

April 2024

Market Update

Investment Strategy Committee Highlights

Economic Outlook

- Increased confidence in the outlook has raised CNR's probability of a soft landing/slow growth to 70%.
- Inflation still elevated but continues its downward glide path. Wages and service inflation are declining more slowly.
- Expecting the Fed to lower rates one to two times, beginning sometime in the second half of 2024.
- Consumer spending expected to slow but wealth effects, labor market strength and real income gains remain.
- Defaults by consumers and corporations expected to increase from historic lows but should be manageable.
- Investment spending should improve as businesses gain confidence around the outlook.
- U.S. economic outlook is more resilient than European and Asian economies.
- Elections in U.S. likely to be contentious; shouldn't impact domestic economic activity.
- Geopolitical risks unlikely to meaningfully impact U.S. economic activity, but we remain watchful.

Investment Strategy

- Expecting modest returns across asset classes in 2024; remain focused on high quality stocks and bonds.
- Staying focused on U.S. equities; we have been raising equity exposure as risks to the economic outlook diminish.
- History suggests dividend stock performance should rebound.
- For clients seeking additional capital appreciation, mid-small cap equities appear increasingly attractive.
- Continue to avoid international equities for now, given less resilient outlook and geopolitical concerns.
- Potential rates cuts are a bullish sign for investors and signal that now may be the time to take advantage of interest rates.
- Investment grade corporate and municipals may offer attractive yields, with less risk vs. high-yield markets.
- Maintaining focus on quality and positioning with benchmark duration.
- There are still excellent opportunities for short-term cash/liquidity management, in our view.
- Alternatives* may provide better risk adjusted returns diversification and private market exposure for those clients that can allocate to illiquid investments.

*Alternative investments are speculative, may entail substantial risks and may not be suitable for all investors.

Diversification does not ensure a gain or protect against a loss.

Sources: Bloomberg, CNR Research, as of February 2024. Information is subject to change and is not a guarantee of future results.

CITY NATIONAL ROCHDALE, LLC NON-DEPOSIT INVESTMENT PRODUCTS ARE: • NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE



Economic Forecasts

- GDP growth to moderate but economy should remain resilient and avoid recession.
- Corporate profits expected to show improving growth.
- Downward inflation glide path intact, but progress slower.
- Now expecting 0-2 Fed rate cuts in 2024.
- Sticky inflation and more patient Fed likely to put 4% floor on 10- year Treasuries.

City National Rochdale Forecasts		2023	2024e	2025e
Real Annual GDP Growth		2.5%	1.75% to 2.25%	1.5% to 2.25%
Corporate Profit Growth		1%	9.0% to 12.0%	8.0% to 12.0%
Headline CPI Year End		3.3%	2.75% to 3.50%	2.50% to 2.75%
Core CPI Year End		3.9%	2.50% to 3.00%	2.25% to 2.75%
Interest Rates	Federal Funds Rate	5.25% to 5.50%	4.75% to 5.50%	3.75% to 4.25%
	Treasury Note, 10-Yr.	3.88%	4.10% to 4.60%	4.00% to 4.50%

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers.

e: estimate.

Sources: Bloomberg, proprietary opinions based on CNR Research, as of March 2024.

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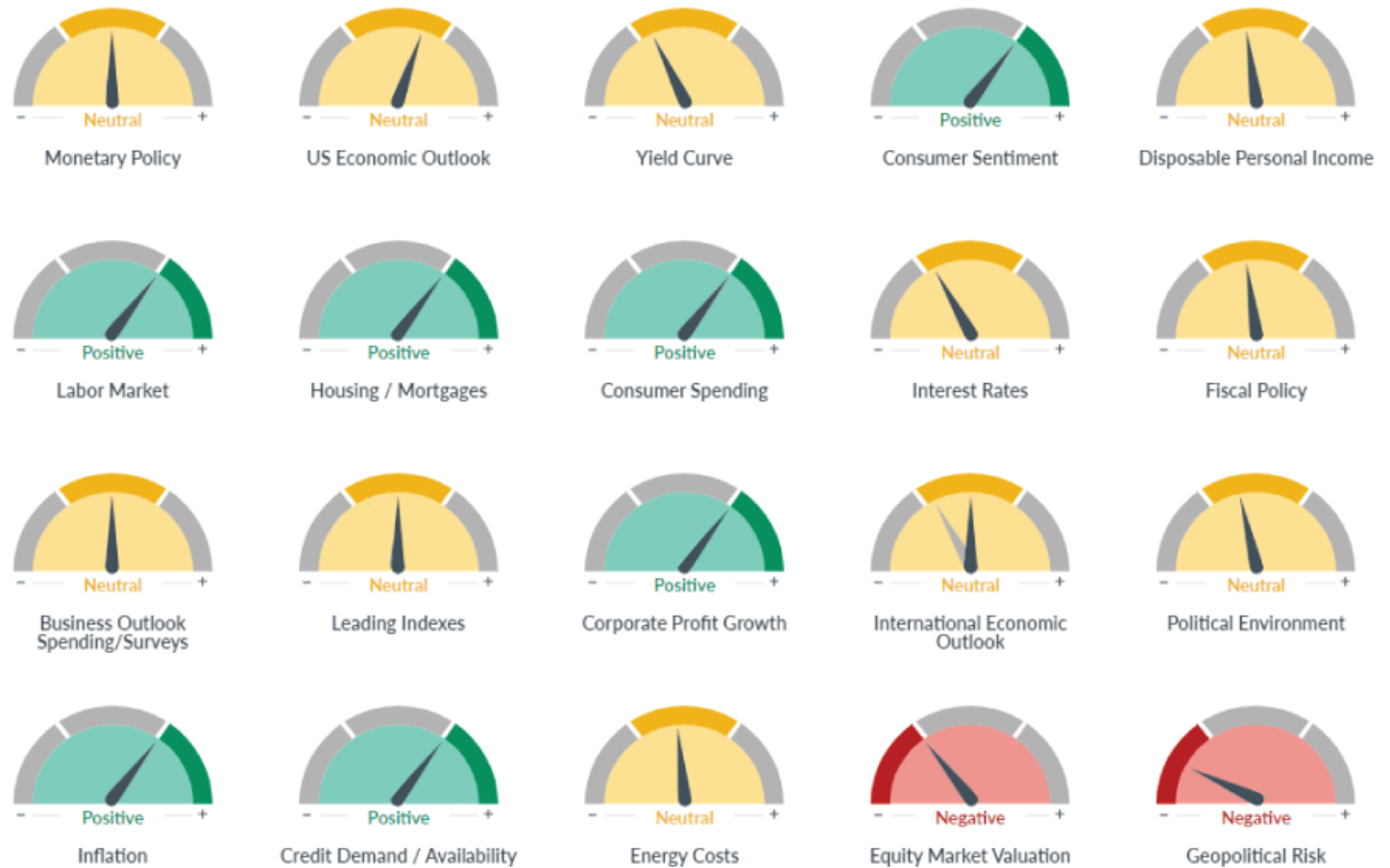


