RBC Global Asset Management

Market outlook

NEW YEAR 2025

Trump victory revives animal spirits

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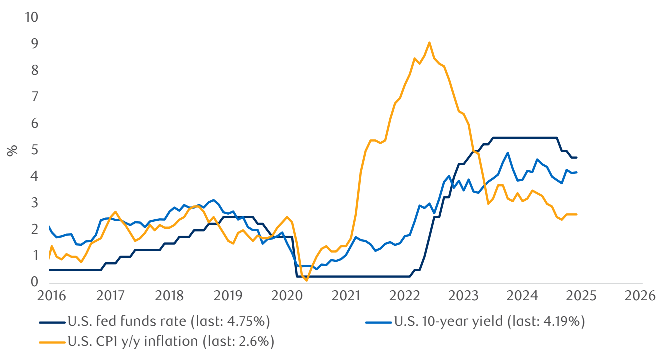
A variety of macroeconomic challenges have faded and investors have become increasingly confident in the outlook. The most prominent development is that inflation has cooled, allowing central banks to start cutting interest rates and capping one of the worst-ever bear markets in bonds (Exhibit 1). Stocks encountered periods of volatility but ultimately delivered impressive returns as investors embraced the increasing likelihood of a soft landing and received a further boost from Donald Trump's election win, which could signal more growth, lower taxes and less regulation (Exhibit 2). Fanned by the easing of monetary conditions, the economy should continue to move ahead in 2025. While an economic soft landing and moderating inflation should be supportive of capital markets, we are growing increasingly concerned about enthusiasm for stocks despite very high and demanding valuations in the large-cap U.S. equity market especially.

Investor confidence could be tested by a variety of risks over the year ahead including the near three-year-old war in Ukraine, armed conflicts in the Middle East and China's ebbing growth. Inflation appears to be under control, but tariffs that have been suggested by President-Elect Trump could push prices higher in the short term. Moreover, while

Exhibit 1: United States

Interest rates, bond yields and inflation



Note: As of November 30, 2024. Source: Bloomberg, RBC GAM

Exhibit 2: MSCI World Index

U.S. dollars

Note: As of November 29, 2024. MSCI World Index in U.S. dollars.
Source: Bloomberg, RBC GAM

Trump proposed a large and diverse list of policies during the campaign, what actually gets implemented is almost certain to be different. This uncertain backdrop suggests a range of potential outcomes around our expected base case scenario. Investors should brace for an uptick in financial-market volatility over the next 12 months.

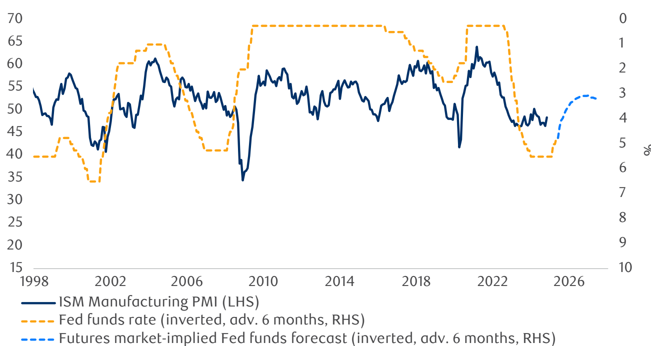
Our base case scenario envisions the global economy continuing to grow at a moderate pace in an environment of easing inflation, enabling central banks to keep dialing back short-term interest rates. In our view, bonds appear to be reasonably priced and yields are likely to trade in a range over the year ahead, providing fixed-income investors with low- to mid-single-digit returns with modest valuation risk. Stocks offer better return potential than bonds, although we are concerned that only a handful of mega-cap stocks continue to make up the bulk of the weighting and returns in the U.S. large-cap market. Should earnings gains broaden as the economy strengthens, equities are poised for a shift in leadership away from mega-cap technology stocks toward much more attractively priced sectors and themes that could breathe new life into the bull market.

We seek to balance the risks and potential opportunities in our recommended asset mix and, over the past several quarters, we have been more tactical in managing our fixed-income exposure. This quarter we added one percentage point to our fixed-income position as yields jumped above 4%, eliminating the underweight introduced in the prior quarter when yields had plunged. Currently, our asset mix is back to a neutral stance, which we believe will allow us to take advantage of volatility should it arise. Within our neutral equity allocation, we favour regions that will benefit from a pro-growth, America-centric administration – meaning a preference for North American equities and a tilt toward mid- and smaller-cap stocks. For a balanced global investor, our current recommended asset mix is 60.0% equities (strategic: "neutral": 60.0%), 38.0% bonds (strategic "neutral": 38.0%) and 2.0% cash.

Rate cuts in 2024 to boost economy in 2025

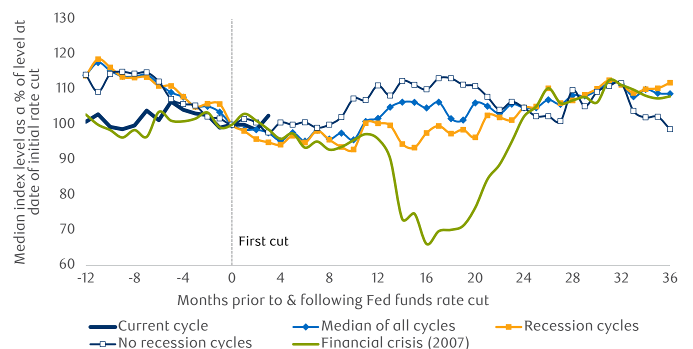
Central-bank rate cuts initiated this year are likely to boost economic activity in 2025 as growth responds to monetary-policy changes with a lag. The relationship between interest rates and the economy is evident in Exhibit 3, which plots the U.S. ISM Manufacturing Index (PMI) alongside the U.S. fed funds rate, which is inverted and advanced by six months on the chart. The rapid increase in interest rates since early 2022 (i.e. falling dashed orange line on the chart) weighed on growth and the PMI stabilized as rates stopped rising in mid-2023. Fed interest-rate relief began this past September, which in conjunction with further rate cuts, should help stoke economic activity through next year (i.e. rising light-blue dashed line on the chart). So far, the PMI is tracking what would normally be expected once rates start falling. Exhibit 4 plots a roadmap of the U.S. PMI through 16 prior periods of monetary easing where, t=0 on the chart indicates the date of

Exhibit 3: U.S. ISM Manufacturing Index & the fed funds rate – Fed funds inverted and advanced six months



Note: As of November 30, 2024. Source: Institute for Supply Management

Exhibit 4: U.S. ISM Manufacturing PMI and the fed funds rate cut – Implications for current cycle, following first rate cut



Note: As of November 30, 2024. Source: RBC GAM

the first rate cut in a cycle. Whether or not the economy is in recession, PMIs tend to begin recovering six to nine months after the first rate cut, although the improvement is more pronounced in soft landings. If the past relationship holds, the charts suggest we could see an acceleration in economic activity beginning in the spring of 2025.

