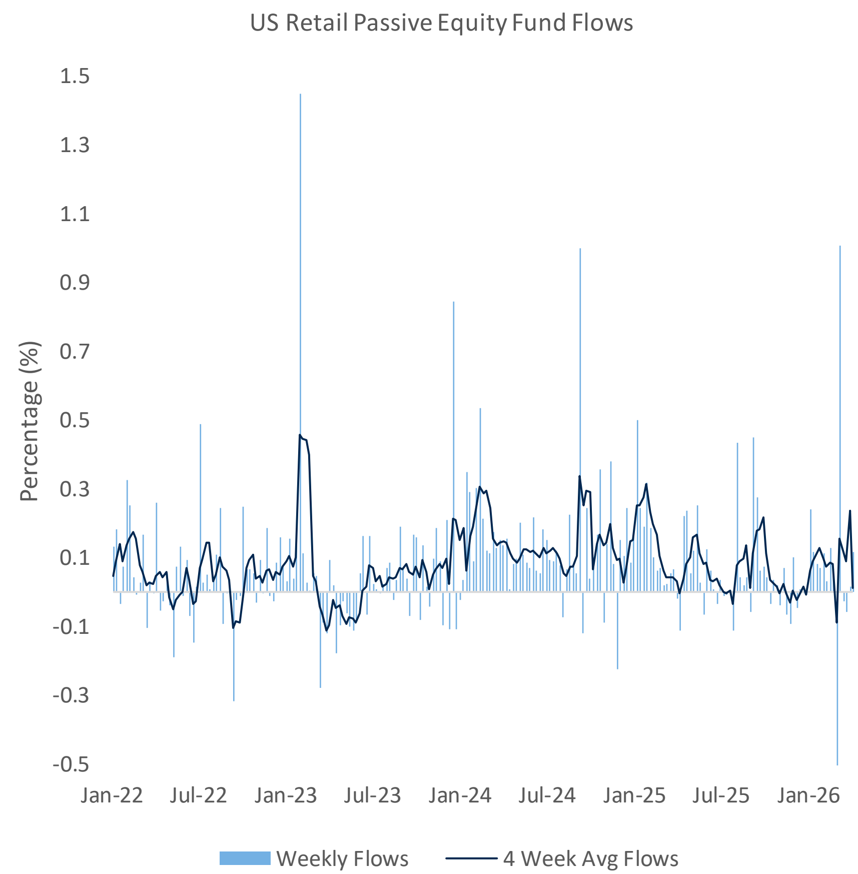


Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, EPFR; as of April 8, 2026

Passive Retail Flows Have Been Choppy and Volatile Lately

- Flows to passive retail funds have been weak since the start of this year. In the latest weekly updates, however, retail saw small inflows.
- This category saw several surges throughout last year. Flows turned weak in the spring of 2025 but major outflows were avoided.
- Momentum has stalled as 2026 has gotten underway.





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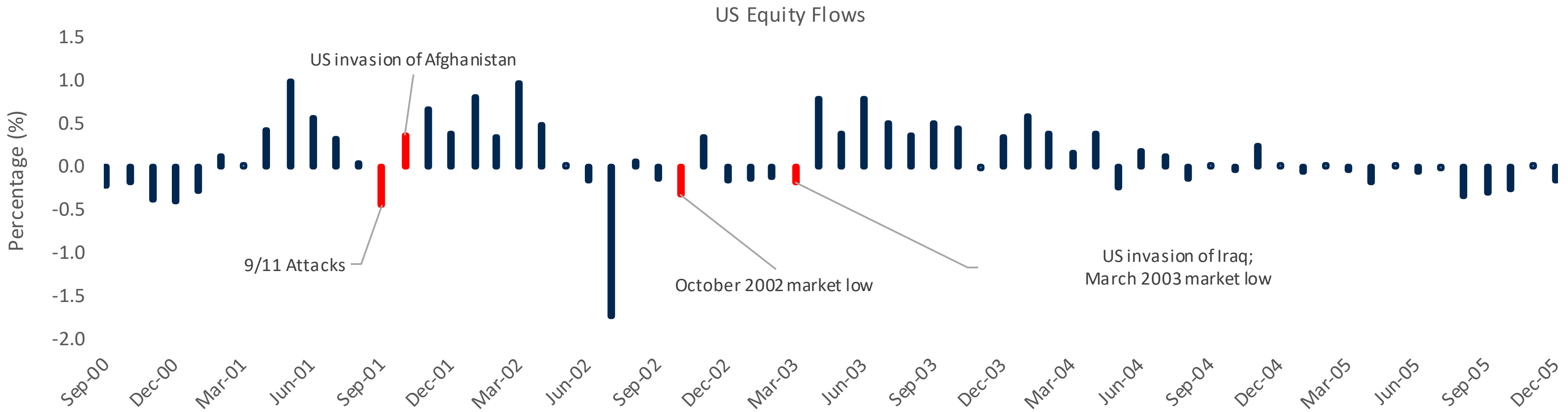
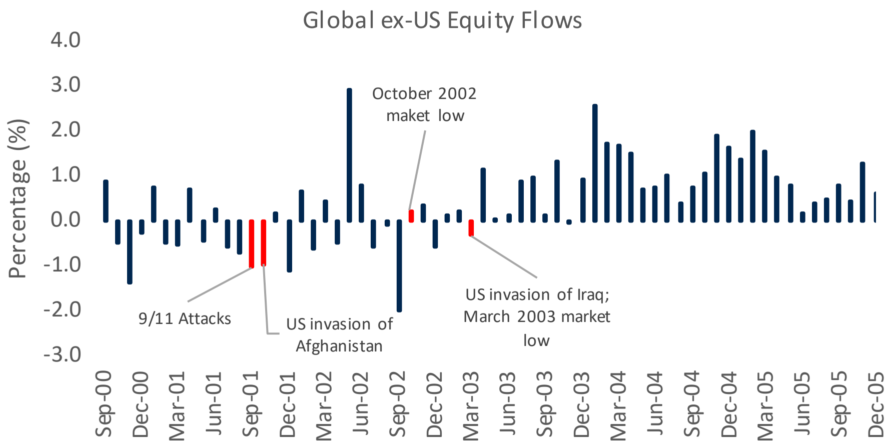
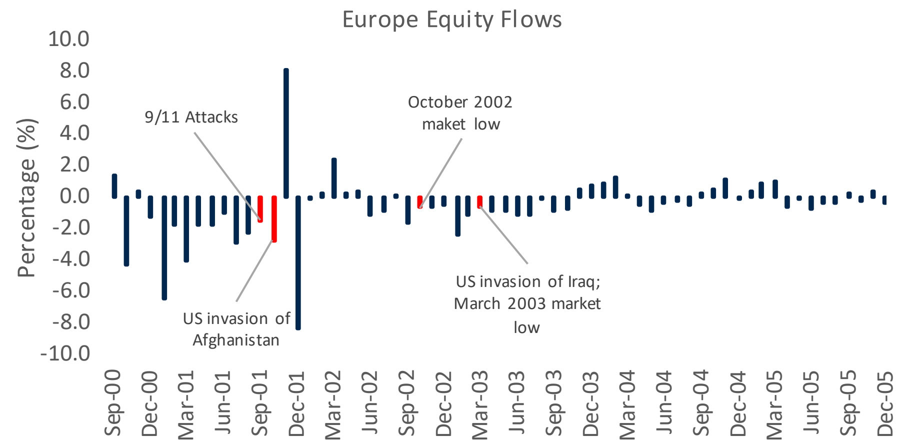
Source: RBC US Equity Strategy, EPFR; as of April 8, 2026

In the Early 2000s, Geopolitical Shocks Triggered US Outflows, but Flows Stabilized Near Market Lows

- Outflows were also seen in global ex US and European funds around these events.