CNR Speedometers® – May 2024

Economic & Financial Indicators That are Forward-Looking Six to Nine Months

- Global economic outlook improving, US growth prospects remain more positive.
- Fed rate hiking cycle over, policy headwinds expected to moderate.
- Consumer remains resilient, job and wage growth supporting spending.
- Expecting improvements in corporate profits, inflation, credit conditions and housing.
- Geopolitical events remain key risk to outlook.

Impact on Economy and Financial Markets



Impact on investment: ■ Positive ■ Neutral ■ Negative

Timeframe: ■ Current ■ Change from last month

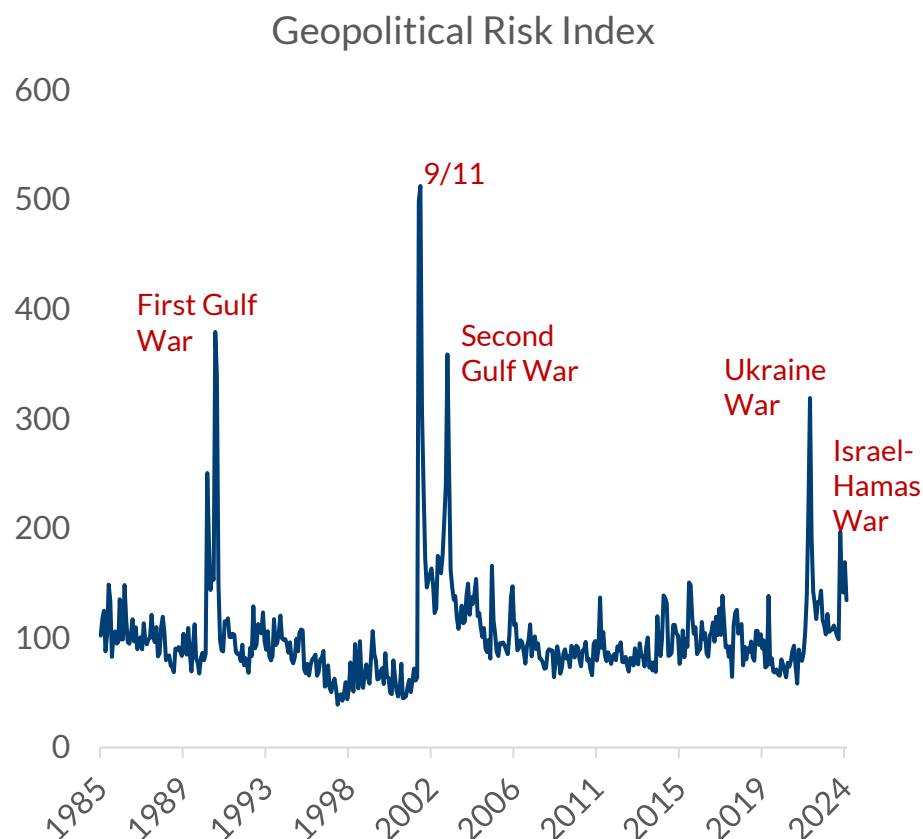
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Geopolitical Risks Taking on Increased Importance

- Geopolitical considerations are likely to play a greater role than they have for a generation.
- Conflicts may influence corporate investment decisions and the nations’ economic and industrial policy.
- Bipartisan US \$95B foreign aid package for Ukraine, Israel, and Taiwan recently passed.
- US tariffs on China steel and aluminum are possible and rising trade tensions could put pressure on inflation.



Region	Perspectives
Mideast	<ul style="list-style-type: none"> ▪ Risks rising of regional expansion, more global entanglement still unlikely, but watchful for impact on oil and shipping costs
Russia/ Ukraine	<ul style="list-style-type: none"> ▪ No end in sight, likely to drag on for years; watchful for escalation of sanctions and impact on oil
China/ Taiwan/ US	<ul style="list-style-type: none"> ▪ Trade tensions rising again., Military presence in South China Sea increasing. Taiwan sovereignty remains flashpoint, could impact supply chain.

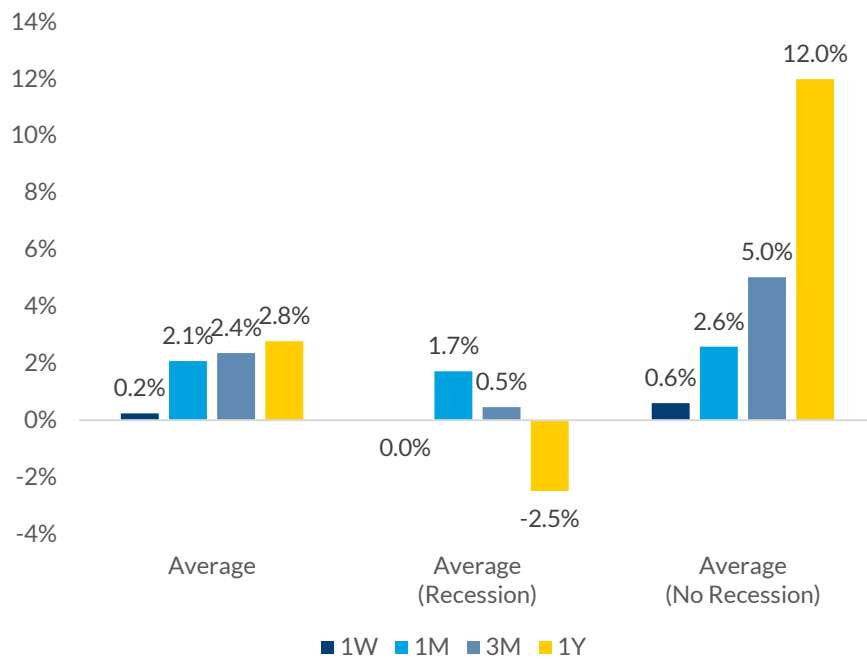
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 Source: CNR Research, as of January 2024.