Inflation expectations remain well anchored

One of the key factors determining the trajectory of interest rates is whether inflation remains on a path toward central banks' 2% objective. Significant progress has already been made, with U.S. CPI inflation having fallen to 2.7% from a peak of 9.1% in mid-2022. Economists' forecasts look for inflation to settle between 2% to 3% over the year ahead in line with our own view (Exhibit 5), but further improvement will likely be more difficult to achieve. Complicating the outlook is the possibility that prices could spike over the short term if Trump implements the tariffs he has threatened. We believe that the tariffs under discussion would have a one-time impact on inflation. To the extent that investors are able to look past the potential for short-term tariff effects, there should be little impact on longer-term inflation expectations. We can see that market-based inflation expectations so far remain anchored according to pricing in the real return bond market (Exhibit 6).

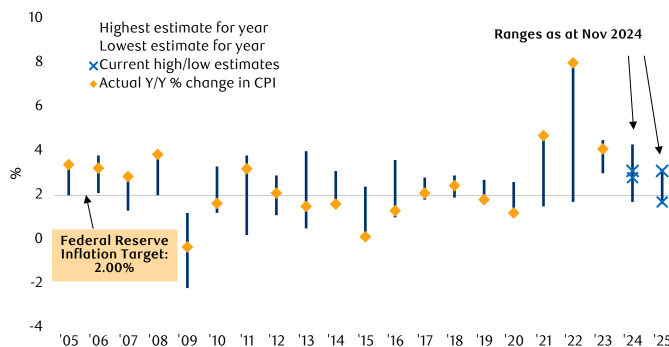
Interest rates are on a downward path, but pace of adjustment may shift

Our model for short-term interest rates suggests the fed funds rate remains in restrictive territory and has scope to fall further. The neutral interest rate - that which neither stimulates nor restricts economic growth - is near 2.0%, based on our model, but rises to 3.6% five years from now (Exhibit 7). The higher neutral rate in the model over time suggests that inflation or the real rate of interest (i.e. nominal rate - inflation), or both, will move somewhat higher, limiting scope for the fed to aggressively reduce rates, even in the near-term.

The combination of better economic data and Trump's election victory has caused investors to scale back expectations of aggressive rate cuts over the year ahead. Futures markets are pricing in between 75 basis points and 100 basis points of reductions by the end of 2025 instead of the 200 basis points in cuts that were priced in around mid-September (Exhibit 8).

Exhibit 5: United States

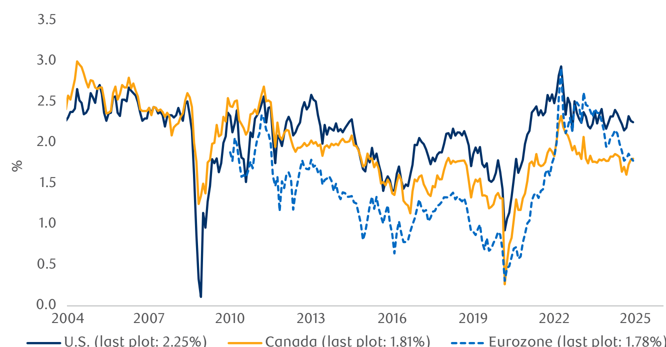
Inflation estimate dispersion



Source: Consensus Economics, RBC GAM

Exhibit 6: Implied long-term inflation premium

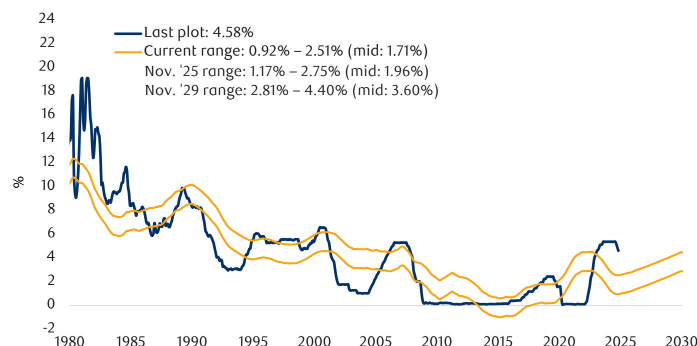
Breakeven inflation rate: nominal vs 10-year real return bond



Note: As of Nov 2024. Eurozone represents GDP-weighted breakeven inflation of Germany, France and Italy. Source: Bloomberg, RBC CM, RBC GAM

