GLOBAL

Insight

Wealth Management

Monthly focus

February 2025

Tariffs' leverage extends far beyond trade

Tariffs can have many economic impacts, but we think investors should focus on the economic and political goals that are driving decision-making.

Atul Bhatia, CFA

For important and required non-U.S. analyst disclosures, see page 8.

All values in U.S. dollars and priced as of market close, Jan. 31, 2025 unless otherwise stated.

Produced: Feb. 4, 2025, 14:50 ET; Disseminated: Feb. 4, 2025, 15:30 ET

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

MONTHLY
Focus

Atul Bhatia, CFA
Minneapolis, United States
atul.bhatia@rbc.com

Tariffs' leverage extends far beyond trade

"Form," as Louis Sullivan famously remarked, "follows function." He was speaking of architectural design principles, but we think it's a salutary reminder for policy analysis as well. When it comes to investing, we need to look beyond the labels politicians slap on ideas and focus on the economic realities that are driving decision-making.

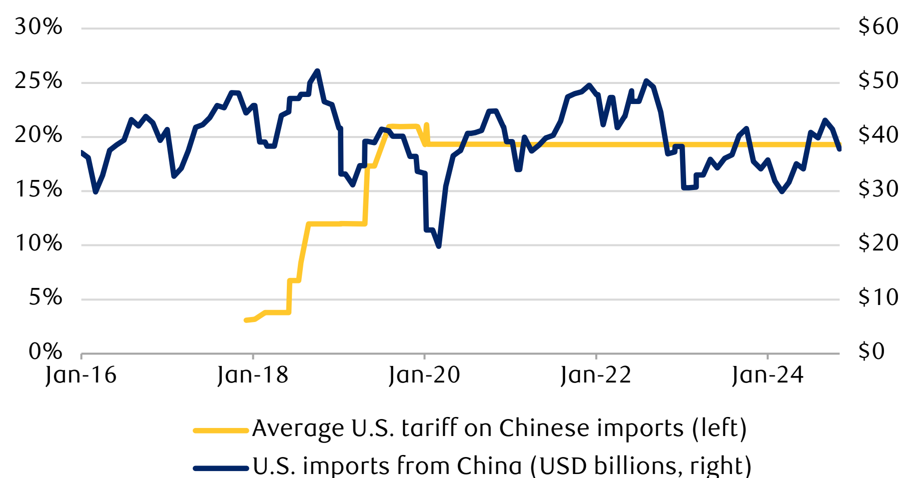
Key points

- **Tariffs are undeniably related to trade, but don't necessarily have to be motivated by trade concerns.**
- **The use of tariffs as a negotiating tactic rather than as an element of trade policy may lead to better outcomes for some investors, but it's not without negative implications or risk.**

Tariffs, in their modern form, are a trade measure. Higher U.S. import duties help domestic producers compensate for lack of cost competitiveness. An import tax helps reduce the U.S. trade deficit in the near term, although the longer-term picture becomes muddied by foreign exchange markets and other countries' retaliatory moves. Thinking of tariffs as a trade measure is likely a pretty good way of understanding President Donald Trump's proposed tariff increases on Chinese goods.

Another way of thinking about a tariff is that it's a pay-to-play measure for countries that want access to the U.S. market. Because if there's one area where the U.S. leads, it's as the source of excess aggregate demand for the global economy. Fancy words aside, if you want to sell goods, you start with your domestic market and your next focus is likely going to be the United States.

Chinese exports to the U.S. have held steady despite higher tariffs



Source - RBC Wealth Management, Bloomberg

TARIFFS' LEVERAGE EXTENDS FAR BEYOND TRADE

Historically, the U.S. hasn't asked for much in return for access to its consumers. The typical approach was to say that relatively free access from global producers was good for American households: more stuff at better prices. That view, however, isn't an immutable law of physics.

Another approach—equally valid—is to seek concessions from other countries to guarantee ongoing access to the American markets. This is essentially what the United States did in the so-called Plaza Accord—a multilateral deal to reduce the U.S. trade deficit by weakening the dollar—and a series of bilateral agreements with Japan in the 1980s and 1990s to get "voluntary" limitations on U.S.-bound exports. Retaining even limited access to U.S. car shoppers required concessions in other areas of trade and finance.

We expect the Trump Administration to use and extend the Plaza Accord mentality. Rather than look for national trade advantages, we think his administration will look to extract concessions across the whole range of economic and political issues. With direct neighbors, border issues are likely to dominate. With the EU, defense spending could take center stage. But no matter what ultimate deal is cut, we think tariffs are just a very powerful means of applying bilateral pressure to allies and competitors alike.