Heightened Geopolitical Risk

Markets Have Shown Resilience Outside Of Recessionary Environments

S&P 500 Performance
After Select Geopolitical Shocks



The stock market’s longer-term reaction ultimately is more impacted by the strength of underlying economic fundamentals.

Select Geopolitical Shocks	First Trading Date	S&P 500 Performance			
		1W	1M	3M	1Y
Yom Kippur War/Oil Embargo	10/8/1973	-0.2%	-3.7%	-10.2%	-38.7%
Iran Hostage Crisis	11/5/1979	1.7%	5.8%	13.9%	33.7%
Iraq Invades Kuwait	8/2/1990	-3.1%	-7.9%	-11.8%	14.0%
First Gulf War	1/17/1991	2.1%	12.9%	19.4%	31.8%
9/11	9/17/2001	-3.4%	3.8%	9.6%	-14.6%
War in Afghanistan	10/8/2001	2.6%	5.1%	10.0%	-23.7%
Second Gulf War	3/20/2003	-0.8%	2.2%	14.1%	28.9%
Orange Revolution/Ukraine	11/22/2004	0.2%	2.9%	2.5%	9.1%
Russo-Georgian War	8/8/2008	0.2%	-4.0%	-27.7%	-19.9%
Russian Invasion of Crimea	2/27/2014	1.3%	0.3%	4.1%	15.8%
Russian Invasion of Ukraine	2/24/2022	1.8%	6.1%	-5.0%	-5.9%
Israel/Hamas War	10/7/2023	0.5%	1.4%	9.4%	-

During or six months prior to recession

Source: FactSet, as of February 2024.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

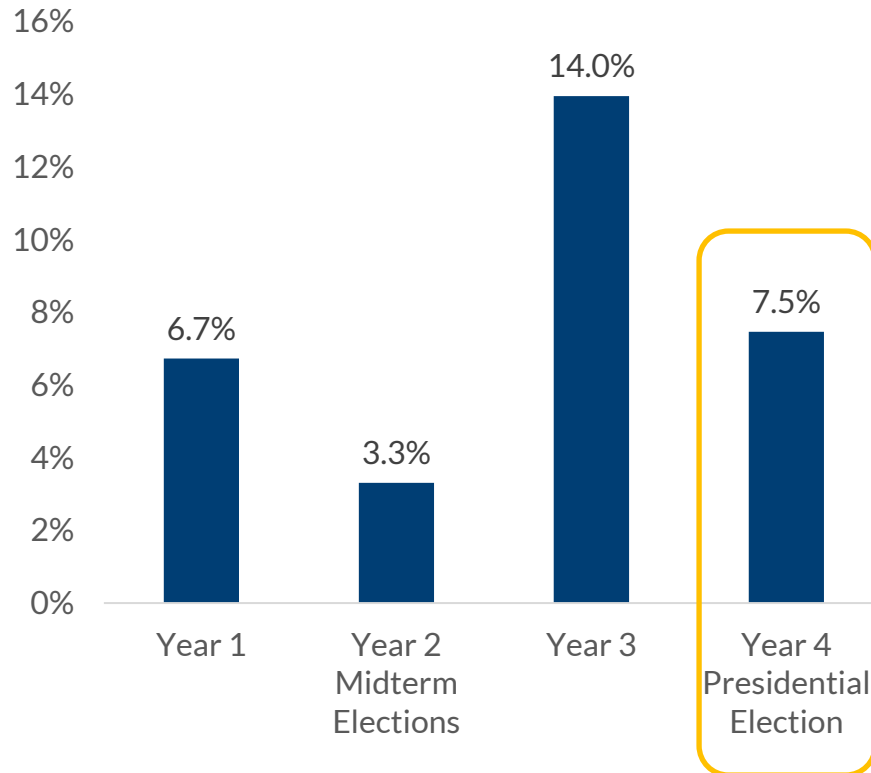
Past performance is no guarantee of future results.



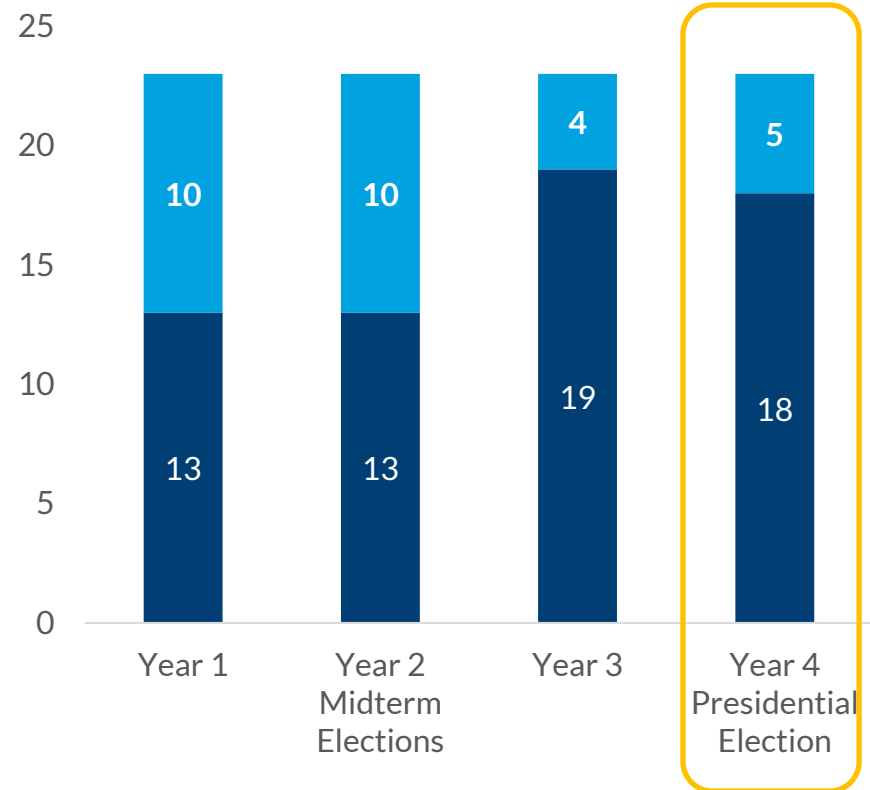
Presidential Election Years Are Typically Good Ones

- Only five presidential election years since 1928 have seen negative returns.
- Over the long run, equities have historically performed well regardless of political party control of government.
- Factors like corporate profits, interest rates, and the direction of Fed policy tend to be more important.