Exhibit 7: U.S. fed funds rate

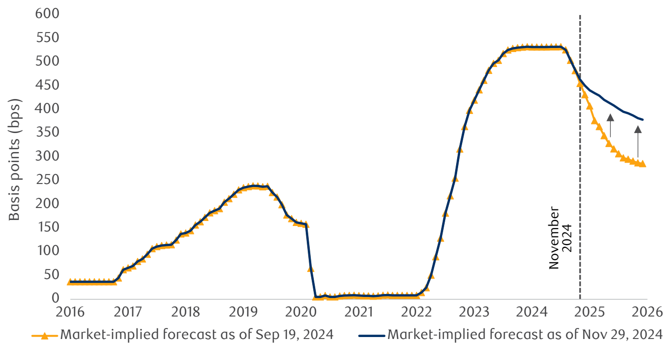
Equilibrium range



Note: As of November 30, 2024. Source: RBC GAM

Exhibit 8: Implied fed funds rate

12-months futures contracts



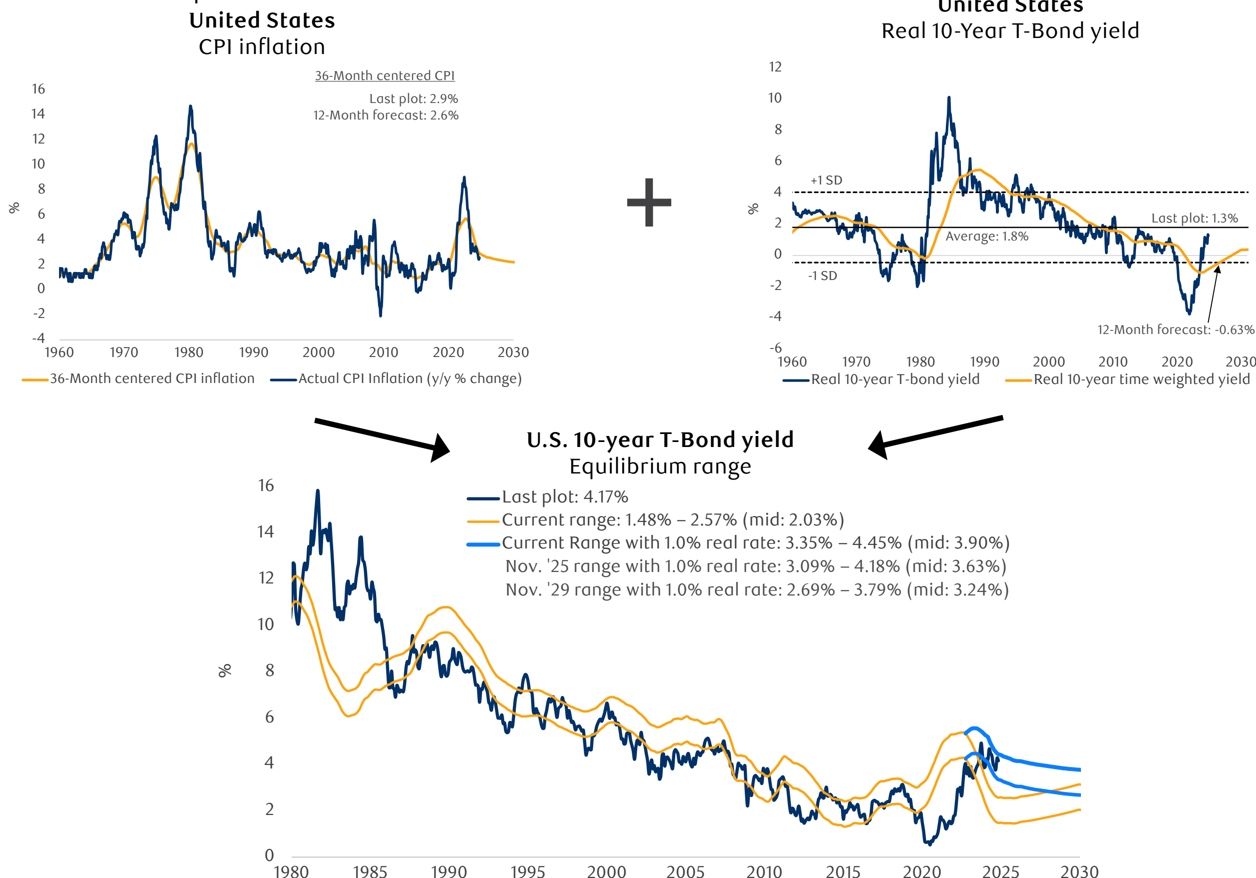
Source: Bloomberg, U.S. Federal Reserve, RBC GAM

Bonds offer decent return potential, modest valuation risk

The big shifts in interest-rate expectations over the past year have caused significant adjustments in fixed-income markets. The U.S. 10-year yield fell as low as 3.60% in September before briefly rebounding to about 4.40% coincident with the U.S. election in November. We think yields are appropriately priced in most major sovereign-bond markets except Japan, with return potential ranging from low single digits to mid single digits, with the greatest return potential being in U.S. Treasuries (Page 38). For Japan, we expect slight losses for bonds because the Bank of Japan, contrary to other developed-market central banks, is tightening monetary policy.

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

Fair-value estimate composition



Note: As of November 30, 2024. Source: RBC GAM

Our conclusion that the U.S. T-bond market is fairly priced is based on an adjustment that we made earlier this year to the bond model to mitigate the pandemic's outsized impact on the real interest-rate. While our original model appeared to accurately capture the inflation premium embedded in Treasuries, the real, or after-inflation, yield component was out of line with what we might expect (Exhibit 9). We foresee real rates settling toward something closer to 0.5% to 1.5%. This is the range deemed consistent with a 2015 Bank of England paper[1] explaining the drivers of real interest rates: economic growth, demographics and an increased preference for saving versus spending. As a result, we have anchored our model to a 1% real rate 5 years from today (the middle of the range between the 0.5% and 1.5% expectation) to remove the influence of extremely negative real rates seen during the pandemic. Assuming the real rate moves from its current level to 1.0% over the coming 5 years and that inflation settles around 2 to 3 percent, our model suggests an appropriate range of 3.4% to 4.5% for the U.S. 10-year yield (blue band on the chart bottom chart of Exhibit 9). These markers, we think, serve well as ranges to tactically manage fixed-income positions. We forecast the U.S. 10-year yield toward the middle of that range, namely 4.00%, over the year ahead.

[1] Lukasz Rachel and Thomas D. Smith (December 2015). Bank of England Staff Working Paper No. 571: Secular drivers of the global real interest rate.

Little sign of stress in capital markets

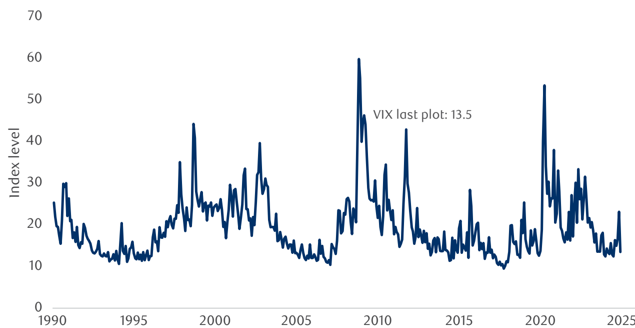
Financial markets are signaling that investors are highly confident in the outlook. The volatility index (VIX), a gauge of investor's expectations for future price changes, is close to its lowest levels in the past three decades, and, although some episodes of stress occurred during the year including an unwinding of the yen carry trade during the summer, the spike in the VIX was short-lived (Exhibit 10). Spreads on high-yield bonds and default rates are also at historic lows, suggesting a benign environment for credit markets and a low risk for corporate-bond investors (Exhibit 11). Moreover, the Bloomberg U.S. Financial Conditions Index, which consists of a variety of interest-rate and liquidity metrics, indicates that financial conditions are highly accommodative (Exhibit 12). Taking these indicators together, one can conclude that the outlook for corporate profitability is healthy, or else that investors are highly complacent and willing to accept a low return in exchange for risk taking.

Stocks extended gains with mixed results

Global equities delivered impressive gains in the past year and many markets climbed to records. The strongest returns were generated by U.S. mega-cap technology stocks, in particular the "Magnificent 7," which increased 48% between January and November. The gains began to broaden in the summer beyond mega-cap tech stocks as other areas

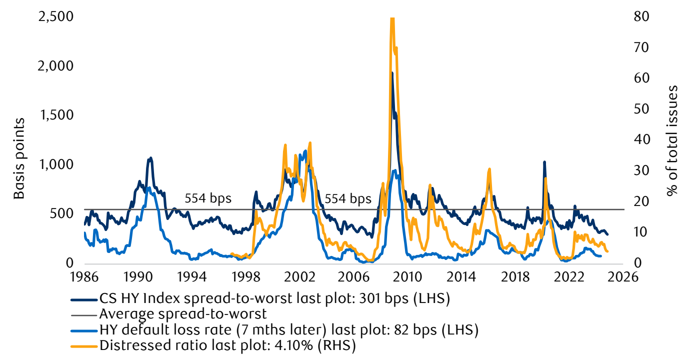
Exhibit 10: Cboe Volatility (VIX) Index

Expected volatility of the U.S. stock market



Note: As of November 30, 2024. Source: Cboe, Bloomberg, RBC GAM

Exhibit 11: High yield bond spread



Note: As of November 29, 2024. Source: BofAML, Credit Suisse, RBC GAM

Exhibit 12: Bloomberg U.S. Financial Conditions Index

Note: As of November 30, 2024. Source: Bloomberg, RBC GA

> "The Bloomberg U.S. Financial Conditions Index, which consists of a variety of interest-rate and liquidity metrics, indicates that financial conditions are highly accommodative."