Let's make a deal

If the administration does use tariffs primarily to generate concessions, we think there are two key investment conclusions for U.S. assets.

First, if tariffs are just a negotiating lever, they don't need to be applied for long periods—if at all—to work. A quick demonstration of power—or even just a threat—gets the concession, benefits accrue, and upfront costs are minimal. Much of the conversation in the press and among economists about the multi-year economic costs of tariffs and potential retaliation could significantly over-emphasize the impact of the brief application of a punitive tariff rate on a given country.

We can see this dynamic in action already. In the initial days of the administration, Colombia refused to accept U.S. government flights carrying deportees in conditions the South American nation found unacceptable. In response, President Trump threatened a 25% initial tariff with a rapid step-up to 50% on all Colombian goods. Faced with a potential economic disaster, Colombia had no realistic alternative but to concede, and it quickly did so.

With Canada and Mexico, the story—in our mind—is quite similar. Large tariffs on both countries were threatened, and then delayed for a month after both Mexico and Canada agreed to boost border security. If tariffs are imposed on Mexico, Canada, or another U.S. ally—as may happen—we think they are likely to be quite brief. Our view is that the Trump administration is more likely to ratchet up tariff levels—as was threatened in the Colombian case—instead of letting time increase the pressure on our counterparties. Again, though, this should keep the overall immediate economic cost to the U.S. relatively low.

TARIFFS' LEVERAGE EXTENDS FAR BEYOND TRADE

The second implication of viewing tariffs through the prism of a negotiation lever is that policy is likely to be incredibly fluid, particularly in the early stages. Part of the leverage of tariffs is that they're not only absolute but also relative. Being charged 10% to access the U.S. market is painful, but it's doubly so if other nations only pay 5%. That reality means that the Trump administration negotiation stance is likely to be fluid, with lower relative tariff rates, targeted exemptions, and long phase-in times all in play at various times with different countries.

Domestic political considerations in the U.S. may also lead to ad hoc policymaking and temporary relief. In general, this fluidity should benefit larger companies—they have the scale to get the ear of policymakers and the resources to adjust their supply chains on the fly.

Varied outcomes and heightened risks

Tariffs as a negotiating tactic versus a trade measure may lead to better outcomes for some investors, but it's not without negative implications nor without risk.

We think the most obvious negative is for major U.S. trading partners. Even the threat of tariffs can lead to supply chain shifts, cutting sales for overseas suppliers to U.S. companies. That pain will be felt even if no tariff is ever applied and can be durable.

For certain combinations of industries and countries, U.S. exports are critical for production economics. Canadian oil tends to find its way to U.S. refineries, for instance, and not all refineries are equally adept at handling Canadian-grade crude. Even a temporary disruption to exports from these national critical sectors can carry meaningful economy-wide impacts to U.S. trading partners, as we recently discussed with reference to the Canadian economy. It's worth noting that some—but admittedly far from all—economists have argued that the Plaza Accord contributed directly to Japan's poor economic performance during the 1990s, the so-called "Lost Decade." Adding to the concern is that many non-U.S. economies are

Not just China: bilateral trade characteristics leave many countries vulnerable to tariff threats

Country	Value of exports to U.S.	Bilateral U.S. trade surplus	2023 GDP	U.S. exports % of GDP	Net U.S. trade % of GDP
Mexico	$529	$162	$1,789	30%	9%
Vietnam	$116	$103	$429	27%	24%
Canada	$482	$41	$2,142	22%	2%
South Korea	$132	$41	$1,712	8%	2%
Germany	$206	$87	$4,525	5%	2%
Japan	$187	$66	$4,204	4%	2%
China	$448	$252	$17,794	3%	1%

Monetary values in billions of U.S. dollars as of 12/31/23.

Source - RBC Wealth Management, U.S. Bureau of Economic Analysis, World Bank, Bloomberg

TARIFFS' LEVERAGE EXTENDS FAR BEYOND TRADE

currently in a relatively fragile growth position. A downturn in a particular export to the U.S. could be an economic nuisance during a boom, but a grave threat when the economy teeters.

This does not mean that tariffs will be painless in the United States. As our RBC Economics colleagues have discussed, the U.S. is not invulnerable to a trade war, although Canada is likely in a weaker position overall given the trade and manufacturing realities both countries face.