S&P 500 Performance
Over US Presidential Election Cycles
(1928-2023)



S&P 500 Performance
Over US Presidential Election Cycles
(1928-2023)

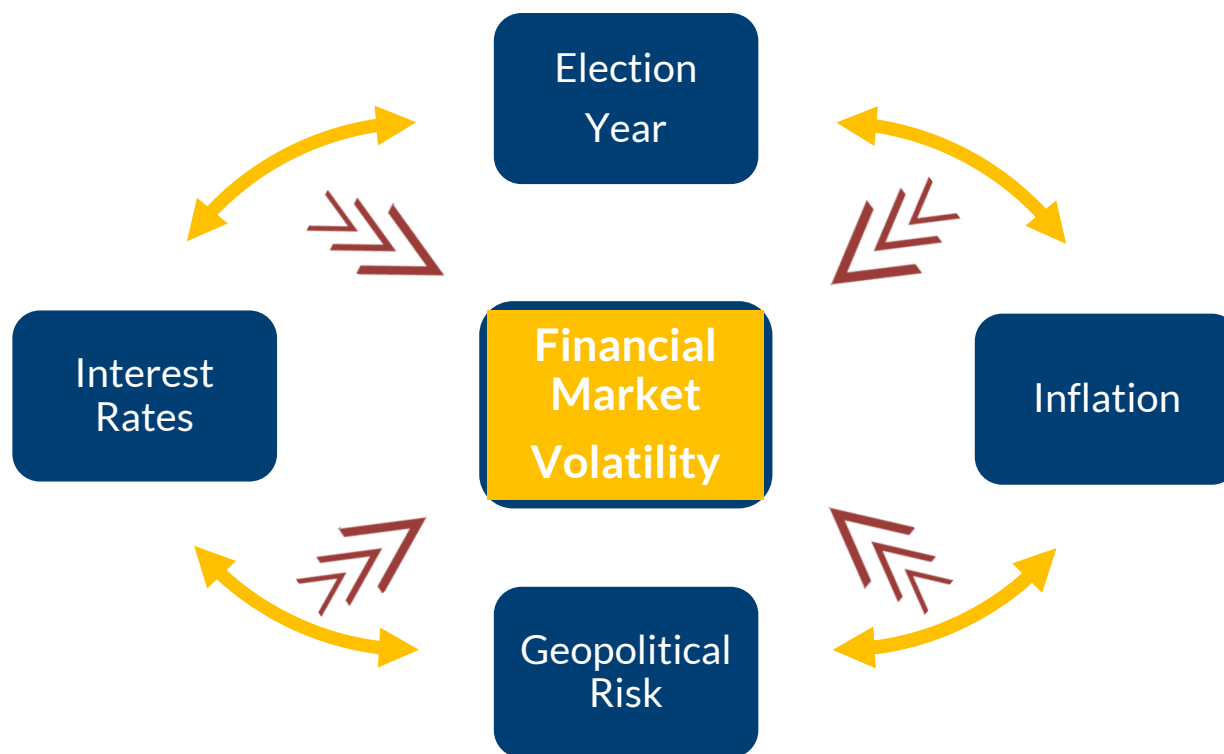


■ Years with negative returns
■ Years with positive returns

Source: Factset, as of January 2024



Higher for Longer Thesis Intact



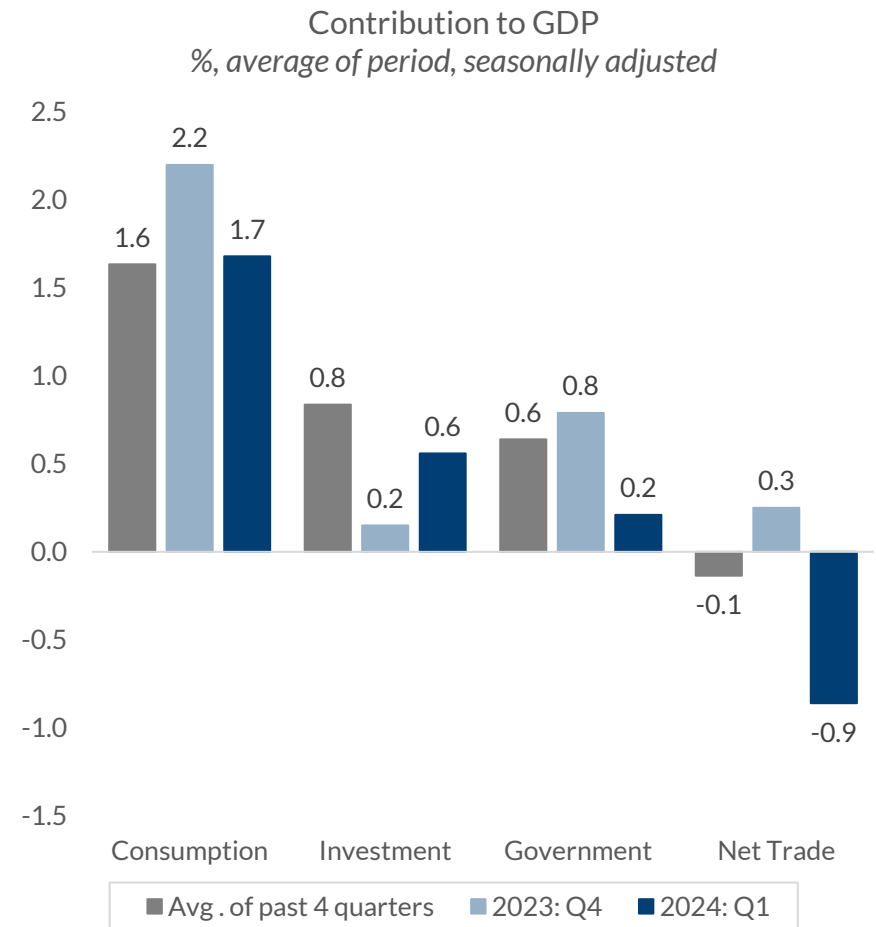
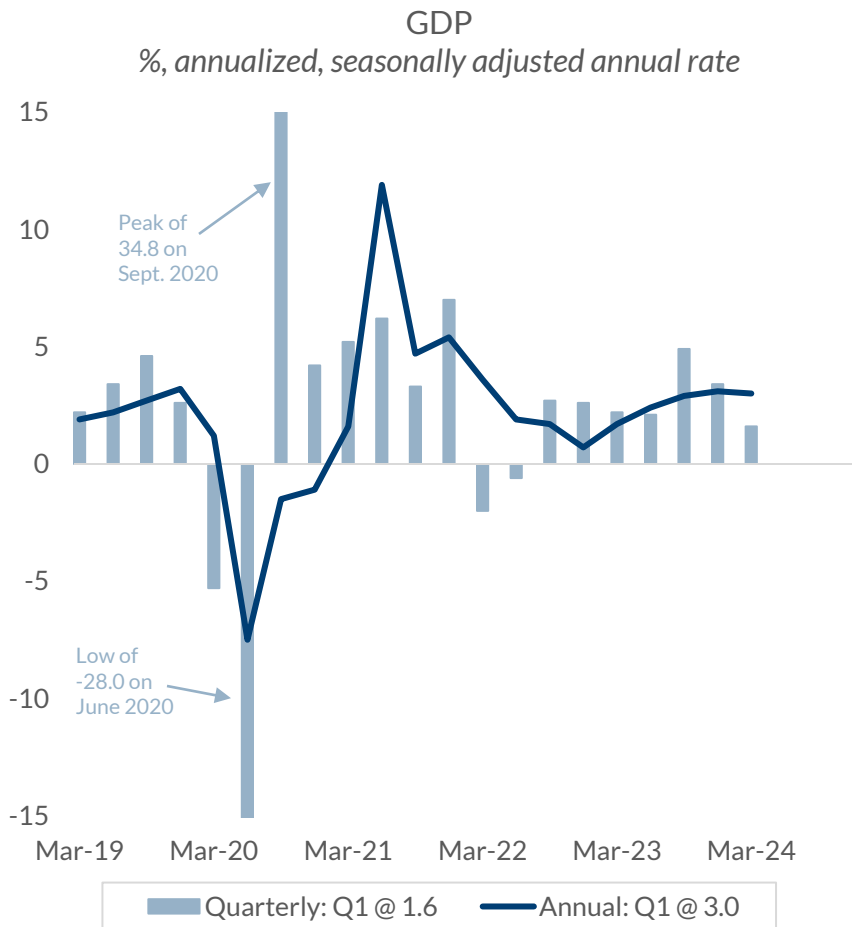
- Downward glide path of inflation expected but will not be smooth.
- Elevated risk of additional geopolitical shock remains a key risk to the market in the short-term.
- The Fed is now expected to keep interest rates higher for longer, potentially straining growth.
- The November election may play a role in consumer confidence and sentiment.

