



December 5, 2016

2017 Outlook – The Trump Playbook

Trump On Rally

Interest rates and inflation expectations have jumped over the past five months on the back of a tight labor market and the promise of Trump's pro-growth policies. While the market's recent rotation might seem abrupt, the S&P 500 is up only 3% since election day, leaving it with substantial potential upside.

2017 S&P 500 Price Target of 2,500

In our post-election report "[A Whole New World – Biggest Paradigm Shift Since Reagan](#)", we wrote, "we believe that rising earnings and multiples will push equity returns into the double digits from our previous high-single-digit baseline." Consistent with this view, we are initiating a 2017 price target of 2,500, representing 12.4% potential upside (before dividends) from our current target of 2,225. See pages 4–5 for details.

EPS to Reaccelerate (2016: \$119, 2017: \$128, 2018: \$140)

Following two years of near-zero growth, we expect profits to re-accelerate. A better operating environment for Financials and Energy should contribute to faster growth in 2017 (+7.6%). 2018 EPS growth (+9.4%) assumes a 2–3% impact from Trump policies. This place holder for changes in taxes, regulation, and spending is quite modest, in our view, as an adjustment to corporate taxes alone could easily double this impact.

Upside to Multiples

Our 2017 year-end target is predicated on a 17.9x multiple on 2018E profits. 2016's target assumes 17.4x on 2017E EPS. We believe multiples will advance more quickly than earnings over the near term, as analysts wait for clarity on Trump policies before adjusting estimates.

Markets Advance/Rotation in the Early Innings

Small Caps and Financials are leading the broader market, up 10.6% and 12.3%, respectively, since the election. The market has been quick to reward low-P/E stocks and those with higher price volatility, as well as names with higher effective tax rates and more domestic business models.

10-year Treasury yields are up 53 bps since election day, 102 bps since July's low. Bund and JGB yields have not kept pace with Treasuries, resulting in a stronger dollar.

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All values in USD unless otherwise noted.

Priced as of market close on November 30, 2016 (unless otherwise stated).

**For Required
Conflicts Disclosures,
please see page 57.**



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Key Themes of a Trump Presidency

An Anemic Recovery

- Since 2006, U.S. GDP has averaged just 1.6% (vs. 3.5% for the prior 50 years)
- Inflation and rates been well below average throughout the recovery

The Stage Was Set for Reflation

- Labor market conditions have already begun to tighten as the recovery cycle matures
 - Unemployment at 4.9%
 - Wage inflation at 2.8%
 - Job creation at 175k/mo vs. 85k new entrants/mo into the labor force

Pro-Growth Policies

- Corporate tax cuts could easily add 5–7% to profits annually going forward
- Deregulation should increase economic growth through greater productivity
- Financials would be the greatest beneficiary of less onerous regulations
- Fiscal spending, while a positive, would have a delayed impact on growth
- Consumer spending should improve as wages rise and savings rates fall
- Higher rates should positively impact Banks and consumer spending (paradox of thrift)

A New Investment Regime / Market Leadership

- Asset Allocation
 - Rates to continue rising; credit spreads to tighten
 - Equities to rise on stronger earnings and higher multiples
 - Small Caps and Value to outperform
 - Dollar to continue strengthening as U.S. yields outpace global rates
 - Volatility to rise, correlations to remain low
- Sectors
 - Financials most attractive
 - Bond-proxies and Staples to remain under pressure
 - Economically sensitive groups (Energy, Materials, Industrials) to outperform
 - IP companies with strong fundamentals to keep pace with market
- Factors
 - Low P/E, domestically oriented, and high-tax companies to outperform
 - Low vol to lag



RBC S&P 500 Price and Earnings Targets

S&P 500 Price and Earnings Targets

2017 price target of 2,500 implies 12.4% upside from 2016 target of 2,225

S&P 500 Price Level	Price	% Change
Current (as of 11/30/2016)	2,199	
2016 Year-End Target Price	2,225	1.2%
2017 Year-End Target Price	2,500	12.4%

Operating Earnings	EPS	YoY Growth
2015 Actual	118.20	-0.5%
2016 Estimate	119.00	0.7%
2017 Estimate	128.00	7.6%
2018 Estimate	140.00	9.4%

P/E Multiple	Current	Change
Current on NTM RBC EPS Estimates	18.4x	
Year-end 2016 on RBC 2017 EPS	17.4x	-1.0x
Year-end 2017 on RBC 2018 EPS	17.9x	0.5x

Source: S&P, Thomson Financial, FactSet, and RBC Capital Markets estimates

Sector Recommendations

Financials should benefit most, bond-proxies least, from reflationary policy

Overweight		Market Weight		Underweight	
Financials	(prev: MW)	Technology	(prev: OW)	Staples	(prev: OW)
Health Care		Discretionary	(prev: OW)	Utilities	
Energy	(prev: MW)			Telecom	
Materials	(prev: UW)			REITs	
Industrials	(prev: UW)				

Source: S&P and RBC Capital Markets



RBC S&P 500 Price and Earnings Targets

EPS Estimates Detail

RBC forecast are based on consensus expectations around nominal GDP, Treasury yields, and Fed Funds

Nominal GDP is forecast to accelerate to 4.1% from 3.3%

The U.S. 10-Year Yield is projected to finish 2017 at 2.7%

The futures imply 1% Fed Funds by end of 2017

Dollars (\$bn)

Sales	9,932	10,081	10,573	11,071
EBIT	1,520	1,499	1,584	1,651
Interest Expense	175	185	192	197
EBT	1,345	1,315	1,392	1,454
Taxes	303	285	302	279
Net Income	1,042	1,030	1,090	1,175

Per Share (\$)

Sales/Share	1127.13	1165.00	1240.00	1320.00
EPS/Share	118.20	119.00	128.00	140.00

Contribution to Growth (%)

Sales	-3.9	1.5	4.9	4.7
Operating Margins	-1.7	-2.8	0.8	-0.3
Int & Tax	4.4	0.2	0.2	3.4
Interest	-1.2	-0.9	0.2	0.2
Taxes	5.7	1.1	-0.1	3.2
Share Count	0.8	2.0	1.5	1.5
Buybacks	2.3	2.0	2.0	2.0
Issuance	-1.5	0.0	-0.5	-0.5
Chg in EPS	-0.5	0.7	7.6	9.4

Source: S&P, Compustat, FactSet, Haver, and RBC Capital Markets estimates

RBC S&P 500 Quarterly EPS and Revenue Estimates (\$)

	Operating EPS	Sales/Share
2014	118.83	1163.32
1Q	28.60	273.19
2Q	30.09	281.35
3Q	29.99	283.72
4Q	29.52	288.88
2015	118.20	1127.13
1Q	26.96	274.03
2Q	29.61	284.59
3QE	31.25	300.00
4QE	31.18	306.38
2016E	119.00	1,165.00
1QE	30.00	295.00
2QE	31.75	300.00
3QE	33.25	315.00
4QE	33.00	330.00
2017E	128.00	1,240.00
2018E	140.00	1,320.00

Source: S&P, Thomson Financial, FactSet, and RBC Capital Markets estimates



Trumped-Up Portfolio

Post-Election Factor Performance

Key factors likely to outperform under pro-growth policy:

High Volatility, Value, High Tax, Domestic Orientation, and smaller size

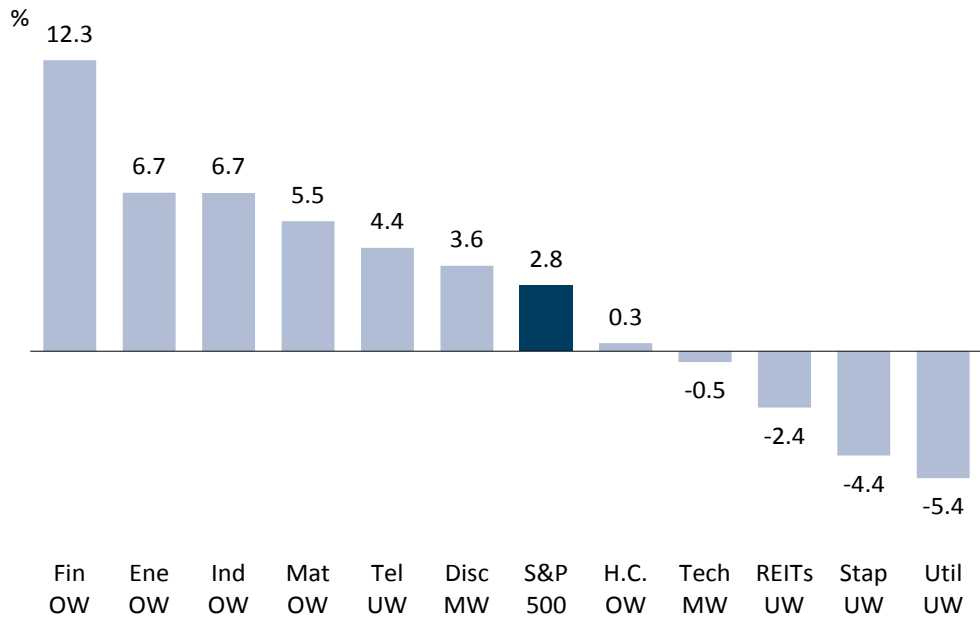


Note: Daily tertiled (top vs. bottom third) factor performance; high vs. low 1-year trailing daily price volatility; high vs. low forward earnings yield; high vs. low effective tax rate (taxes paid / pre-tax income); high vs. low domestic vs. foreign sales (industry-group neutral); high vs. low trailing 3-year operating leverage (EBIT vs. revenue); large vs. small market cap

Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets

Post-Election Sector Performance

Market rotation should continue throughout 2017



Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets



Trumped-Up Portfolio

Trumped-Up Portfolio

*Trumped-Up Portfolio,
based on factor exposure*

*Financials, Brick & Mortar
Retail, Airlines, and Drug
Distributors look
particularly attractive*

Key: ● More Favorable
◐ Neutral
○ Less Favorable

Ticker	Name	Value (Low P/E)	Domestic Orientation	Operating Leverage	Effective Tax Rate	High Volatility
Energy						
SWN	Southwestern	◐	●	◐	●	●
TSO	Tesoro	●	●	●	●	●
Materials						
FCX	Freeport-McMoRan	●	●	●	●	●
Industrials						
URI	United Rentals	●	●	◐	●	●
LUV	Southwest Airlines	●	●	●	●	●
ALK	Alaska Air	●	●	●	●	◐
R	Ryder	●	●	●	●	●
NSC	Norfolk Southern	◐	●	●	●	●
Discretionary						
KSS	Kohl's	●	●	●	●	●
SPLS	Staples	●	●	●	●	●
M	Macy's	●	●	◐	●	●
AN	AutoNation	●	●	○	●	●
BBBY	Bed Bath & Beyond	●	●	◐	●	●
BBY	Best Buy	●	●	○	●	●
KMX	CarMax	◐	●	○	●	●
JWN	Nordstrom	◐	●	○	●	●
GPS	Gap	●	●	○	●	●
URBN	Urban Outfitters	◐	●	○	●	●
TGNA	TEGNA	●	●	○	◐	●
Health Care						
CAH	Cardinal Health	●	●	●	●	◐
ABC	AmerisourceBergen	●	●	○	●	◐
MCK	McKesson	●	●	○	◐	●
ANTM	Anthem	●	●	○	●	◐
ESRX	Express Scripts	●	●	◐	●	◐
AET	Aetna	●	●	○	●	◐
Financials						
NAVI	Navient	●	●	n.m.	●	●
WFC	Wells Fargo	●	●	n.m.	◐	○
BBT	BB&T	●	●	n.m.	◐	◐
LNC	Lincoln National	●	●	n.m.	○	●
PNC	PNC	●	●	n.m.	◐	○
USB	U.S. Bancorp	●	●	n.m.	◐	○
DFS	Discover	●	●	n.m.	●	◐
LM	Legg Mason	●	●	n.m.	●	●
RF	Regions	●	●	n.m.	◐	●
UNM	Unum	●	●	n.m.	◐	◐
COF	Capital One	●	●	n.m.	◐	◐
HBAN	Huntington	●	●	n.m.	○	●
AMP	Ameriprise	●	●	n.m.	○	●
ZION	Zions	◐	●	n.m.	●	●
Technology						
ADS	Alliance Data	●	●	○	●	●

Note: Top- vs. bottom-third exposure to factor; high vs. low 1-year trailing daily price volatility; high vs. low forward earnings yield; high vs. low effective tax rate (taxes paid / pre-tax income); high vs. low domestic vs. foreign sales (industry-group neutral); high vs. low trailing 3-year operating leverage (EBIT vs. revenue)

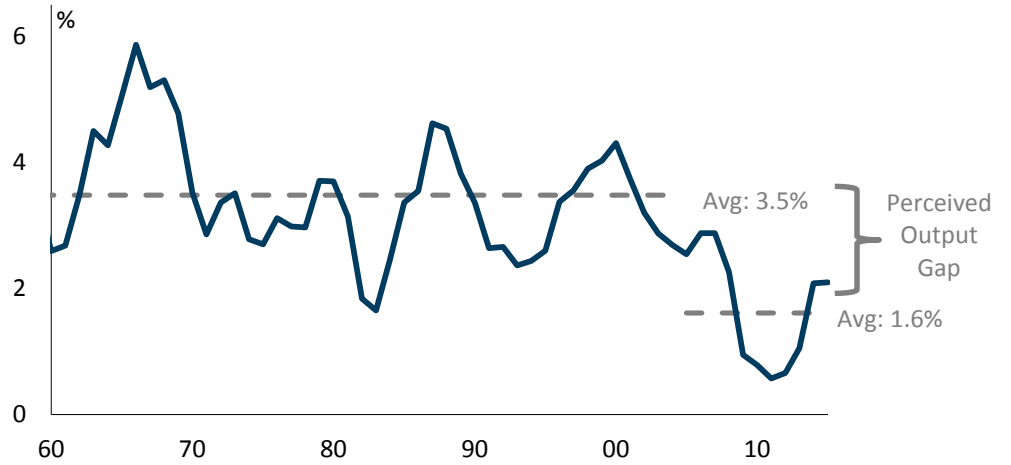
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets



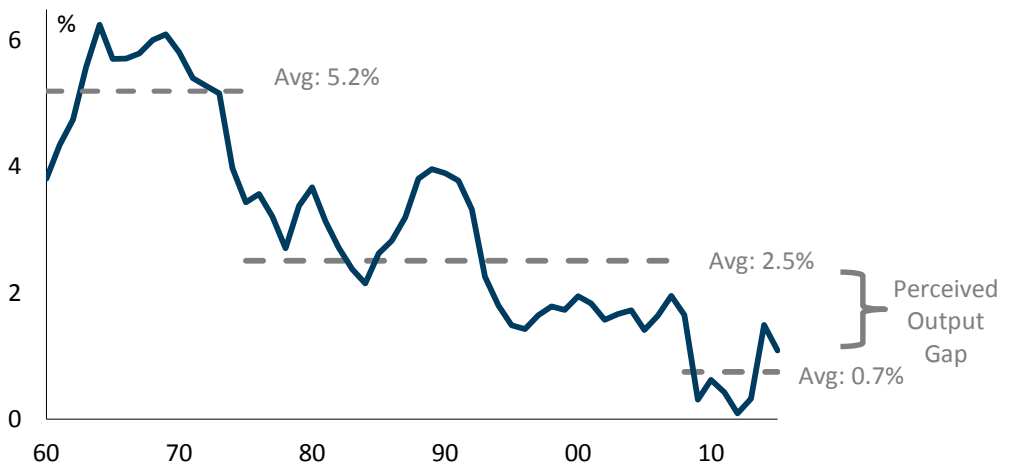
Scarcity of Growth – Global GDP

GDP Growth – Historical

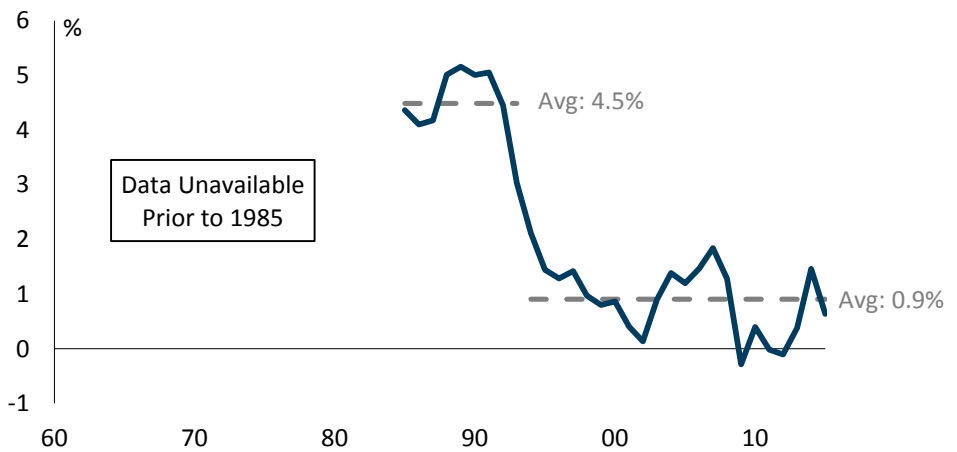
United States



G7 ex-U.S.



Japan



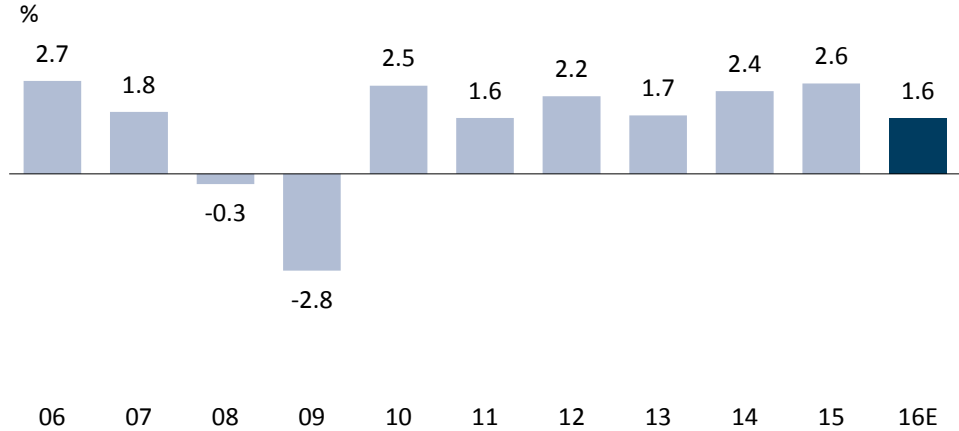
Note: 5-year MA
 Source: BEA, Statistics Canada, Institut National de la Statistique, Deutsche Bundesbank, Istituto Nazionale di Statistica, Cabinet Office of Japan, Office for National Statistics (U.K.), Haver, and RBC Capital Markets



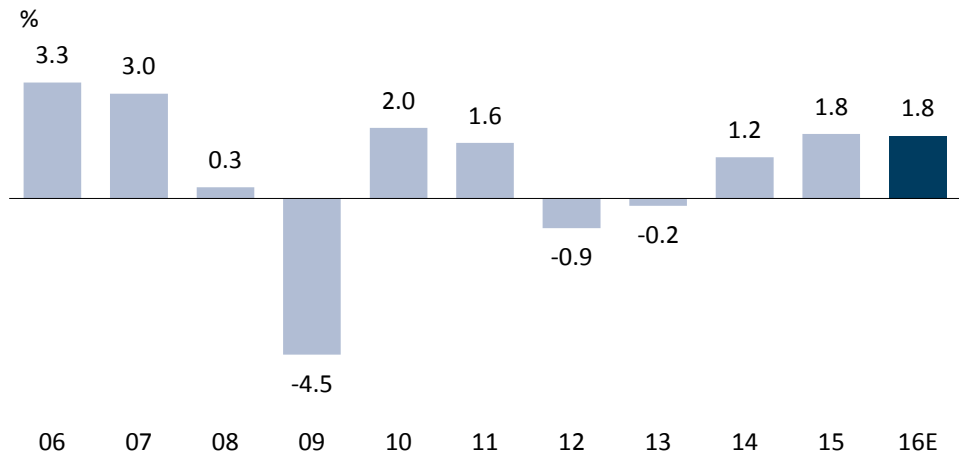
Scarcity of Growth – Global GDP

Calendar-Year GDP

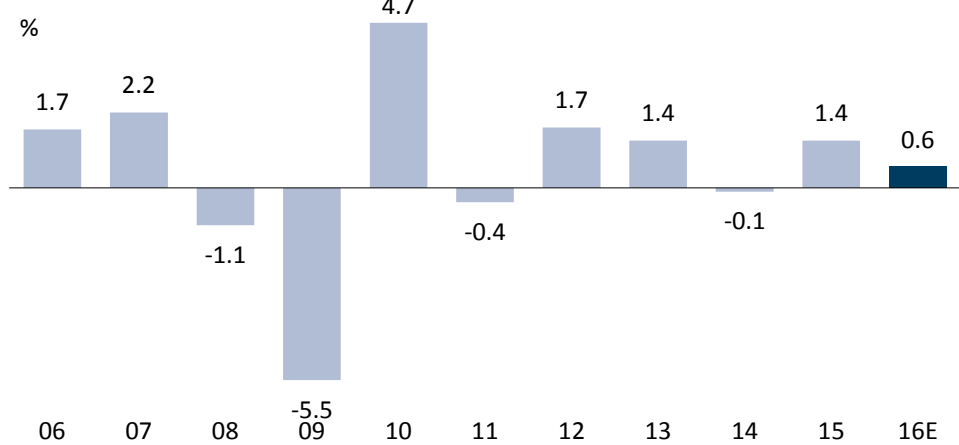
United States
5-Year Avg: 2.1%
10-Year Avg: 1.6%



European Union
5-Year Avg: 0.7%
10-Year Avg: 0.9%



Japan
5-Year Avg: 1.0%
10-Year Avg: 0.6%



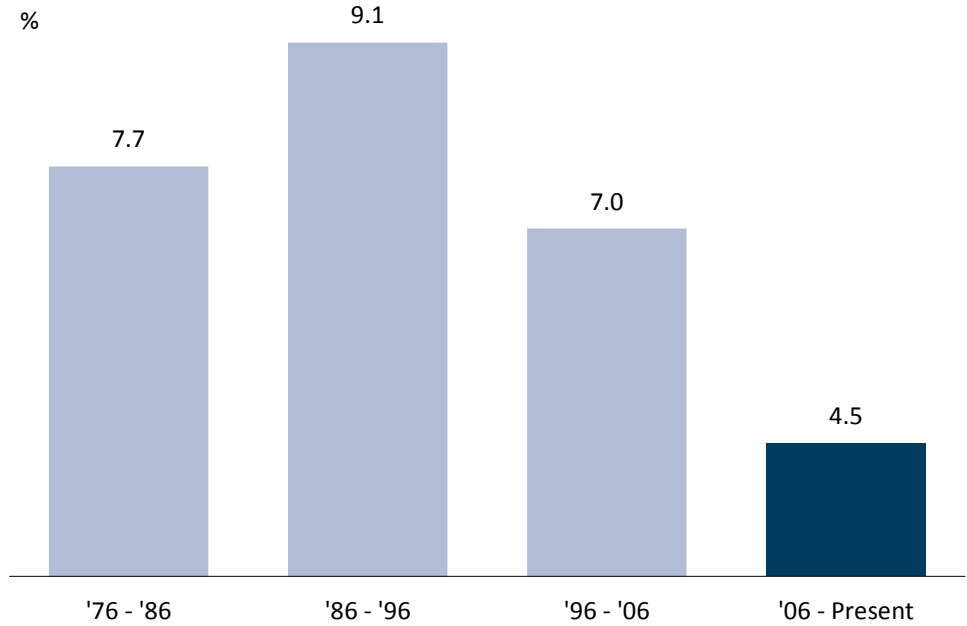
Note: Blend of actuals where available and Bloomberg consensus for estimates
Source: BEA, Statistical Office of the European Communities, Cabinet Office of Japan, Bloomberg, Haver, and RBC Capital Markets



Scarcity of Growth – Global Growth and Demographics

S&P 500 EPS Growth

EPS grew 7.9% from 1976 through 2006 but grew only 4.5% in the last decade

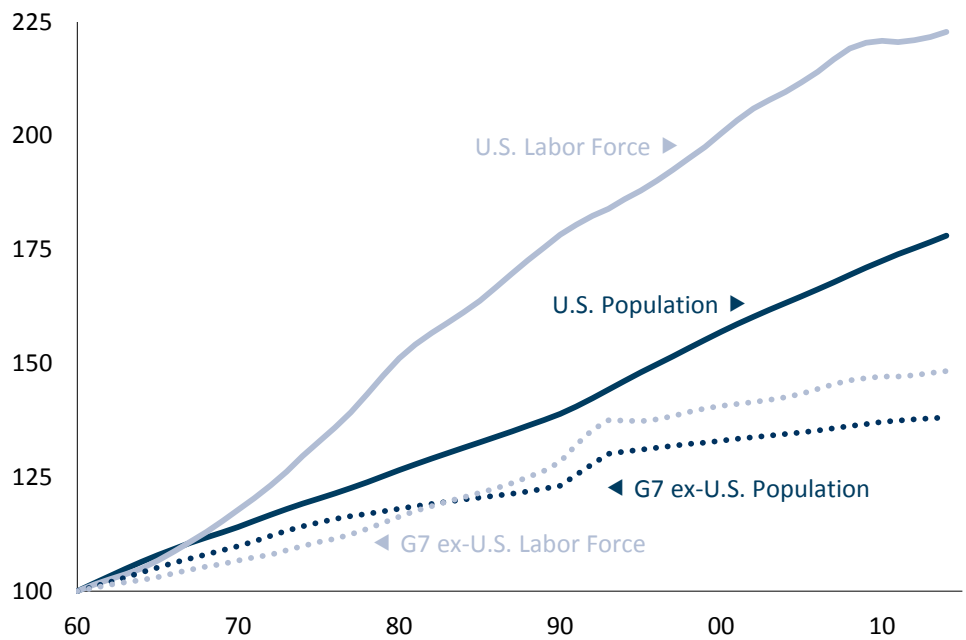


Source: S&P, Haver, and RBC Capital Markets

Note: Compound annual growth rate over specified period

Population vs. Labor Force Growth – U.S. vs. G7 ex-U.S.