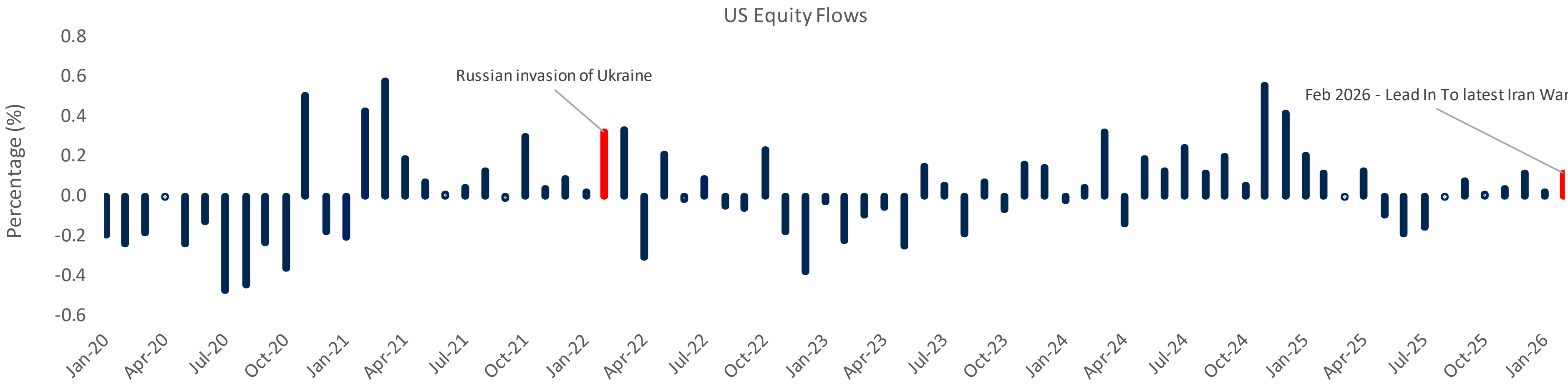


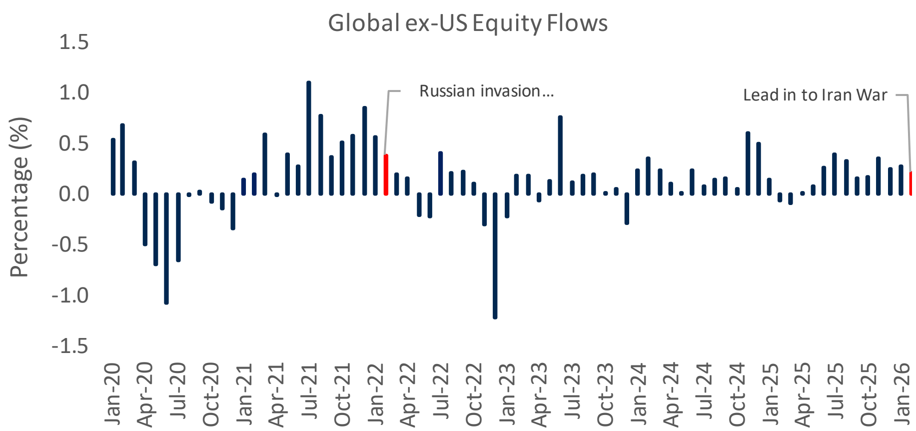


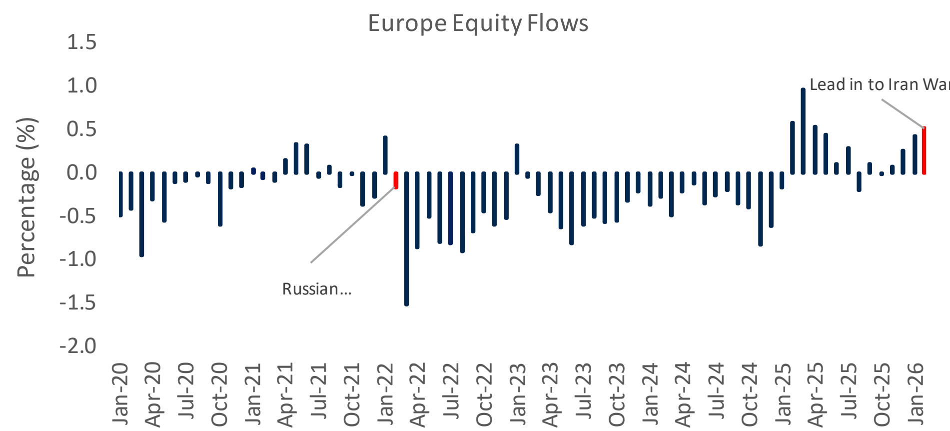
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, EPFR

The Russia-Ukraine War Conflict Triggered Outflows in Europe and Stronger Inflows to the US

- Outflows eventually came back to the US as well, but those tended to be milder and more sporadic throughout 2022.
- The US was seeing weak inflows heading into the Iran war, while Europe was seeing strengthening flows.



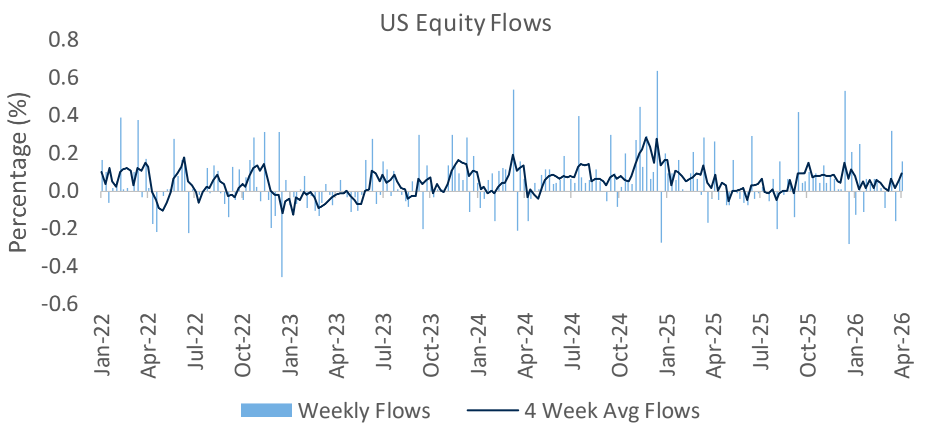


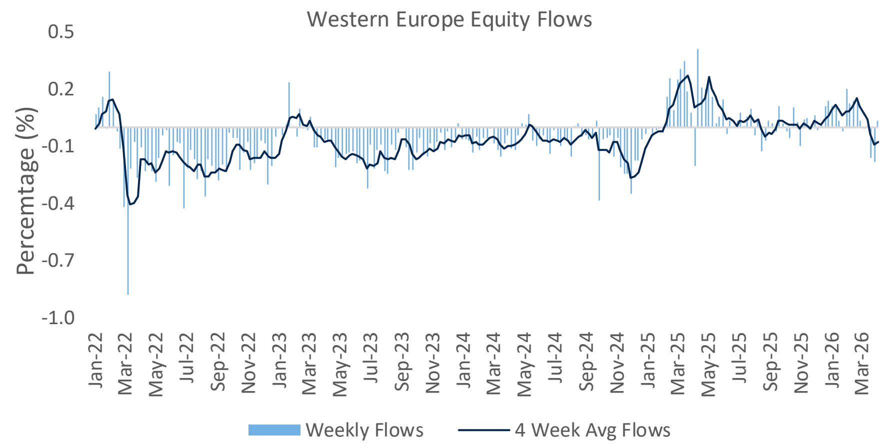


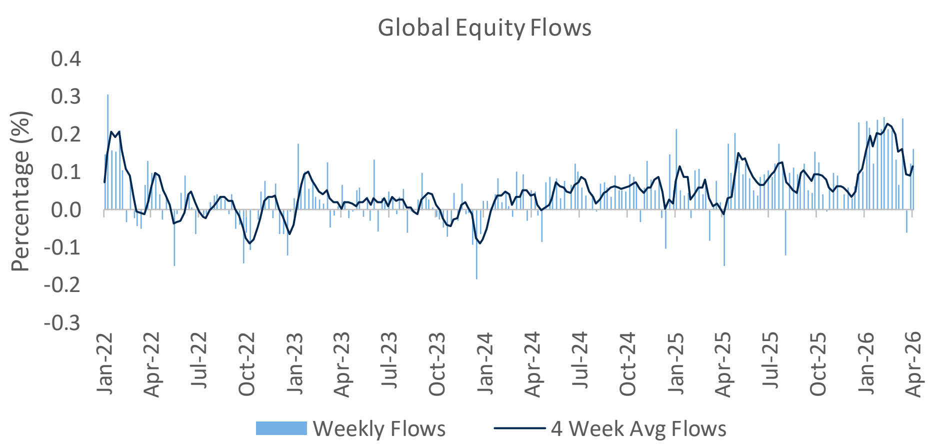
Note: The RBC US Equity Strategy team does not authorize the reproduction of its published charts and is not able to share their underlying data due to license restrictions with our vendors.
Source: RBC US Equity Strategy, EPFR, updated March 2026 with data through February 2026