Source: CNR Research, as of April 2024.



GDP – Today’s Report on Q1

- GDP increased 1.6% in the first quarter, a level below any of the 69 estimates in the Bloomberg survey.
- The drag came from the inflation deflator that was higher than expected at 3.4% and a large drag on trade.
- That was offset by strong consumer spending on services and surging residential investment (housing).

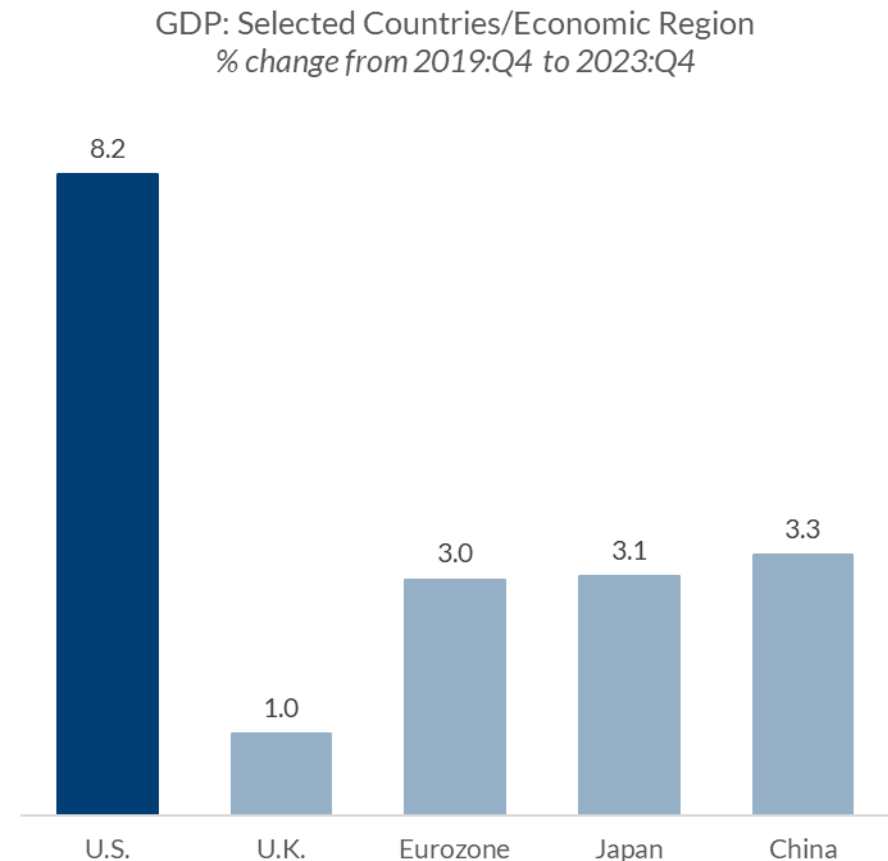
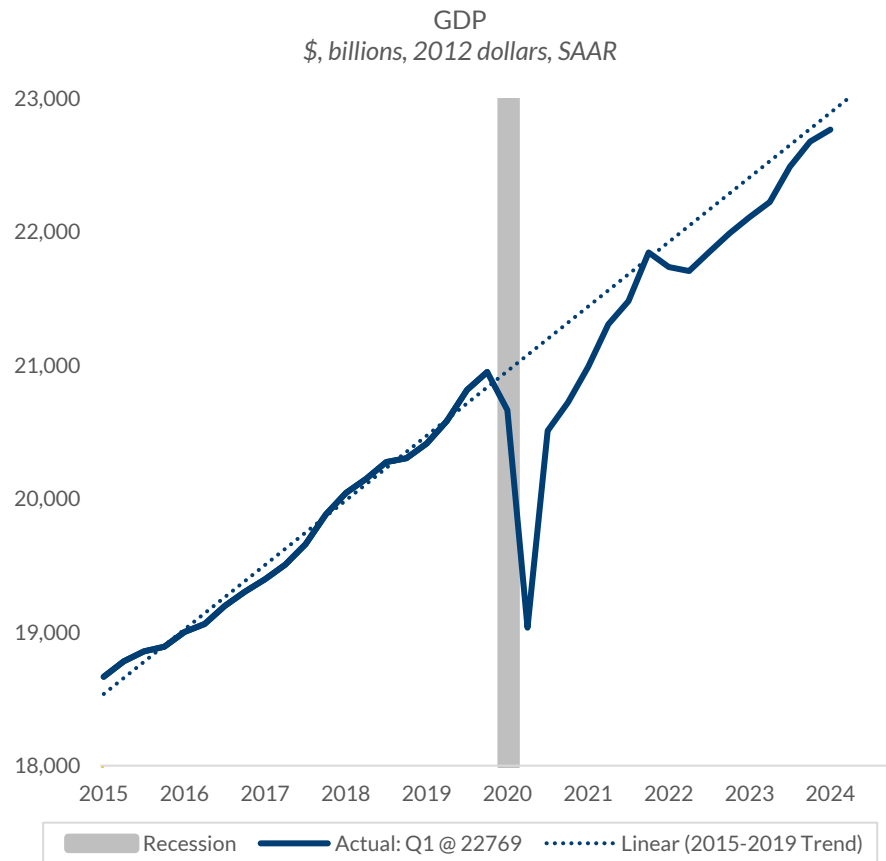