Demographics drove stronger GDP 1960–2006



Source: UN, Haver, and RBC Capital Markets

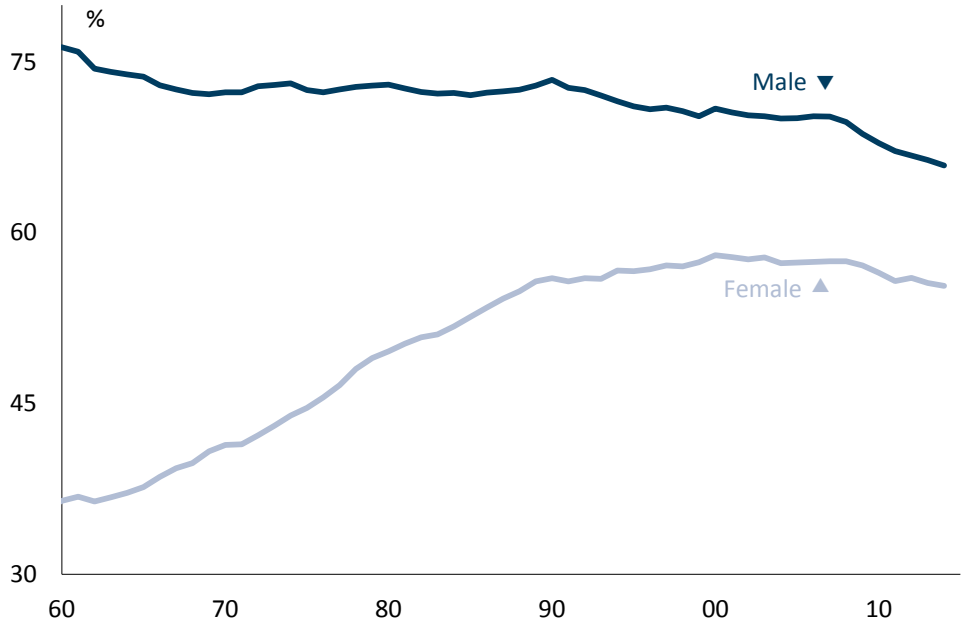
Note: Indexed to 100 in 1960



Scarcity of Growth – Demographics

U.S. Labor Force Participation – Male vs. Female

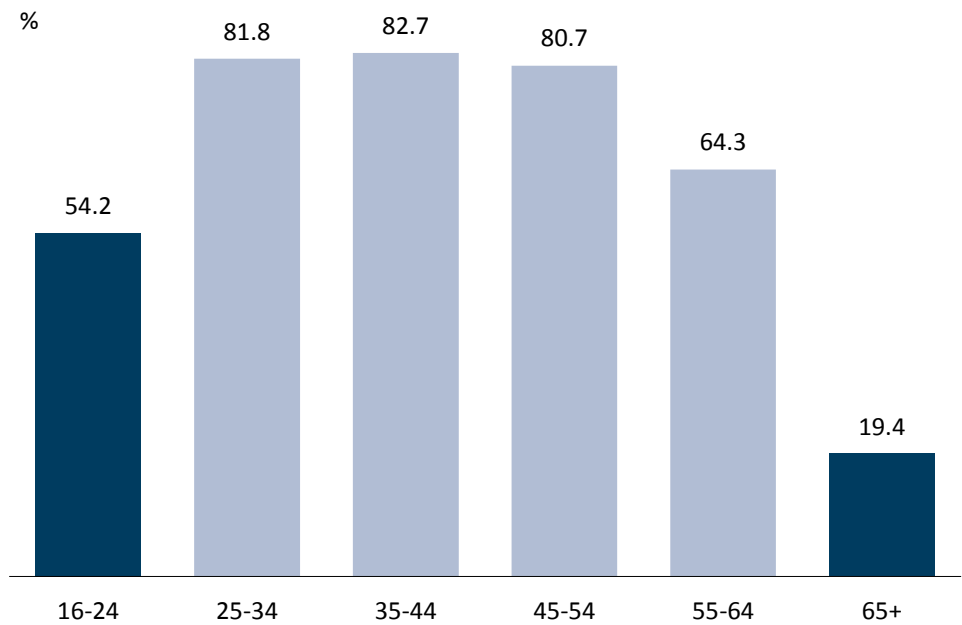
In the U.S., labor force growth has been slowing due to declining participation rates



Source: BLS, Haver, and RBC Capital Markets

Labor Force Participation by Age Group

Declining participation rates are a function of demographics



Source: BLS, Haver, and RBC Capital Markets

Scarcity of Growth – Demographics

Global Population Growth

Demographics in the U.S. and the rest of the English-speaking world are quite favorable relative to Japan and Germany

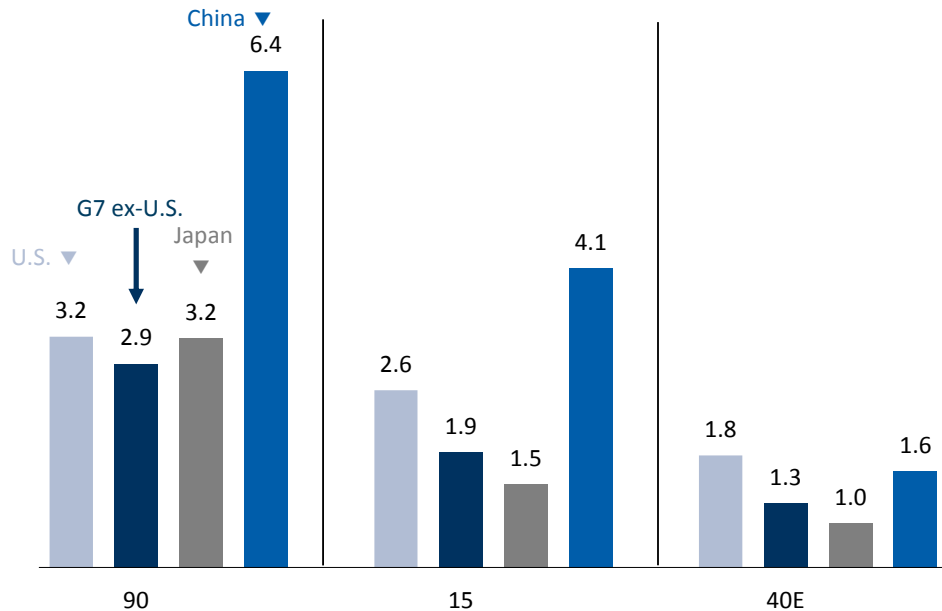
	Births	Deaths	Migration	Migration		Median Age	Fertility Rate
	per 1,000	per 1,000		Diference	per 1,000		
U.S.	12.6	8.2	4.4	0.3	4.7	38.0	1.9
G7 ex-U.S.	10.2	9.3	0.9	0.3	1.1	43.4	1.6
Canada	10.9	7.3	3.6	0.7	4.3	40.6	1.6
France	12.4	8.9	3.5	0.1	3.6	41.2	2.0
Germany	8.3	10.8	-2.5	0.3	-2.2	46.2	1.4
Italy	8.6	9.7	-1.1	0.2	-0.9	45.9	1.4
Japan	8.3	10.0	-1.7	0.1	-1.7	46.5	1.4
U.K.	12.6	9.2	3.5	0.3	3.7	40.0	1.9
BRIC	15.2	8.6	6.6	0.0	6.6	33.4	1.9
Brazil	15.1	6.1	9.1	0.0	9.1	31.3	1.8
China	12.4	7.0	5.4	0.0	5.4	37.0	1.6
India	20.4	7.4	13.0	0.0	13.0	26.6	2.5
Russia	12.7	13.9	-1.1	0.2	-1.0	38.7	1.7
Anglo Five	12.7	7.6	5.0	0.4	5.4	38.8	1.9
Australia	13.5	6.7	6.8	0.9	7.6	37.5	1.6
N.Z.	13.7	6.8	6.8	0.0	6.9	38.0	2.5

Source: UN, Haver, and RBC Capital Markets

Note: Groups are average figures

Working Age Population per Retiree

China has by far the greatest degradation in working-age population



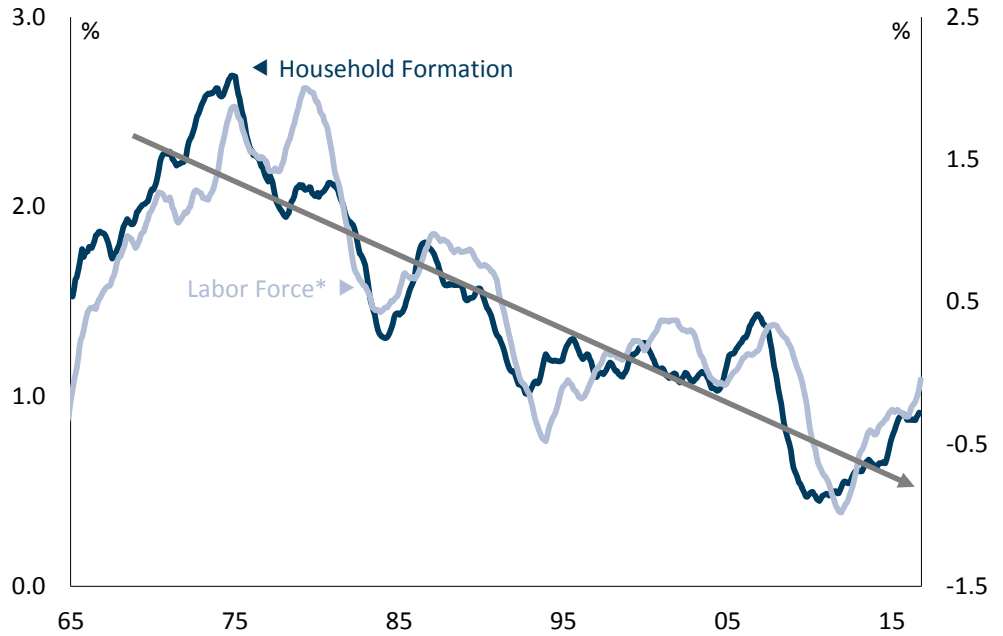
Note: Ratio of population aged 20–60 vs. population aged 60+
Source: UN, Haver, and RBC Capital Markets



Scarcity of Growth – Housing

Household Formation vs. Labor Force* (YoY)

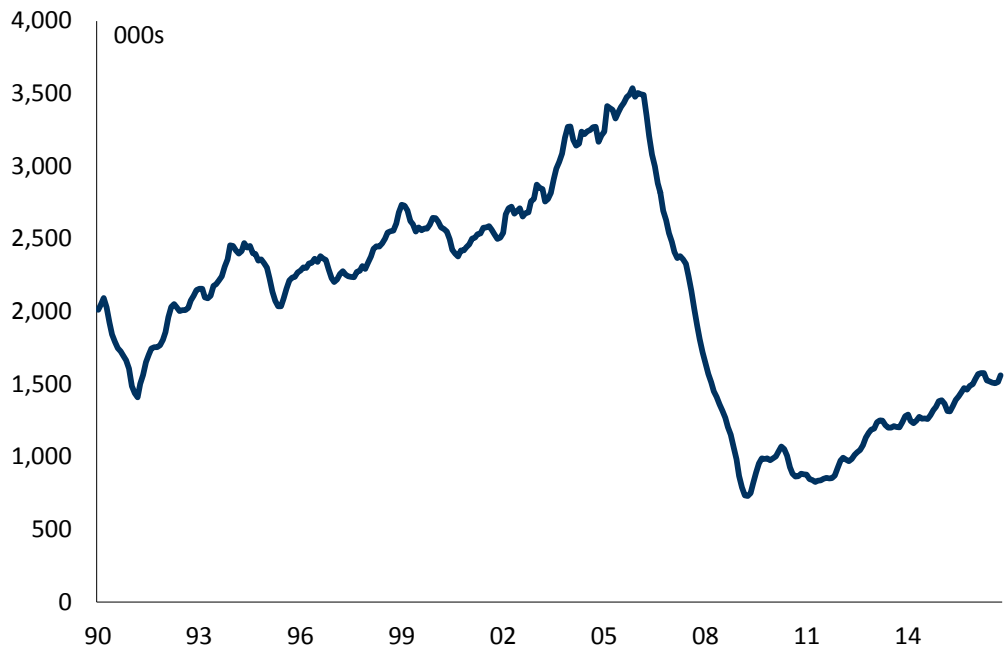
Long-term, labor force growth drives housing activity



Note: 3-year moving average; *Labor Force in excess of Population Growth
Source: Census Bureau, BLS, Haver, and RBC Capital Markets

Housing Starts

Housing remains well below historical levels



Source: Census Bureau, Haver, and RBC Capital Markets

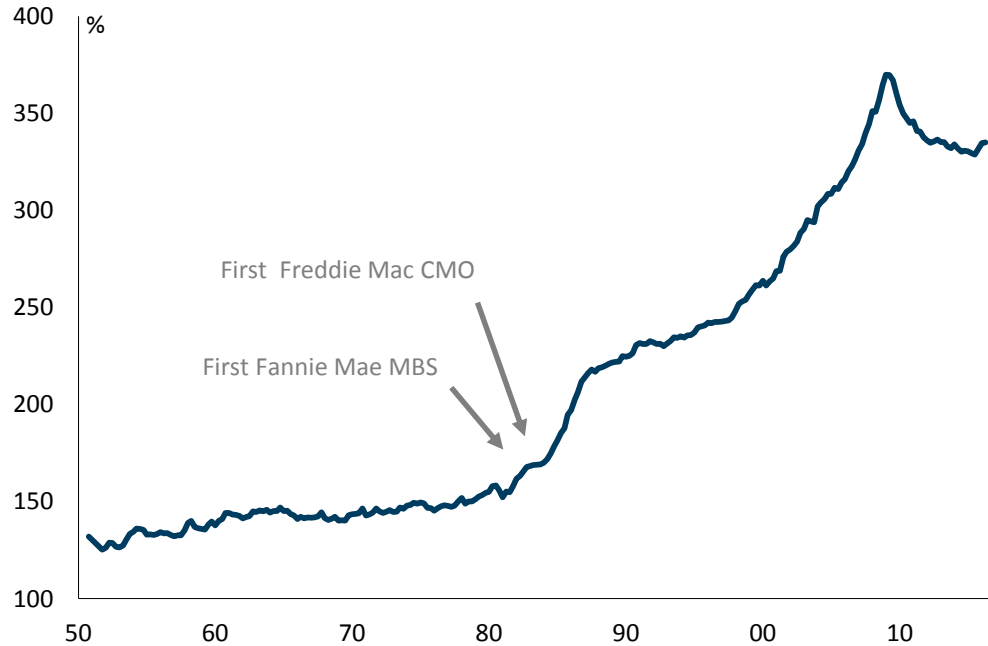
Note: 3-month moving average



Scarcity of Growth – Housing / Productivity

Total Domestic Debt as Percentage of GDP

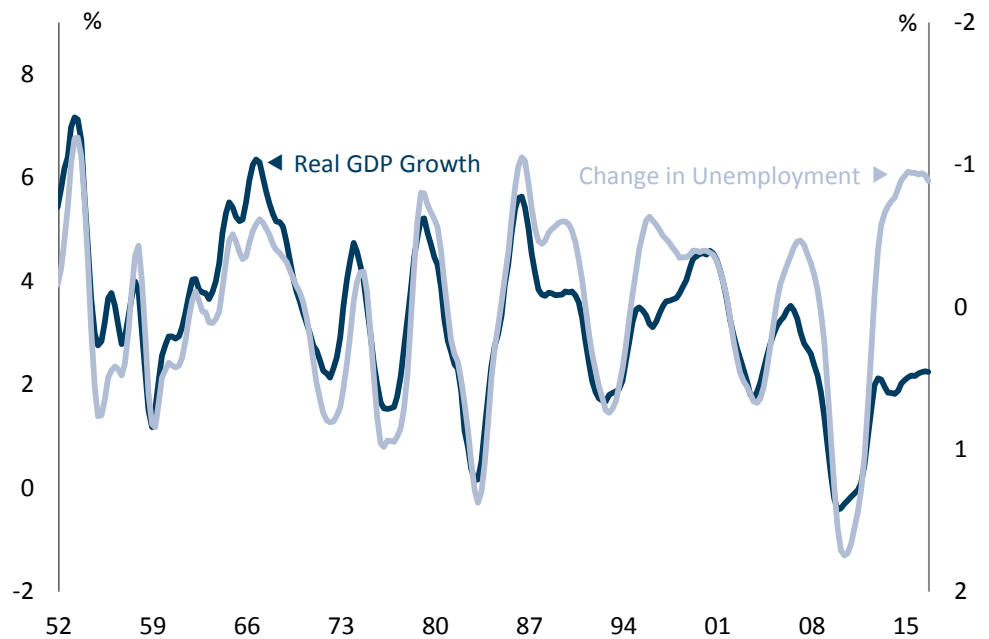
The creation of MBS/CMOs in the 1980s paved the way for a multi-decade housing boom



Note: Includes government, mortgage, and other types of debt
Source: Federal Reserve, Haver, and RBC Capital Markets

GDP Growth vs. Change in Unemployment (Inverted)

Throughout the current cycle, employment has been at odds with GDP data



Source: BLS, BEA, Haver, and RBC Capital Markets

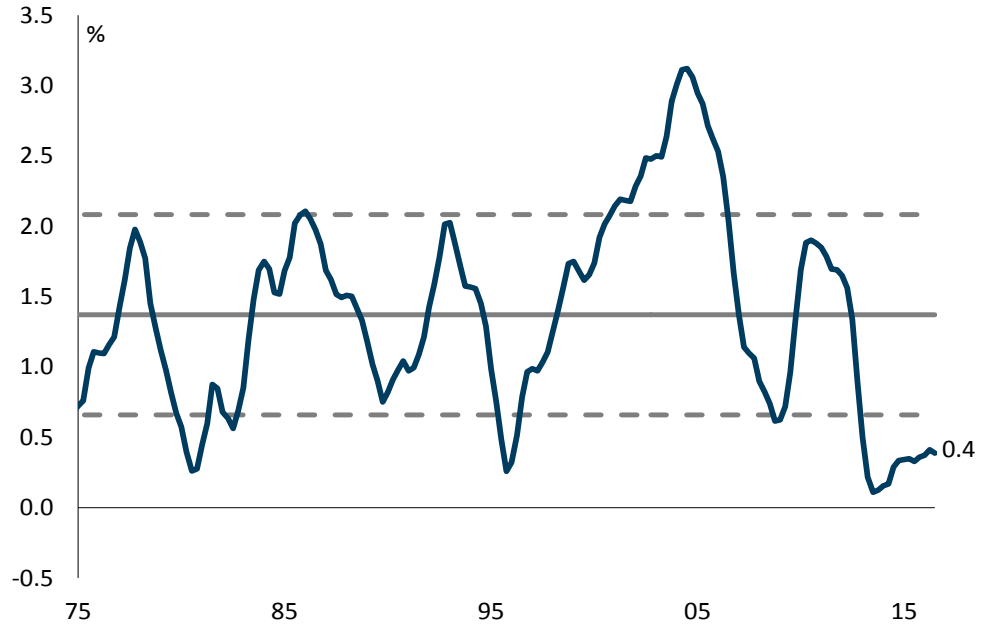
Note: 3-Year Moving Average



Scarcity of Growth – Productivity

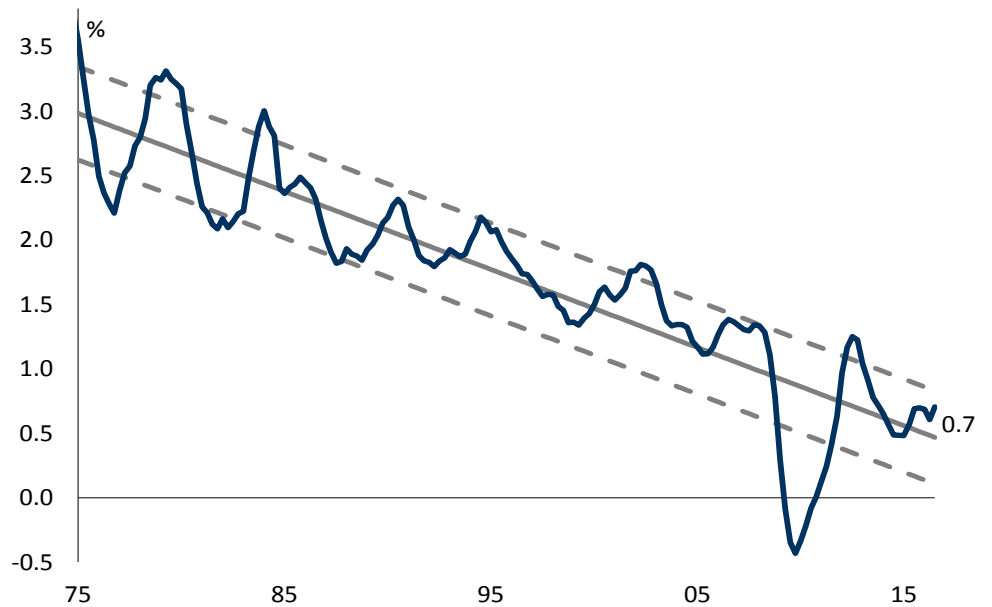
Less regulation could positively impact productivity

Productivity – United States



Note: 3y moving average of YoY change in GDP divided by Aggregate Hours
Source: BEA, BLS, Haver, and RBC Capital Markets

Productivity – G7 ex-U.S.