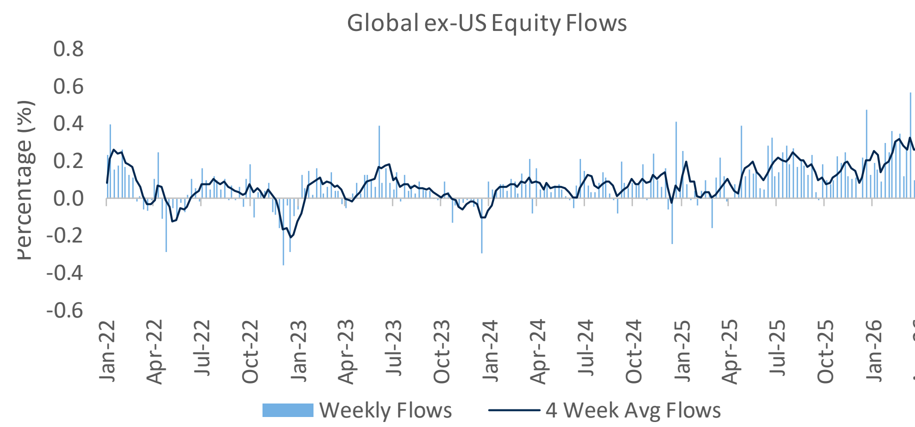
Improving US and Global Equity Flows Seen Alongside Weaker European & Global ex-US Flows

- Western Europe flows have eased from the peaks achieved in early 2025. They got off to a good start in 2026 but are seeing outflows in the latest update.
- US equity flows have been mostly weaker recently. Global equity flows are also starting to get weaker and just registered their first outflow for 2026. Global ex-US equity flows continue to see inflows albeit at a much weaker pace.









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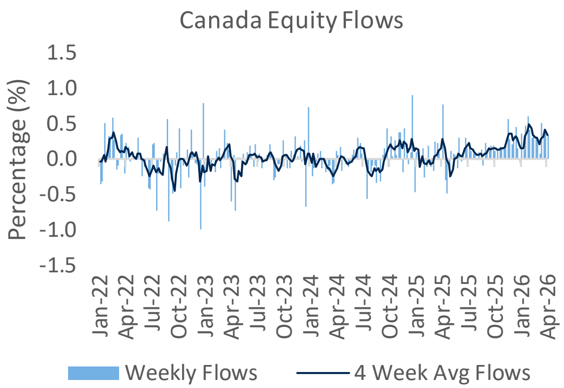
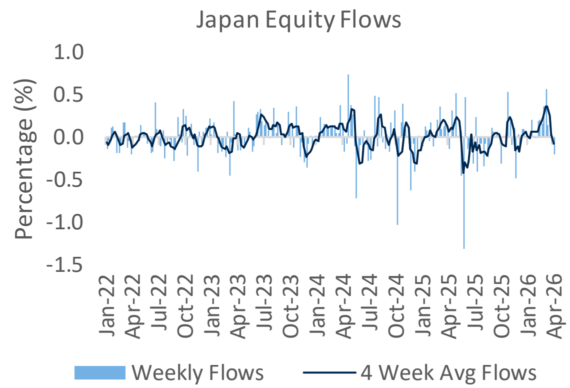
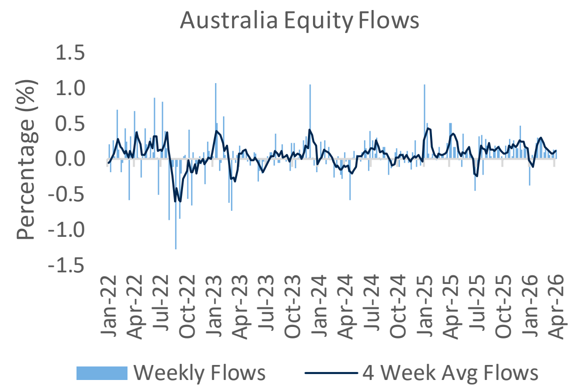
Source: RBC US Equity Strategy, EPFR; as of April 8, 2026

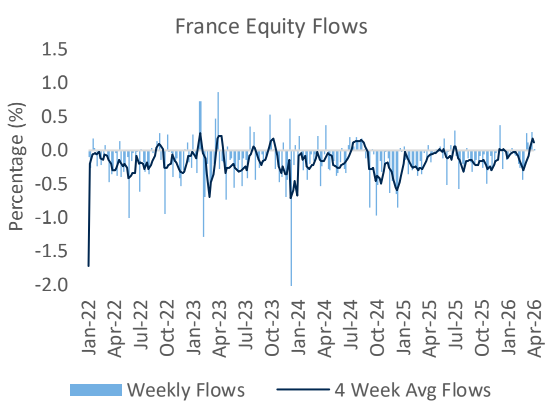
Mixed Trends for Key Developed Market Country Equity Fund Flows

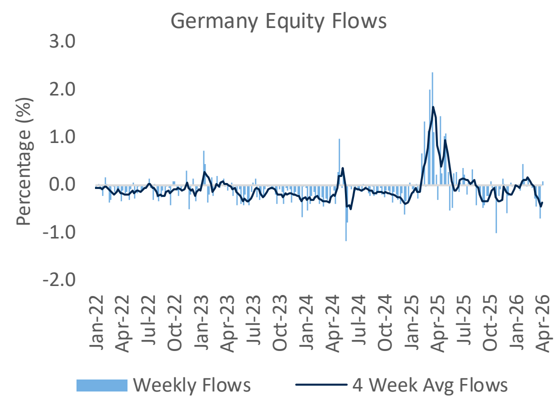
- Canada flows have been strong. Japan flows were strong too, but they have deteriorated recently and are now negative. Australia flows have been positive but are losing some momentum. German equity flows are deteriorating and have turned negative, but France has been improving and turned slightly positive again. UK is still weak but is starting to show small signs of recovery lately with lesser outflows.