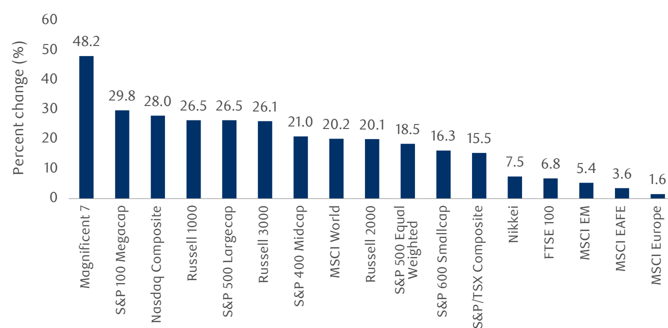
posted strong returns. The S&P 500 Index has risen 26.5% so far this year, while the Russell 2000 small cap index rose 20.1%, the S&P 500 equal-weighted index returned 18.5%, and Canada's S&P/TSX Composite Index rose 15.5% in U.S.-dollar terms (Exhibit 13). International markets underperformed, particularly after Trump's election win, given that he favours domestic growth at the expense of international and emerging-market economies. The MSCI EAFE Index and MSCI Emerging Markets Index gained just 3.6% and 5.4%, respectively, in the 11-month period.

High valuations are concentrated in U.S. mega caps

After such a strong run in global equities, many investors may be concerned that stocks are overvalued. Our own models show that valuation concerns are concentrated in U.S. mega-cap stocks. Supporting this point is that the largest 10 stocks in the S&P 500 account for a record-setting 35% weight in the index but only 25% of its aggregate earnings (Exhibit 14). While these stocks are indeed expensive, a look at our global GDP-weighted fair-value composite suggests stocks are only 6.5% overvalued (Exhibit 15). Valuations differ widely among regions outside the U.S. Excluding the U.S. from our composite situates global stocks at 15.2% *below* fair value (gold line in Exhibit 15).

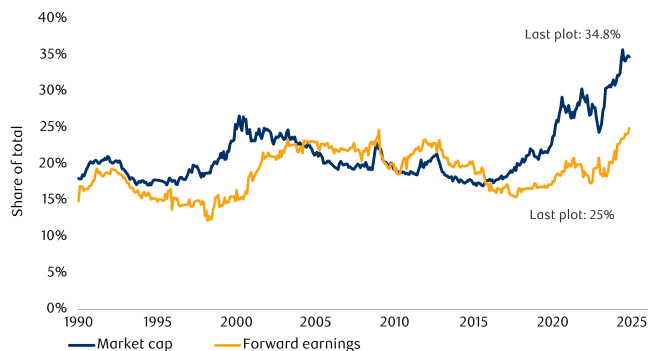
Exhibit 13: Major indices' price change in USD

December 29, 2023 to November 29, 2024



Note: Magnificent 7 includes Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta and Tesla. Source: Bloomberg, RBC GAM

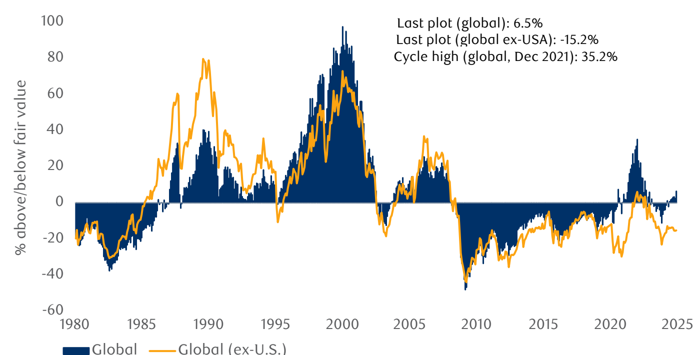
Exhibit 14: Top 10 stocks as a share of S&P 500 Index



Note: As of November 29, 2024. Source: RBC GAM

Exhibit 15: Global stock market composite

Equity market indexes relative to equilibrium



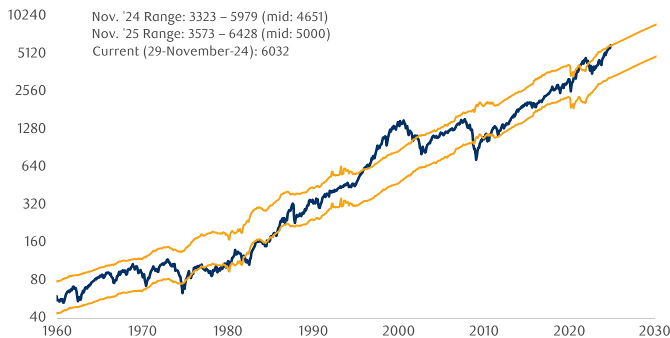
Note: As of November 29, 2024. Source: RBC GAM

Mega-cap stocks notwithstanding, the U.S. equity market offers reasonable valuations overall. While the S&P 500 trades at the top of our fair-value band one standard deviation away from the midpoint (Exhibit 16), the equal-weighted version of the index trades closer to the midpoint of its fair-value channel. This relationship suggests that the average stock in the S&P 500 is reasonably valued (Exhibit 17). Moreover, companies with smaller market capitalizations are also fairly priced, with the S&P 400 Mid-Cap Index trading in line with our modelled estimate of fair value (Exhibit 18).

As a result of their attractive valuations, stocks of many medium-sized and smaller companies offer better return potential than larger caps. For the last several years, smaller-cap stocks underperformed as earnings growth meaningfully lagged larger-cap stocks (Exhibit 19). With the U.S. domestic economy expected to strengthen and possibly receive a boost from Trump's pro-growth agenda, earnings growth could become more plentiful. In fact, the consensus of analysts' estimates shows that earnings of mid-cap stocks are expected to at least keep pace with those for large-cap stocks (see dotted line in Exhibit 19). Exhibit 20 lists a variety of earnings expectations in other markets for 2025 and 2026, as well as their price-to-earnings ratios. Several are expected to deliver earnings growth in line with the S&P 500 - but are priced at meaningfully lower price-to-earnings multiples. If earnings accelerate across the board, investors may be better off investing in U.S. mid- and small-caps stock and equities outside the U.S.

