GLOBAL Insight

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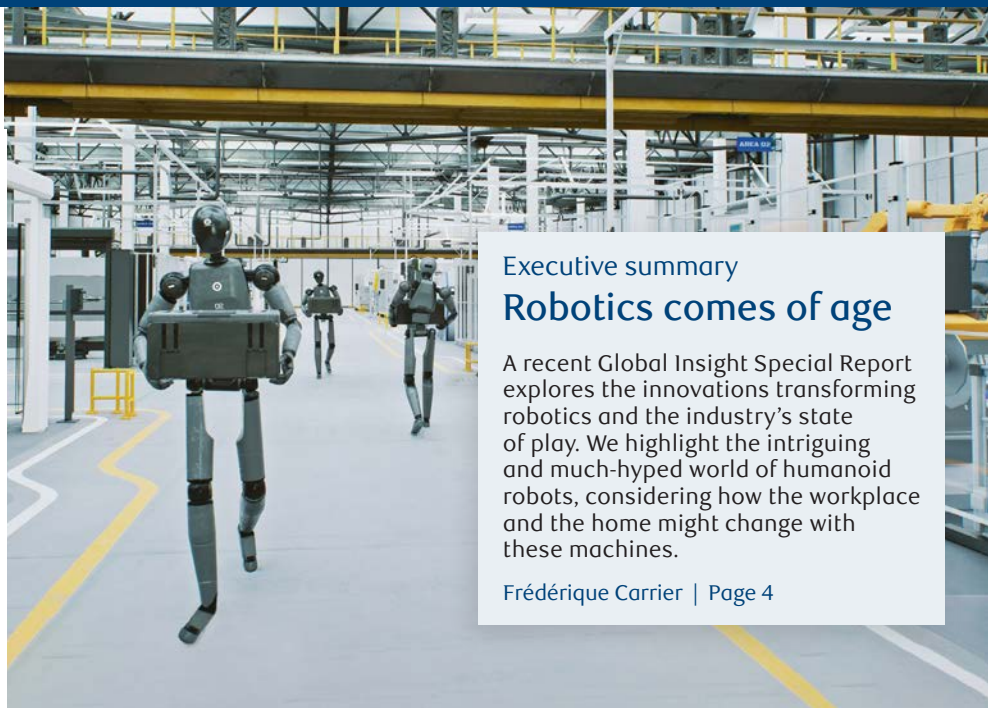
Perspectives from the Global Portfolio Advisory Committee

November 2026



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Executive summary

Robotics comes of age

A recent Global Insight Special Report explores the innovations transforming robotics and the industry's state of play. We highlight the intriguing and much-hyped world of humanoid robots, considering how the workplace and the home might change with these machines.

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New highs could be on the horizon for equity markets in 2027. However, concerns about inflation, Middle East hostilities, and any further policy uncertainty could produce meaningful corrections along the way to those highs.

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Rising French bond yields have heightened market turbulence, but contagion risks appear limited, in our view. We explore why higher yields may persist, but at a more moderate trajectory.

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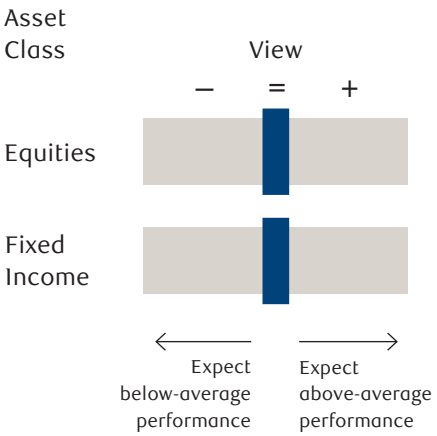
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All values in U.S. dollars and priced as of market close, Oct. 30, 2026, unless otherwise stated.

RBC'S INVESTMENT

Stance

Global asset class views



(+/=/–) represents the Global Portfolio Advisory Committee's (GPAC) view over a 12-month investment time horizon.

+ Overweight implies the potential for better-than-average performance for the asset class or for the region relative to other asset classes or regions.

= Market Weight implies the potential for average performance for the asset class or for the region relative to other asset classes or regions.