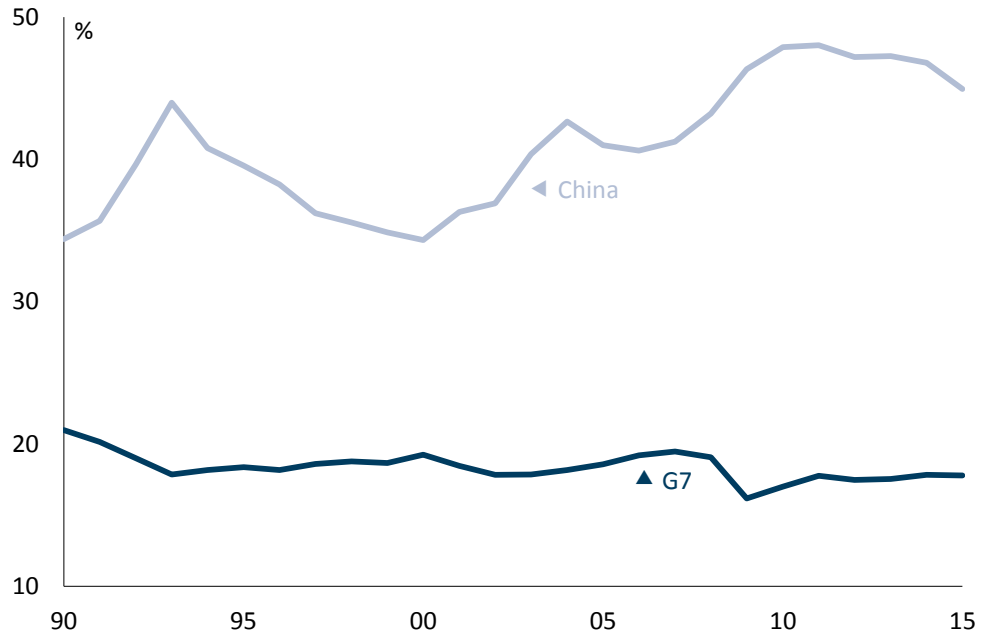
Note: 3y moving average of YoY Change in GDP divided by Aggregate Hours
Source: Statistics Canada, Institut National de la Statistique, Deutsche Bundesbank, Statistisches Bundesamt, Istituto Nazionale di Statistica, Cabinet Office of Japan, Ministry of Internal Affairs (Japan), Office for National Statistics (U.K.), Haver, and RBC Capital Markets

Scarcity of Growth – China

Investment as Percentage of GDP – China vs. G7

Chinese GDP is quite skewed to investment

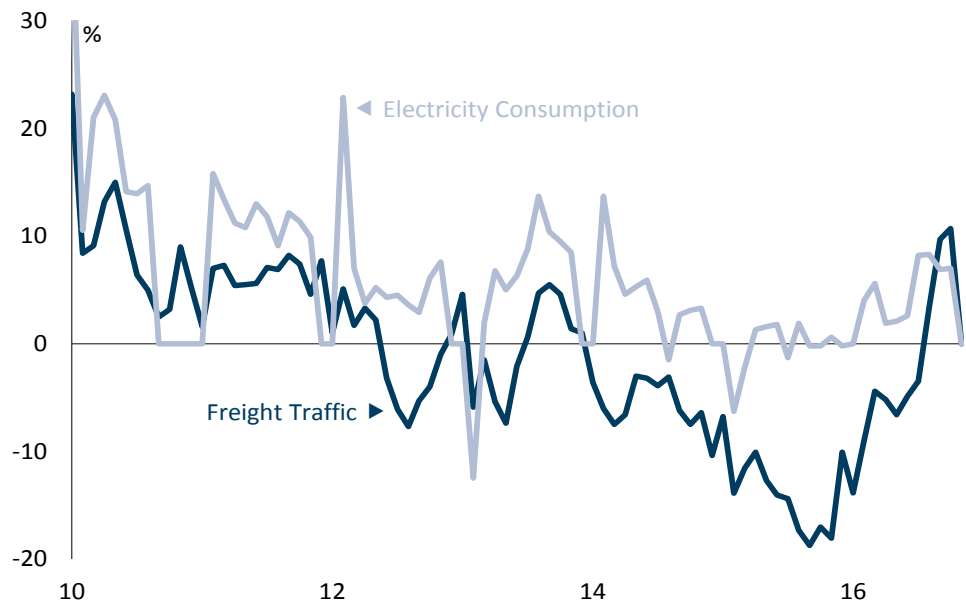
Recent attempts by China to wean itself from credit-driven, investment-led growth have failed



Source: BEA, Statistics Canada, Institut National de la Statistique, Deutsche Bundesbank, Instituto Nazionale di Statistica, Cabinet Office of Japan, Office for National Statistics (U.K.), China National Bureau of Statistics, Haver, and RBC Capital Markets
Note: Average of G7

China Freight Traffic vs. China Electricity Consumption (YoY)

Trends remain weak



Source: National Bureau of Statistics China, China National Energy Administration, Bloomberg, and RBC Capital Markets

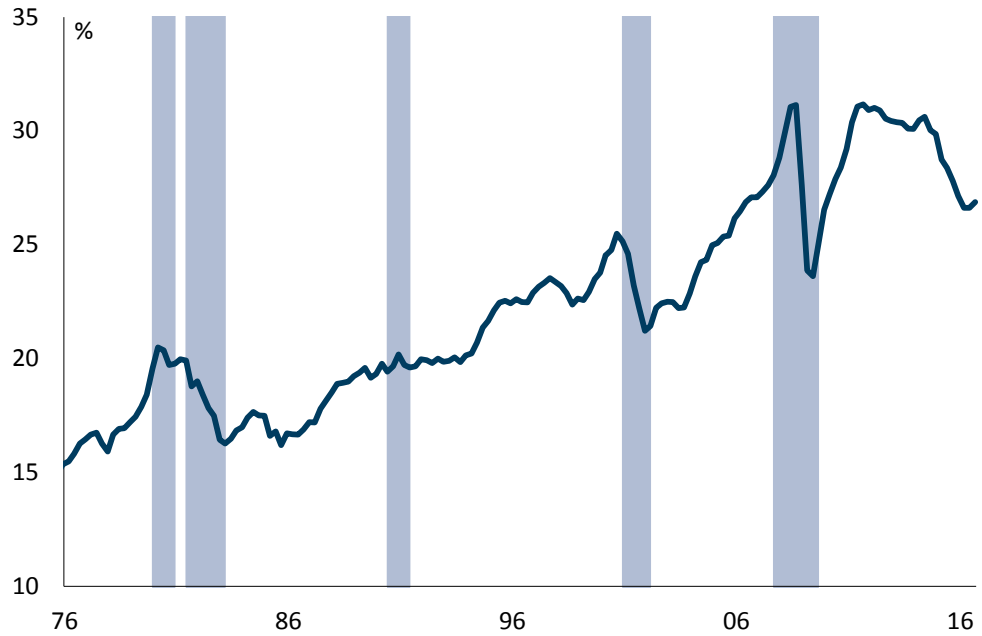


Scarcity of Growth – Trade

Gross Trade as Percentage of U.S. GDP

Global trade typically improves during a recovery cycle

This has not been the case over the past several years



Source: BEA, NBER, Haver, and RBC Capital Markets

Note: Imports + Exports / GDP; nominal data

Chinese Imports vs. U.S. Exports (YoY)

Global trade has weakened broadly on the back of softer Chinese demand



Note: Chinese Imports in USD; 3MMA

Source: Census Bureau, National Bureau of Statistics of China, Bloomberg, Haver, and RBC Capital Markets



Scarcity of Growth – Monetary Policy

Global Sovereign Interest Rates

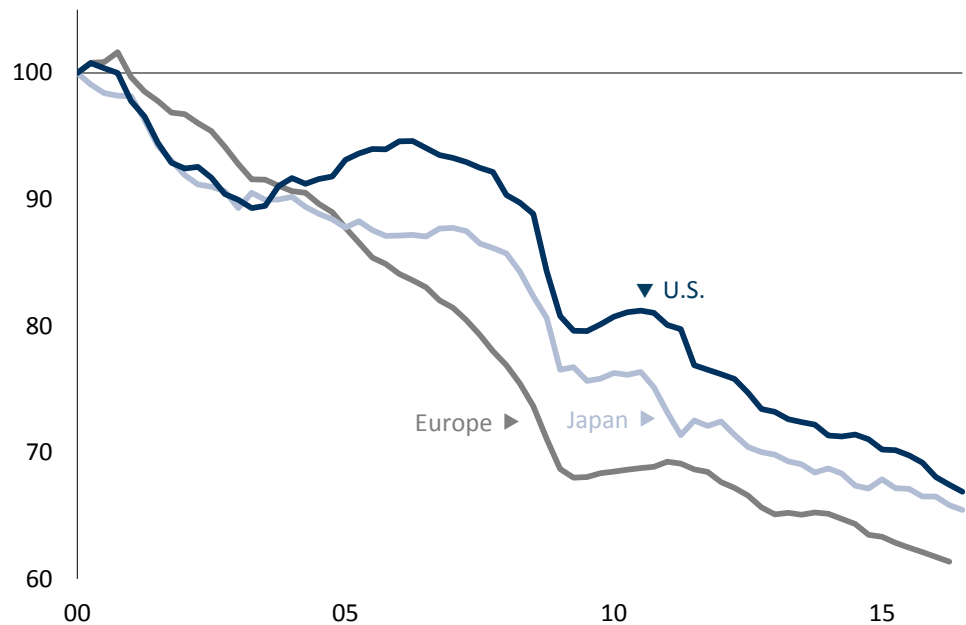
%	1 Year Yield		2 Year Yield		5 Year Yield		10 Year Yield	
	Current	3 Mo. Ago	Current	3 Mo. Ago	Current	3 Mo. Ago	Current	3 Mo. Ago
Portugal	0.00	-0.01	0.31	0.49	2.23	1.85	3.69	3.01
U.S.	0.77	0.59	1.11	0.80	1.84	1.18	2.38	1.57
Italy	-0.18	-0.22	0.05	-0.10	0.89	0.23	1.99	1.11
Canada	0.59	0.56	0.70	0.59	1.01	0.67	1.59	1.02
Spain	-0.26	-0.23	-0.13	-0.20	0.48	0.09	1.55	0.95
U.K.	0.12	0.15	0.13	0.15	0.61	0.22	1.42	0.64
France	-0.68	-0.57	-0.62	-0.58	-0.08	-0.40	0.75	0.15
Sweden	-0.85	-0.75	-0.71	-0.65	-0.16	-0.37	0.53	0.09
Netherlands	-0.78	-0.63	-0.71	-0.61	-0.29	-0.44	0.43	0.02
Germany	-0.80	-0.60	-0.73	-0.62	-0.43	-0.52	0.28	-0.09
Japan	-0.23	-0.22	-0.16	-0.20	-0.09	-0.18	0.03	-0.08
Switzerland	-0.97	-0.88	-0.92	-0.86	-0.66	-0.79	-0.13	-0.50

Indicates Negative Yield:

Source: Country's respective Central Bank, Bloomberg, and RBC Capital Markets

Money Velocity

A weak global economy has not responded to uber-low rates



Note: GDP divided by M2 Money Supply, Indexed to 100 in 2000

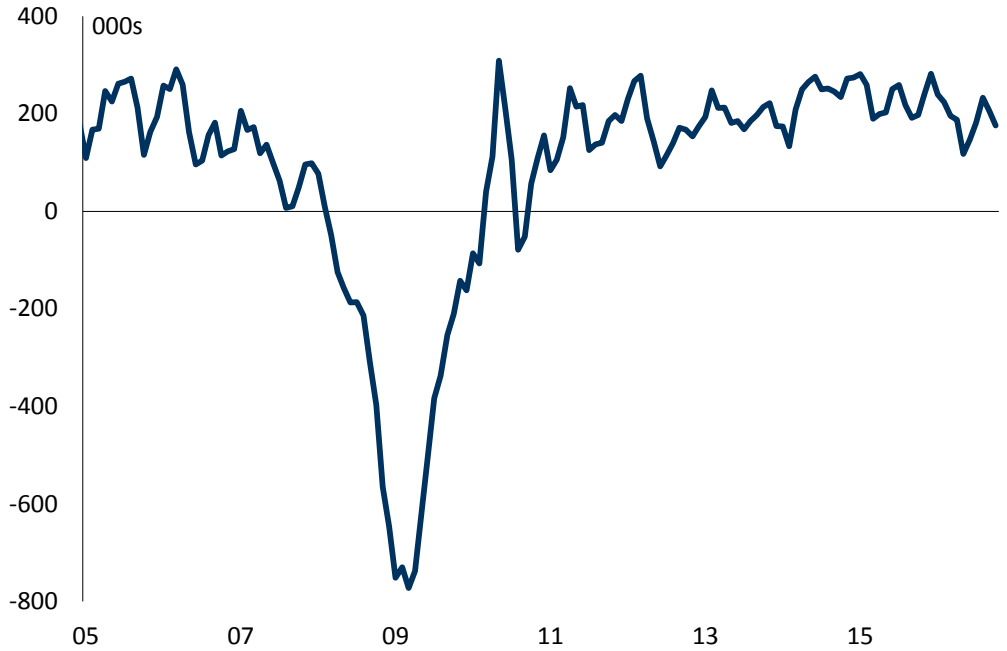
Source: BEA, Federal Reserve, Cabinet Office of Japan, Statistical Office of the European Communities, ECB, Haver, and RBC Capital Markets



Reflation – Employment

Non-Farm Payrolls

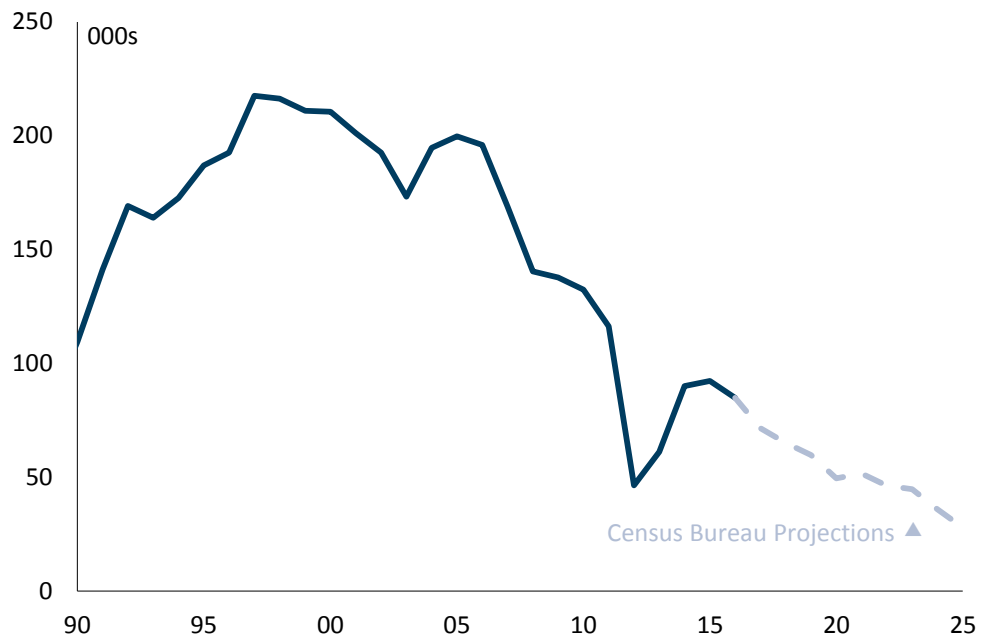
Non-Farm Payrolls growth has outpaced work force growth, resulting in a decline in unemployment



Source: BLS, Haver, and RBC Capital Markets

Note: 3-Month Moving Average

Job Growth Required to Keep Unemployment Constant



Source: Census Bureau, Haver, and RBC Capital Markets

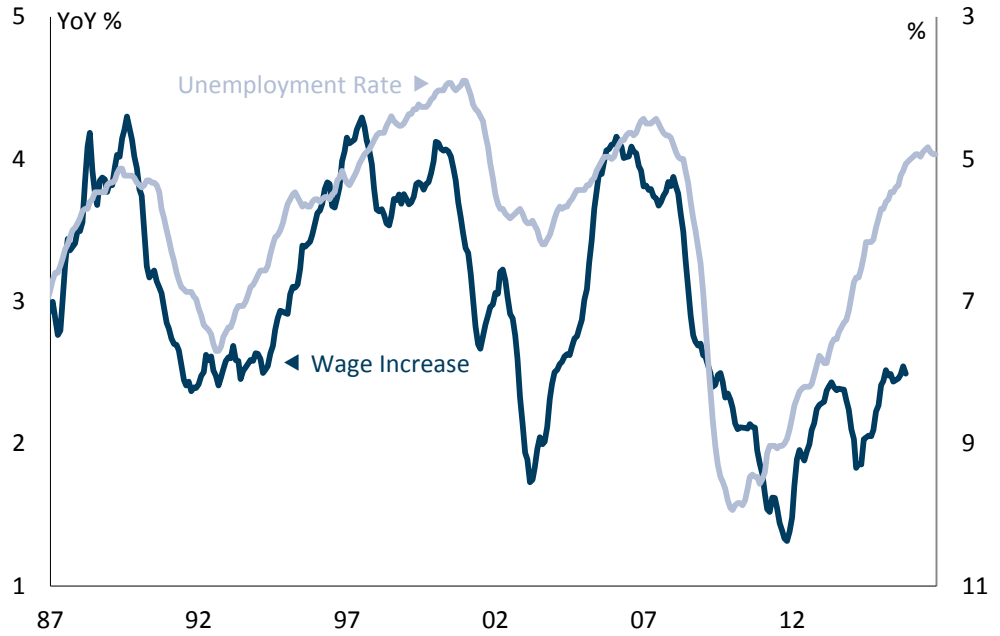
Note: Working Age Population Growth per Month



Reflation – Wage Inflation

Wage Inflation vs. Unemployment Rate (Advanced 1 Year)

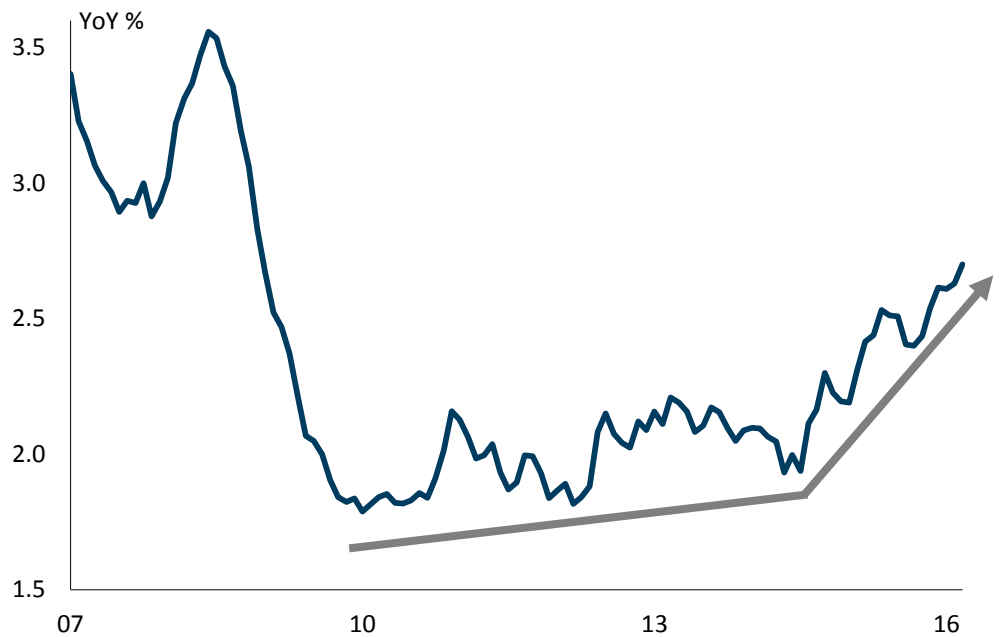
Labor market tightness is likely to put upward pressure on wages



Source: BLS, Haver, and RBC Capital Markets

Note: 3-Month Moving Average

Wage Inflation



Source: BLS, Haver, and RBC Capital Markets

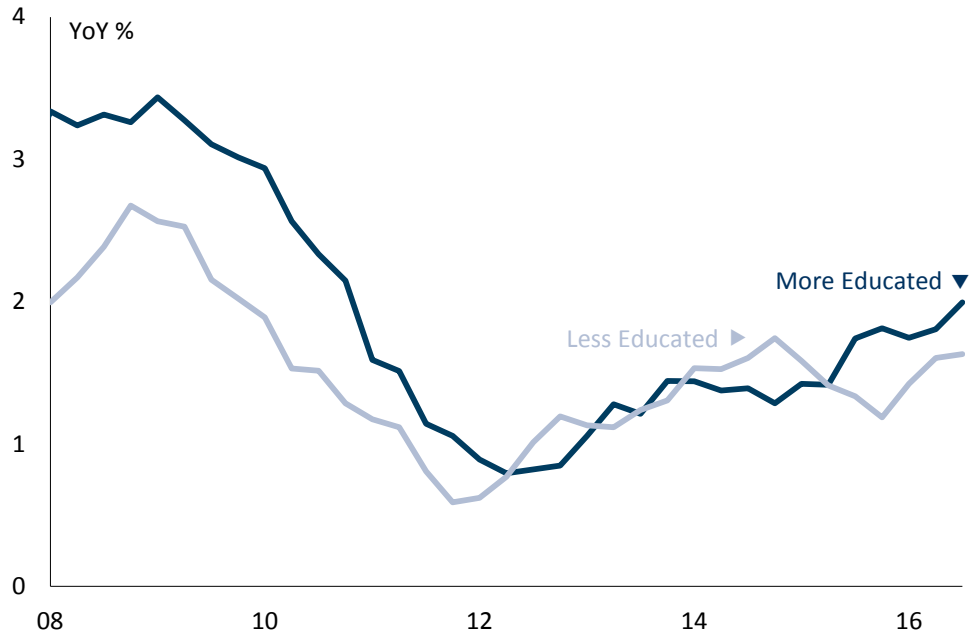
Note: 3-Month Moving Average



Reflation – Wage Inflation

Median Wage Gain by Educational Attainment

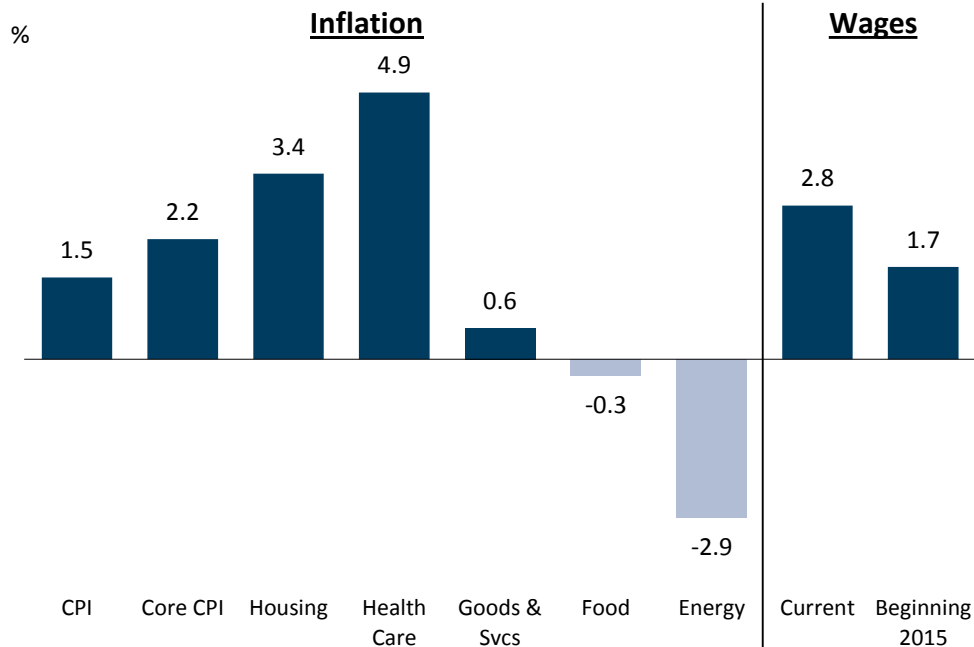
More and less educated Americans have experienced wage increases over the past several years



Note: More Educated is College Degree or Greater; Less Educated is Some College and Below; 3-Year MA
Source: BLS, Haver, and RBC Capital Markets

Inflation Detail

We believe a stronger consumer will put upward pressure on anemic goods and services inflation



Source: BLS, Haver, and RBC Capital Markets



Reflation – Inflation

Inflation and interest rate expectations are on the rise

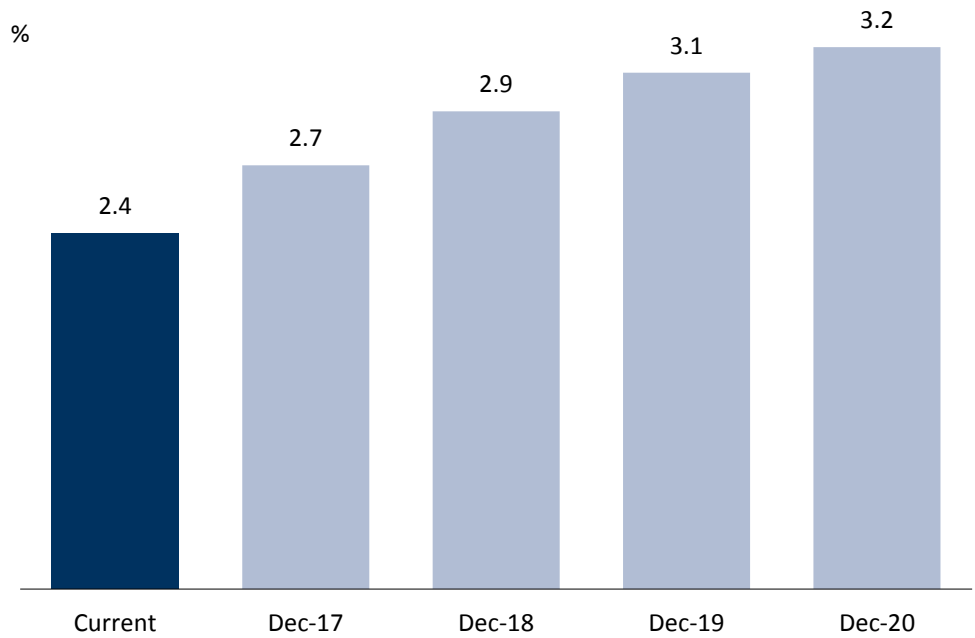
10-Year Inflation Expectations



Source: Bloomberg and RBC Capital Markets

Note: 10-Year Breakeven; 5-Day MA

10-Year Treasury Yield Forward Expectations



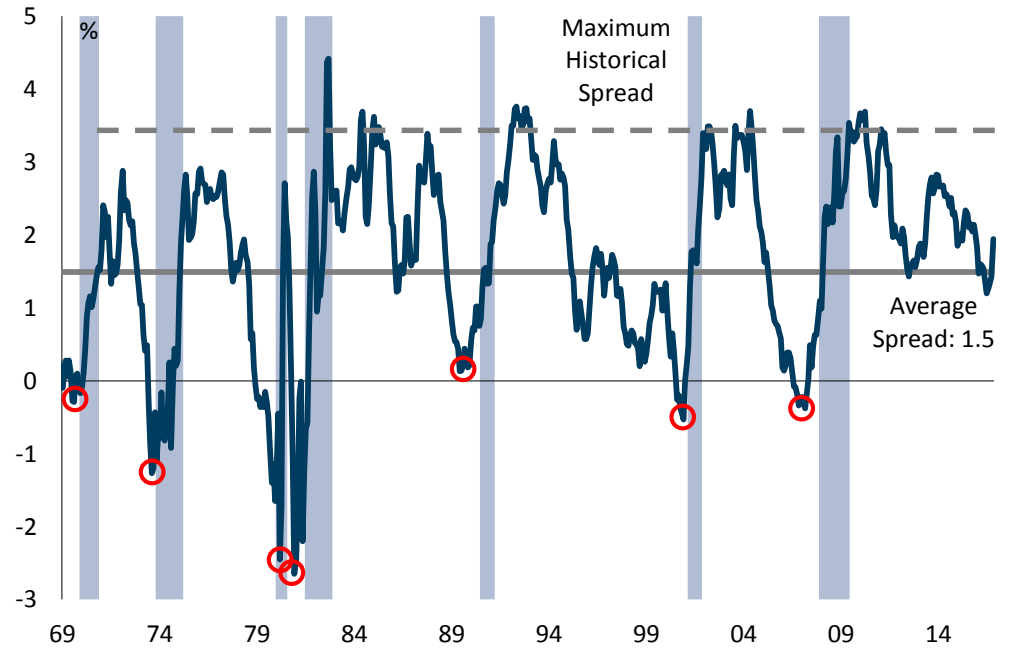
Source: Bloomberg, and RBC Capital Markets