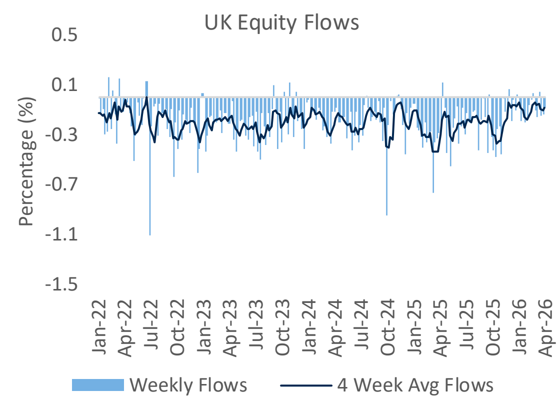












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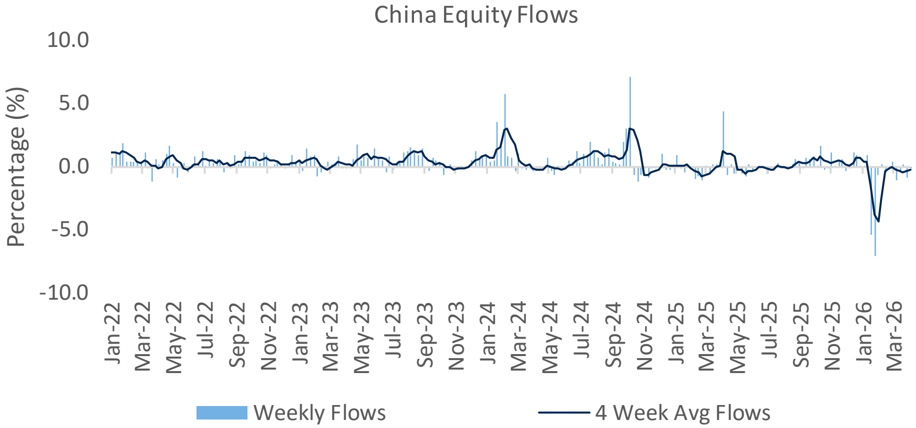
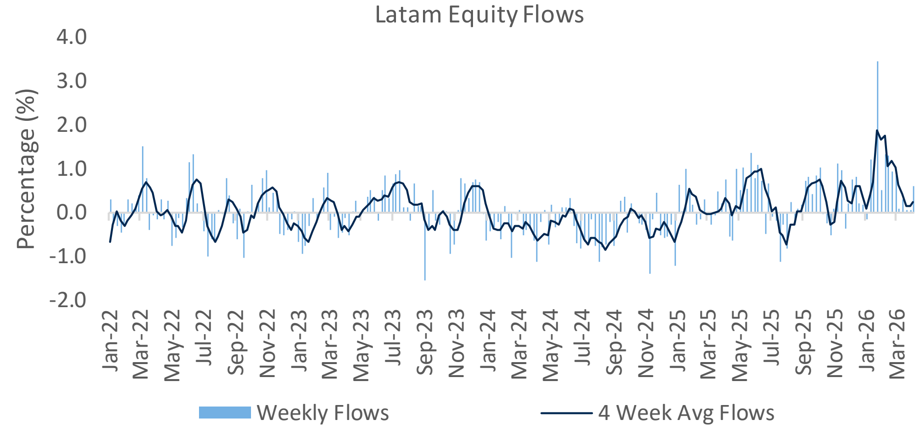
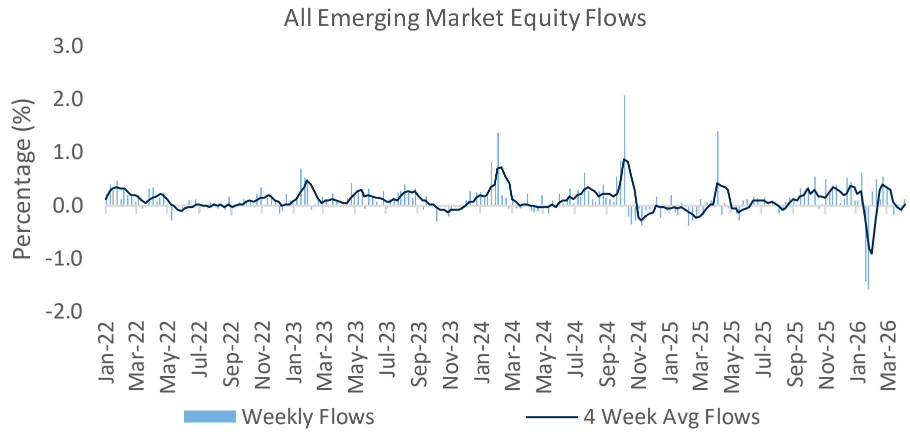
EM and LatAm Flows Are Weak and Have Lost Some Steam; China Flows Are Muted







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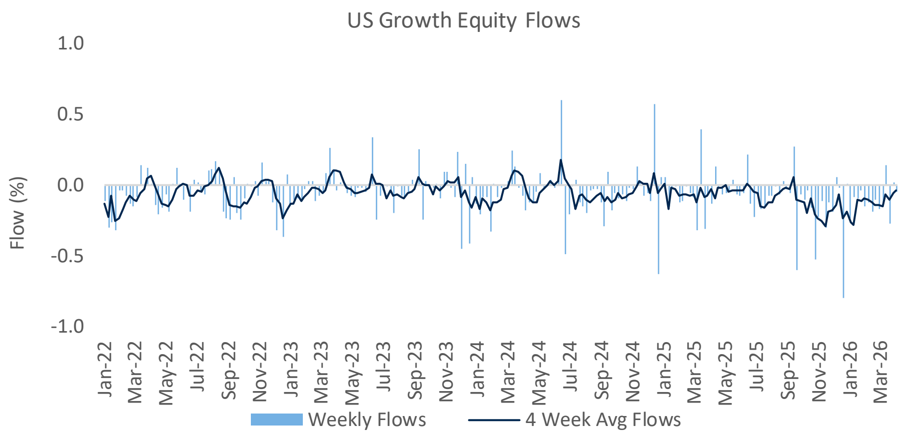
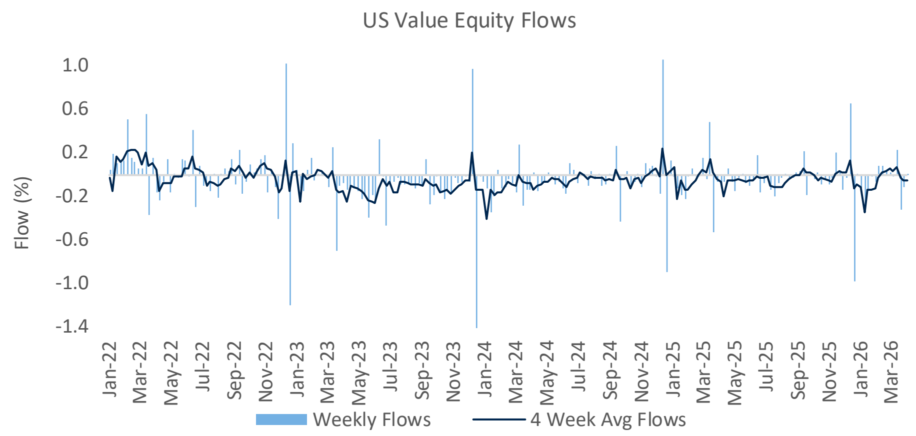
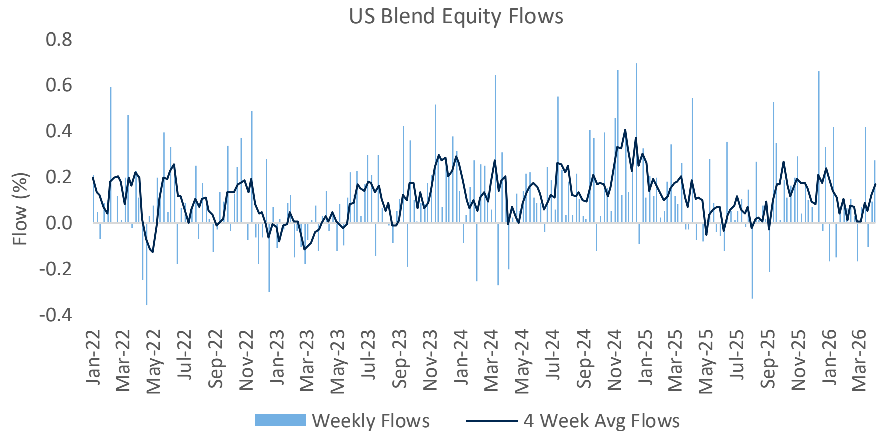
Within US Equities, Blend Style Is Registering Inflows

- Growth flows still struggling to recover. Value flows have become weak.
- Blend funds have been the source of strength / resilience for the US equity category. In the most recent data updates, they are seeing strong inflows.