Exhibit 16: S&P 500 equilibrium

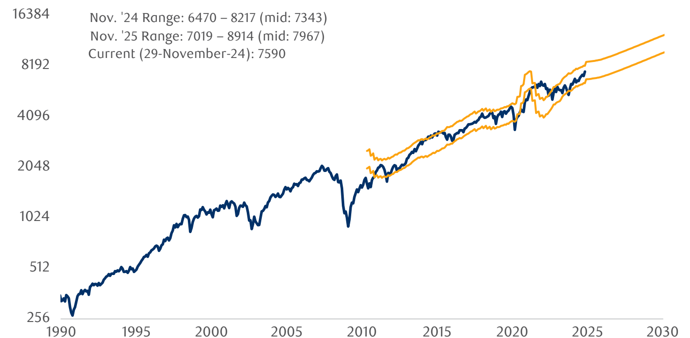
Normalized earnings & valuations



Source: RBC GAM

Exhibit 17: S&P 500 Equal Weighted equilibrium

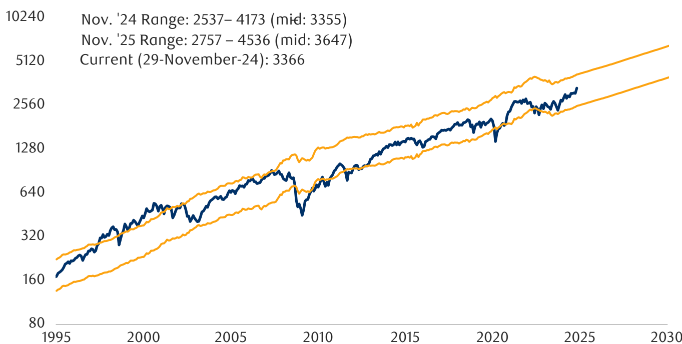
Normalized earnings & valuations



Source: RBC GAM

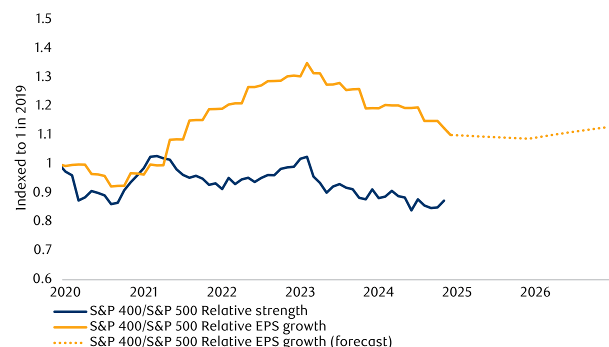
Exhibit 18: S&P 400 Mid-cap equilibrium

Normalized earnings & valuations



Source: RBC GAM

Exhibit 19: S&P 400 Mid-cap / S&P 500 relative performance and earnings growth



Note: As of November 29, 2024. Source: Bloomberg, RBC GAM

Exhibit 20: Major stock-market indices
Consensus earnings outlook

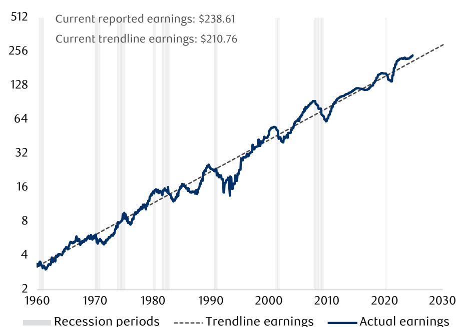
Index	Index level	EPS	P/E	EPS	EPS estimate	EPS Growth	Implied P/E	EPS estimate	EPS Growth	Implied P/E	EPS estimate	EPS Growth	Implied P/E
S&P 600 Small Cap	1533	82.26	18.6	89.73	81.16	-9.5%	18.9	93.78	15.5%	16.3	109.93	17.2%	13.9
S&P 500	6032	236.08	25.6	221.24	238.61	7.8%	25.3	272.67	14.3%	22.1	304.26	11.6%	19.8
S&P/TSX Composite	25648	1441.61	17.8	1448.19	1437.31	-0.8%	17.8	1638.88	14.0%	15.6	1781.75	8.7%	14.4
S&P 400 Mid Cap	3366	178.59	18.8	175.74	178.59	1.6%	18.8	199.11	11.5%	16.9	232.70	16.9%	14.5
S&P 500 Equal Weighted	7590	381.12	19.9	371.26	383.86	3.4%	19.8	425.90	11.0%	17.8	472.41	10.9%	16.1
MSCI World	3810	176.12	21.6	167.21	179.39	7.3%	21.2	195.32	8.9%	19.5	216.34	10.8%	17.6
MSCI Emerging Markets	1079	80.81	13.3	73.04	85.09	16.5%	12.7	92.50	8.7%	11.7	104.59	13.1%	10.3
MSCI China	63	5.80	10.9	5.39	6.03	12%	10.5	6.55	8.5%	9.6	7.31	11.6%	8.6
MSCI UK	2365	193.37	12.2	212.70	193.59	-9.0%	12.2	203.73	5.2%	11.6	218.21	7.1%	10.8
MSCI Europe	171	11.96	14.3	12.20	11.93	-2.2%	14.3	12.54	5.1%	13.6	13.71	9.3%	12.5
MSCI Japan	1647	105.38	15.6	90.45	108.34	19.8%	15.2	109.83	1.4%	15.0	124.06	13.0%	13.3
MSCI EAFE	2316	159.62	14.5	154.79	164.78	6.5%	14.1	162.97	-1.1%	14.2	178.80	9.7%	13.0

Note: As of December 3, 2024. Sorted by 2025 EPS growth. Source: Bloomberg, RBC GAM

Sustaining strong S&P 500 earnings growth likely requires expanding margins

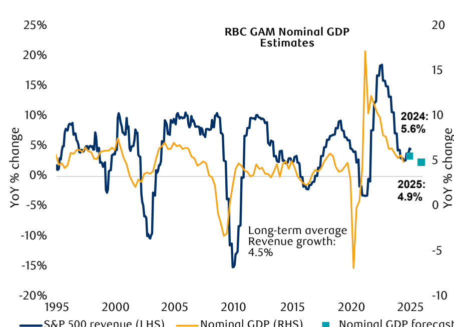
While we are generally confident that earnings will continue to rise, a lot will have to go right for today's double-digit profit growth projections for the S&P 500 are to be achieved. Earnings are re-accelerating after moving mostly sideways through 2023, but we note that they are above their long-term trend making it difficult to sustain above-average growth rates (Exhibit 21). Our nominal GDP forecast is useful in generating an earnings forecast for the S&P 500, as growth in the economy and corporate profits are closely linked (Exhibit 22). Our nominal GDP forecast (real growth plus inflation) points to mid single-digit revenue growth over the next year, and if that's the case, then the only way to get to double-digit earnings gains is if profit margins widen. That is not out of the realm of possibility as margins can rise if the economy re-accelerates. In fact, margins are already rebounding (Exhibit 23). Moreover, lower interest rates, possible tax cuts

Exhibit 21: S&P 500 earnings comparison



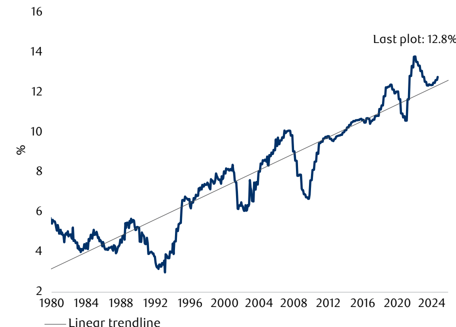
Note: As of November 29, 2024. Source: RBC GAM

Exhibit 22: United States
S&P 500 revenue and nominal GDP



Note: As of November 29, 2024. Source: RBC CM, RBC GAM

Exhibit 23: S&P 500
Net margin



Note: As of November 26, 2024. Source : Bloomberg, RBC GAM

from the new U.S. administration and benefits from artificial intelligence could lead to improved margins, but they are already near past peak levels. Further improvement is increasingly critical to achieving analyst earnings estimates.