This brings up what we see as the primary concern for U.S. assets if tariffs are used as a negotiating lever: the U.S. position is so strong that it could easily lead to a miscalculation that hurts both sides. The U.S. is the global growth leader in dollar terms, and in nearly all bilateral relations, any interruption to trade is more costly for foreign exporters than U.S. consumers.

The risk that we see is that the U.S. overplays its hand, asking for political impossibilities such as territorial concessions or economically catastrophic shifts in terms of trade. If counterparties are pushed too far, the U.S. could end up kicking off a trade war on the assumption that it will all be resolved quickly and favorably but ends up dragging out. This could conceivably lead to a global economic growth slowdown.

This is not our base case, but it should not be dismissed out of hand. We think negotiations are ripe with opportunities for misunderstanding, and domestic political realities are often opaque to outsiders. The risk that a negotiating tactic morphs into a mutually painful trade war is not merely theoretical.

Short-term gains versus (potential) long-term pain?

More generally, we think the tariff issue reflects what will likely be a tendency by the Trump administration to focus on short-term results over amorphous long-term benefits. Prior administrations, for instance, largely avoided using tariffs for non-trade negotiations in the hopes of fostering better bilateral relationships to confront other issues. The Trump administration is clearly operating under a different set of priorities.

To be clear, neither approach is obviously superior; it boils down to what concessions can be negotiated versus what impact—if any—diminished goodwill may have in the future. Neither point is known today, and the latter could potentially be unknown for years. But it's clear to us at least that the Trump approach likely entails both risks and benefits to the U.S. with the bulk of the gains upfront as risks accrue over time.

We can see the same trade-off in other areas as well. Bank capital requirements are a good example. We think it's very likely that Trump-appointed bank supervisors will look to slow the implementation of higher capital requirements on U.S. banks. All else equal, tying up more capital in bank vaults tends to slow economic growth while simultaneously allowing banks to absorb future credit losses more easily, potentially lowering the probability and cost of any future financial crisis.

Like most regulations, there's no single correct answer when setting those requirements. Reasonable people can, and do, differ. We think it is fair

TARIFFS' LEVERAGE EXTENDS FAR BEYOND TRADE

to say, however, that on this, as with most regulatory issues, the Trump administration will look to tilt the scale in favor of near-term economic growth, while de-emphasizing other regulatory goals. Over most investors' time horizon, we think the pro-growth policy bias is likely to dominate. As time progresses, however, the risks of miscalculation likely grow.

Same, with a twist

There's nothing new with the idea that investors need to strip away labels and focus on fundamentals. The nuances we see with the administration are a greater willingness to use the widest possible range of policy moves to apply negotiating pressure on other countries, as well as a sharper focus on stimulating near-term economic growth. For investors, we think the message is to position for continued global economic growth led by the United States, but with a watchful eye toward risk and valuations. We see those risks likely accumulating over time, emphasizing the need for pragmatic analysis and nimble positioning.

Research resources

This document is produced by the Global Portfolio Advisory Committee within RBC Wealth Management's Portfolio Advisory Group. The RBC Wealth Management Portfolio Advisory Group provides support related to asset allocation and portfolio construction for the firm's investment advisors / financial advisors who are engaged in assembling portfolios incorporating individual marketable securities.

The Global Portfolio Advisory Committee leverages the broad market outlook as developed by the RBC Investment Strategy Committee (RISC), providing additional tactical and thematic support utilizing research from the RISC, RBC Capital Markets, and third-party resources.

The RISC consists of senior investment professionals drawn from individual, client-focused business units within RBC, including the Portfolio Advisory Group. The RISC builds a broad global investment outlook and develops specific guidelines that can be used to manage portfolios. The RISC is chaired by Daniel Chornous, CFA, Chief Investment Officer of RBC Global Asset Management Inc.

Global Portfolio Advisory Committee members

Jim Allworth – Co-chair
Investment Strategist, RBC Dominion Securities Inc.

Kelly Bogdanova – Co-chair
Portfolio Analyst, RBC Wealth Management Portfolio Advisory Group U.S., RBC Capital Markets, LLC

Frédérique Carrier – Co-chair
Managing Director & Head of Investment Strategy, RBC Europe Limited

Mark Bayko, CFA – Head, Portfolio Management, RBC Dominion Securities Inc.

Luis Castillo – Fixed Income Portfolio Advisor, RBC Wealth Management Portfolio Advisory Group, RBC Dominion Securities Inc.

