RBC Rochdale

Market
Perspectives

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New Year, New Paradigm?

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2026 Equity Market Outlook

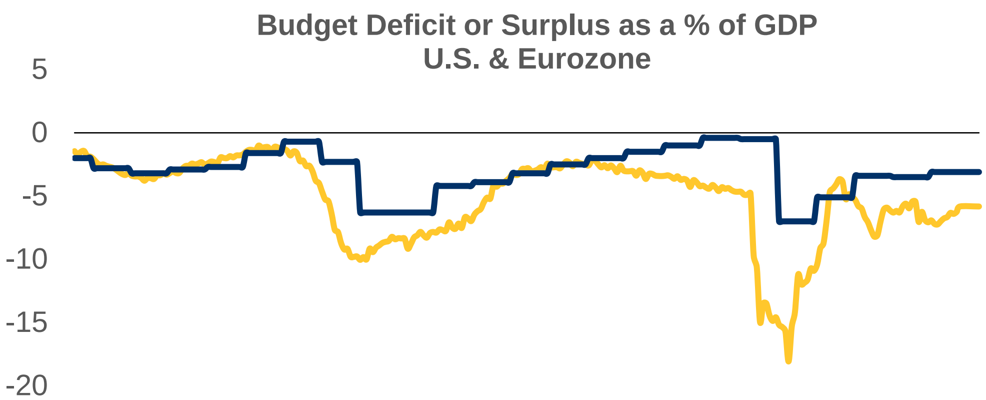
Our base case is for the S&P 500 to be between 7600 – 7700 by year end 2026, roughly 11-12% higher. Strong and broadening earnings, fiscal and monetary policy stimulus, and a resilient consumer underpin our outlook.

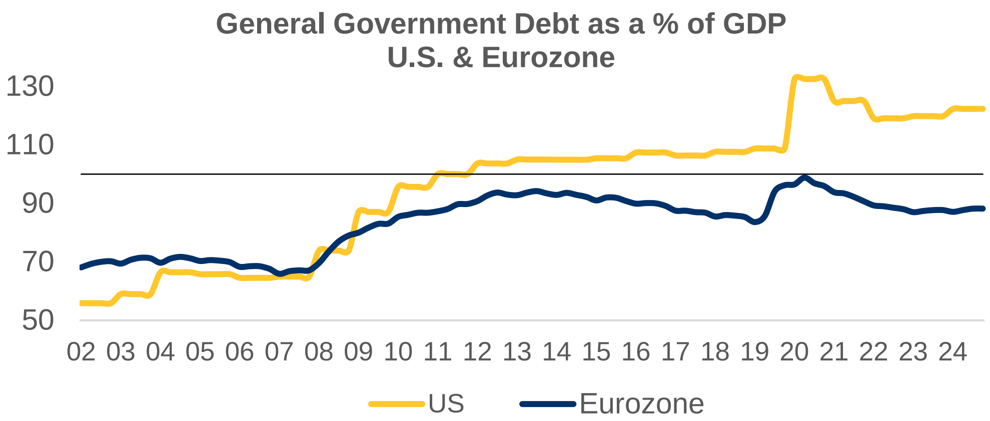
Positives for Markets		Negatives for Markets
Productivity gains broaden at a brisk pace | Capex spending continues at current pace ✓	**AI**	Capex growth rates slow | Demand slows | Competition increases | Productivity gains fail to materialize
New Fed Chair & Fed voters cut rates further than est. without re-triggering inflation, reducing the cost of capital	**Fed & Inflation**	Term-premium & debt repricing concerns | Fed independence wanes | Sticky inflation prevents/slows Fed cuts
Labor and U.S. GDP growth surprises to the upside	**Labor & Growth** ✓	Labor market weakness persists, slowing GDP growth but remains positive
Consumer spending & corporate investment increase beyond expectations on strong OBBBA benefits ✓	**Consumer & Business Spending**	K shaped economy diverges further, slowing spending | OBBB & tax savings fail to drive bus. & consumer spending
Further reduction in tariff rates globally | SCOTUS strikes down tariffs and administration does not reengage	**Tariffs**	SCOTUS strikes down IEEPA tariffs, causing administration to reengage in trade war activities
Global demand, fiscal, and monetary policy stimulus surprises to the upside ✓	**Global Demand & Fiscal & Monetary support**	Global growth slows due to tariff uncertainty

Source: Proprietary opinions based on RBC Rochdale research, as of December 9, 2025. Checkmark indicates RBC Rochdale expectations. Information is subject to change and is not a guarantee of future results.

Paradigm Shift Underway in Global Markets

- Foreign governments are increasing spending with an emphasis on defense and infrastructure.
- The capacity for fiscal and monetary stimulus is greater in global markets due to lower rates and smaller debt loads.
- Declining U.S. interest rates and a softer dollar have historically driven strong performance in international markets.





Top 5 Reasons for a Long-Term U.S. — Global Paradigm Shift

Rebalancing of Global Capital Flows
U.S. share in global markets at 1970s peak

Superior Valuations and Mean Reversion
International valuation discounts look historically attractive

Structural Policy Tailwinds Outside the U.S.
Fiscal & monetary flexibility is greater in non-U.S. markets

Weaker Dollar and the Rise of Multipolar Trade Blocs
Structural trade deficits, declining real yield advantage deliberate central bank diversification

Sectoral and Structural Advantages Abroad
U.S. market remains dominated by mega-cap technology and infrastructure companies

Sources: International Monetary Fund (IMF), Eurostat, U.S. Treasury Rochdale Research as of December 4, 2025.
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Index Definitions

The Standard & Poor’s 500 Index (S&P 500) is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity and industry group representation to represent U.S. equity performance.

NASDAQ Index: National Association of Securities Dealers Automated Quotations Stock Market

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Equity investing strategies & products. There are inherent risks with equity investing. These risks include, but are not limited to stock market, manager or investment style. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

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