– Underweight implies the potential for below-average performance for the asset class or for the region relative to other asset classes or regions.

Source - RBC Wealth Management

Equities

- Battling narratives about AI data center capital spending and access to future capital have generated volatility in AI-related stocks and equity markets globally. Risks associated with sticky headline inflation, ongoing Middle East hostilities, the Fed's rate hike cycle, and sovereign bond yields remain in focus as well.
- Also on the watchlist are the U.S. midterm elections, particularly any potential changes in political party control that would increase AI data center regulations at state and local levels. AI development remains the greatest contributor to both U.S. economic and earnings growth, which makes it a prime focus of investor interest.
- The biggest threat to equity markets, in our assessment, would be indications that a U.S. recession is on the way. But we see little evidence of that. Regular corrections notwithstanding, we think the prospects favor more new highs for markets in the next 12 months. We continue to recommend holding Market Weight exposure in portfolios.

Fixed income

- The years-long rise in global longer-term sovereign bond yields bifurcated in October. In France, civil unrest and budgetary fears raised credit risks and pushed yields higher. Elsewhere, an AI-related pullback in stocks and flight-to-safety demand drove sovereign yields lower as investors sought haven assets. In the U.S., the benchmark 10-year Treasury yield fell from a peak of over 5.3% to end the month under 5.0%. Though we have been positioned for (and guiding toward) higher yields since January, we remain inclined to believe that yields could keep moving higher still.
- We remain Underweight U.S. Treasuries and continue to favor short-duration exposure based on the potential for higher long-term bond yields. Credit valuations have improved amid some market volatility, and we have used this opportunity to increase exposure to high-yield corporate bonds via reduced exposure to preferred shares.

MONTHLY

Focus



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Read the complete Special Report

"Robotics comes of age"

Part of
RBC Wealth Management's
"Innovations" series.

Executive summary

Robotics comes of age

Is the era of R2-D2 and C-3PO, the two Star Wars robots, upon us? This article explores the innovations transforming robotics and focuses on the intriguing world of humanoid robots. It foresees how the workplace and the home might change with these machines, before exploring investment opportunities.

Key points

- **Powerful hardware and software advances, moving in lockstep, are transforming robotics.**
- **Industrial and service robots remain the backbone of today's robotics industry.**
- **Humanoids' athletic prowess is impressive, but they remain confined to structured industrial pilots—for now.**
- **Actionable investment opportunities lie across the whole robotics value chain.**

Innovations gather pace

Extraordinary scientific advances are transforming the robotics industry.

Daniela Rus, director of The Massachusetts Institute of Technology's (MIT) Computer Science and Artificial Intelligence Laboratory, told McKinsey in a June 2026 interview, that both the body (hardware), and the brain (software) of robots have progressed significantly. Meaningful advancement, however, requires them to move forward in tandem, as they have in recent years.

The body

Robotic bodies have evolved from metal and heavy plastic to a wide range of materials that are now paired with markedly smaller, lighter motors. This matters because dexterity requires fitting motors into tight places—a hand has many small joints.

The brain

AI has transformed how robots perceive and respond to their environment. Legacy robots required step-by-step programming and very precise conditions. Today's robots learn to recognise objects by studying a vast number of examples until they can identify an object regardless of its position, lighting, or orientation, and adjust their movements accordingly.

A newer generation of AI systems, known as vision-language-action (VLA) models, enables robots to turn plain language instructions—'pick up the glass on the right'—directly into movement. VLA models can merge all three steps of seeing, understanding language, and generating motor commands into one trained system that reads the scene, interprets the instruction, and generates the movement in a single step. That lets robots

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attempt tasks they were never specifically trained for, drawing on general knowledge of the world.

The body and the brain

Rus believes that the clearest gains arise when body and brain improve together. For example, Amazon's robotic arm system Vulcan, unveiled in May 2025, pairs force-feedback sensors and a gripper fitted with a camera and suction cup (body) with perception and action software (the brain) that lets it adapt to items it has never specifically encountered before. Vulcan reliably handles roughly 75% of the more than one million catalogue items of widely different shapes, sizes, and textures.