Data current as of March 25, 2024
 Source: Bureau of Economic Analysis, Bloomberg
 Information is subject to change and is not a guarantee of future results.



GDP

- Domestic economic growth has been driven by strong job growth and robust spending.
- Despite the most severe recession since the Great Depression, growth has returned to a pre-pandemic trend.
- U.S. economic growth is the strongest of the major economies of the world.



Data current as of March 25, 2024

Source: : Bureau of Economic Research, UK Office for National Statistics, Eurostat, Economic and Social Research

Institute Japan,

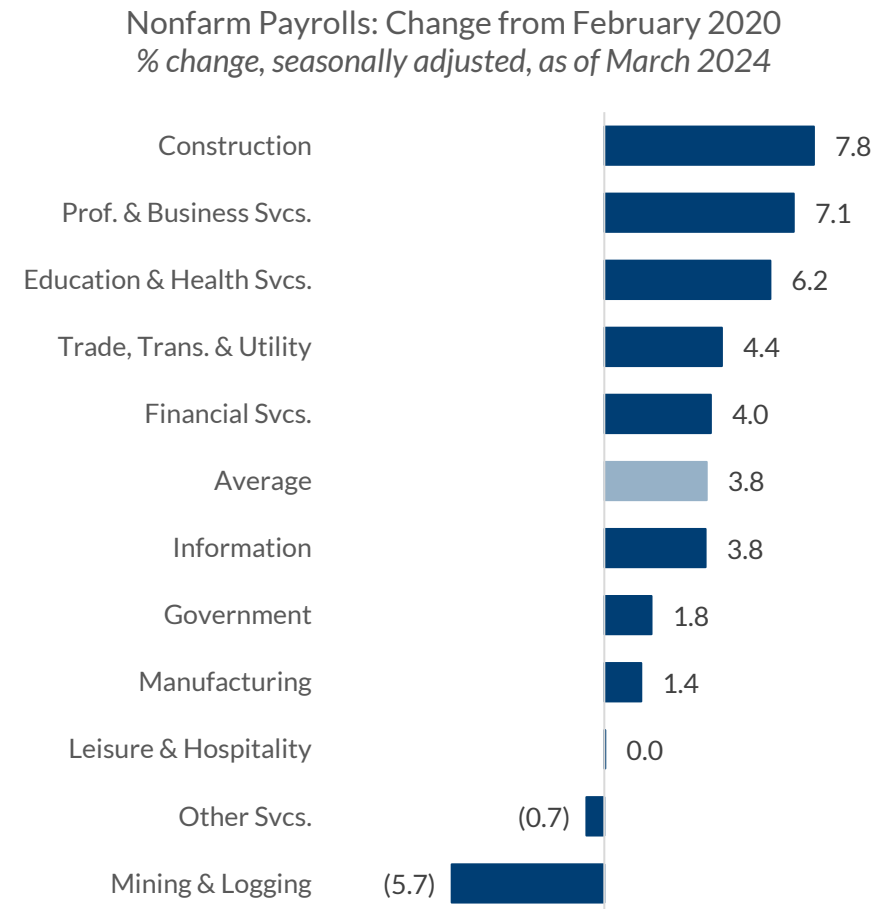
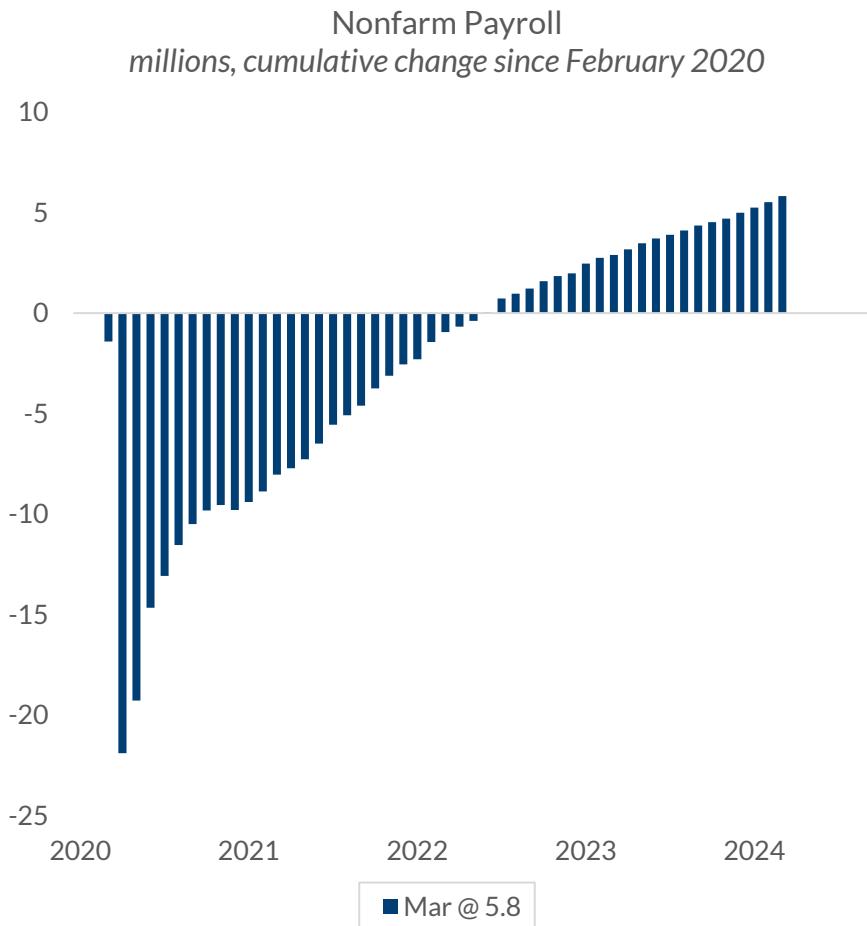
National Bureau of Statistics of China