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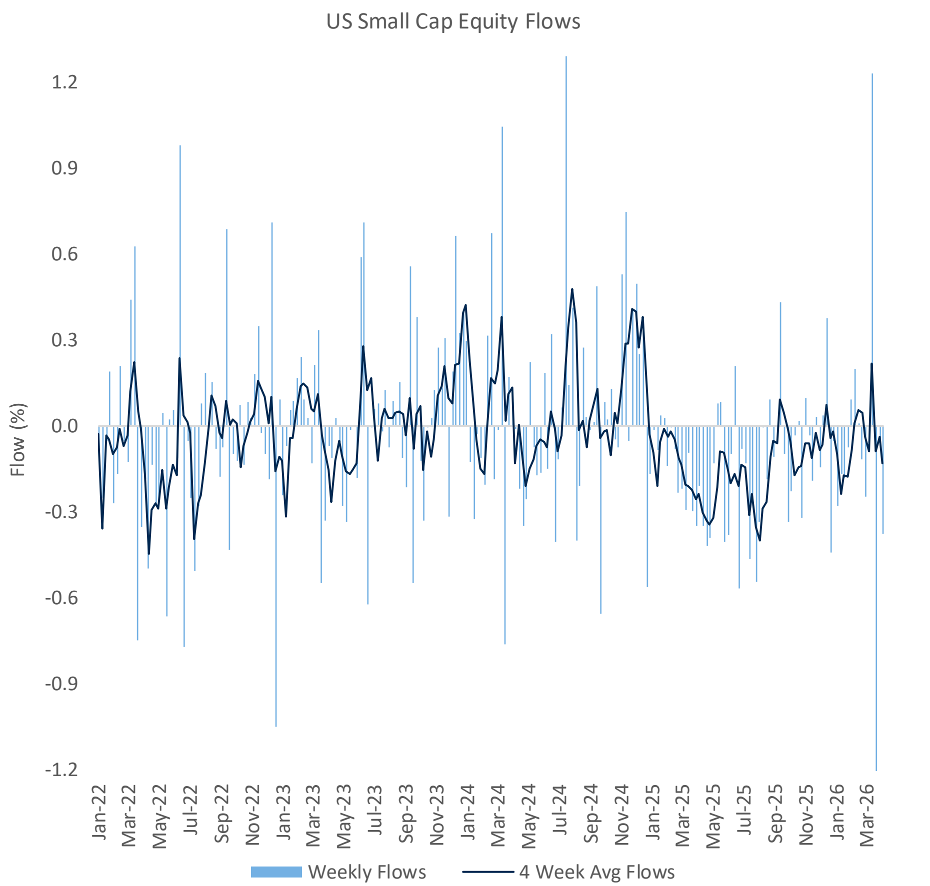
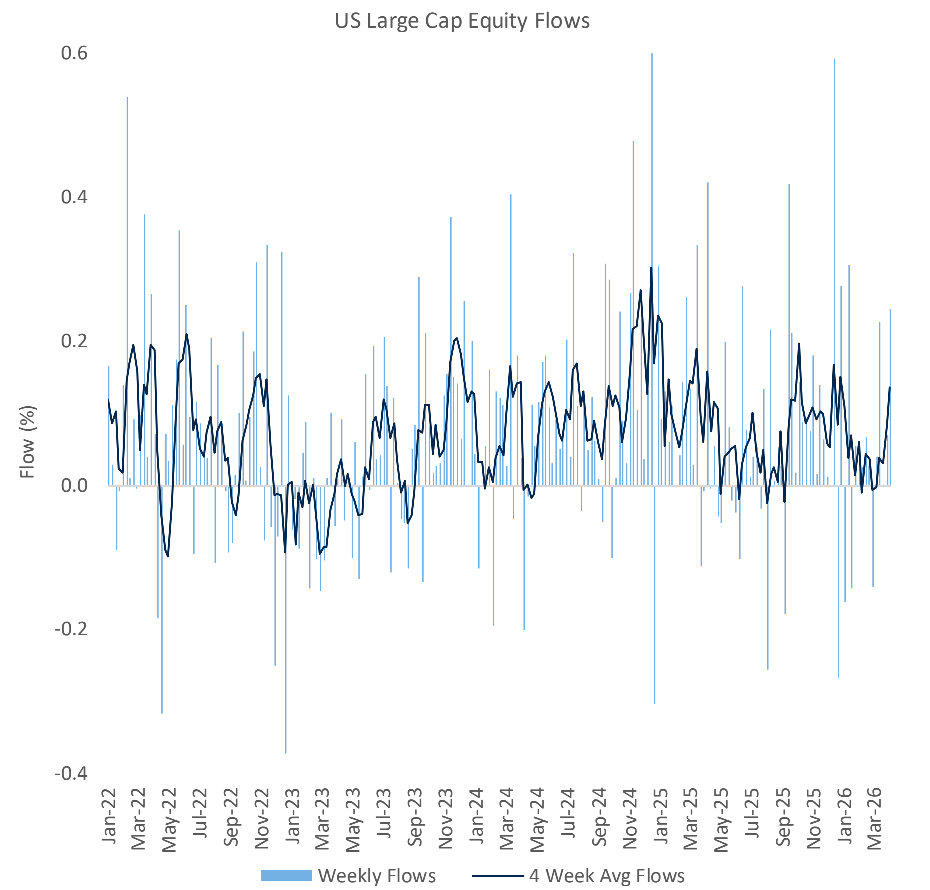
Small Caps Are Seeing Outflows, Large Cap Flows Have Ticked Up and Are Improving





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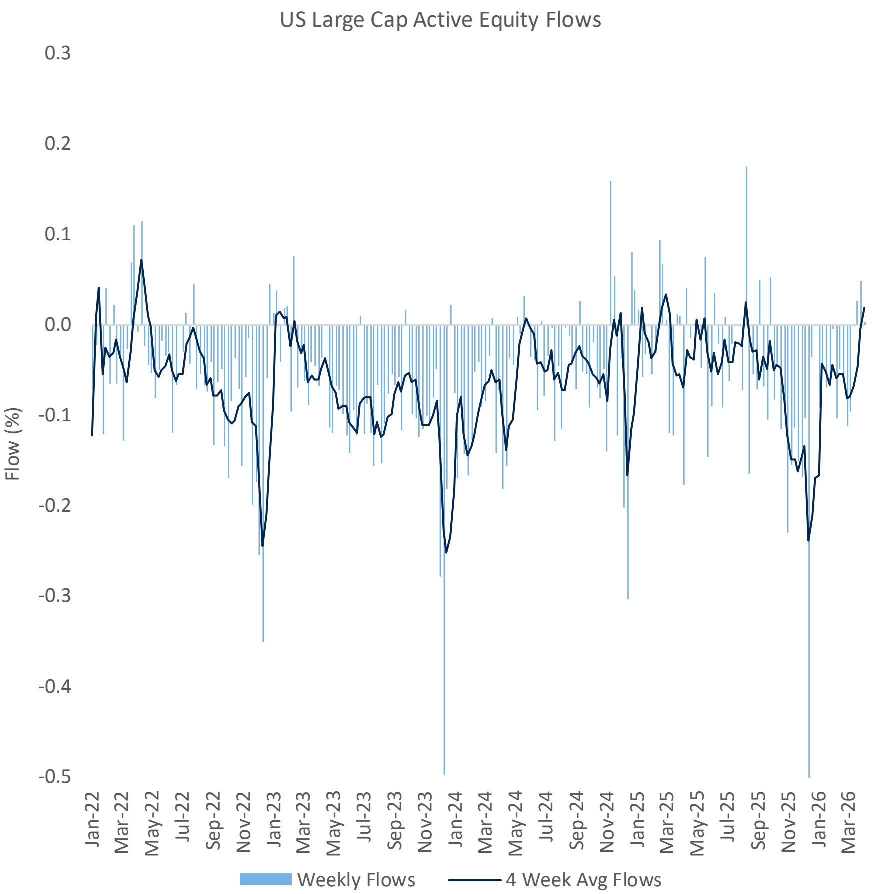
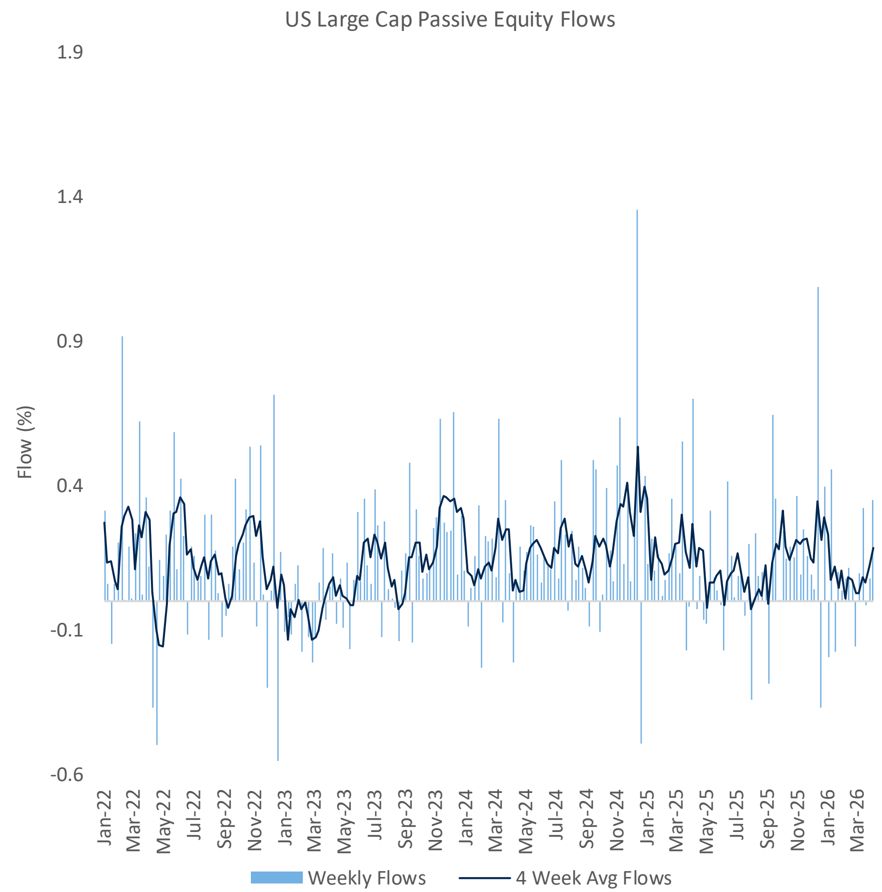
Within US Large Cap, Active Flows Just Registered a Small Inflow