Humanoids: From backflips to usefulness

Industrial and service robots remain the backbone of today's robotics industry, but the emergence of humanoid robots has captivated audiences worldwide. Recent technological breakthroughs are perhaps most visible in humanoid robots.

Videos of humanoids dancing on stage have stunned viewers. But these are staged events, the robots having been trained on thousands of simulated hours in virtual reality. Such training does not build an understanding of how the world works. Getting a robot to do a task reliably, with all the complications, such as the forces and torques that arise when interacting with the physical world, as Rus puts it, is far harder, in her view.

In his 'RBC Imagine™: The Rise of the Robotic Intelligence' report, RBC Capital Markets, LLC Global Automobiles and Auto Parts Analyst Tom Narayan argues that industrial and commercial applications will likely take precedence over household robots thanks to the former's narrower capability requirements and faster return on investments for businesses. Robots as domestic assistants are likely more than 20 years away, given the complexity of home tasks.

Many pilot programmes are underway today to integrate humanoids into an industrial setting, but progress has been limited, McKinsey notes. Humanoid robots remain confined to repetitive, moderately complex tasks in structured settings such as mapped factory aisles or routine inspection routes. The dynamic, close-contact work many roboticists envision for humanoids remains elusive for now.

Still, given the promise of robotics, the Chinese government is backing the industry. China's humanoid industry also benefits from the robust domestic manufacturing base, and an ability to scale hardware production rapidly. Inexpensive components, such as motors and batteries, are readily available, while university-industry collaboration enable Chinese firms to iterate and deploy at scale faster than anyone else. As a result, China now leads the humanoid race.

RBC's Narayan found that while Chinese firms generally excel in hardware, U.S. and European companies lead in software innovation—arguably where it matters most for how far this technology can progress.

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Forecasts for how large this industry could become vary enormously. McKinsey expects general-purpose robotics (including humanoids) to reach hundreds of billions of dollars by 2040, though further technological breakthroughs are needed for this to happen, including on safety, staying power, and ensuring price points are compelling.

Tools or teammates?

Rus expects a future with a wide range of machines: some humanoids, others built and optimized for specific tasks.

For Mikell Taylor, director of robotics strategy at General Motors, the future of robotics is about thoughtful system design that would enable humans to do their best work alongside increasingly capable, collaborative machines.

Further out, robots may become able to learn a new activity within hours by merely watching a human perform it, and to work safely alongside people without the segregation that separates them today. That shift, however, is likely beyond a practical investment horizon.

For now, actionable investment opportunities are across the robotics value chain, though investors should be aware of how competitive parts of it already are. On the hardware side, these include part suppliers, select robot makers, and design companies. On the software side,

Humanoids on the factory floor: Early industrial pilots

Narrow tasks, heavy safety constraints, still far from autonomy

End user / Robotics company	Use case	Robot / description	Capabilities
BMW / Figure AI	Pilot for a humanoid to move components between stations in mapped, controlled settings, emphasizing mobility over fine manipulation.	**The Figure 02** • Height: 1.68 m (5′5″) • Weight 70 kg (154 lbs)	• Run time: 5 hours • Fourth-generation hands with 16 degrees of freedom (1)
Amazon / Agility Robotics	Pilot for a humanoid to handle repetitive tote movement in warehouses. Despite being able to navigate dynamic environments, it currently operates in semi-segregated zones due to gaps in safety systems and the lack of humanoid-specific regulation.	**The Digit** • Height: 1.75 m (5′9″) • Weight: 65 kg (143 lbs)	• Run time: 4 hours • Can lift 16 kg (35 lbs) • Charges itself via a charging station, docking on its own • Legs have 5 degrees of freedom, arms have 3 • The next-gen Digit announced for end of 2026 aims to have a 50 lb (23 kg) payload and fence-free ‘cooperative safety’
Airbus / UBTech robotics	Pilot for a humanoid to do strenuous tasks on aircraft assembly lines so humans can focus on quality control and specialised operations. Currently in testing phase.	**The Walker S2** • Height: 1.76 m (5′9″) • Weight: 73 kg+ (160 lbs) (2)	• Hands have 11 degrees of freedom & tactile sensors • Can hold 7.5 kg (16.5 lbs) in each hand and 1 kg (2.2 lbs) with each finger • Walks at about 2 meters per second • First humanoid robot that can hot-swap its battery while in operation, enabling continuous operation in factories

(1) Degrees of freedom are the number of independent ways a joint can move.