Scenarios suggest limited upside potential for S&P 500 Index

While we believe that return potential is superior in stock markets aside from the S&P 500, the index is, after all, the world's bellwether equity index and so warrants closer inspection. Exhibit 24 outlines various possibilities for the S&P 500 based on combinations of earnings per share and price-to-earnings ratios. Should the S&P 500 companies earn an aggregate US$275 per share, in line with the consensus estimate, and trade at a P/E ratio of 22.4 (one standard deviation above the "equilibrium" level we calculate as consistent with current inflation, interest rates, and corporate profitability), the index would trade at 6164 - generating a 2% annualized total return from the end of November to the end of next year. Were earnings to rise along their current trajectory to US$309 in 2026 and maintain a P/E ratio of 22.4, annualized returns would be 8% from now until the end of 2026. Keep in mind, though, that the equilibrium P/E is 17.9. If the multiple falls to this level, it's likely the index would be lower within as few as two years. Given a starting point of historically elevated valuations at the time of this writing, further returns for the S&P 500 will likely require a combination of heightened investor confidence, strong earnings growth, falling interest rates and cooling inflation. Even if all of those things fall into place, the reward is likely modest returns. Should earnings disappoint or risks mount to ding investor confidence, stocks would be vulnerable to correction.

Exhibit 24: Earnings estimates and alternative scenarios for valuations and outcomes for the S&P 500

		Consensus	Total Return		Consensus	Total Return		Consensus	Total Return
		2024	2024		2025	2025		2026	2026
	P/E	$243.6		P/E	$274.6		P/E	$308.7	
+2 Standard Deviation	26.9	6542.8	8%	27.0	7422.3	21%	27.0	8343.6	17%
+1 Standard Deviation	22.3	5433.6	-11%	22.4	6163.9	2%	22.4	6929.1	8%
+0.5 Standard Deviation	20.0	4879.0	-20%	20.2	5534.8	-7%	20.2	6221.8	2%
Equilibrium	17.8	4324.4	-29%	17.9	4905.6	-17%	17.9	5514.5	-3%
-0.5 Standard Deviation	15.5	3769.7	-38%	15.6	4276.4	-26%	15.6	4807.3	-9%
-1 Standard Deviation	13.2	3215.1	-47%	13.3	3647.3	-36%	13.3	4100.0	-16%

Note: As of November 28, 2024. Total returns for 2025 and 2026 are annualized. Source: LSEG I/B/E/S, RBC GAM

Styles - Trump victory boosted economically sensitive stocks in North America

There is evidence that investors are moving into mid-cap, small-cap and value stocks while shying away from international markets. Within the U.S., leadership shifted during the summer from large-cap growth stocks, which have led for much of the post-pandemic bull market, toward value and small-cap stocks (exhibits 25 and 26). These relative moves were further boosted by Trump's election victory over Harris. Interestingly, this shift did not benefit international and emerging markets, which extended their long-time underperformance (exhibits 27 and 28). Many of the post-election rallies are similar to what we saw immediately following Trump's victory in 2016, but they fizzled shortly after.

Exhibit 25: Value to growth relative performance

S&P 500 Value Index / S&P 500 Growth Index

Note: As of November 29, 2024. Source: Bloomberg, RBC GAM

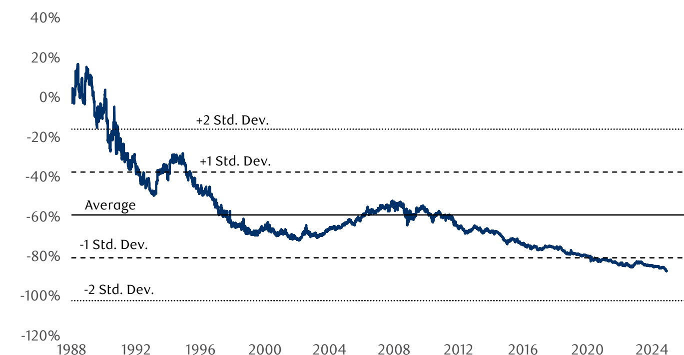
Exhibit 26: U.S. small caps versus large caps

Russell 2000 Index / S&P 500 Index

Note: As of November 29, 2024. Source: Bloomberg, RBC GAM

Exhibit 27: Relative performance

MSCI EAFE TR USD vs S&P 500 TR USD



Note: As of November 29, 2024. Source: Bloomberg, RBC GAM

Exhibit 28: Relative performance

MSCI World versus MSCI Emerging Markets

Note: As of November 29, 2024. Source: MSCI, Bloomberg, RBC GAM

Asset mix – closed underweight in bonds as yields jumped

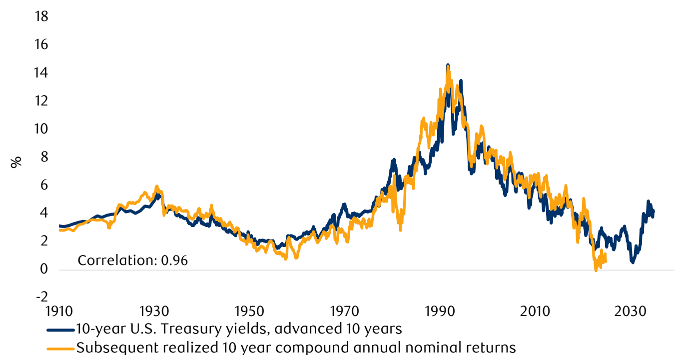
Our recommended asset mix aims to balance the risks and opportunities over short- and longer-time horizons. Over our 1-year forecast horizon, we expect the economy to avoid recession while inflation moderates. Central banks should continue to reduce rates at a gradual pace although the ultimate trough may be somewhat above levels expected for the fed funds rate as 2024 began. We recognize there are a variety of risks to this benign macroeconomic outlook, including geopolitical instability, China's growth challenges and uncertainty related to the new U.S. administration. We therefore believe having an asset mix closer to our strategic neutral setting positions us to take advantage of upside opportunities, while maintaining appropriate diversification without excessive risk taking.