US Large Cap passive flows have started to improve now after a period of weakness.





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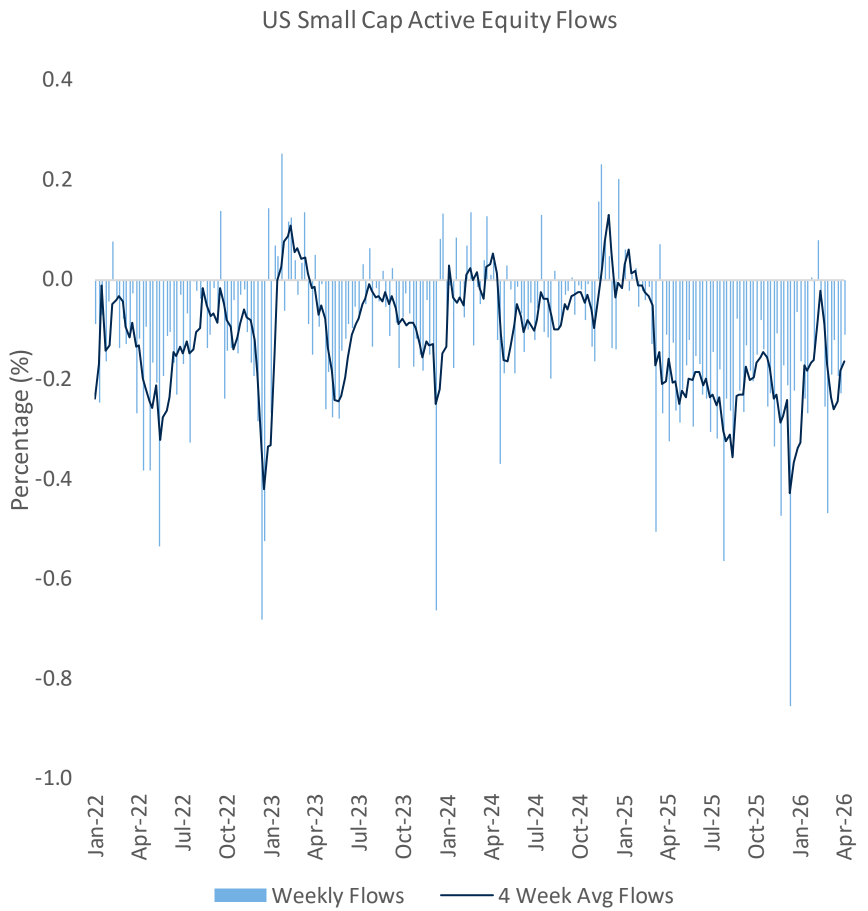
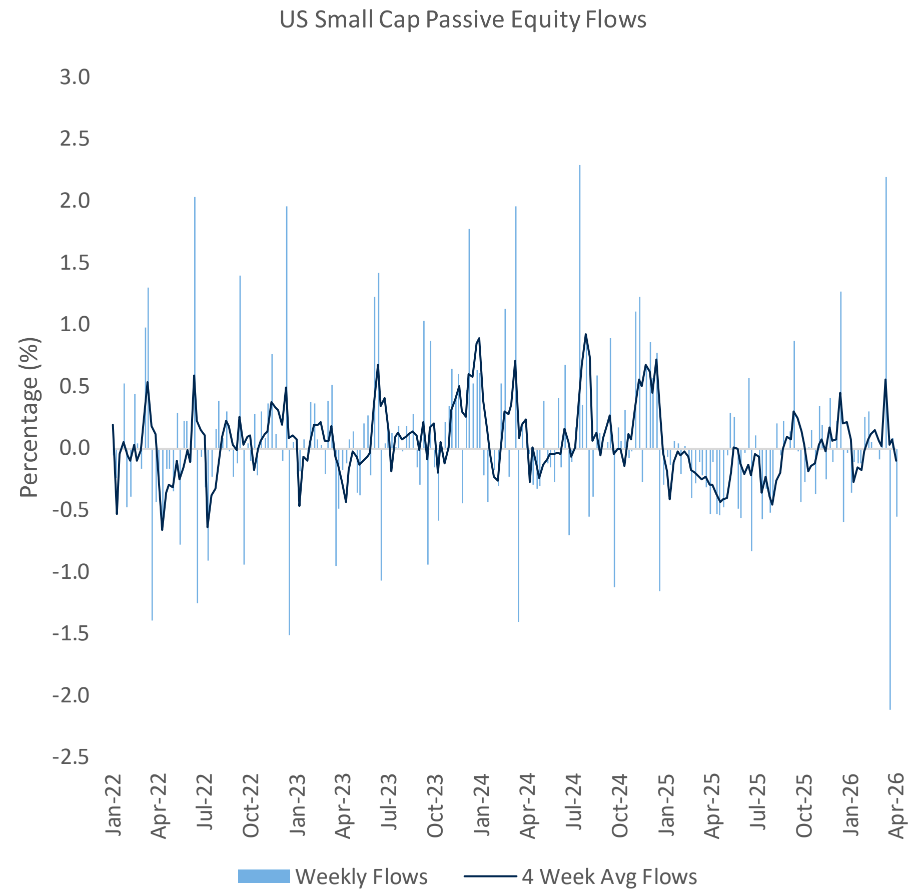
Within Small Cap, Active Funds Keep Registering Outflows, Passive Flows Just Saw a Large Outflow





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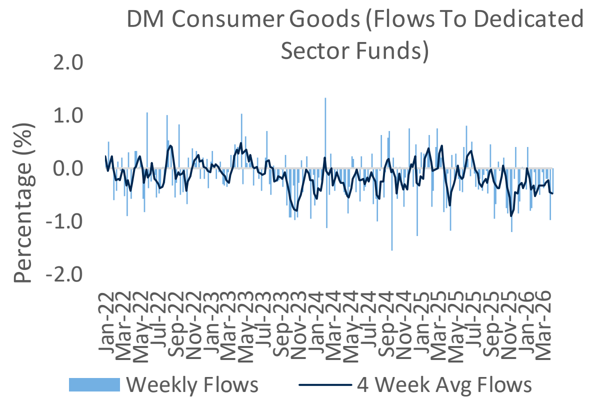
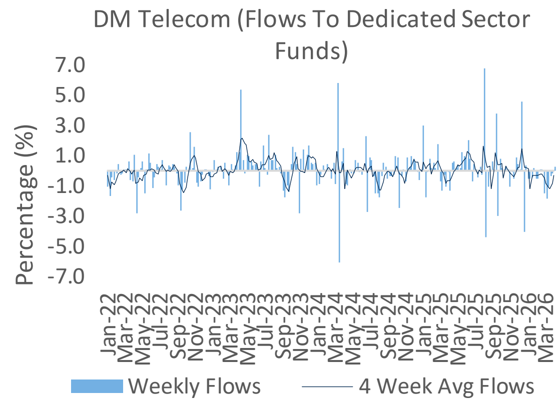
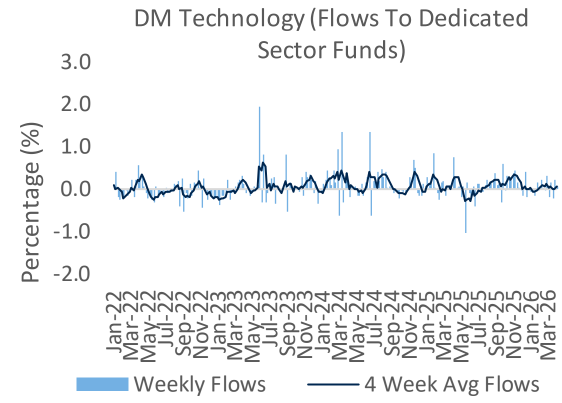
Source: RBC US Equity Strategy, EPFR; as of April 8, 2026