Rufaro Chiriseri, CFA – Head of Fixed Income, British Isles, RBC Europe Limited

Janet Engels – Vice President & Head, Global Investments, RBC Wealth Management, RBC Capital Markets, LLC

Thomas Garretson, CFA – Fixed Income Senior Portfolio Strategist, RBC Wealth Management Portfolio Advisory Group, RBC Capital Markets, LLC

Patrick McAllister, CFA – Manager, Equity Advisory & Portfolio Management, RBC Wealth Management Portfolio Advisory Group, RBC Dominion Securities Inc.

Josh Nye – Fixed Income Portfolio Advisor, RBC Wealth Management Portfolio Advisory Group, RBC Dominion Securities Inc.

Alan Robinson – Senior Portfolio Advisor, RBC Wealth Management Portfolio Advisory Group – U.S. Equities, RBC Capital Markets, LLC

Michael Schuette, CFA – Multi-Asset Portfolio Strategist, RBC Wealth Management Portfolio Advisory Group U.S., RBC Capital Markets, LLC

David Storm, CFA, CAIA – Chief Investment Officer, British Isles & Asia, RBC Europe Limited

Yuh Harn Tan – Head of Discretionary Portfolio Management & UHNW Solutions, Royal Bank of Canada, Singapore Branch

Joseph Wu, CFA – Portfolio Manager, Multi-Asset Strategy, RBC Dominion Securities Inc.

Additional Global Insight contributors

Atul Bhatia, CFA – Fixed Income Portfolio Strategist, RBC Wealth Management Portfolio Advisory Group, RBC Capital Markets, LLC

Required disclosures

Analyst Certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Important Disclosures

In the U.S., RBC Wealth Management operates as a division of RBC Capital Markets, LLC. In Canada, RBC Wealth Management includes, without limitation, RBC Dominion Securities Inc., which is a foreign affiliate of RBC Capital Markets. This report has been prepared by RBC Capital Markets which is an indirect wholly-owned subsidiary of the Royal Bank of Canada and, as such, is a related issuer of Royal Bank of Canada.

Non-U.S. Analyst Disclosure

One or more research analysts involved in the preparation of this report (i) may not be registered/qualified as research analysts with the NYSE and/or FINRA and (ii) may not be associated persons of the RBC Wealth Management and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

In the event that this is a compendium report (covers six or more companies), RBC Wealth Management may choose to provide important disclosure information by reference. To access current disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?EntityID=2 to view disclosures regarding RBC Wealth Management and its affiliated firms. Such information is also available upon request to RBC Wealth Management Publishing, 250 Nicollet Mall, Suite 1800, Minneapolis, MN 55401-1931.

RBC Capital Markets Distribution of Ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories – Buy, Hold/Neutral, or Sell – regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because RBC Capital Markets' ratings are determined on a relative basis.

Distribution of ratings – RBC Capital Markets Equity Research
As of December 31, 2024

			Investment Banking Services Provided During Past 12 Months	
Rating	Count	Percent	Count	Percent
Buy [Outperform]	883	58.17	303	34.31
Hold [Sector Perform]	588	38.74	153	26.02
Sell [Underperform]	47	3.10	4	8.51

Explanation of RBC Capital Markets Equity Rating System
An analyst's "sector" is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Outperform (O): Expected to materially outperform sector average over 12 months. **Sector Perform (SP):** Returns expected to be in line with sector average over 12 months. **Underperform (U):** Returns expected to be materially below sector average over 12 months. **Restricted (R):** RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances. **Not Rated (NR):** The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

Risk Rating: The Speculative risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Valuation and Risks to Rating and Price Target
When RBC Capital Markets assigns a value to a company in a research report, FINRA Rules and NYSE Rules (as incorporated into the FINRA Rulebook) require that the basis for the valuation and the impediments to obtaining that valuation be described. Where applicable, this information is included in the text of our research in the sections entitled "Valuation" and "Risks to Rating and Price Target", respectively.

The analyst(s) responsible for preparing this research report have received (or will receive) compensation that is based upon various factors, including total revenues of RBC Capital Markets, and its affiliates, a portion of which are or have been generated by investment banking activities of RBC Capital Markets and its affiliates.

Other Disclosures

Prepared with the assistance of our national research sources. RBC Wealth Management prepared this report and takes sole responsibility for its content and distribution. The content may have been based, at least in part, on material provided by our third-party correspondent research services. Our third-party correspondent has given RBC Wealth Management general permission to use its research reports as source materials, but has not reviewed or approved this report, nor has it been informed of its publication. Our third-party correspondent may from time to time have long or short positions in, effect transactions in, and make markets in securities referred to herein. Our third-party correspondent may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any company mentioned in this report.