With bond yields having risen meaningfully since the pandemic, return potential in bonds is reasonably attractive. Further significant losses in bonds seems unlikely as long as inflation remains under control. A reliable estimate for what investors will receive from a fixed-income asset is the current yield to maturity, which is around 4.2% on U.S. 10-year bond (Exhibit 29). This figure is down a bit from late last year but still well above levels since the 2008 global financial crisis, when yields spent more than the decade following below 4%. Importantly, at higher yields, bonds offer greater ballast against equity-market volatility in the context of a balanced portfolio.

Stocks still offer superior return potential but the premium relative to bonds is unusually small. The historical relationship between Shiller's cyclically adjusted P/E ratio (CAPE) and stock-market performance suggests that today's elevated valuations in U.S. large-cap stocks translates to around a 4.5% annualized return over the next decade for the S&P 500 (Exhibit 30). But we recognize that other equity markets, almost all of which have more attractive valuations, offer greater return potential in an environment where economic growth accelerates broadly.

We have been more tactical in our fixed-income asset allocation during the past several quarters. This quarter we added one percentage point to our bond allocation as yields rebounded back above 4%. That move took advantage of the increased return potential and diminished valuation risk in fixed income markets, neutralizing our underweight position established in the prior quarter at lower yields. We are maintaining a neutral allocation to stocks, recognizing limited upside in U.S. large-cap stocks especially. However, within our equity weight, we have nudged our positions slightly away from mega-cap technology stocks to dial down our exposure to concentration risk in the U.S. equity market. At the top level, our asset mix is in line with our strategic neutral setting, which we believe positions us well to take advantage of volatility should it arise. For a balanced global investor, our current recommended asset mix is 60.0% equities (strategic: "neutral": 60.0%), 38.0% bonds (strategic "neutral": 38.0%) and 2.0% cash.

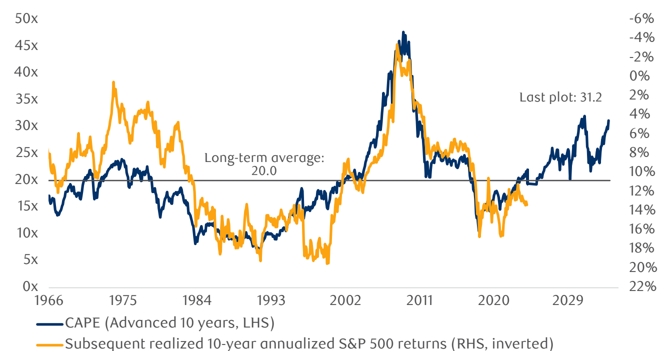
Exhibit 29: U.S. 10-year Treasury note and returns



Note: November 29, 2024. Source: Deutsche Bank, Macrobond, RBC GAM

Exhibit 30: Shiller's CAPE

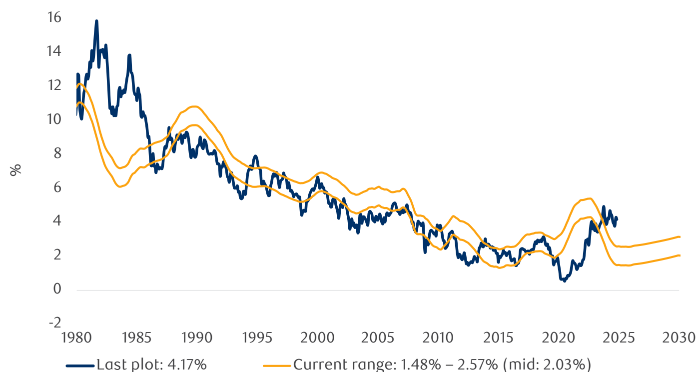
Real S&P 500 Index / 10-year average of real EPS



Note: As of November 29, 2024. Source: Macrobond, Bloomberg, RBC GAM

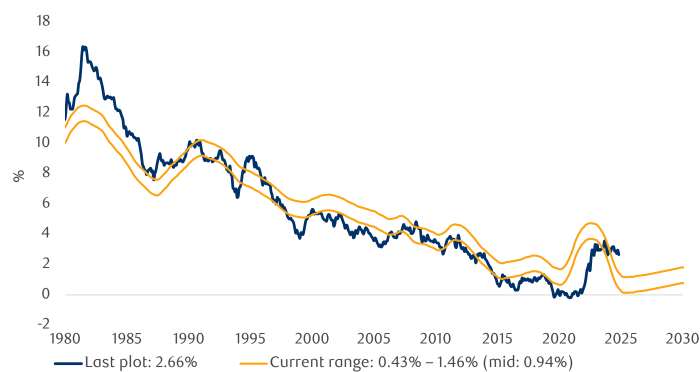
Global fixed income markets

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



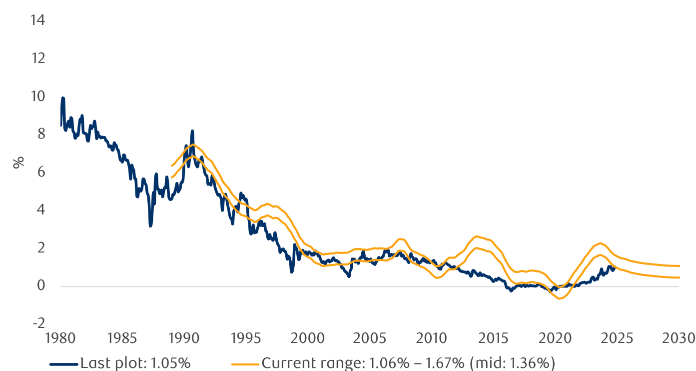
Note: As of November 30, 2024. Source: RBC GAM

Eurozone 10-Year Bond Yield
Equilibrium range



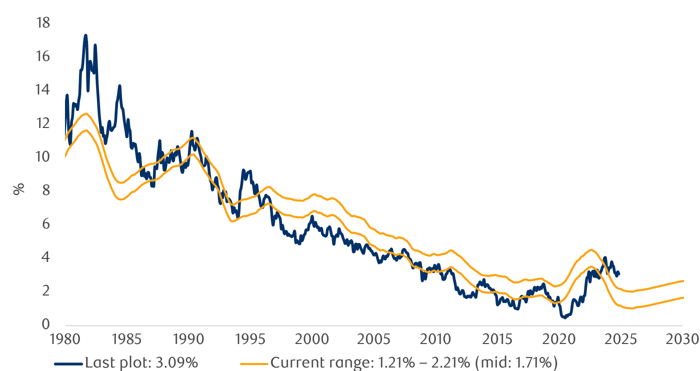
Note: As of November 30, 2024. Source: RBC GAM