Reflation – Interest Rates

Yield Curve

The yield curve has recently steepened

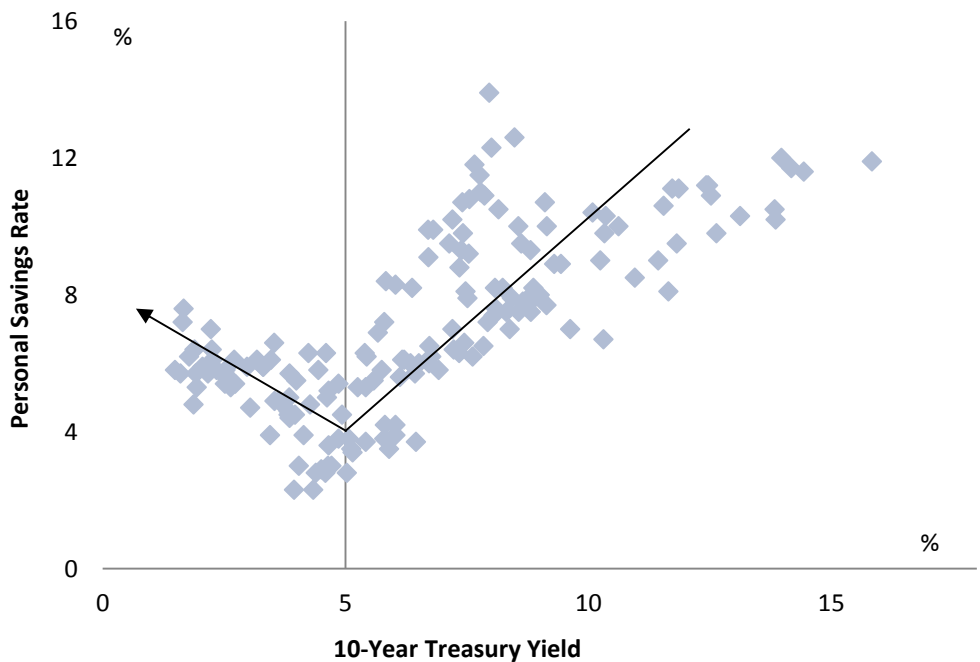


Source: Federal Reserve, Haver, and RBC Capital Markets

Note: 3M-10Y Spread

Savings Rate Response to Interest Rates

The recent pick-up in interest rates should result in more robust consumer spending



Source: Federal Reserve, BEA, Haver, and RBC Capital Markets

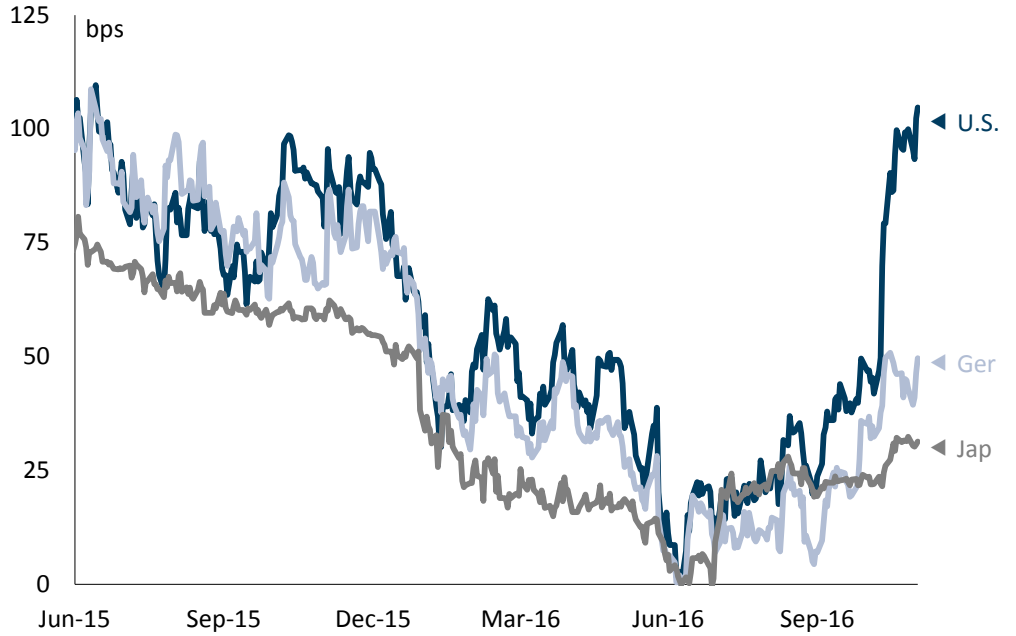
Note: Quarterly data; 1975 to present



Reflation – Interest Rates and Dollar

Change in 10-Year Government Bond Since July Low

The pro-growth environment is very much an American phenomenon

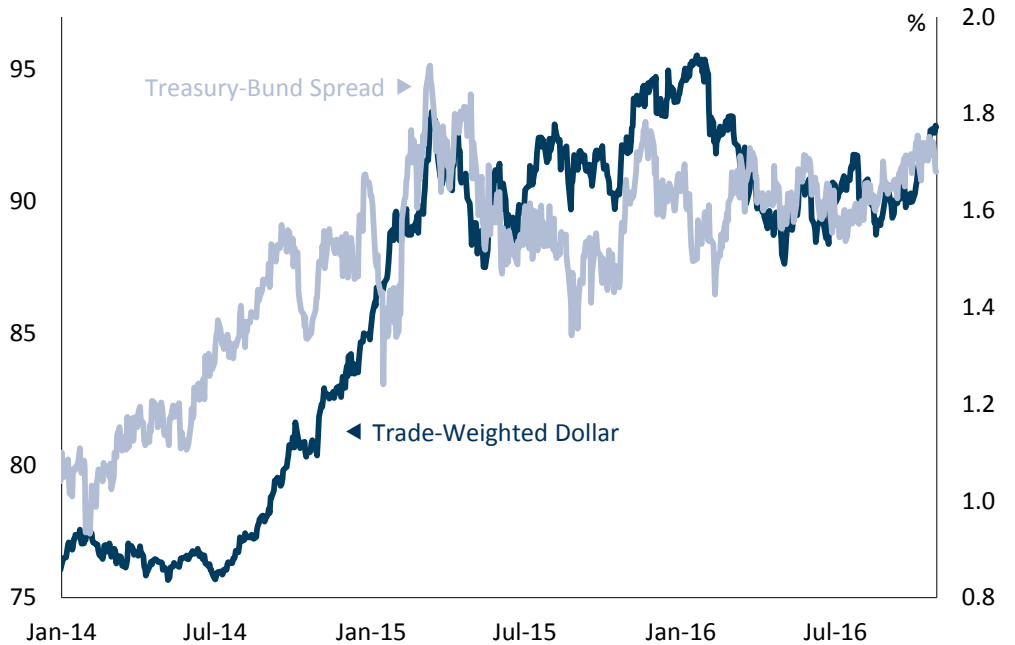


Source: Bloomberg and RBC Capital Markets

Note: July 7, 2016 low

Trade-Weighted Dollar vs. 10-Year Treasury-Bund Spread

Stronger U.S. rates should lead to dollar strength



Source: Federal Reserve, Bloomberg, Haver, and RBC Capital Markets

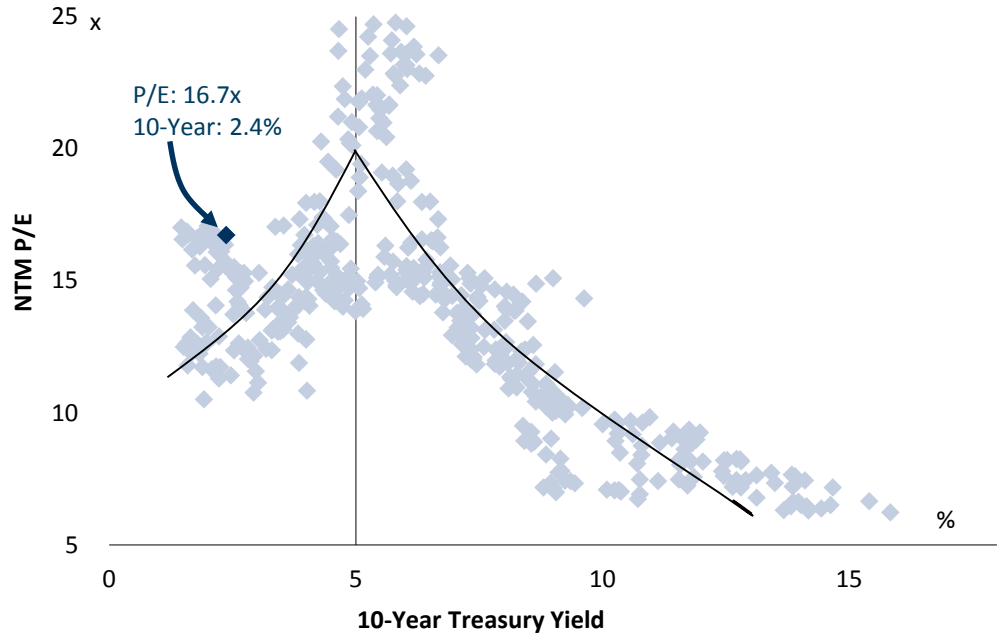
Note: Major Currencies Index



Reflation – Market Response

S&P 500 NTM P/E vs. 10-Year Yield

In low-yield environments, rising rates result in higher multiples



Note: Monthly data; 1975 to present
Source: Federal Reserve, S&P, Thomson Financial, FactSet, Haver, and RBC Capital Markets

U.S. Equity Returns on Up and Down Interest Rate Days

The market prefers higher rates

	All Days	Equity Return on Days When			
		Change in 1-Year Yield		Change in 10-Year Yield	
		Higher	Lower	Higher	Lower
S&P 500	5.7	34.7	-21.5	48.3	-28.8
Financials	11.3	84.8	-39.8	124.7	-50.5
Energy	9.3	38.0	-20.8	111.8	-48.4
Materials	9.2	41.4	-22.8	57.7	-30.8
Industrials	13.2	41.5	-20.0	53.0	-26.0
Technology	7.7	40.2	-23.1	49.7	-28.0
Discretionary	1.3	35.5	-25.2	40.9	-28.1
Health Care	-3.4	21.8	-20.7	33.5	-27.6
Staples	2.2	12.2	-8.9	12.2	-8.9
Telecom	10.9	6.8	3.8	14.0	-2.8
REITs	-2.1	0.7	-2.7	4.3	-6.1
Utilities	9.2	0.6	8.5	-12.6	25.0
% of Days	100	53	47	49	51

Source: S&P, Federal Reserve, FactSet, Haver, and RBC Capital Markets

Note: Last 12 months



Reflation – Earnings Growth

S&P 500 earnings are quite levered to improvements in nominal GDP

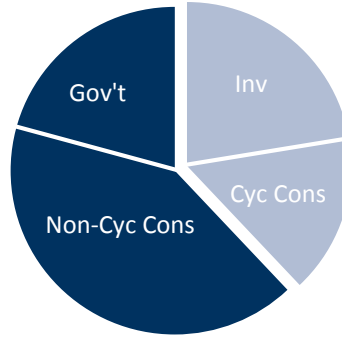
GDP Breakdown into Cyclical and Non-Cyclical Components

Non-Cyclical part of GDP

Non-Cyc Consumption	43%
Government	19%
Total	62%

Cyclical part of GDP

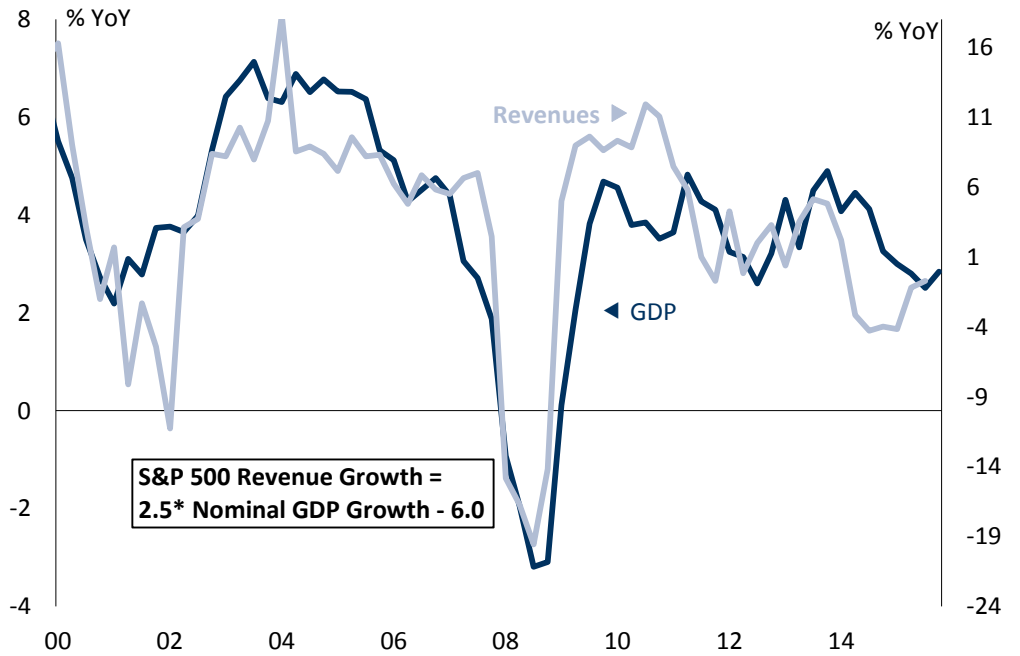
Cyclical Consumption	22%
Investment	16%
Total	38%



Note: We define cyclical and non-cyclical consumption based on their volatility
 The standard deviation of government spending and non-cyclical consumption is <1%
 The standard deviation of investment and cyclical consumption is >4%

Source: BEA, Haver and RBC Capital Markets

S&P 500 Revenues vs. Nominal GDP



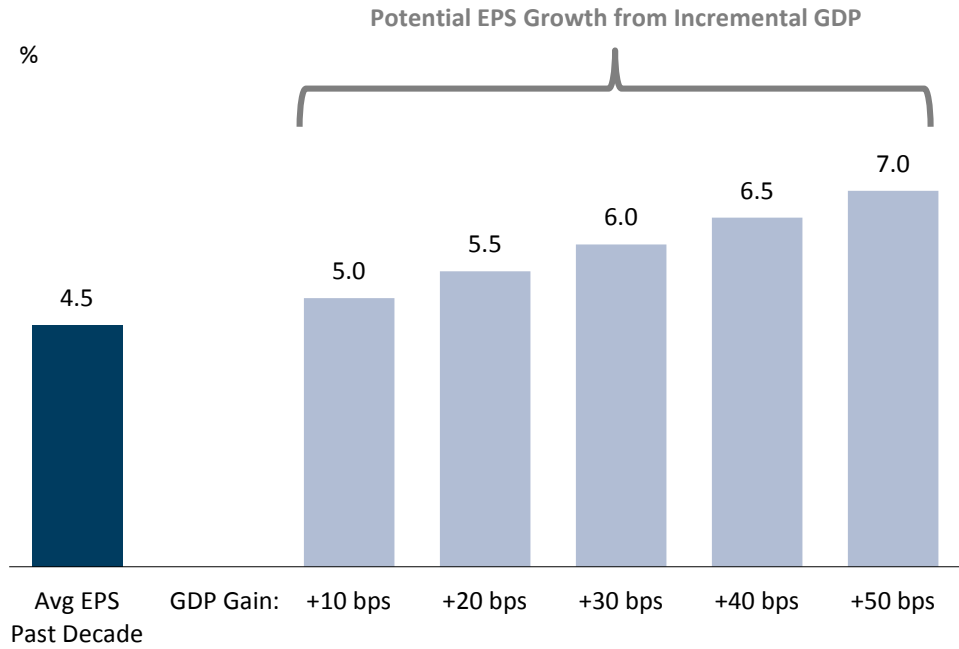
Source: S&P, BEA, Compustat, FactSet, Haver, and RBC Capital Markets



Reflation – Earnings Growth

Potential EPS Growth from Change in GDP

A modest change in GDP can significantly boost earnings



Note: *Trend EPS growth based on CAGR from 2006 to current; forecast based on RBC research

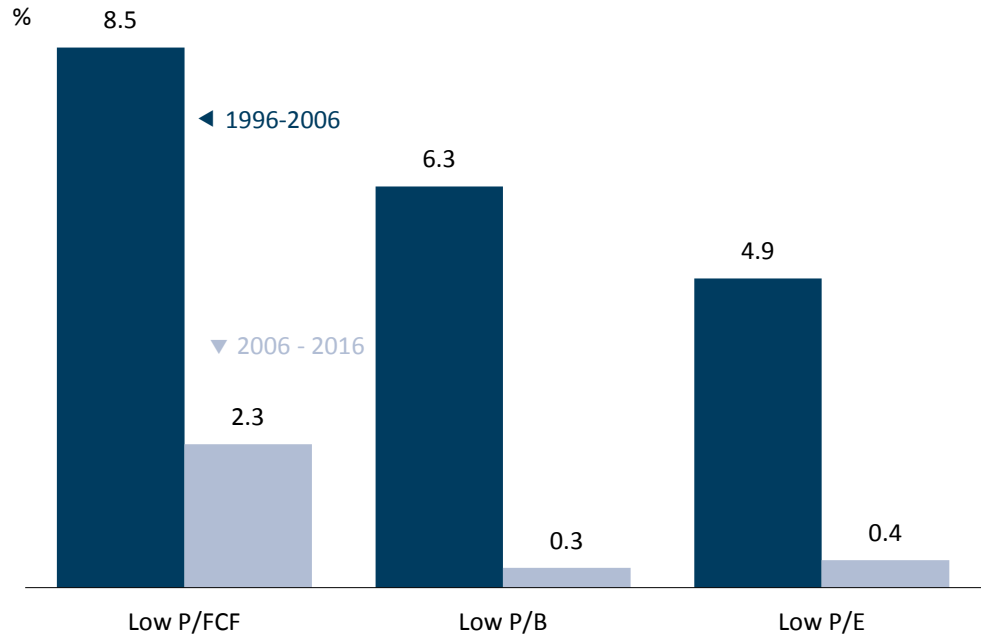
Source: BEA, S&P, Haver, and RBC Capital Markets



Factor Behavior

Buying undervalued stocks has resulted in less alpha generation in the most recent decade

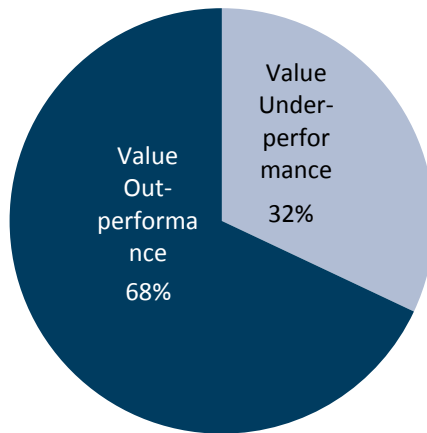
Average Annual Alpha Generated from Value Factors



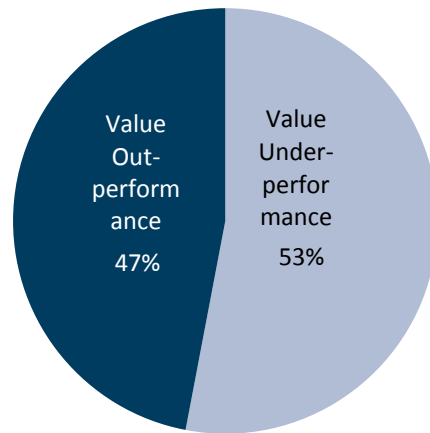
Note: Rolling 12-month long/short sector neutral tertiled factor performance; as of 9/30/2016
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets

Frequency of Out-Performance – Value

1996 - 2006



2006 - 2016



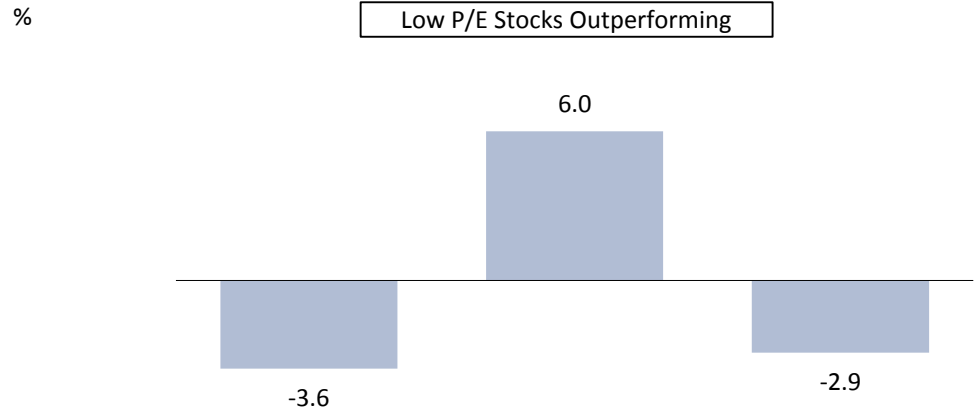
Note: Rolling 12-month long/short sector neutral tertiled earnings yield factor performance; as of 9/30/2016
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets



Factor Behavior

Stronger earnings growth should benefit low P/E stocks

Low P/E Factor Performance by Earnings Growth Environment



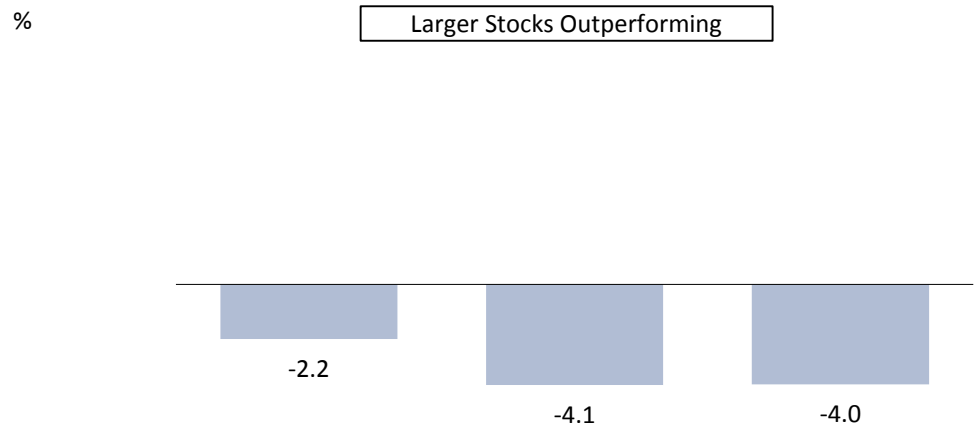
Low P/E Stocks Underperforming

Growth Regime: Low Medium High
 Forecasted EPS Growth: (< 8) (> 15)

Note: Growth environment based on NTM earnings growth; Factor is NTM P/E, Industry Group neutral tertiled factor annual performance; as of 9/30/2016
 Source: S&P, Compustat, Thomson Financial, FactSet, and RBC Capital Markets

Small- and mid-cap stocks do best when earnings are stronger

Market Cap Factor Performance by Earnings Growth Environment



Smaller Stocks Underperforming

Growth Regime: Low Medium High
 Forecasted EPS Growth: (< 8) (> 15)

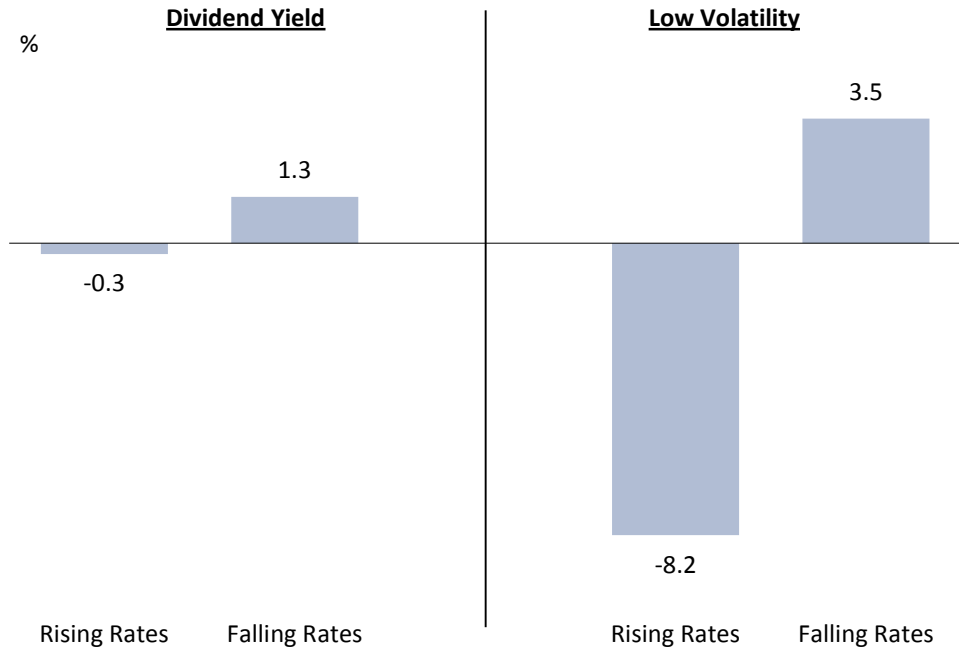
Note: Growth environment based on NTM earnings growth; Factor is market cap, Industry Group neutral tertiled factor annual performance; as of 9/30/2016
 Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets



Factor Behavior

Low-vol stocks are more sensitive to rising rates than high-div names

Performance of High-Div and Low-Vol Stocks by Interest Rate Environment

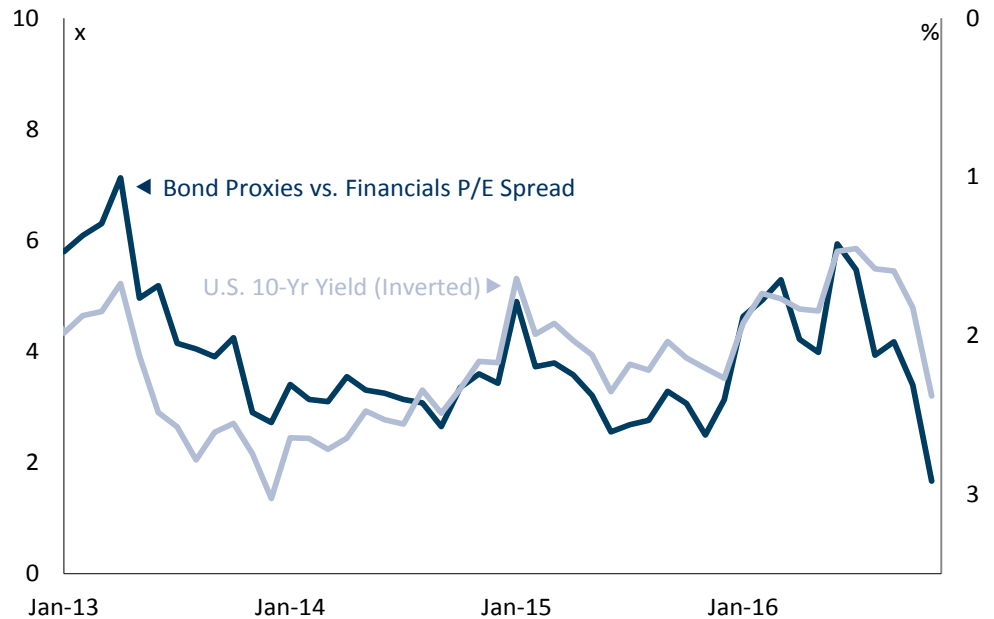


Note: Interest rate environments are based on U.S. 10-Year; Factor is LTM dividend yield and 1-year trailing daily price volatility; 1-year rolling average tertiled (top vs. bottom third) factor returns

Source: S&P, Thomson Financial, Compustat, FactSet, Haver, and RBC Capital Markets

Forward P/E Spread – Bond Proxies Less Financials

While Financials have rerated relative to bond proxies, this is likely to continue as long as rates are on the rise



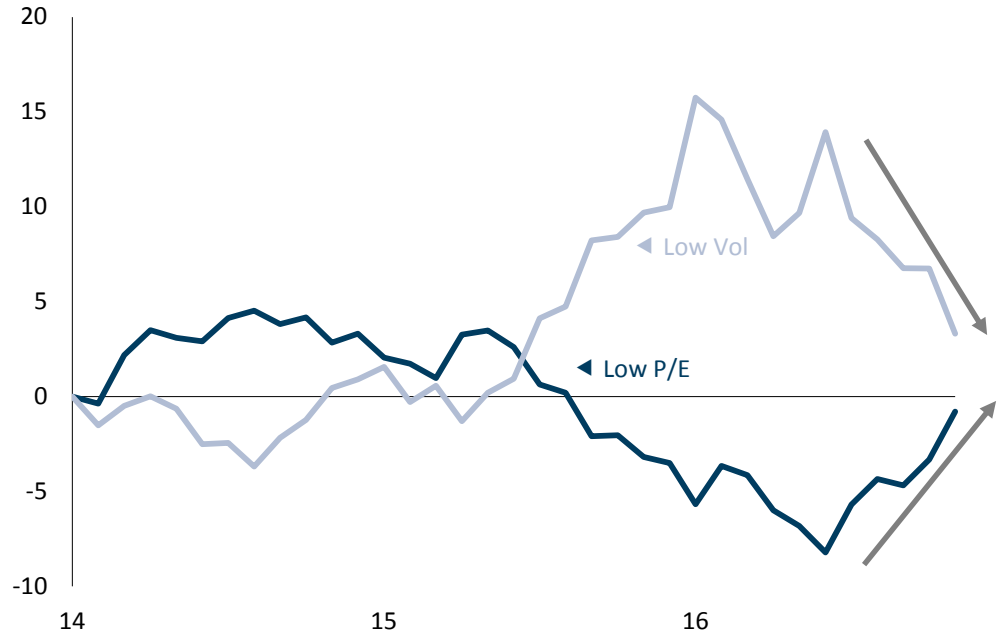
Note: NTM P/E; Bond Proxies are Utilities, Telecom, and REITs
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets



Factor Behavior

Low Volatility vs. Low P/E Factor Performance

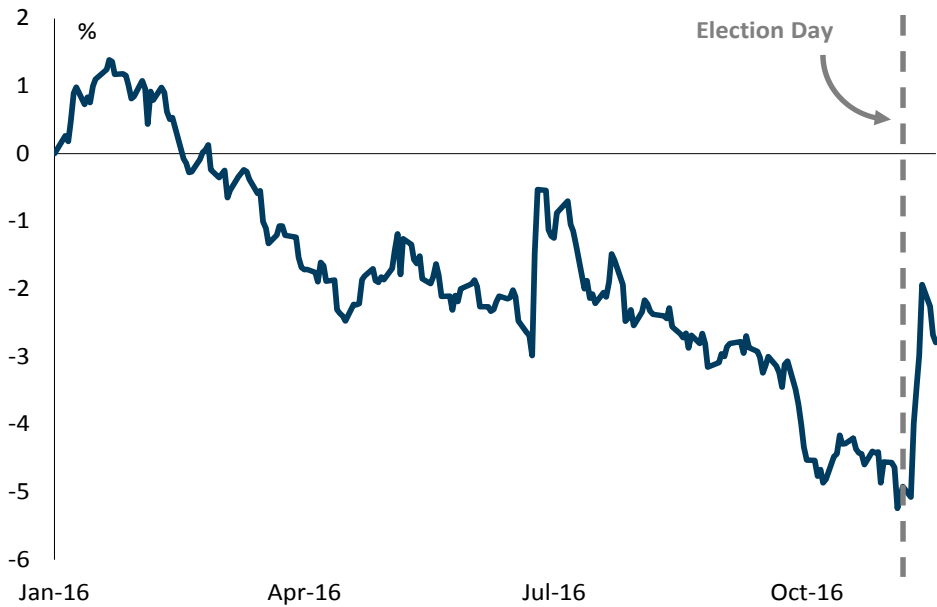
Value-oriented strategies have swung into favor as low-vol stocks lag



Note: Industry group neutral tertiled (top vs. bottom third) monthly factors; low vs. high 1-year trailing daily price volatility; high vs. low forward earnings yield
Source: S&P, Compustat, Thomson Financial, FactSet, and RBC Capital Markets

Domestic Orientation Factor Performance YTD

Domestic orientation is moving back into favor post-election



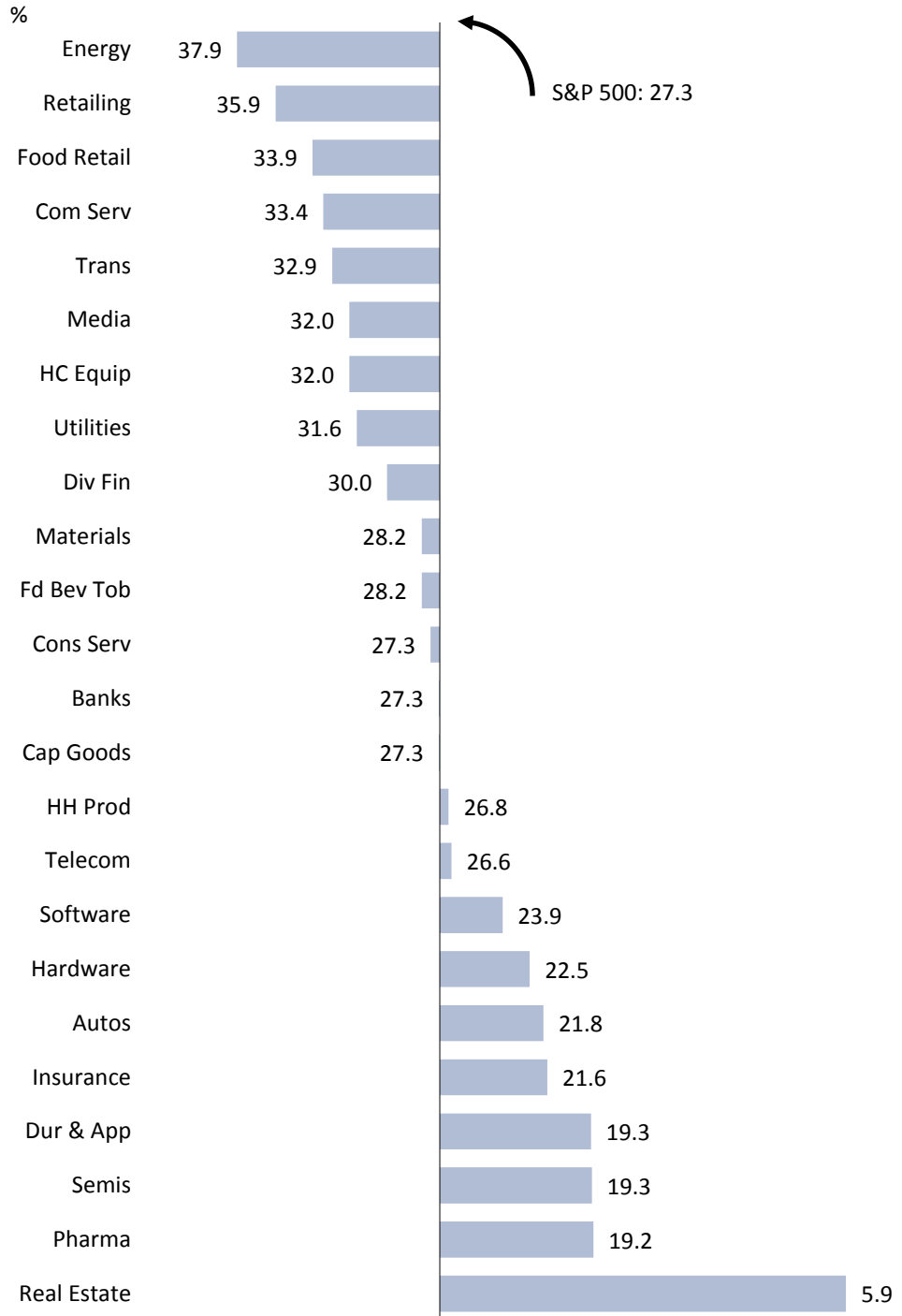
Note: Daily tertiled (top vs. bottom third) industry group neutral factor performance; high vs. low domestic vs. foreign sales
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets



Factor Behavior – Effective Tax Rate

Effective Tax Rate vs. S&P 500 by Industry Group

Higher tax stocks should lead on the promise of lower rates



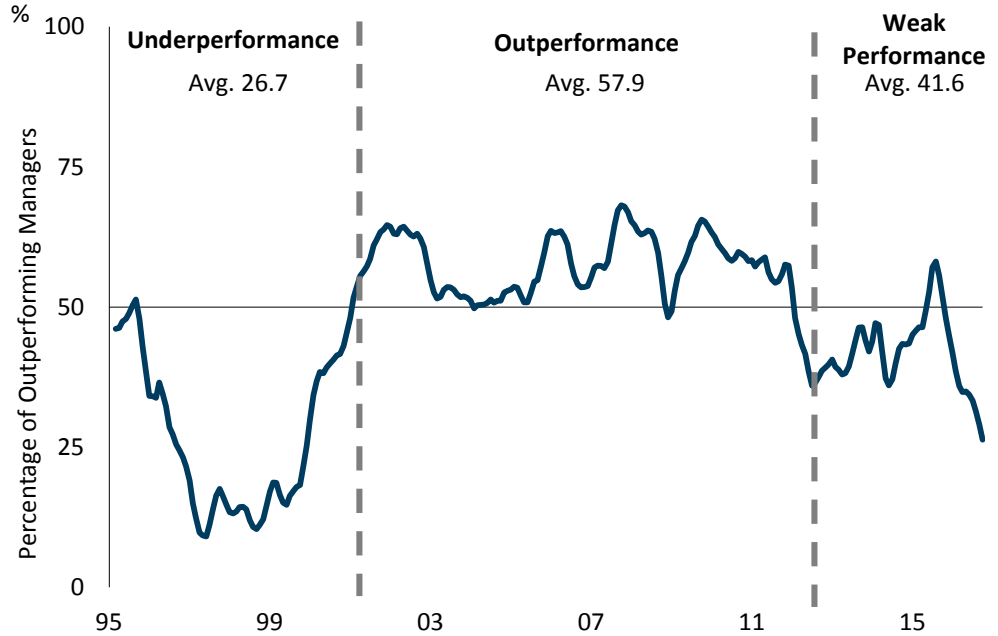
Note: Trailing 5-Year Effective Tax Rate (Taxes Paid / Pre-Tax Income)
Source: S&P, Compustat, FactSet and RBC Capital Markets



Active Management

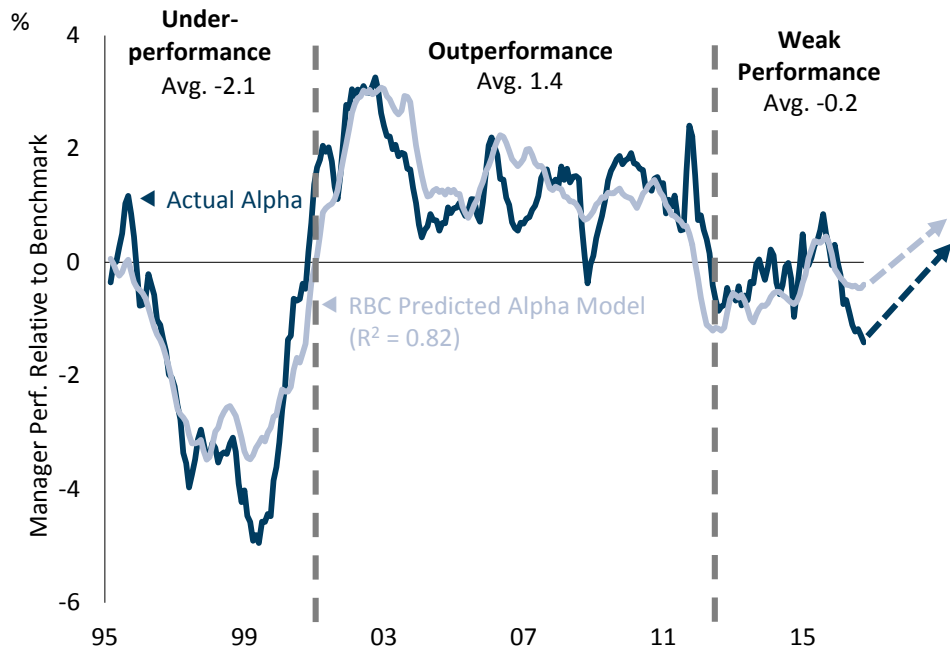
Manager outperformance tends to be quite cyclical

Percentage of Managers Beating the S&P 500



Note: Gross performance; Rolling 3-year annualized total return; Large-cap managers defined by Morningstar
Source: S&P, Morningstar, and RBC Capital Markets

Large-Cap Manager Alpha – Actual vs. Model



Note: Gross performance; Rolling 3-year annualized total return; Large-cap managers defined by Morningstar
Source: S&P, MSCI, Morningstar, FactSet, and RBC Capital Markets

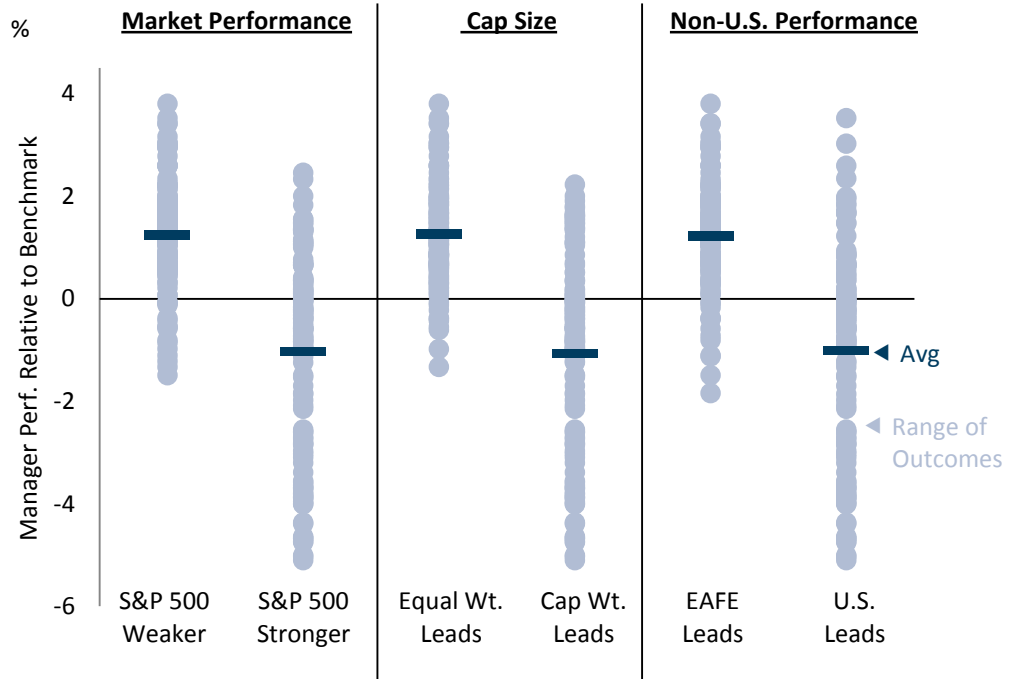


Active Management

Manager Perf. Around Market Direction, Cap Size, and Global Leadership

In aggregate, managers outperform when:

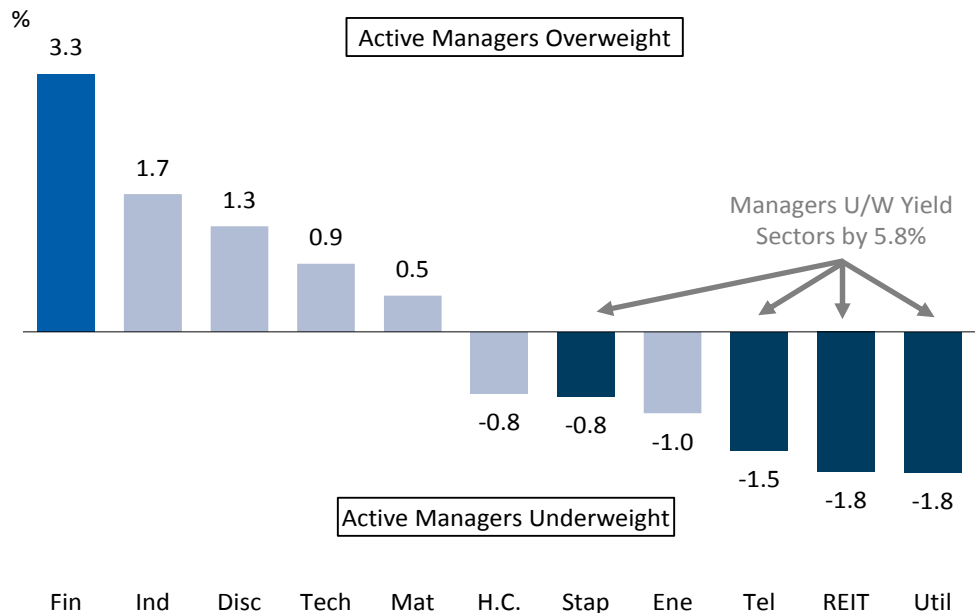
1. Stock returns are weak
2. The equal-weighted S&P 500 outperforms the cap wtd index
3. EAFE (local) outperforms U.S. stocks



Note: S&P 500 Total Return Benchmark; Gross Performance; Rolling 3-year annualized total return; Large-cap managers defined by Morningstar
 Source: S&P, MSCI, Morningstar, FactSet, and RBC Capital
 Note: Since 1/31/1995

Sector Exposure – Large Cap Blend MF vs. S&P 500

Managers do best when bond proxies lag



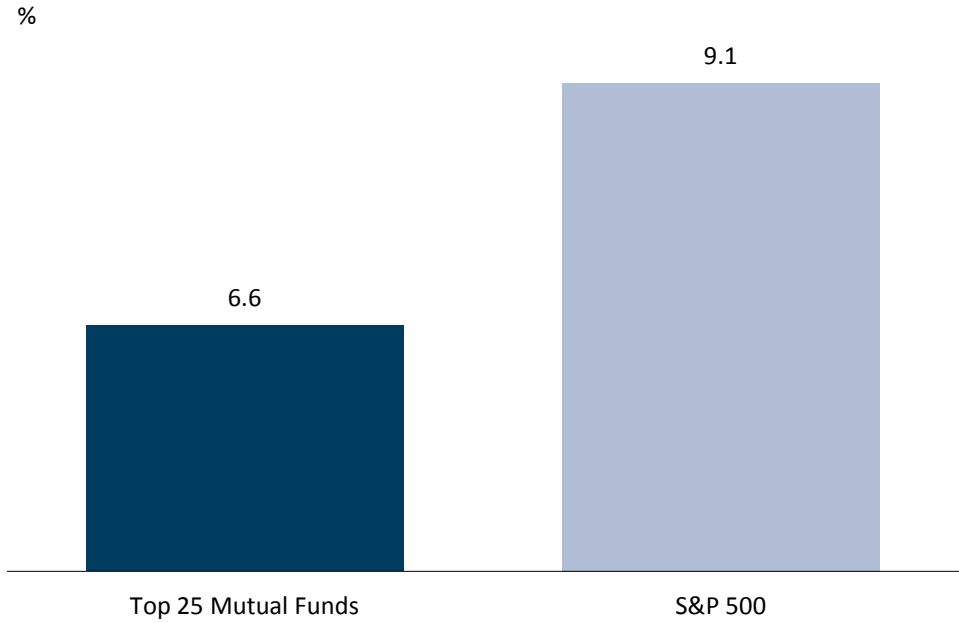
Note: 25 Largest U.S. LC Blend MF by AUM as defined by Morningstar; adjusted for cash and non-equity holdings
 Source: S&P, Morningstar, FactSet, and RBC Capital Markets



Active Management

Exposure to 50 Fastest-Growing Companies – Large Cap Blend MF vs. S&P 500

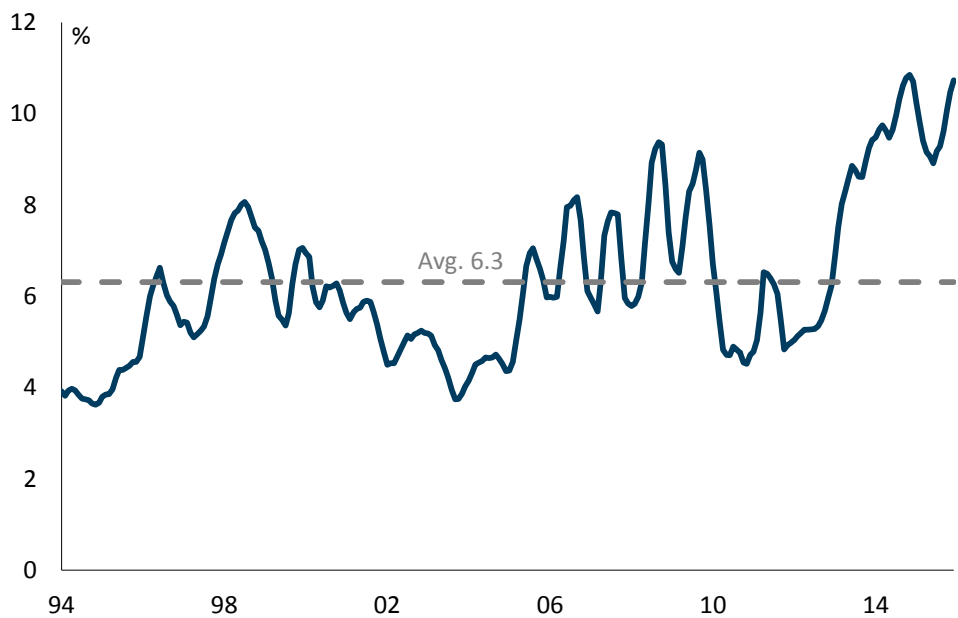
Managers tend to underweight the fastest-growing and highest-yielding stocks



Note: 25 Largest U.S. LC Blend MF by AUM as defined by Morningstar; adjusted for cash and non-equity holdings
Source: S&P, Morningstar, Thomson Financial, FactSet, and RBC Capital Markets