(2) Weight of the Walker S2 ranges from 73 kg to 95 kg.

Source - Bloomberg, Forbes, IEEE Spectrum ‘Robots Guide’, company reports

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opportunities include developers building the operating systems, apps, and communication frameworks that enable robots to talk to each other.

Importantly, shares in humanoid robotics companies could be subject to the same pattern seen in other early technology cycles, where genuine technological promise is accompanied by valuations that run ahead of commercial reality.

Emerging technological advancements are driving innovations all around us, transforming how we live, work, and interact with one another, today and in the future. RBC Wealth Management's "Innovations" series examines these agents of change and how they can bring up compelling investment opportunities.

To learn more about the powerful advances transforming robotics, read the complete Special Report: "Robotics comes of age."

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Equity



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Equity views

Region	Previous	Current
Global	=	=
United States	=	=
Canada	=	=
Continental Europe	=	=
United Kingdom	=	=
Asia (ex Japan)	=	=
Japan	=	+

+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

More new highs likely ahead—along a bumpier path

Key points

- **A forecast for moderate GDP growth translates into a projected earnings advance capable of delivering new highs for most major equity markets in the coming year, albeit at a markedly slower pace than prevailed for the past two years.**
- **A shallower market trajectory means corrections or pullbacks will be more visible and the volatility more keenly felt. Any escalation of the Iran conflict, more policy uncertainty, or some significant disruption to AI development are just three of the most closely watched areas of investor concern.**

The 2026 earnings estimates for the S&P 500 have been edging modestly higher as investors absorb Q3 results. The lack of visibility on any settlement with Iran—complicated by Houthi threats in the Red Sea—together with continued trade and tariff uncertainties and their impact on inflation are frequently cited in many management discussions of business conditions. Despite this, 2027 earnings estimates have also moved somewhat higher, presumably reflecting expectations for some resolution—after a long wait—on those two fronts.

The RBC Capital Markets Equity Strategy Team's multi-model approach has left its 8,150 index target for Q3 2027 unchanged. Assumptions include: the U.S. economy growing reliably in the low-2% range in real terms; Consumer Price Index (CPI) inflation at 2.75%; three Fed hikes in total (i.e., two more expected); the 10-year Treasury yield at 5%; and a 12-month forward earnings estimate that is 10% below current consensus forecasts (versus the "normal" erosion of 8%).

The 8,150 target for the S&P 500 translates into a return of approximately 6% to 7%—much slower than the 20% and 13% returns of the prior two years—but it nonetheless implies a climb to a succession of new highs over the next 12 months. Corrections and pullbacks in the context of a shallower upward market trajectory probably mean any volatility will be more apparent along the way.

At least three factors could produce a correction on the way to the 2027 target, in our view:

- The opening months of Fed tightening have frequently produced an equity market pullback from which stocks recover fairly quickly on their way to subsequent new highs. In this case, it is far from clear whether a tightening cycle has even begun. That said, the outlook for inflation is undoubtedly at the top of the Fed's list. Concerns about the recent "stickiness" of headline inflation—which has moved back above 3% on a year-over-year basis—are at issue, while several measures of "core" inflation have continued to subside below 3%. A worsening of the data picture could easily disrupt equity markets for some time.

- So, too, could a resumption of hostilities in the Persian Gulf. Were it to occur, this could be expected to drive oil, liquefied natural gas (on which Europe and Asia depend), and fertiliser prices even higher than they are currently, reawakening the prospect of outright critical shortages within many economies.

- Also on the watchlist will be any policy fallout from the U.S. midterm elections, especially as they might pertain to the furtherance of the AI capex cycle. AI development remains

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the greatest contributor to both U.S. GDP and earnings growth, which makes it a prime focus of investor interest and concern.