RBC Wealth Management endeavors to make all reasonable efforts to provide research simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. In certain investment advisory accounts, RBC Wealth Management or a designated third party will act as overlay manager for our clients and will initiate transactions in the securities referenced herein for those accounts upon receipt of this report. These transactions may occur before or after your receipt of this report and may have a short-term impact on the market price of the securities in which transactions occur. RBC Wealth Management research is posted to our proprietary Web sites to ensure eligible clients receive coverage initiations and changes in rating, targets, and opinions in a timely manner. Additional distribution may be done by sales personnel via e-mail, fax, or regular mail. Clients may also receive our research via third-party vendors. Please contact your RBC Wealth Management Financial Advisor for more information regarding RBC Wealth Management research.

Conflicts Disclosure: RBC Wealth Management is registered with the Securities and Exchange Commission as a broker/dealer and an investment adviser, offering both brokerage and investment advisory services. RBC Wealth Management's Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on our website at https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?EntityID=2. Conflicts of interests related to our investment advisory business can be found in Part 2A Appendix 1 of the Firm's Form ADV or the RBC Advisory Programs Disclosure Document. Copies of any of these documents are available upon request through your Financial Advisor. We reserve the right to amend or supplement this policy, Part 2A Appendix 1 of the Form ADV, or the RBC Advisory Programs Disclosure Document at any time.

The authors are employed by one of the following entities: RBC Wealth Management USA, a division of RBC Capital Markets, LLC, a securities broker-dealer with principal offices located in Minnesota and New York, USA; RBC Dominion Securities Inc., a securities broker-dealer with principal offices located in Toronto, Canada; Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission ("SFC"); Royal Bank of Canada, Singapore Branch, a licensed wholesale bank with its principal office located in Singapore; and RBC Europe Limited, a licensed bank with principal offices located in London, United Kingdom.

Third-party Disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Disclaimer

The information contained in this report has been compiled by RBC Wealth Management, a division of RBC Capital Markets, LLC, from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Wealth Management, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Wealth Management's judgment as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients, including clients who are affiliates of Royal Bank of Canada, and does not have regard to the particular circumstances or needs of any specific person who may read it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. To the full extent permitted by law neither Royal Bank of Canada nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of Royal Bank of Canada in each instance. In the U.S., RBC Wealth Management operates as a division of RBC Capital Markets, LLC. In Canada, RBC Wealth Management includes, without limitation, RBC Dominion Securities Inc., which is a foreign affiliate of RBC Capital Markets,

LLC. This report has been prepared by RBC Capital Markets, LLC. Additional information is available upon request.

To U.S. Residents: This publication has been approved by RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC, which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. RBC Capital Markets, LLC, is an indirect wholly-owned subsidiary of the Royal Bank of Canada and, as such, is a related issuer of Royal Bank of Canada. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC. International investing involves risks not typically associated with U.S. investing, including currency fluctuation, foreign taxation, political instability and different accounting standards.

To Canadian Residents: This publication has been approved by RBC Dominion Securities Inc. RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated. * Member Canadian Investor Protection Fund. ® Registered trademark of Royal Bank of Canada. Used under license. RBC Wealth Management is a registered trademark of Royal Bank of Canada. Used under license.

RBC Wealth Management (British Isles): This publication is distributed by RBC Europe Limited and Royal Bank of Canada (Channel Islands) Limited. RBC Europe Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (FCA registration number: 124543). Registered office: 100 Bishopsgate, London, EC2N 4AA, UK. Royal Bank of Canada (Channel Islands) Limited is regulated by the Jersey Financial Services Commission in the conduct of investment business in Jersey. Registered office: Gaspé House, 66-72 Esplanade, St Helier, Jersey JE2 3QT, Channel Islands.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch: This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the SFC. This document is not for distribution in Hong Kong, to investors who are not "professional investors", as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch: This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not "accredited investors" and "institutional investors", as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

© 2025 RBC Capital Markets, LLC – Member NYSE/FINRA/SIPC
© 2025 RBC Dominion Securities Inc. – Member Canadian Investor Protection Fund
© 2025 RBC Europe Limited
© 2025 Royal Bank of Canada
All rights reserved
RBC1524

Wealth Management