Percentage of Market Cap – 50 Fastest-Growing Companies

The fastest-growing companies have become a larger part of the market



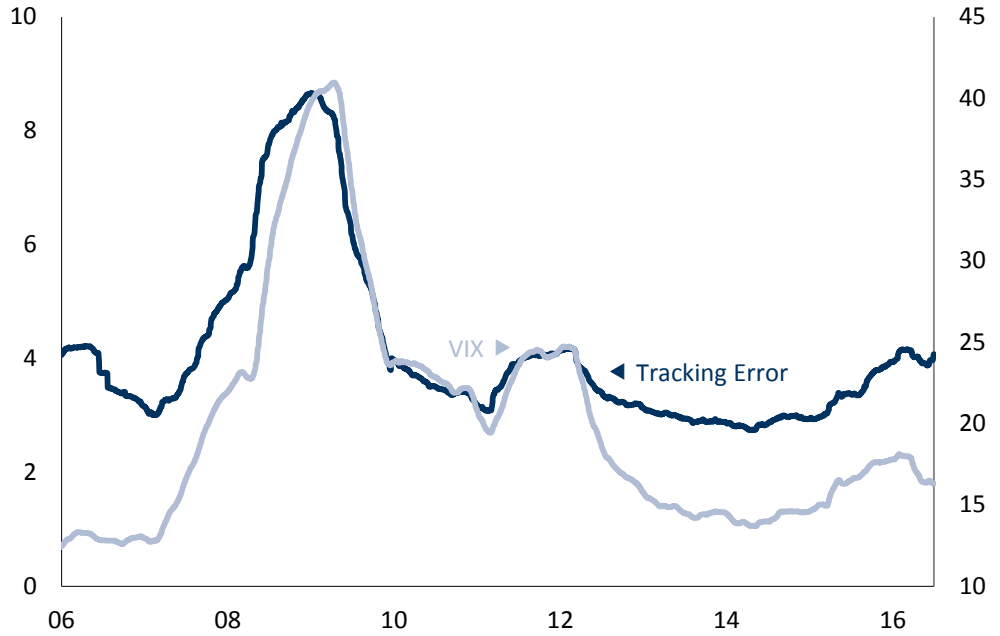
Note: NTM Earnings Growth; 6-mo. MA
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets



Active Management and Market Breadth

Large Cap Fund Tracking Error vs. VIX

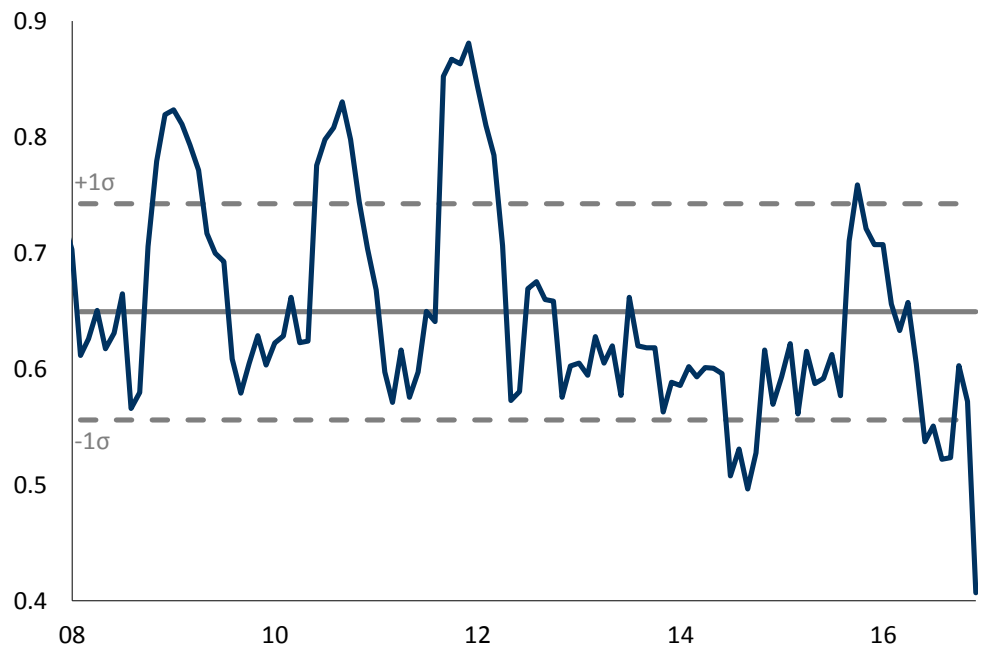
Tracking error tends to mimic market volatility



Note: 1-Year Daily Tracking Error of 10 Largest Core Mutual Funds; 1-Year Moving Average of VIX
Source: CBOE, Haver, FactSet, and RBC Capital Markets

S&P 500 Industry Group Correlation

Correlation among stocks fell to post-recessionary lows, a boon for active management



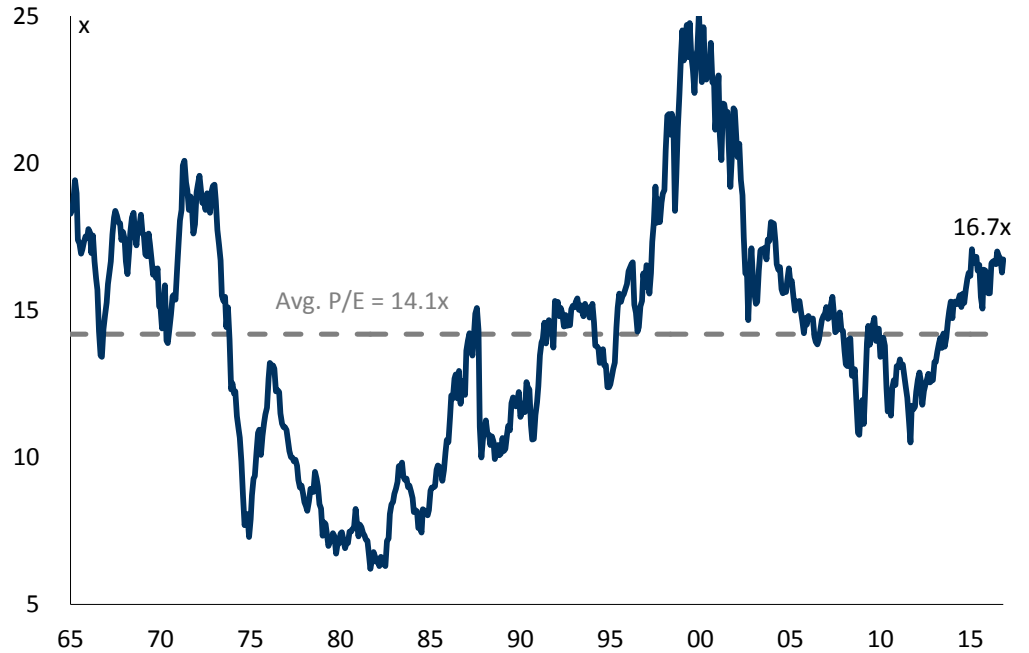
Note: IG Pairwise trailing 9- day correlation
Source: S&P, Compustat, FactSet, and RBC Capital Markets



Valuation Regimes

S&P 500 P/E

Multiples move between extremes over decade-plus periods and are driven by discount rates



Source: S&P, Thomson Financial, FactSet, and RBC Capital Markets

The Fed Model

Stock multiples were tethered to Treasury yields in the '80s and '90s...

...inflation in the '70s...

...and corporate yields in the early 2000s



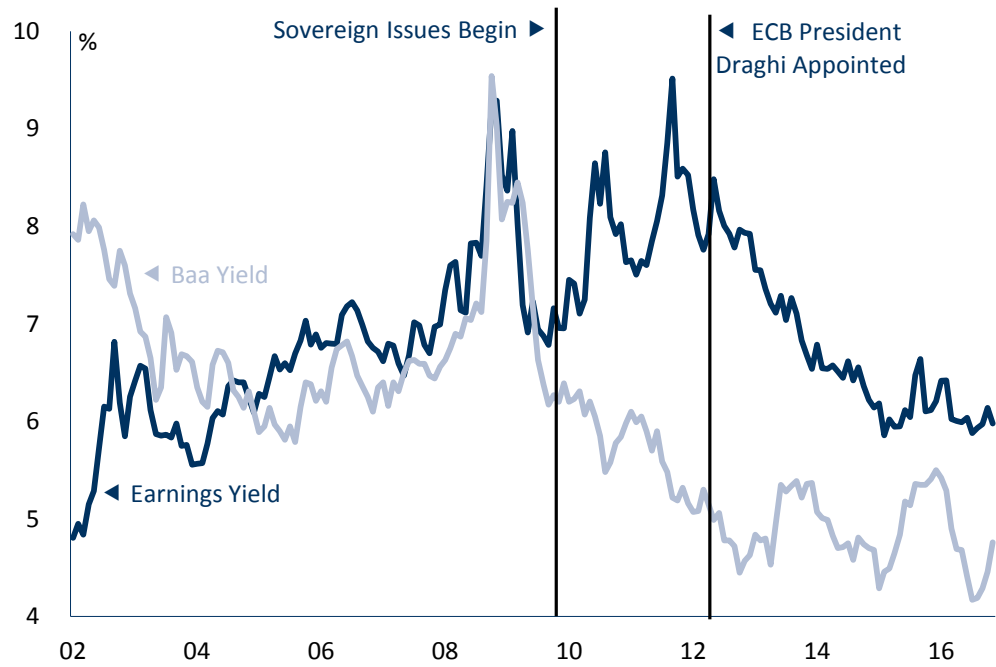
Source: Federal Reserve, S&P, Thomson Financial, FactSet, Haver, and RBC Capital Markets



Valuation Regimes

Corporate bond yields—not Treasuries—explained multiples in the early 2000s

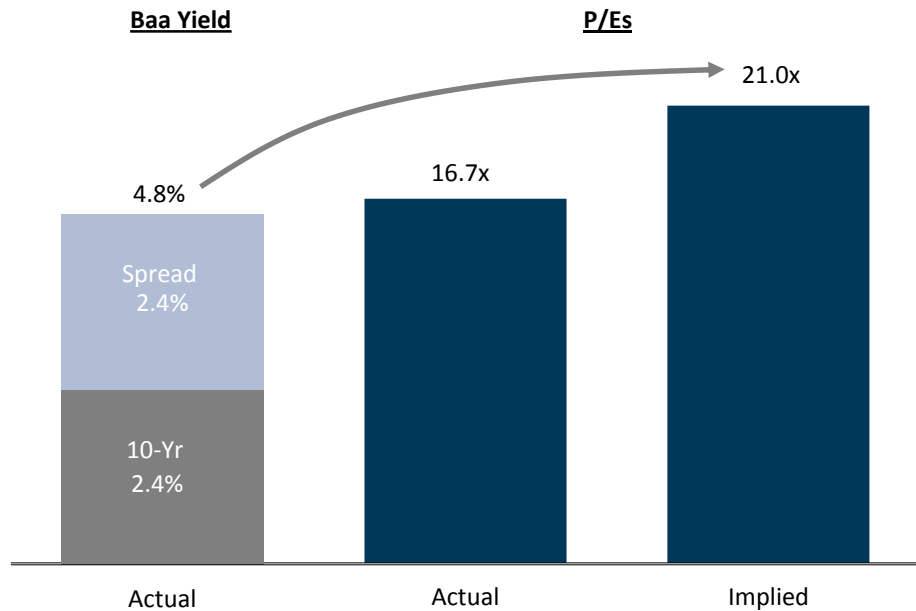
Corporate Bond Yields and Financial Crisis Interruption



Source: S&P, Moody's, Thomson Financial, FactSet, and RBC Capital Markets

Bond Yields vs. S&P 500 Multiples

Stocks appear cheap relative to corporate bonds



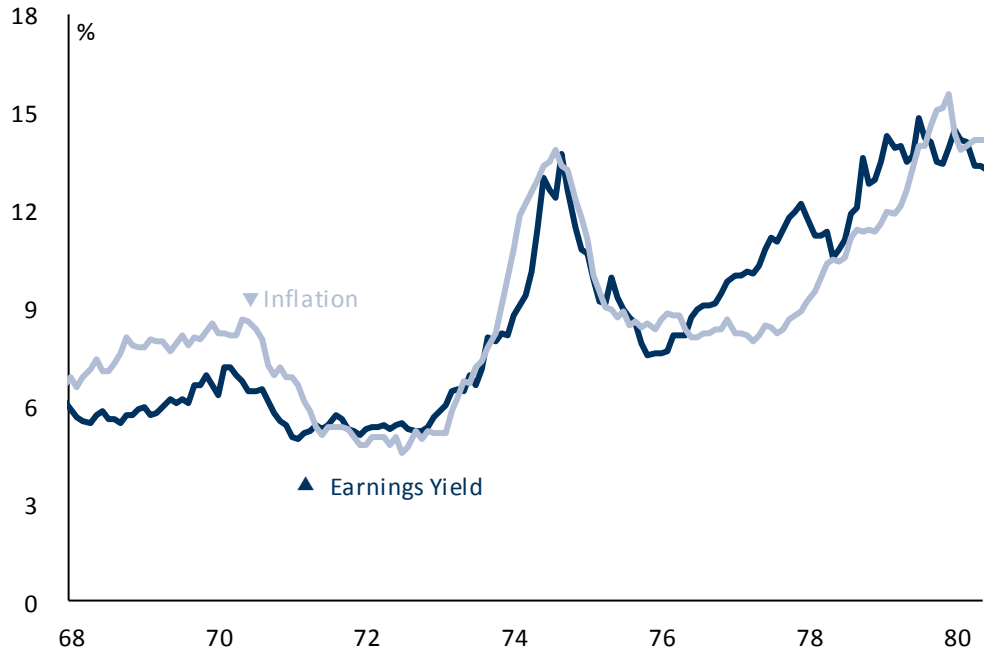
Source: S&P, Federal Reserve, Thomson Financial, FactSet, Haver, and RBC Capital Markets



Valuation Regimes

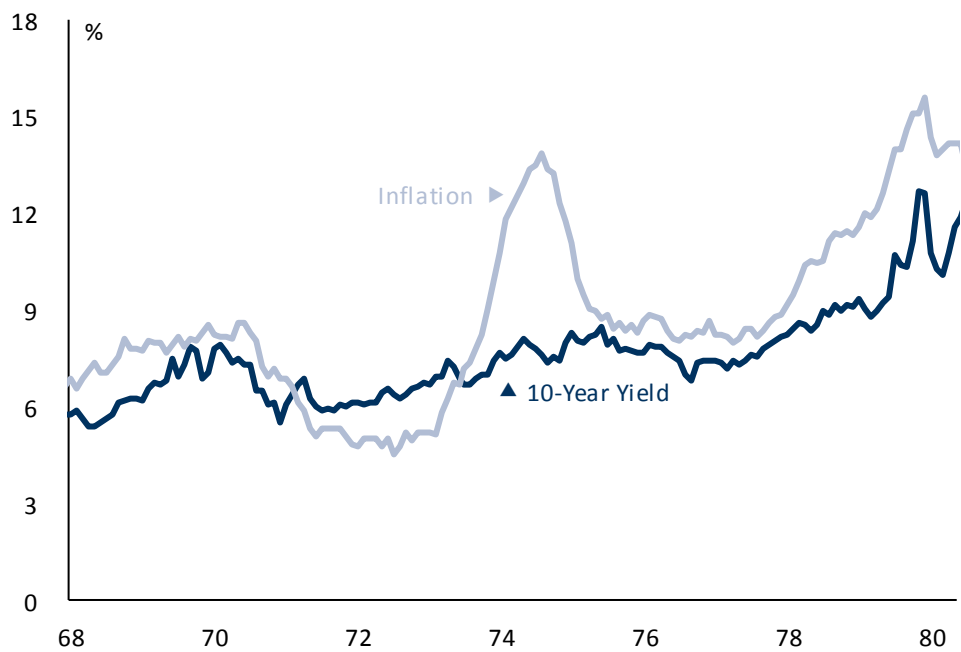
Inflation, not interest rates, explained valuations in the '60s and '70s

Inflation (Plus 2 Percent) vs. Earnings Yield



Source: BLS, S&P, Thomson Financial, FactSet, Haver, and RBC Capital Markets

Inflation (Plus 2 Percent) vs. 10-Year Treasury Yield



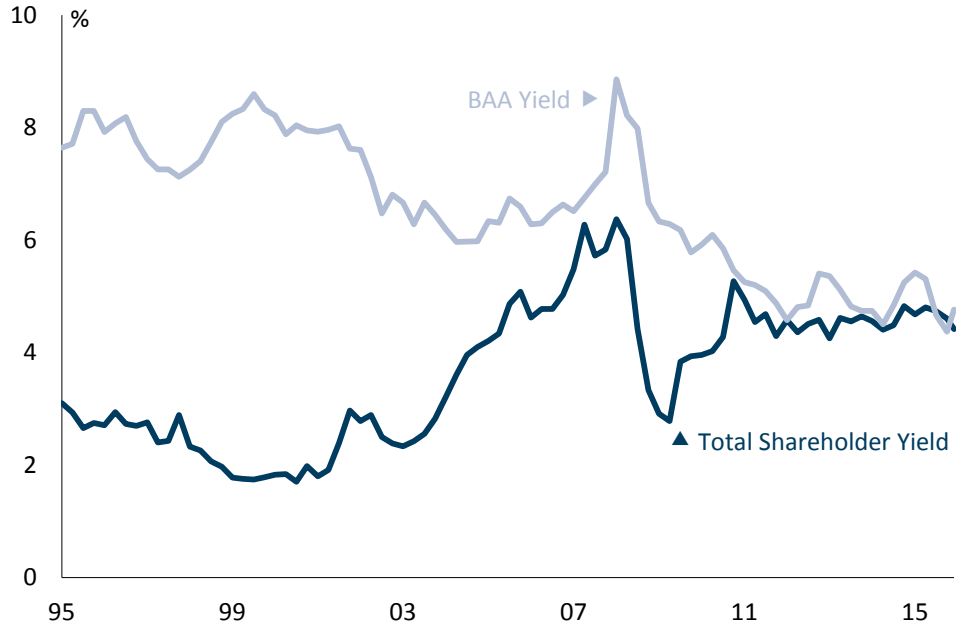
Source: BLS, Federal Reserve, Haver, and RBC Capital Markets



Valuation Regimes and Earnings

S&P 500 Total Yield vs. 20-Year BAA Corporate Yield

S&P 500 has a total yield (dividends plus buybacks) of 4.4% vs. 4.3% for 20-Year Corporate Bonds

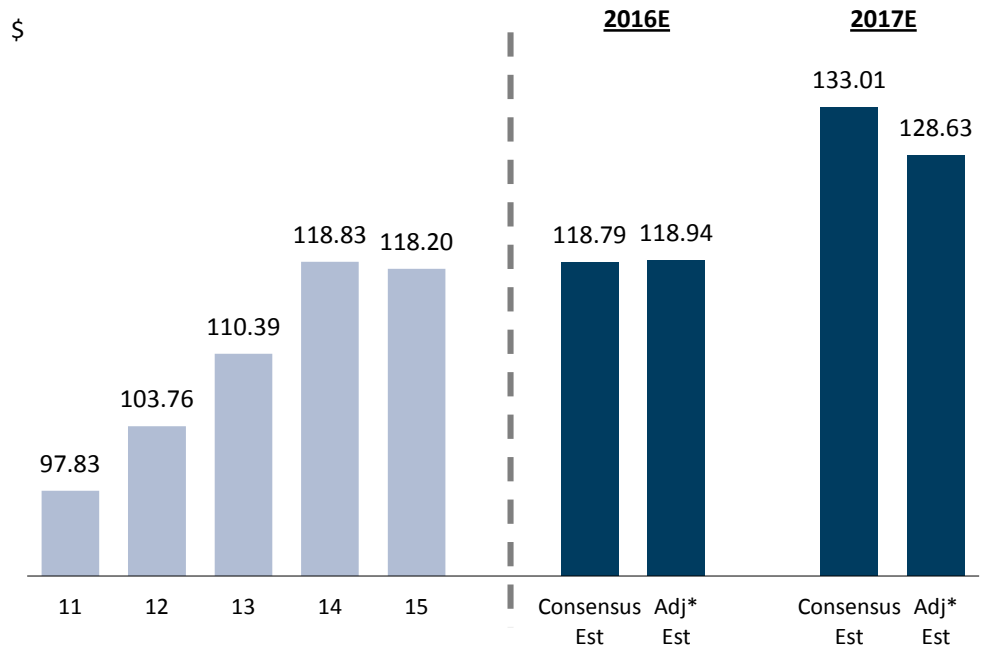


Note: S&P 500 ex-Financials; LTM
Source: S&P, Moody's, Compustat, FactSet, and RBC Capital Markets

S&P 500 EPS – Annual

Growth is expected to accelerate in 2017

Analysts' 2017 forecasts are likely approximately 4% too high (based on history)

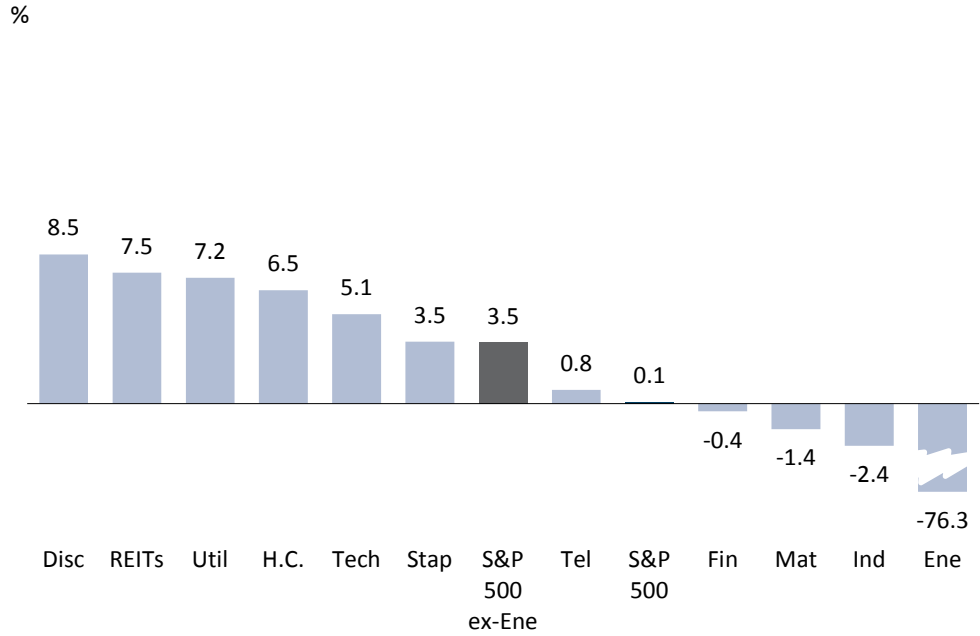


Note: *Assumes historical degradation from 2011–15
Source: S&P, Thomson Financial, FactSet, and RBC Capital Markets



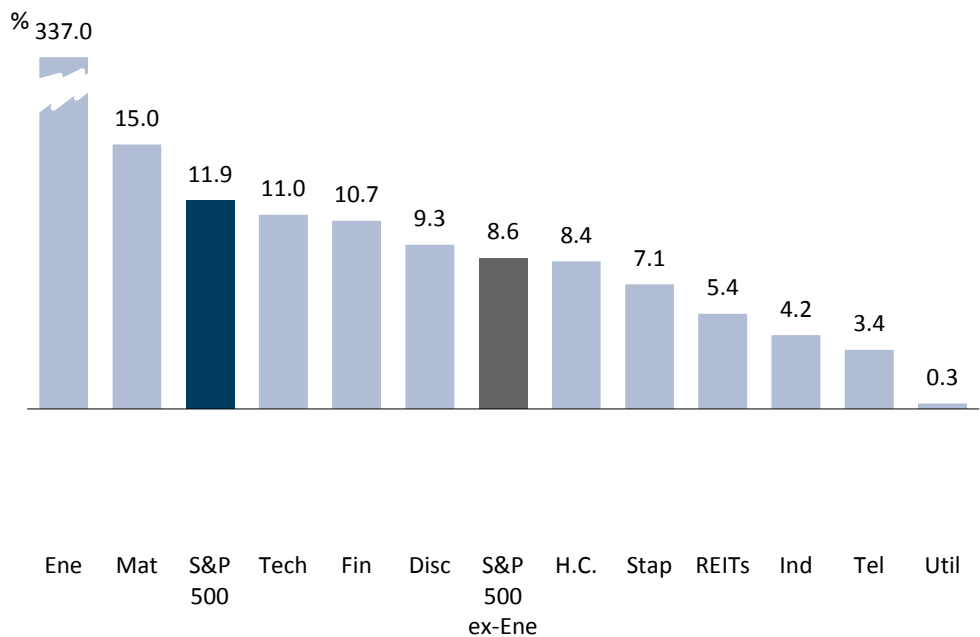
Consensus Earnings Projections

S&P 500 2016 Consensus Earnings Growth



Note: Bottom-up consensus expectations; YoY growth of current constituents
 Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets

S&P 500 2017 Consensus Earnings Growth



Note: Bottom-up consensus expectations; YoY growth of current constituents
 Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets



Earnings Trends

3Q16 Growth Scorecard

3Q EPS grew 5%

	Growth YoY (%)				
	Revenue	Margins	Earnings	Buybacks	EPS
Cyclicals	1.1	-2.2	-1.1	2.5	1.5
Discretionary	9.8	-3.0	6.8	2.7	9.6
Energy	-14.8	-52.7	-67.6	0.4	-67.2
Industrials	-0.6	-2.5	-3.1	6.2	3.2
Transports	1.4	-19.9	-18.5	8.1	-10.4
Industrials ex-Transports	-1.3	6.5	5.1	4.9	10.0
Materials	-1.3	7.8	6.5	3.2	9.6
Technology	5.2	5.5	10.7	1.1	11.7
Apple	-9.0	-10.1	-19.1	4.3	-14.8
Technology ex-Apple	8.5	9.9	18.5	-0.1	18.3
Non-Cyclicals	4.0	1.8	5.8	0.8	6.6
Staples	1.8	4.6	6.4	1.7	8.1
Health Care	6.9	-1.4	5.5	2.3	7.9
Biotech	3.2	-6.9	-3.7	5.6	1.9
Health Care ex-Biotech	7.2	1.8	8.9	1.0	10.0
Telecom	0.6	-2.1	-1.5	-1.9	-3.4
Utilities	3.5	8.6	12.0	-1.7	10.4
REITs	7.5	-1.9	5.5	-3.7	1.8
S&P 500 ex-Finls	2.4	-0.6	1.8	1.8	3.6
Financials	5.6	1.4	7.0	2.1	9.1
S&P 500	2.8	-0.1	2.7	1.9	4.6
S&P 500 ex-Energy	4.6	1.6	6.1	2.0	8.2

Note: YoY growth of current constituents; Note blend of unreported and reported numbers where available
Source: S&P, Compustat, Thomson Financial, FactSet, and RBC Capital Markets



Earnings Trends

4Q16 Growth Scorecard

4Q is the first quarter in two years without a drag from Energy

	Growth YoY (%)				
	Revenue	Margins	Earnings	Buybacks	EPS
Cyclicals	5.3	-2.0	3.3	2.7	6.0
Discretionary	6.9	-4.5	2.4	4.3	6.8
Energy	7.2	1.1	8.4	0.3	8.6
Industrials	1.4	-6.3	-4.9	4.1	-0.8
Materials	2.2	5.1	7.3	1.6	8.9
Technology	6.3	0.2	6.5	2.9	9.5
Non-Cyclicals	4.7	-0.4	4.3	-0.7	3.6
Staples	3.3	0.0	3.3	0.3	3.6
Health Care	5.2	-0.1	5.1	-0.9	4.2
Telecom	-1.3	0.9	-0.4	-1.2	-1.6
Utilities	18.2	-8.1	10.1	-1.1	9.0
REITs	3.5	0.6	4.1	-3.1	1.0
S&P 500 ex-Finls	5.1	-1.4	3.7	1.6	5.3
Financials	3.7	4.9	8.6	2.2	10.8
S&P 500	4.9	-0.5	4.4	1.6	6.1

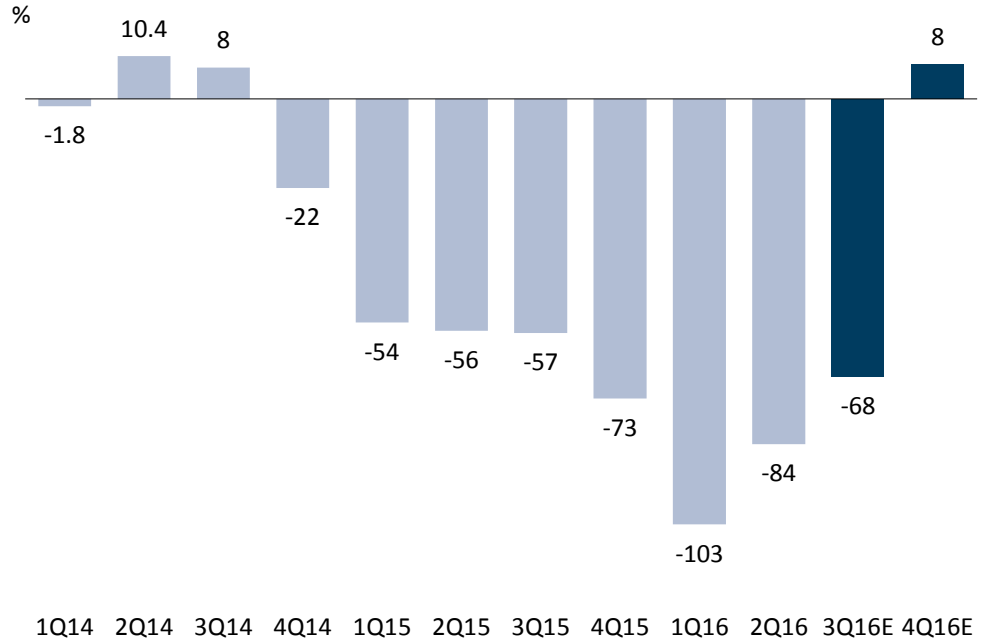
Note: YoY growth of current constituents; Note blend of unreported and reported numbers where available
Source: S&P, Compustat, Thomson Financial, FactSet, and RBC Capital Markets



Earnings Trends

The Energy drag should be behind us

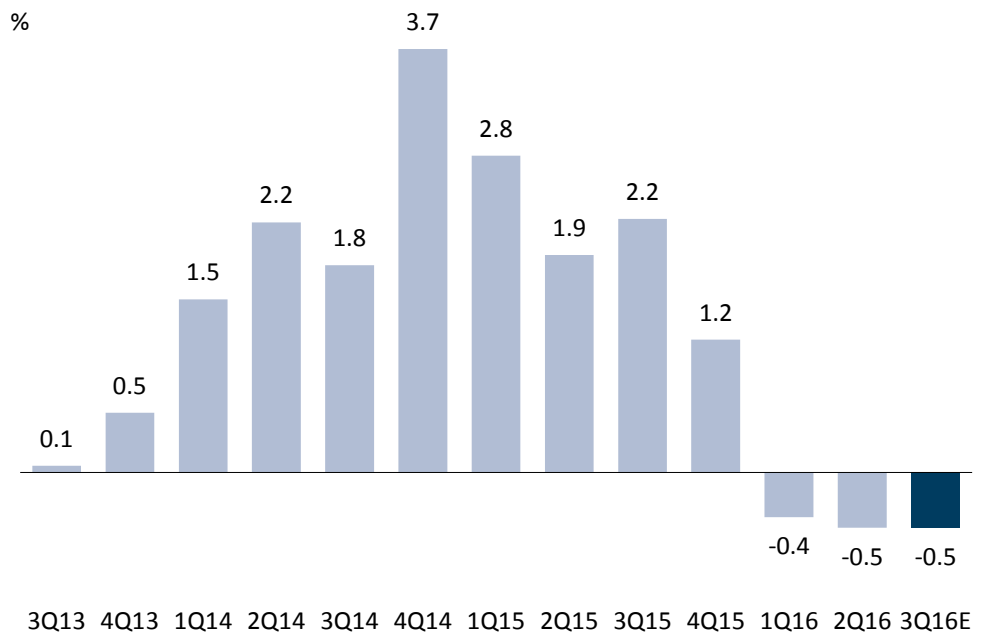
Energy Sector Earnings



Source: S&P, Compustat, Thomson Financial, FactSet, and RBC Capital Markets

Contribution of Apple and Biotech to S&P 500 EPS Growth

Apple and Biotech have supported strong growth in recent years and are likely to be less important going forward



Source: S&P, Compustat, Thomson Financial, FactSet, and RBC Capital Markets

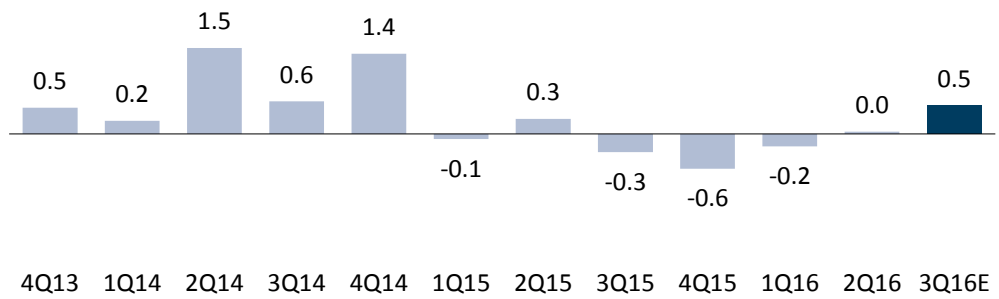


Earnings Trends

Both revenue and earnings surprises were strong in 3Q

S&P 500 Revenue Surprise

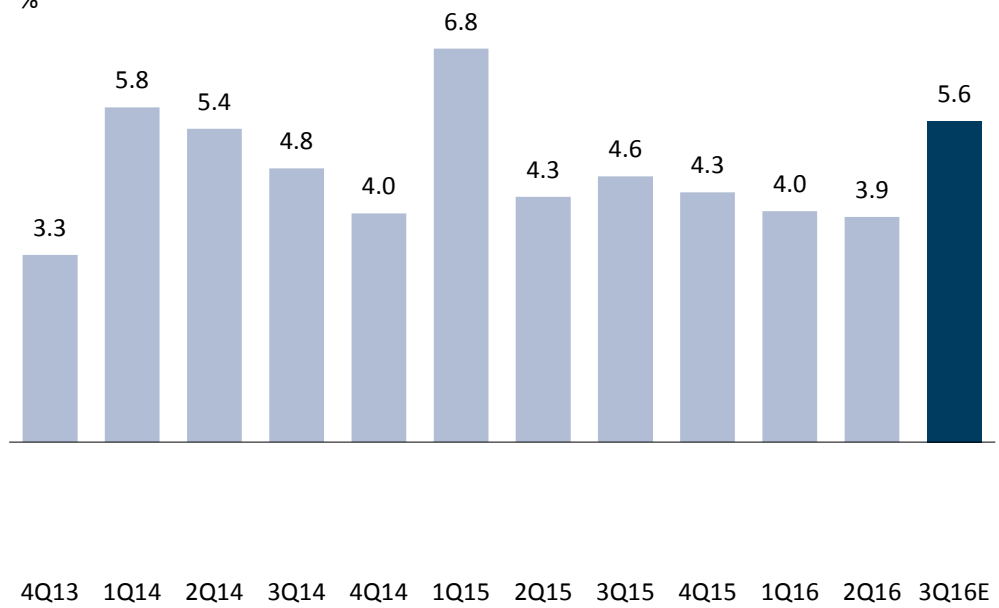
%



Source: S&P, Compustat, Thomson Financial, FactSet, and RBC Capital Markets

S&P 500 Earnings Surprise

%



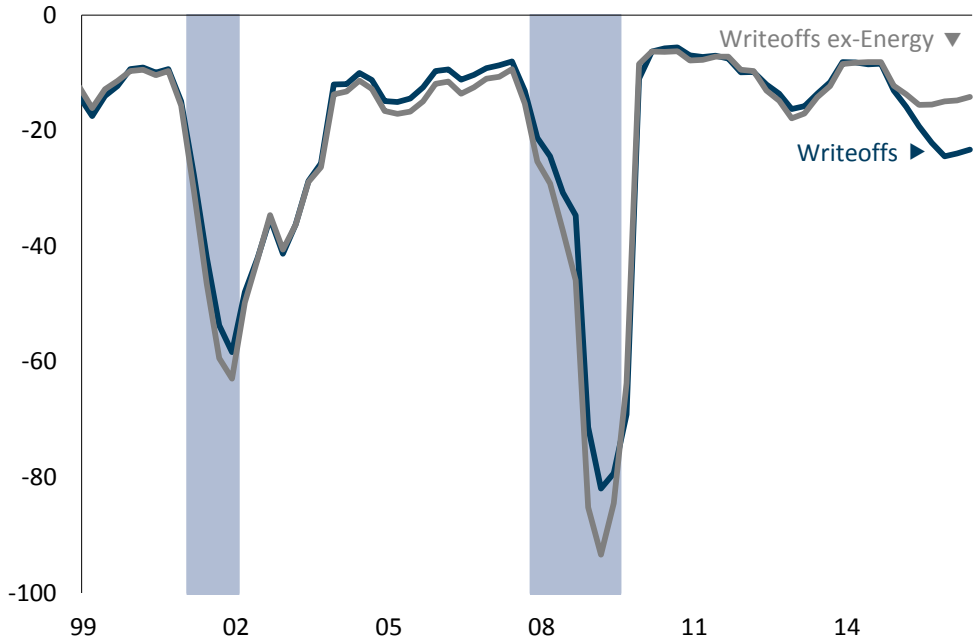
Source: S&P, Compustat, Thomson Financial, FactSet, and RBC Capital Markets



Earnings Quality

Outside of Energy, write-off trends appear within a normal range

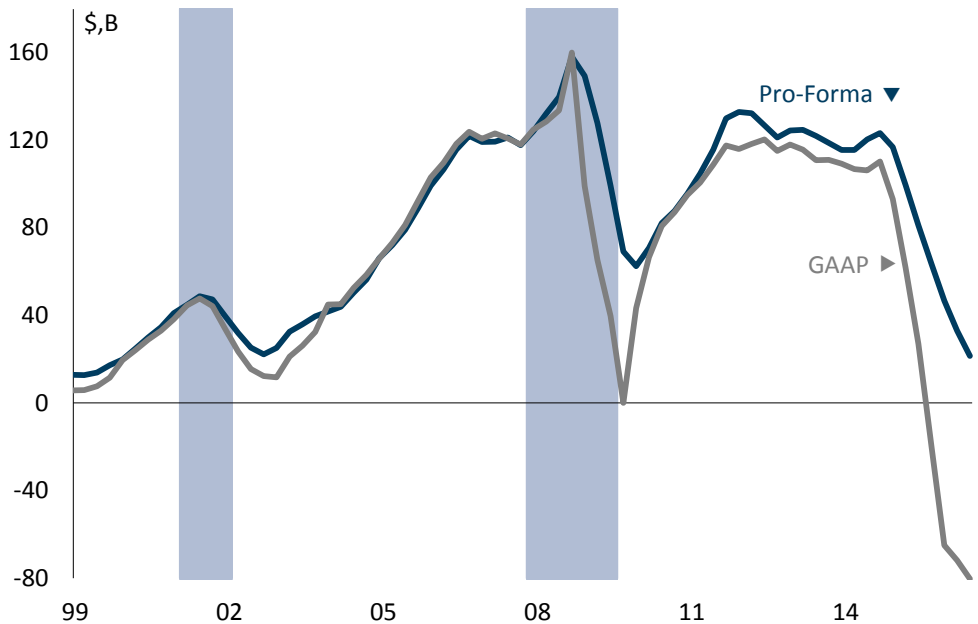
S&P 500 Write-offs as Percentage of Pro-Forma Earnings



Note: Trailing 4Q Sum
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets

Pro-Forma vs. GAAP Earnings – Energy Sector

GAAP earnings have materially declined within Energy



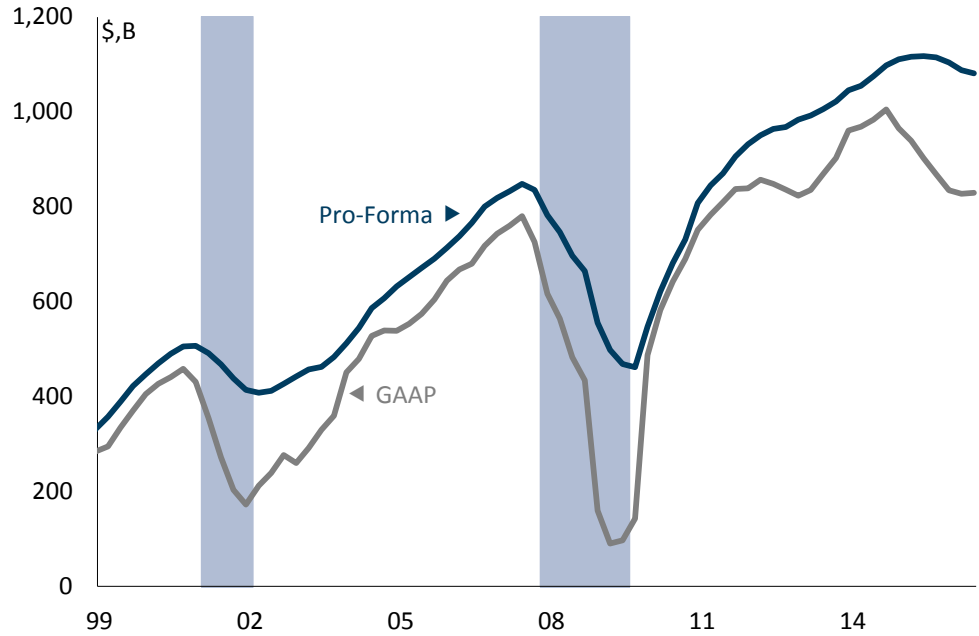
Note: Trailing 4Q Sum
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets



Earnings Quality

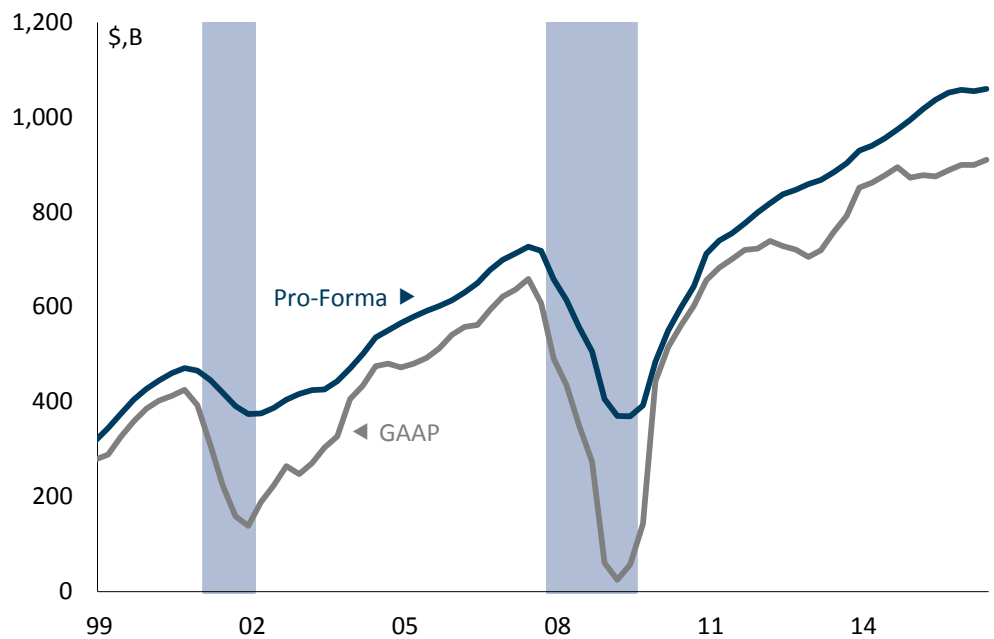
Pro-forma earnings (ex-Energy) across sectors are expanding

Pro-Forma vs. GAAP Earnings – S&P 500



Note: Trailing 4Q Sum
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets

Pro-Forma vs. GAAP Earnings – S&P 500 ex-Energy



Note: Trailing 4Q Sum
Source: S&P, Thomson Financial, Compustat, FactSet, and RBC Capital Markets

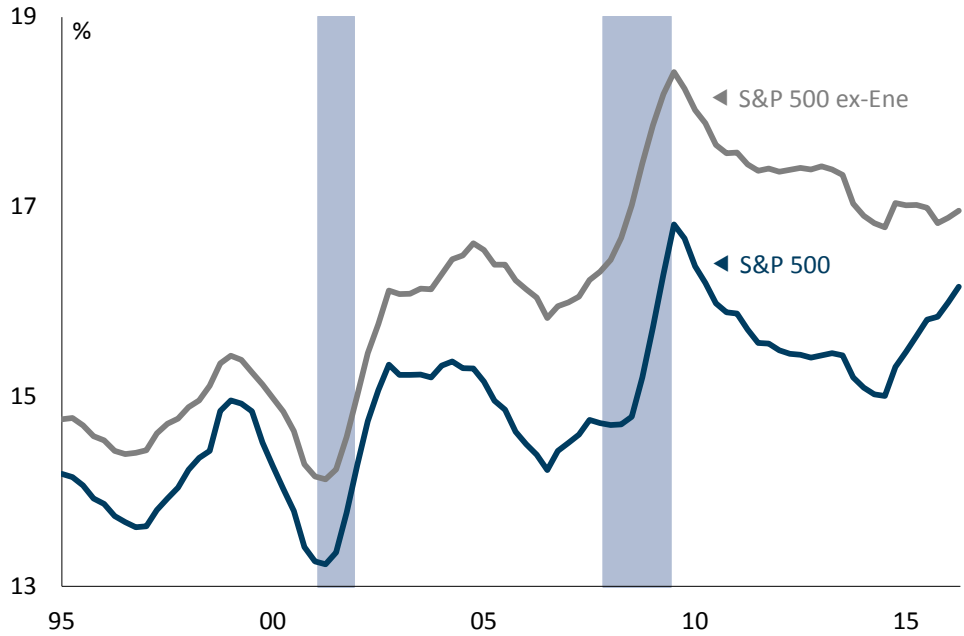


Corporate Behavior

SG&A as Percentage of Sales

Lower SG&A-to-Sales has contributed to earnings growth

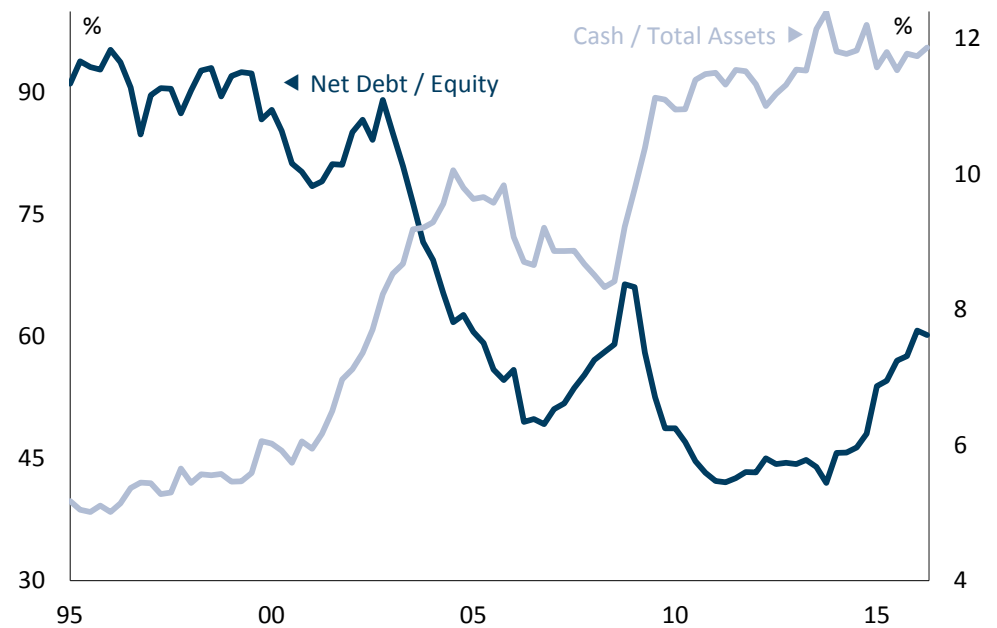
This trend is typical during economic recoveries



Note: LTM data
Source: S&P, NBER, Compustat, FactSet, and RBC Capital Markets

Corporate Leverage and Cash Levels

Corporate cash levels remain elevated



Note: S&P 500 ex-Financials
Source: S&P, Compustat, FactSet, and RBC Capital Markets

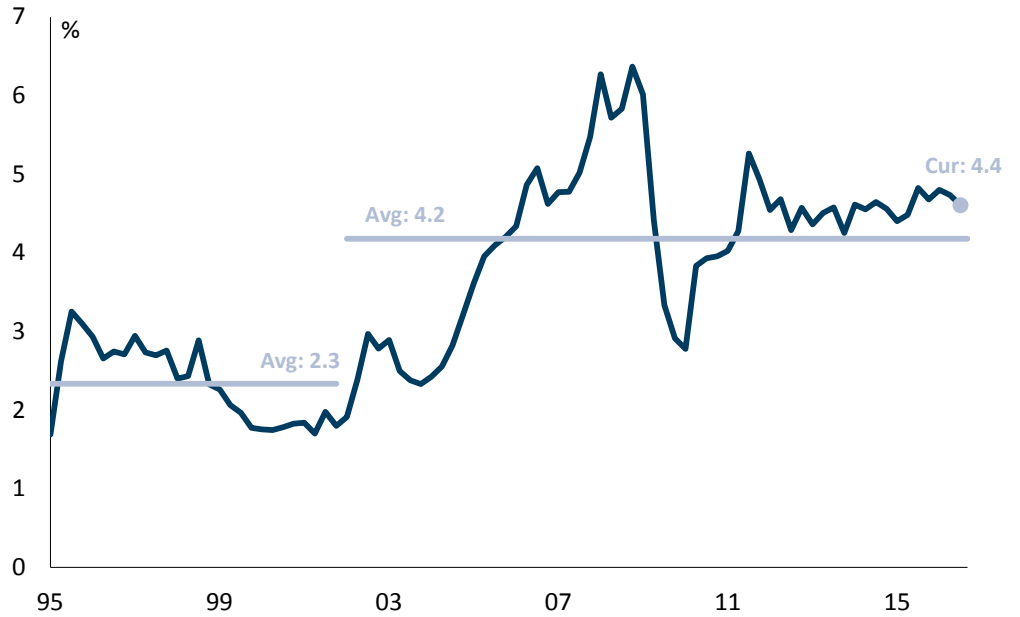


Corporate Behavior

Companies have been generous in their return of capital to shareholders

From an investment perspective, dividends and buybacks should each be viewed as a repatriation of capital