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Labor

- Almost six million more people working now compared to before the pandemic.
- This has driven household income, which has been used to purchase goods and services.



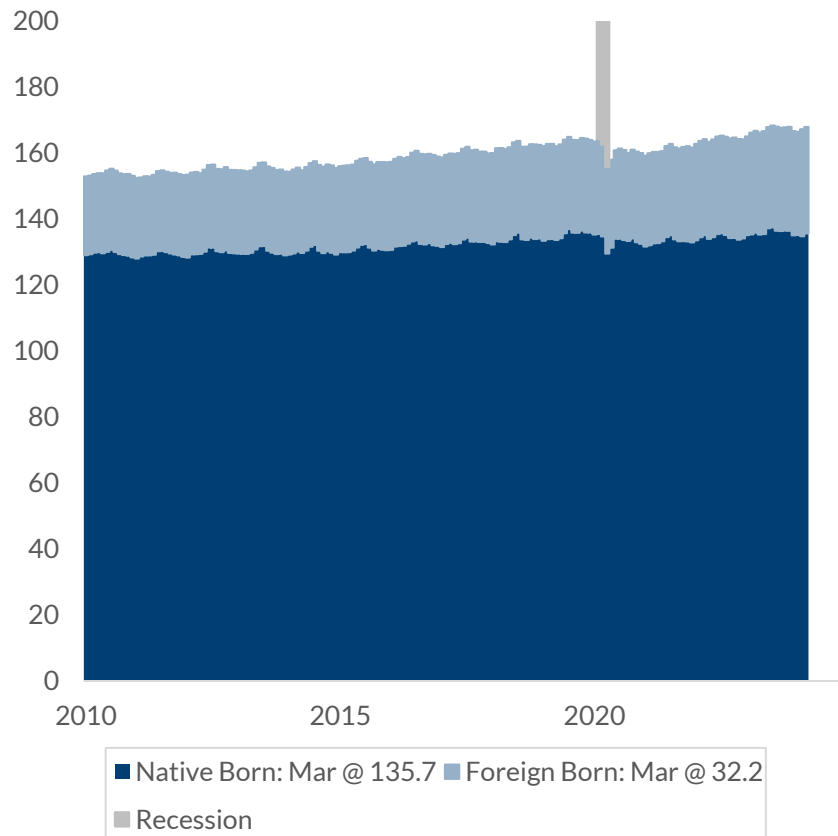
Data current as of March 24, 2024
 Source: Bureau of Labor Statistics
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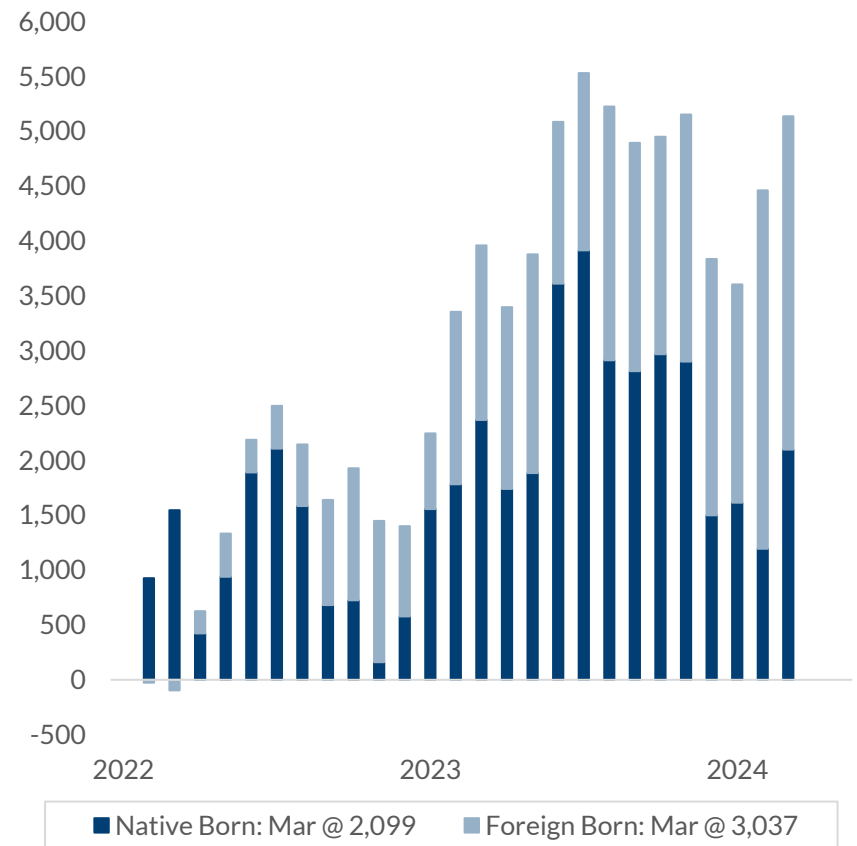
Labor

- For the past couple of decades, about one in five workers was born outside the U.S.
- Since the start of 2022, about three in five new hires were born outside the U.S.
- The increased supply of workers has driven growth and helped moderate wage growth.