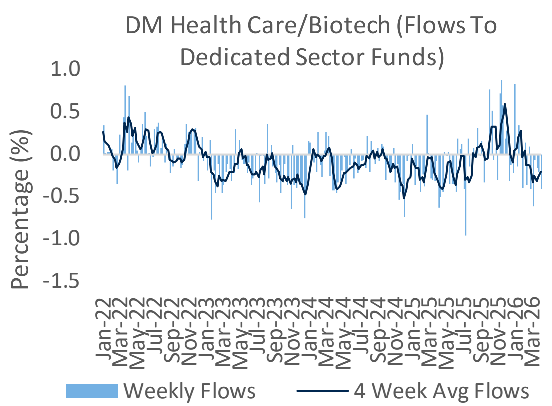
Global Developed Markets Sector Flows (Growth and Defensive)

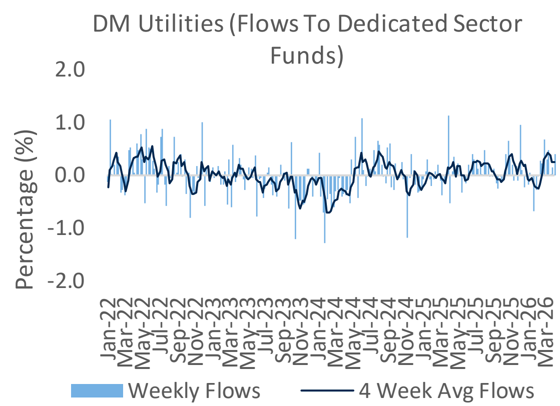
- These charts capture inflows / outflows to funds dedicated to specific sectors.
- On the growth side, Consumer flows have generally been negative. Telecom flows have been weak as well while Tech flows have held up better.
- On the defensive side, Health Care continues to see deep outflows in the latest updates but these are starting to lessen in intensity. Utilities flows are holding up while REITs have started to be out of favor in recent data updates.

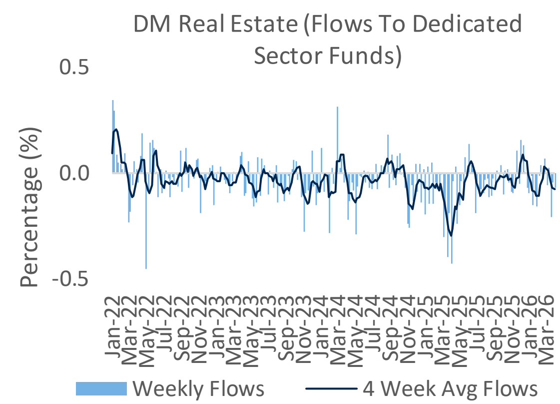








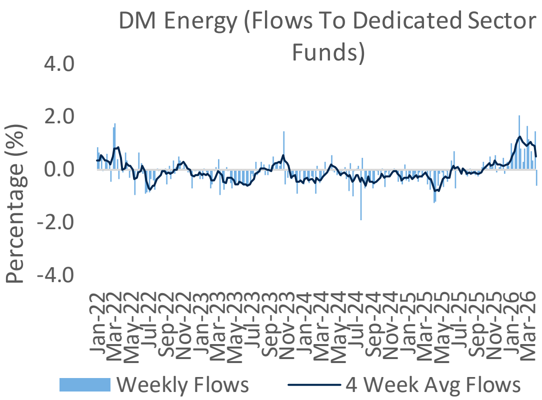


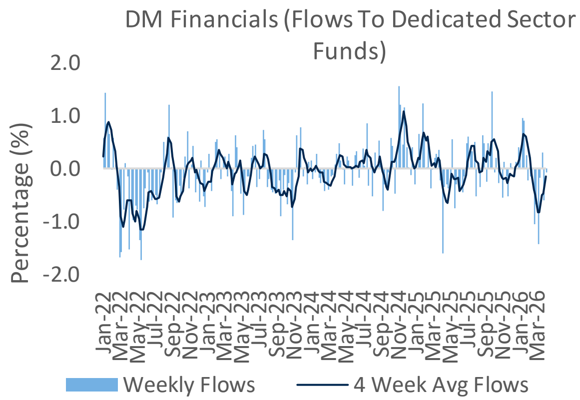


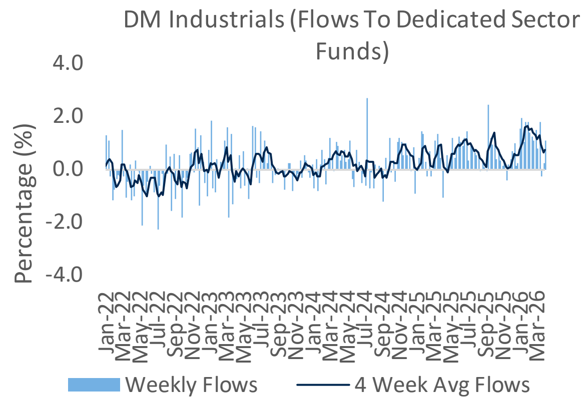
Note: Global Developed Markets includes all developed market funds dedicated to Asia-Pacific, North America, Western Europe, and Global as their regional mandate.
Source: RBC US Equity Strategy, EPFR; as of April 8, 2026

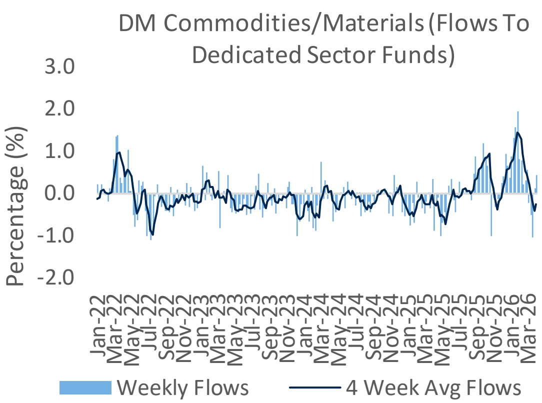
Global Developed Markets Sector Flows (Cyclical and Value)

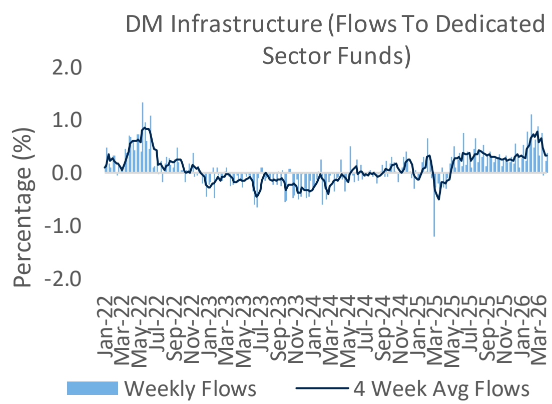
- These charts capture inflows / outflows to funds dedicated to specific sectors.
- On the commodity side, Energy flows started to lose some steam a couple of weeks ago and in the most recent update registered an outflow.
- Materials was seeing very strong inflows at the back of last year and early this year. Then the trade started to lose steam and outflows returned, but in the latest data update the sector registered an inflow.
- On the cyclical side, Industrials flows have been strong but are weakening. Financials flows have been weak but are starting to recover. Infrastructure flows have been positive and steady.