The AI news flow has become more relentless. Even as hyperscalers and others announce plans for even greater capex outlays over the next two to three years, a growing number of governors in the U.S. and state officials elsewhere in the world are responding to voters demanding a slowdown. Meanwhile, various science bodies and some of the major AI developers are increasingly warning that government regulation of the technology is needed.

All this is happening against a backdrop featuring the playing out of—as well as the interplay between—at least three major cycles: the chipmaking cycle, the data centre building cycle, and the AI adoption cycle. The first two are well advanced and are expected by many market participants to eventually reach a cycle-ending period of overcapacity that is still thought to be several years away. The third, AI adoption, has only just gotten underway and, in our view, has many years—if not decades—to run.

All of these considerations are also factoring into the economic and equity market outlooks for the other major developed economies. Earnings estimate revisions for these markets have been mixed but mostly upward, and price-to-earnings multiples—in the mid-teens or lower—are much less demanding.

Corrections in response to any of the concerns outlined above notwithstanding, we think the prospects favour more new highs for equity markets in the coming 12 months, delivering average to slightly above-average equity returns.

GLOBAL

Fixed income



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Fixed income views

Region	Gov't bonds	Corp. credit	Duration
United States	–	=	1–3
Canada	+	–	3–7
Continental Europe	–	–	3–7
United Kingdom	–	–	3–7

+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

The French disconnection

Key points

- **Distress in French government debt appears to mark the next phase in a volatile year for global bond markets, but we see contagion risks as low.**
- **The sharp rise in global yields seen in September stabilized through October, but the balance of risks remains to the upside, if at a more moderate pace.**
- **Many central banks stood pat at policy meetings in October, but we maintain our view that further policy tightening remains in the pipeline this year.**

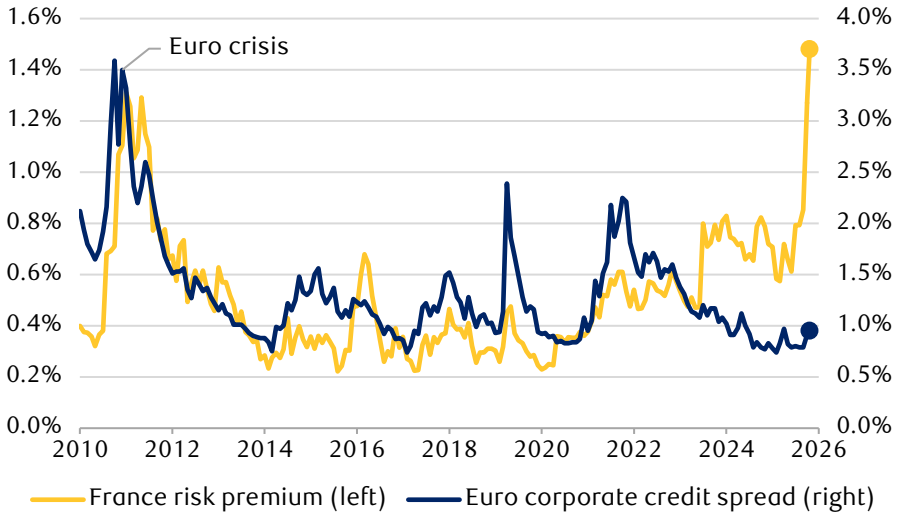
Just when a volatile year for global bond markets amid ever-higher yields was starting to show some signs of stabilization in October, developments out of France have seemingly ignited the next phase of volatility: the potential knock-on effects of ever-higher yields.

Amid civil unrest and budgetary pressures, the risk premium in French sovereign bonds—as measured by the gap between French yields and those of Germany's—has gapped to levels not seen since 2011. As the chart shows, a 10-year French bond now trading near 5.0% commands a 1.5% premium over German 10-year Bunds. While this has sparked concerns about contagion and speaks to the broader risk of rising global government debt and deficits in many regions, all signs still point to containment, in our view.

Other regions—for example Italy, whose sub-par economic growth might leave it exposed to a higher yield environment—haven't seen anywhere near the same levels of stress; 10-year Italian debt yields just 1.1% over German bonds, which remains a historically low level for the country and well below the 2011 crisis peak of over 5%. At the same time, European corporate bond spreads—or the incremental yield beyond sovereign debt demanded by

Containment?