Japan 10-Year Bond Yield
Equilibrium range



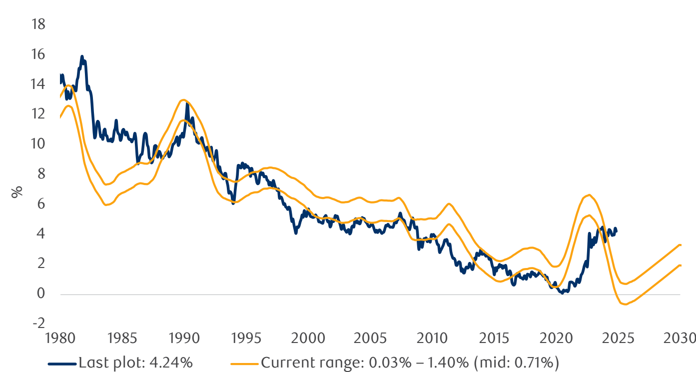
Note: As of November 30, 2024. Source: RBC GAM

Canada 10-Year Bond Yield
Equilibrium range



Note: As of November 30, 2024. Source: RBC GAM

U.K. 10-Year Gilt
Equilibrium range

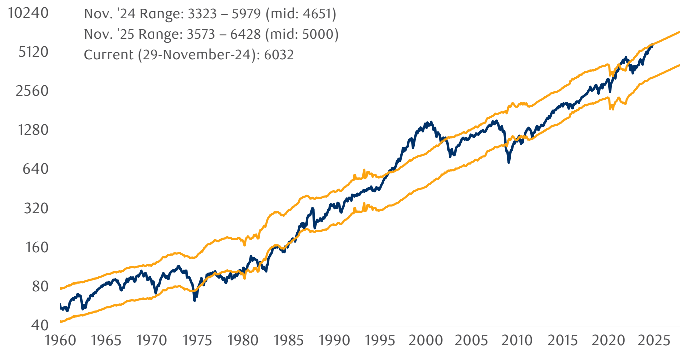


Note: As of November 30, 2024. Source: RBC GAM

> “We think yields are appropriately priced in most major sovereign-bond markets except Japan, and return potential ranging from low single digits to mid single digits, with the greatest return potential being in U.S. Treasuries.”

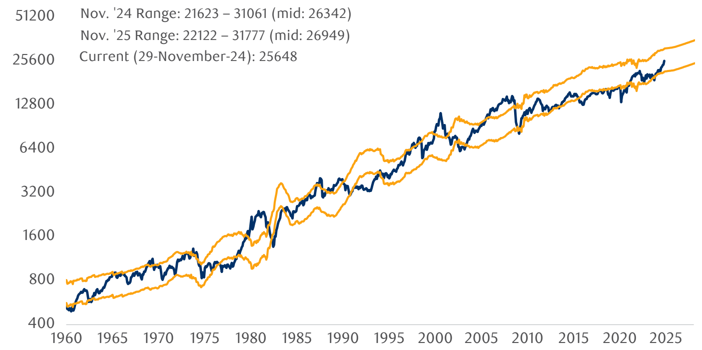
Global equity markets

S&P 500 Equilibrium
Normalized earnings and valuations



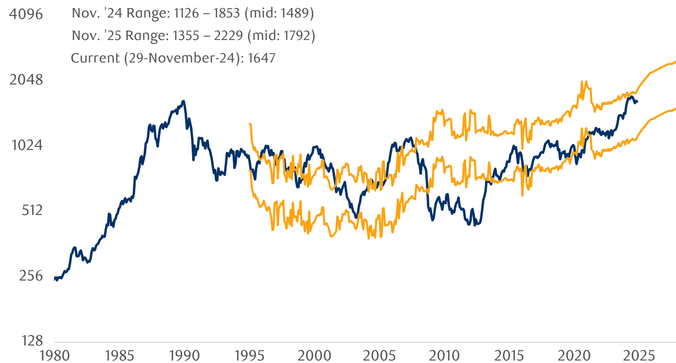
Note: As of November 30, 2024. Source: RBC GAM

S&P/TSX Composite Equilibrium
Normalized earnings and valuations



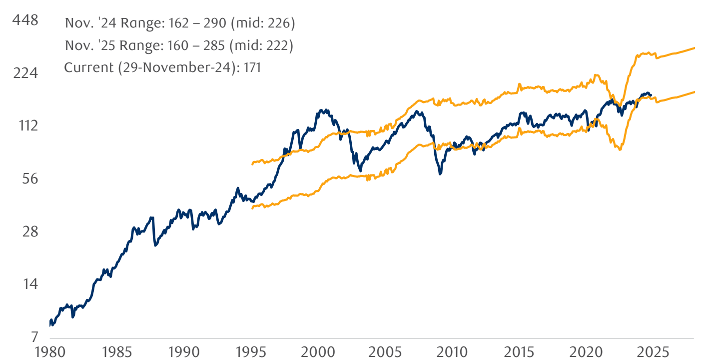
Note: As of November 30, 2024. Source: RBC GAM

MSCI Japan Index
Normalized earnings and valuations



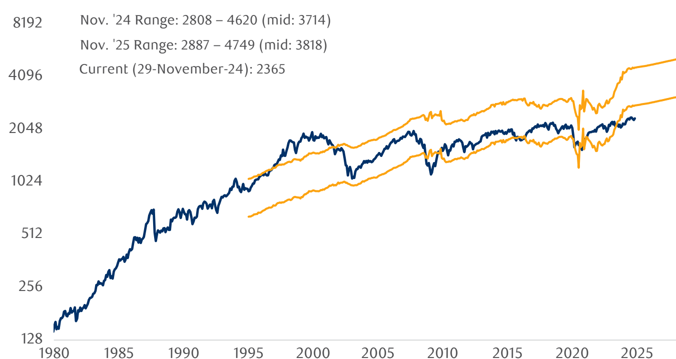
Note: As of November 30, 2024. Source: RBC GAM

MSCI Europe Index
Normalized earnings and valuations



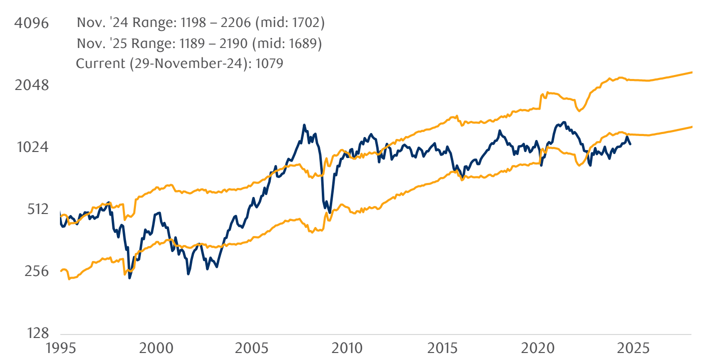
Note: As of November 30, 2024. Source: RBC GAM

MSCI UK Index
Normalized earnings and valuations



Note: As of November 30, 2024. Source: RBC GAM

MSCI Emerging Markets Index
Normalized earnings and valuations



Note: As of November 30, 2024. Source: RBC GAM

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

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