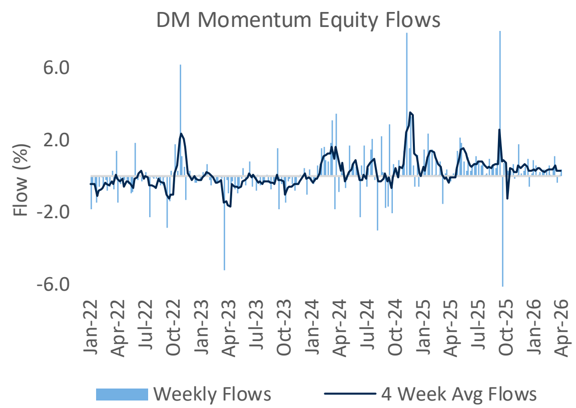


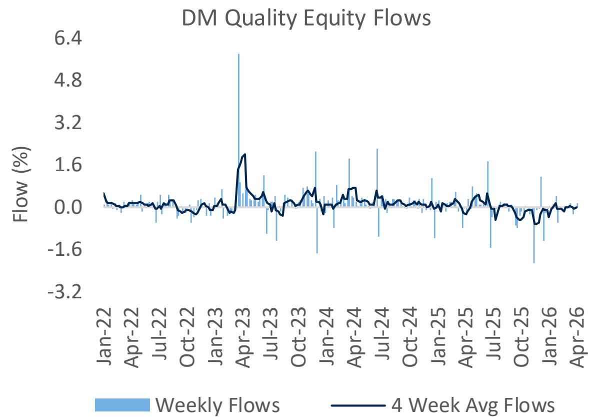


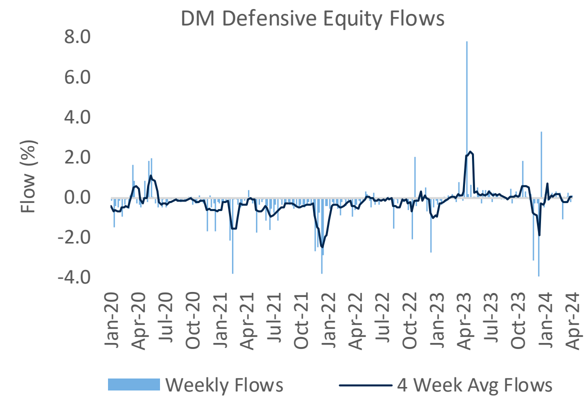
Note: Global Developed Markets includes all developed market funds dedicated to Asia-Pacific, North America, Western Europe, and Global as their regional mandate.
Source: RBC US Equity Strategy, EPFR; as of April 8, 2026

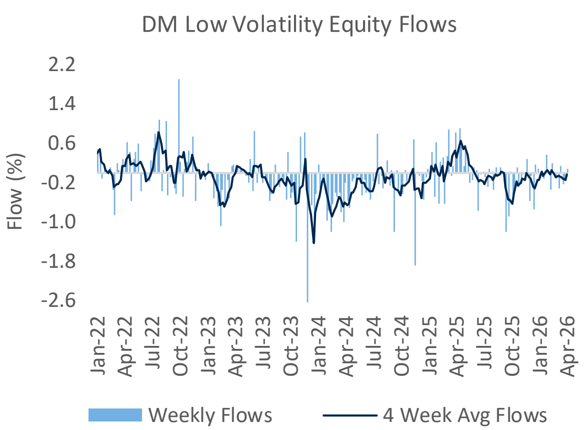
Global Developed Markets Factors Flows

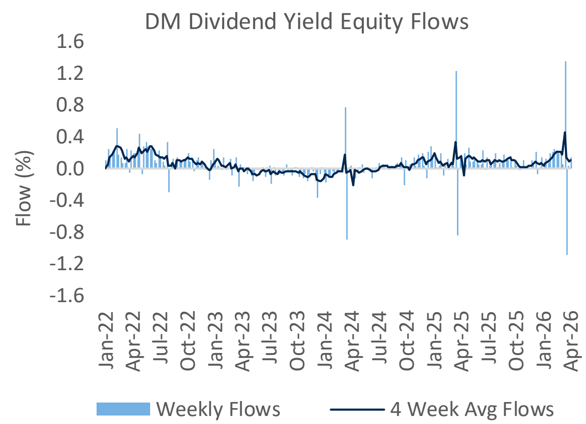
- These charts capture inflows / outflows to funds dedicated to specific factors.
- Flows for momentum funds have been positive and stable lately.
- Flows for low vol and for quality funds have been muted.
- Flows to defensive funds and dividend funds have been choppy recently. Namely, dividend funds have just registered their largest weekly inflow and outflow since 2022.











Source: RBC US Equity Strategy, EPFR; as of April 8, 2026

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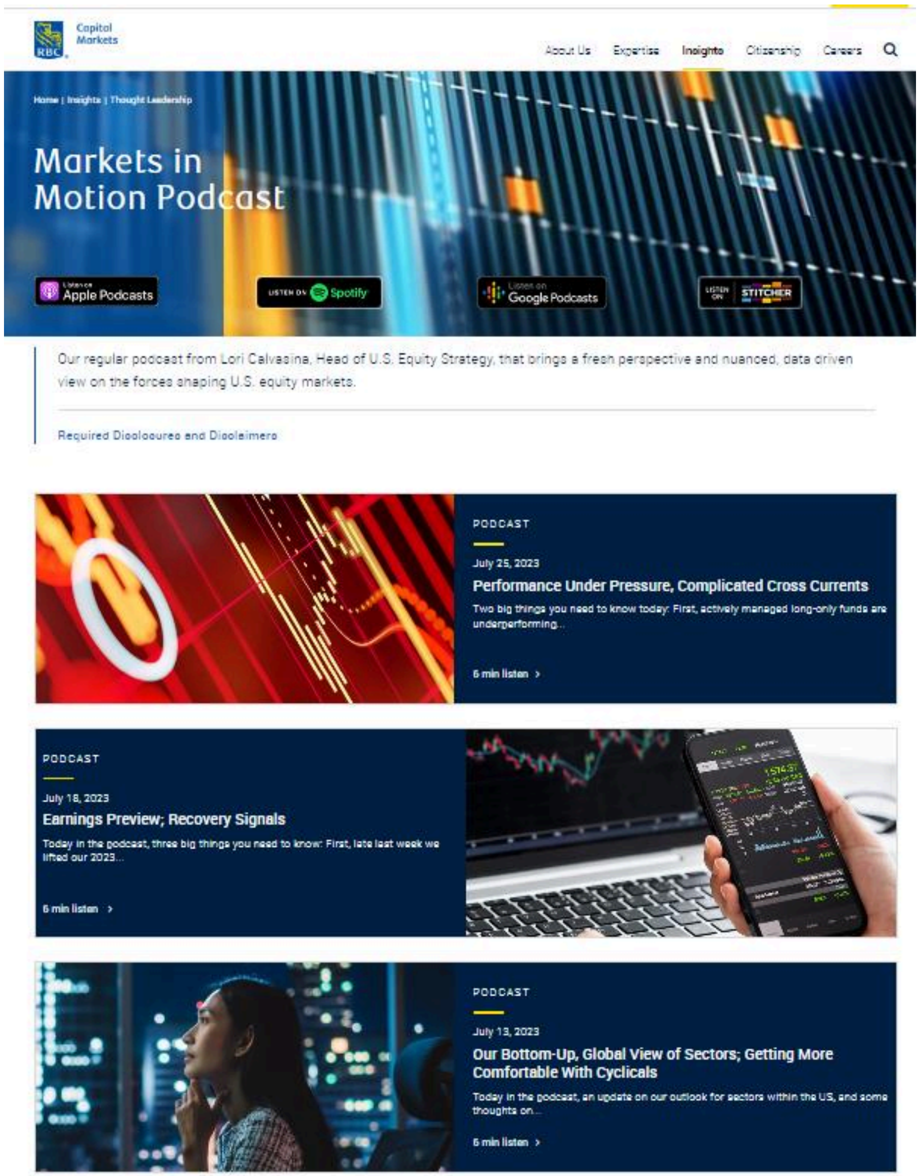

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