French risk premiums spike but broader economic stress signals remain muted



Note: France risk premium shown by difference between French and German 10-year sovereign bond yields.

Source - RBC Wealth Management, Bloomberg EuroAgg Corporate Bond Index

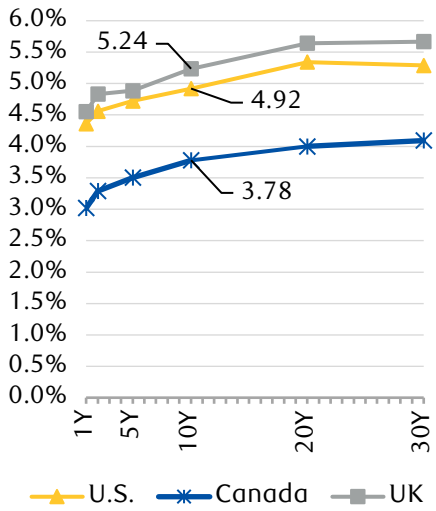
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investors for implied credit risks—remain just 0.95%, less than a third of euro crisis era levels and a sign that economic risks are seen as manageable, in our view.

In the U.S., Federal Reserve policymakers have already signaled wariness over the rise in Treasury yields, with the benchmark 10-year Treasury trading as high as 5.36% last month. Policymakers skipped a rate hike at the October meeting amid concerns about the potential negative impacts of higher rates on growth, even as inflationary pressures appear to be building. That said, we currently expect a rate hike at the December meeting and one more to follow in early 2027.

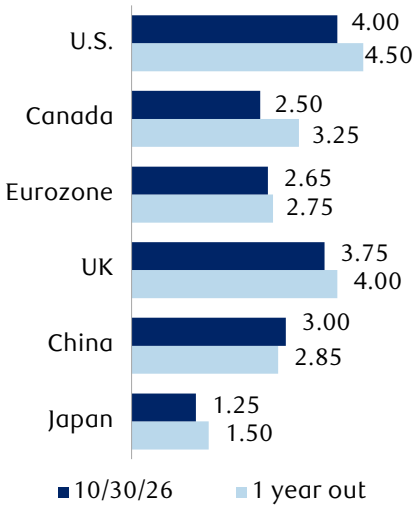
As is often said, the cure for high rates is typically high rates themselves. The sharp move higher that we witnessed over the course of September perhaps reached a near-term limit in October as stress fractures formed, but that doesn't mean yields can't still move higher. Many of the fundamental factors that have been driving long-term government bond yields higher for years remain in place; therefore, we maintain a bias toward higher yields, but perhaps rising at a more gradual pace from here.

Sovereign yield curves



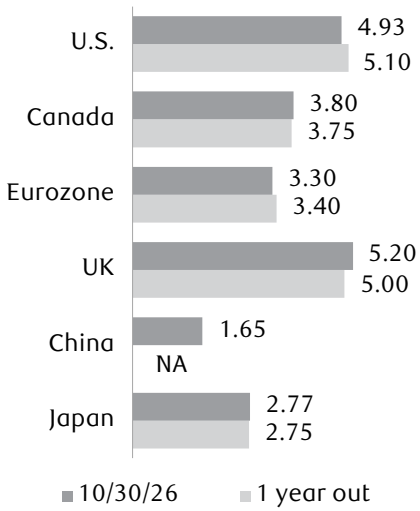
Source - Bloomberg; data as of 10/30/26

Central bank rates (%)



Source - RBC Investment Strategy Committee, RBC Capital Markets forecasts, Global Portfolio Advisory Committee, RBC Global Asset Management

10-year rates (%)



Note: Eurozone utilizes German Bunds.
Source - RBC Investment Strategy Committee, RBC Capital Markets forecasts, Global Portfolio Advisory Committee, RBC Global Asset Management

Research resources

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As of September 30, 2026

			Investment Banking Services Provided During Past 12 Months	
Rating	Count	Percent	Count	Percent
Buy [Outperform]	953	57.62	313	32.84
Hold [Sector Perform]	649	39.24	164	25.27
Sell [Underperform]	52	3.14	3	5.77

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