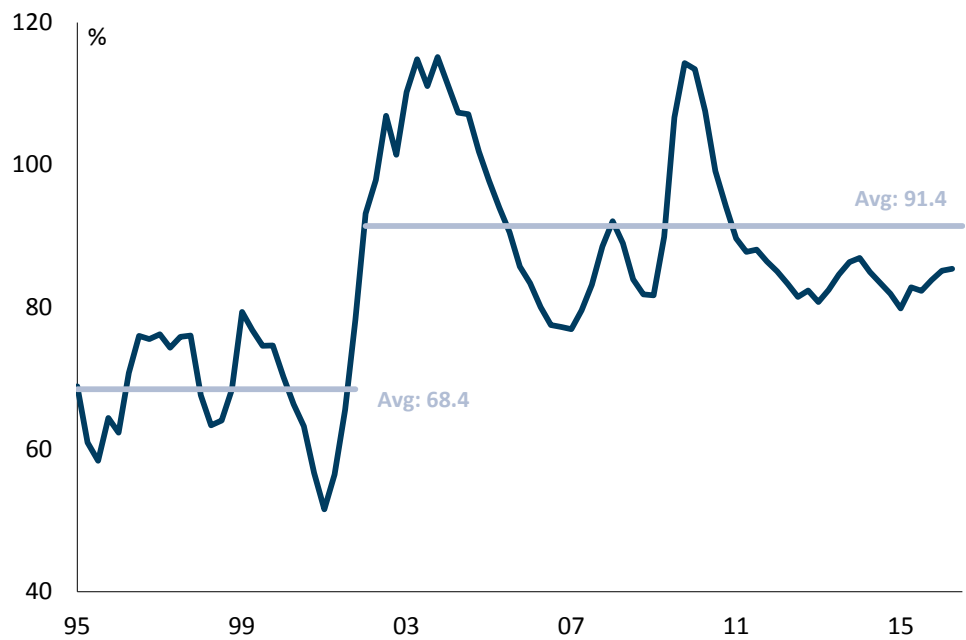
S&P 500 Total Yield (Dividends + Buybacks)



Note: S&P 500 ex-Financials; LTM
Source: S&P, Compustat, FactSet, and RBC Capital Markets

Companies have become much more efficient in translating net income into cash flow

Free Cash Flow Translation from Net Income



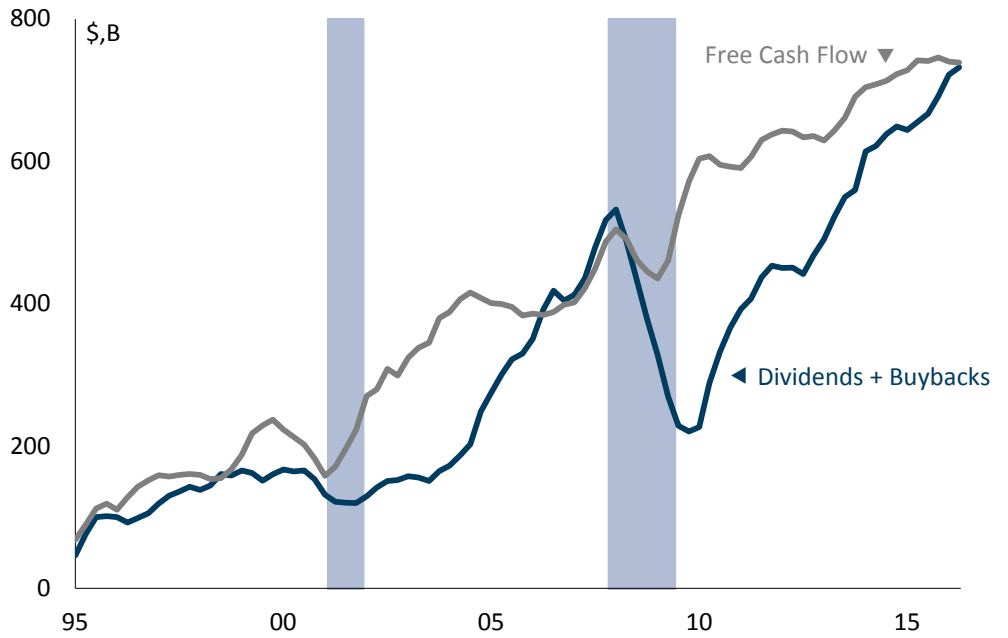
Note: S&P 500 ex-Financials; LTM
Source: S&P, Compustat, FactSet, and RBC Capital Markets



Corporate Behavior

Free Cash Flow vs. Return of Capital

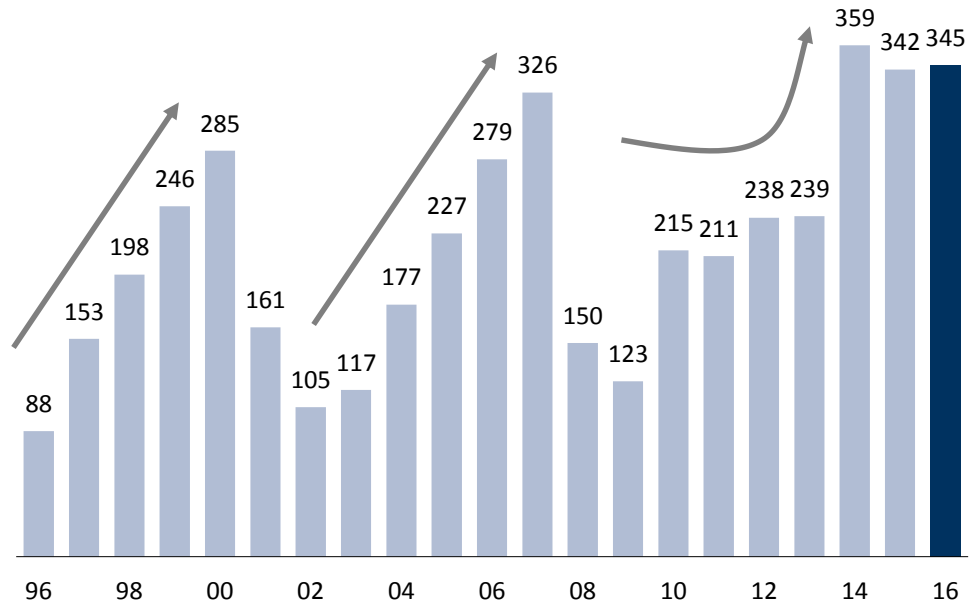
100% of dividends and buybacks are funded through cash flow from operations



Note: LTM data; ex-Financials and Energy
Source: S&P, NBER, Thomson Financial, Compustat, FactSet, and RBC Capital Markets

M&A (Number of Deals > \$1Bn)

Trump's pro-growth policies are likely to pull forward M&A activity



Note: 2016 based YTD at annualized rate
Source: MergerStat, FactSet, and RBC Capital Markets

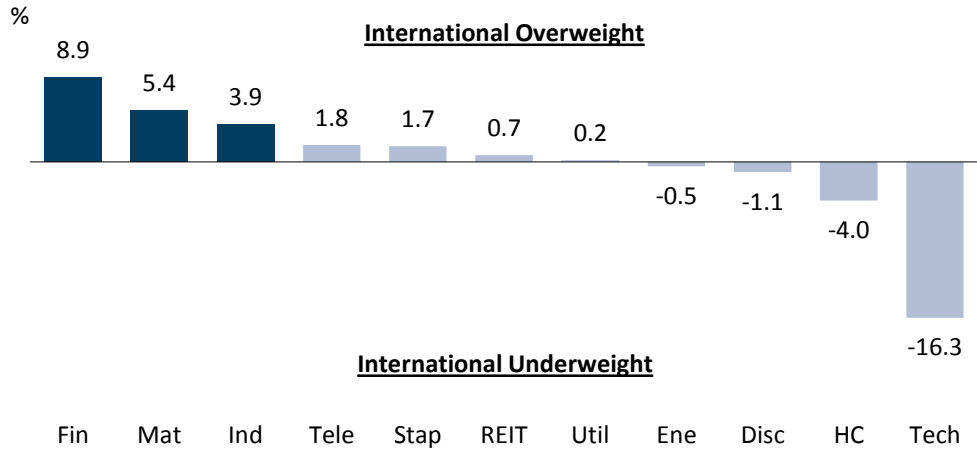


U.S. vs. Global Equities

Sector Weight Differences – International Less U.S.

International benchmarks are tilted toward Financials, Materials, and Industrials

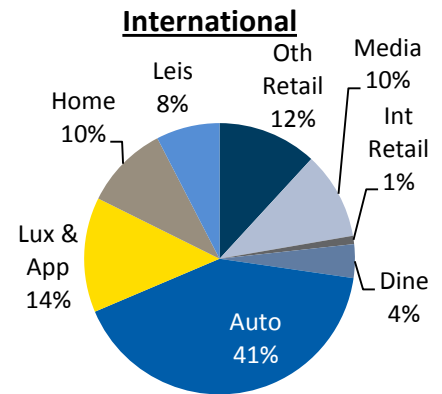
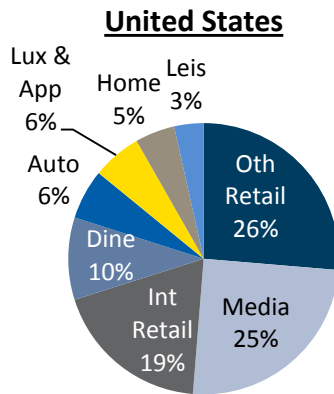
All three sectors are RBC overweights



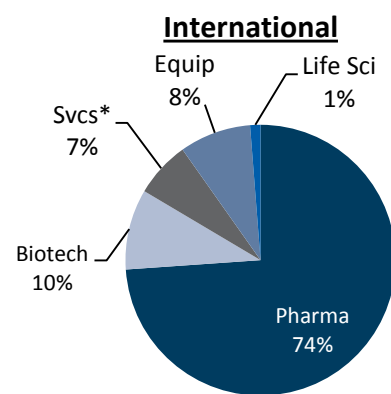
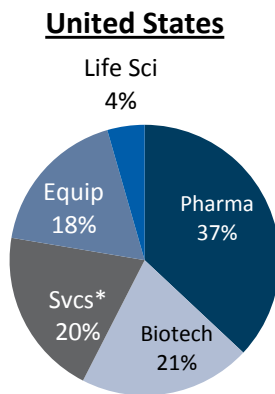
Source: MSCI, FactSet, and RBC Capital Markets

Sector Weights

Discretionary



Health Care



Source: S&P, MSCI, FactSet, and RBC Capital Markets



Market Risk – Recessionary Risk

Recessionary Indicator Scorecard

The current environment bears little resemblance to past recessions

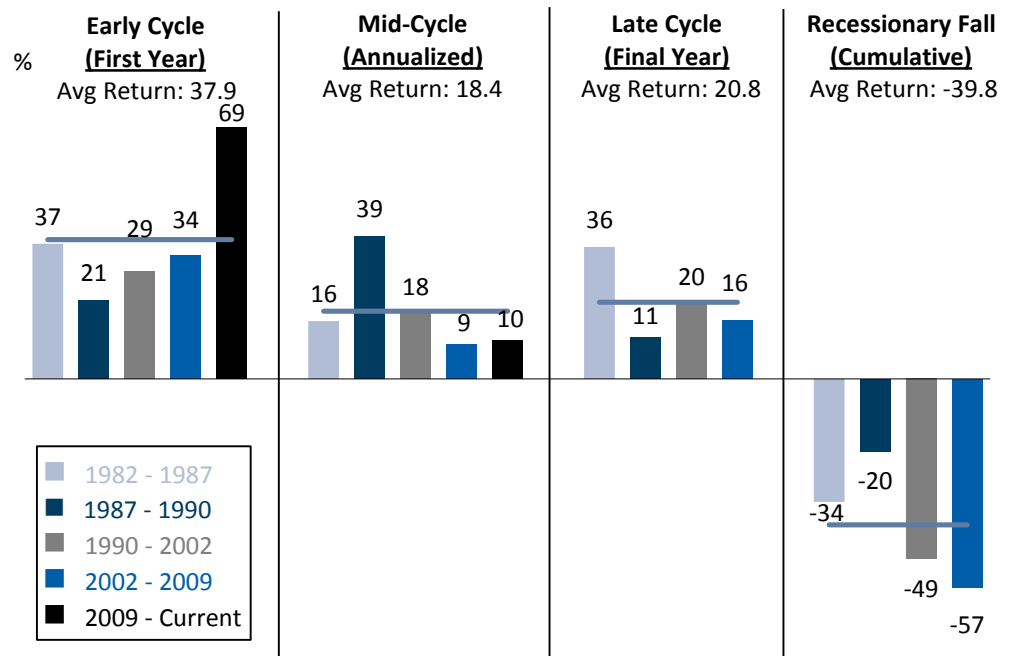
Start of Recession	Yield Curve	ISM Mfg.	Inflation Trends	Capacity Utilization	Housing Market	Labor Market
Dec-69	✗	✗	✗	✗	✗	✗
Nov-73	✗	✗	✗	✗	✗	✗
Jan-80	✗	✗	✗	✗	✗	✗
Jul-81	✗	✗	✓	✓	✗	✓
Jul-90	✗	✗	✗	✗	✗	✗
Mar-01	✗	✗	✗	✗	--	✗
Dec-07	✗	✗	✗	✗	✗	--
Present	✓	✓	--	--	✓	✓

Key: ✗ Recessionary Territory
 ✓ Expansionary Territory
 -- Neutral

Source: S&P, NBER, Federal Reserve, BLS, ISM, Census Bureau, Haver, and RBC Capital Markets

S&P 500 Returns through the Market Cycle

Outside of recessions, equities deliver above-average returns



Source: S&P, Haver, and RBC Capital Markets



Market Risk – Volatility and Credit Spreads

Implied Volatility

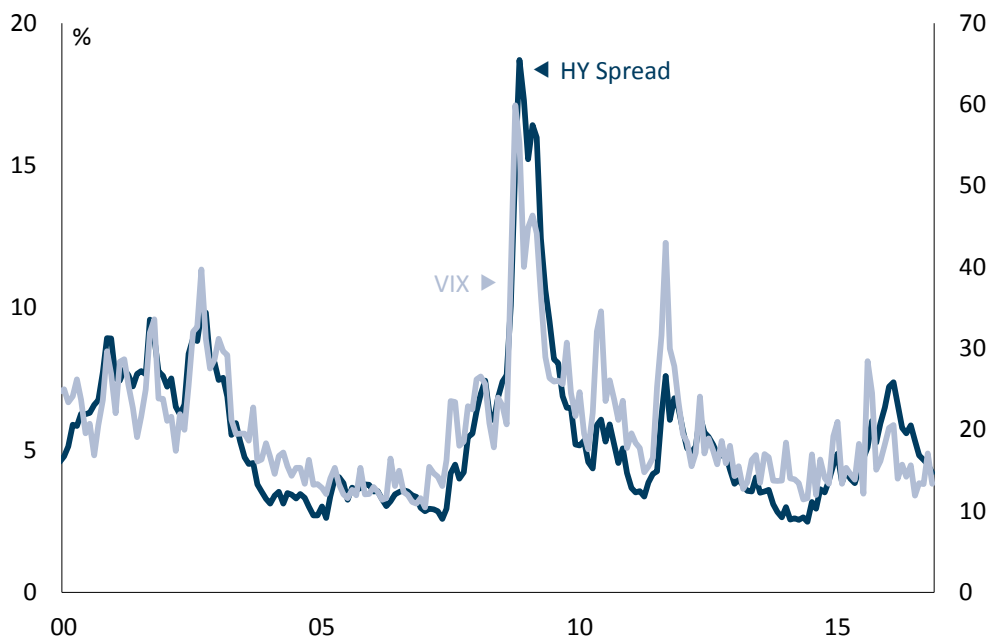
	Current	3 Mo. Ago	Stressed Periods			Normal Periods		
			Financial Crisis	European Debt Crisis	U.S. Debt Downgrade	Summer 2014	Fall 2006	Fall 2003
Equities								
S&P 500 (VIX)	1.3	1.3	4.1	2.4	2.9	1.2	1.3	1.9
EuroStoxx (V2X)	1.6	1.4	3.4	2.3	2.9	1.2	1.3	2.2
Fixed Income								
US 10 Year	1.8	1.4	2.9	2.1	2.0	1.2	1.2	2.5
Commodities								
WTI	2.0	1.8	3.4	1.9	2.1	1.0	n.a.	n.a.
Gold	1.5	1.4	3.8	1.7	2.7	1.2	2.0	1.8
Currencies								
Euro/Dollar	2.0	1.4	4.0	2.7	2.7	0.8	1.1	2.0
Dollar/Yen	2.2	2.3	3.8	2.2	1.7	0.9	1.1	2.0
Pound/Dollar	1.9	2.0	4.5	2.8	2.3	1.0	1.3	1.9

Legend: Least Stressed Most Stressed

Note: Z-Score of 30-day at the money implied volatility scaled 0–5; 0 least stressed / 5 most stressed
 Source: CBOE, Bloomberg and RBC Capital Markets

VIX vs. HY Spread

High Yield spreads and the VIX tend to move together



Source: CBOE, Federal Reserve, BofA ML, Haver, and RBC Capital Markets



U.S. Equity Returns (%)

Index	Nov-16	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Broad Indices							
Dow	5.4	4.5	9.7	7.9	5.9	9.7	4.6
S&P 500	3.7	1.8	9.8	8.1	9.1	14.4	6.9
S&P 100 (OEX)	3.0	1.5	8.7	7.1	8.8	14.1	6.6
Nasdaq	2.6	0.2	6.3	4.2	9.5	15.2	8.2
Russell 1000 Large Cap							
Index	3.9	1.9	10.0	8.0	8.9	14.5	7.0
Value	5.7	4.1	14.5	12.0	8.6	14.7	5.7
Growth	2.2	-0.2	5.8	4.2	9.1	14.1	8.2
Russell Mid-Cap							
Index	5.4	2.0	12.5	9.5	8.6	14.4	7.7
Value	6.3	3.7	17.9	14.3	9.8	15.6	7.5
Growth	4.3	0.1	7.0	4.5	7.2	13.1	7.7
Russell 2000 Small-Cap							
Index	11.2	5.9	18.0	12.1	6.5	14.0	6.8
Value	13.3	9.5	26.5	19.8	7.5	14.5	5.9
Growth	8.9	2.2	9.8	4.6	5.3	13.4	7.6
Index	Value	2015	2014	2013	2012	2011	2010
Broad Indices							
Dow	19,124	-2.2	7.5	26.5	7.3	5.5	11.0
S&P 500	2,199	1.4	13.7	32.4	16.0	2.1	15.1
S&P 100 (OEX)		2.6	12.7	30.4	16.1	3.2	12.5
Nasdaq	5,324	5.7	13.4	38.3	15.9	-1.8	16.9
Russell 1000 Large Cap							
Index		0.9	13.2	33.1	16.4	1.5	16.1
Value		-3.8	13.5	32.5	17.5	0.4	15.5
Growth		5.7	13.0	33.5	15.3	2.6	16.7
Russell Mid-Cap							
Index		-2.4	13.2	34.8	17.3	-1.5	25.5
Value		-4.8	14.7	33.5	18.5	-1.4	24.8
Growth		-0.2	11.9	35.7	15.8	-1.7	26.4
Russell 2000 Small-Cap							
Index		-4.4	4.9	38.8	16.3	-4.2	26.9
Value		-7.5	4.2	34.5	18.1	-5.5	24.5
Growth		-1.4	5.6	43.3	14.6	-2.9	29.1

Note: All returns include dividends except the DOW and NASDAQ. Three-, five-, and ten-year returns are annualized returns
Source: Dow Jones, NASD, S&P, Russell, FactSet, and RBC Capital Markets



Sector Equity Returns (%)

Index	Nov-16	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Cyclicals							
Energy	8.4	5.3	25.0	12.6	-2.1	3.3	3.9
Materials	6.9	4.6	16.5	11.7	6.2	10.0	6.1
Industrials	8.8	6.7	18.3	15.9	9.7	15.8	7.9
Discretionary	4.7	2.2	6.0	3.0	9.4	18.1	9.9
Technology	-0.3	-0.4	12.1	9.5	14.1	15.8	9.6
Defensives							
Staples	-4.3	-5.0	2.1	5.1	8.3	12.6	10.1
Health Care	2.0	-4.7	-3.4	-1.7	9.3	17.3	9.6
Telecom	3.6	-3.1	14.2	16.2	6.6	10.8	6.0
Utilities	-5.4	-4.6	10.8	13.2	11.1	10.0	6.6
REITs	-3.1	-8.4	-0.9	1.2	11.0	11.4	3.8
Financials	13.9	16.6	18.2	15.7	11.1	19.0	-0.4
S&P 500	3.7	1.8	9.8	8.1	9.1	14.4	6.9

Index	Weight	2015	2014	2013	2012	2011	2010
Cyclicals							
Energy	7.5	-21.1	-7.8	25.1	4.6	4.7	20.5
Materials	2.9	-8.4	6.9	25.6	15.0	-9.8	22.2
Industrials	10.5	-2.5	9.8	40.7	15.3	-0.6	26.7
Discretionary	12.3	10.1	9.7	43.1	23.9	6.1	27.7
Technology	20.8	5.9	20.1	28.4	14.8	2.4	10.2
Defensives							
Staples	9.3	6.6	16.0	26.1	10.8	14.0	14.1
Health Care	13.7	6.9	25.3	41.5	17.9	12.7	2.9
Telecom	2.5	3.4	3.0	11.5	18.3	6.3	19.0
Utilities	3.1	-4.8	29.0	13.2	1.3	19.9	5.5
REITs	2.8	4.7	30.2	1.6	19.7	11.4	32.3
Financials	14.6	-1.5	15.2	35.6	28.8	-17.1	12.1
S&P 500	100.0	1.4	13.7	32.4	16.0	2.1	15.1

Note: All returns include dividends. Three-, five-, and ten-year returns are annualized returns; Returns reflect GICS groupings – REITs classified as Financials prior to 9/16/06
Source: S&P, FactSet, and RBC Capital Markets



Global Equity Returns (%)

Country	Curr.	Nov-16	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr
TSX	US\$	1.9	0.5	23.0	14.3	-1.0	1.7	3.0
	local	2.2	2.8	19.1	15.5	7.2	7.5	4.7
EAFE	US\$	-2.0	-4.0	-1.9	-3.2	-1.8	6.1	1.2
	local	1.2	2.5	1.3	-1.5	4.9	11.5	2.7
Euro x-UK	US\$	-3.2	-5.5	-5.1	-7.0	-3.0	6.6	1.0
	local	-0.1	0.0	-2.7	-7.2	4.7	11.4	2.6
UK	US\$	0.3	-4.8	-4.0	-7.8	-4.8	3.2	0.2
	local	-1.9	-1.0	13.2	11.1	4.2	8.1	4.9
Pac x-Japan	US\$	-0.1	-2.2	8.6	11.0	-0.7	5.3	4.7
	local	2.0	0.4	7.6	9.7	4.2	9.9	4.9
Japan	US\$	-2.4	-1.1	1.7	2.1	2.8	8.4	0.9
	local	5.8	11.3	-3.7	-5.7	6.5	17.1	0.7
EME	US\$	-4.6	-4.4	11.3	8.9	-2.8	1.3	2.6
	local	-2.2	-1.6	9.9	8.8	2.8	6.0	5.1
S&P 500		3.7	1.8	9.8	8.1	9.1	14.4	6.9

Country	Curr.	2015	2014	2013	2012	2011	2010	2009
TSX	US\$	-23.6	1.4	5.9	9.6	-10.9	24.1	59.0
	local	-8.3	10.6	13.0	7.2	-8.7	17.6	35.1
EAFE	US\$	-0.4	-4.5	23.3	17.9	-11.7	8.2	32.5
	local	5.8	6.4	27.5	17.9	-11.7	5.3	25.4
Euro x-UK	US\$	0.1	-5.8	28.7	22.5	-14.5	2.4	33.9
	local	9.1	7.4	24.2	20.0	-12.1	5.1	29.0
UK	US\$	-7.5	-5.4	20.7	15.3	-2.5	8.8	43.4
	local	-2.2	0.5	18.5	10.2	-1.8	12.2	27.7
Pac x-Japan	US\$	-8.4	-0.3	5.6	24.7	-12.7	17.1	73.0
	local	-0.8	5.8	16.5	22.6	-12.8	6.1	45.8
Japan	US\$	9.9	-3.7	27.3	8.4	-14.2	15.6	6.4
	local	10.3	9.8	54.8	21.8	-18.6	0.7	9.3
EME	US\$	-14.6	-1.8	-2.3	18.6	-18.2	19.2	79.0
	local	-5.4	5.6	3.8	17.4	-12.5	14.4	62.8
S&P 500		1.4	13.7	32.4	16.0	2.1	15.1	26.5

Note: All returns include dividends. Three-, five-, and ten-year returns are annualized returns
Source: S&P, MSCI, FactSet, and RBC Capital Markets



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