Nativity of Labor Force
millions, not seasonally adjusted



Nativity of Labor Force
'000, cumulative change since January 2022, seasonally adjusted



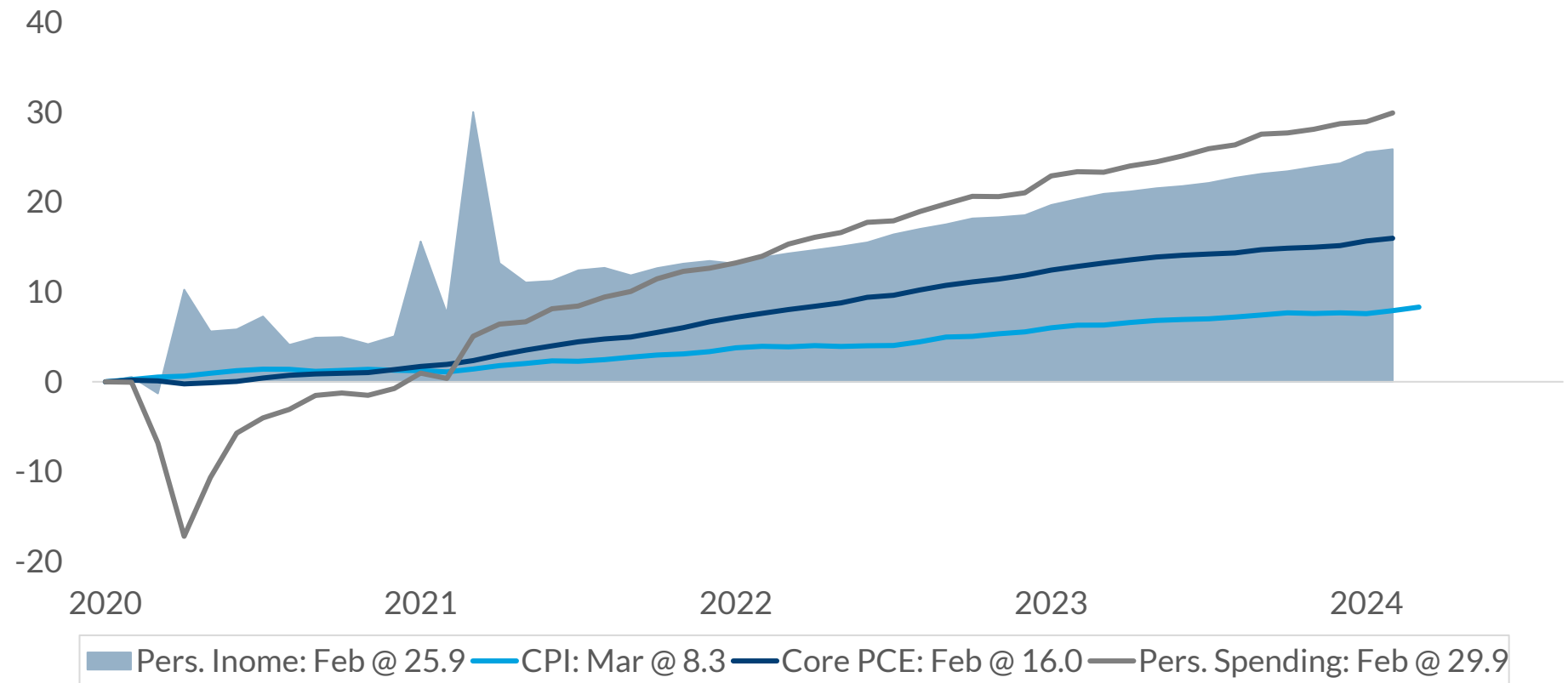
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Spending

- Fueled by solid job growth, income growth has been stronger than inflationary pressures.
- This, combined with high savings from the pandemic, has given households the ability to spend.

Income, Inflation, & Spending
 %, indexed at 0.0 on January 2020

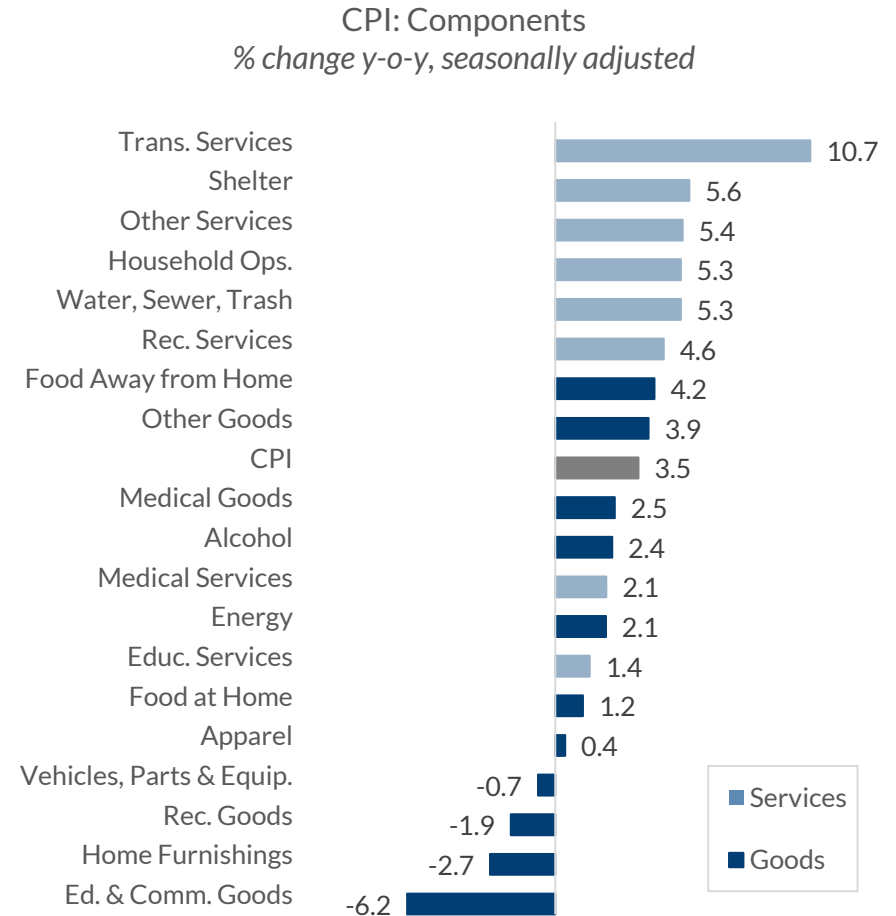
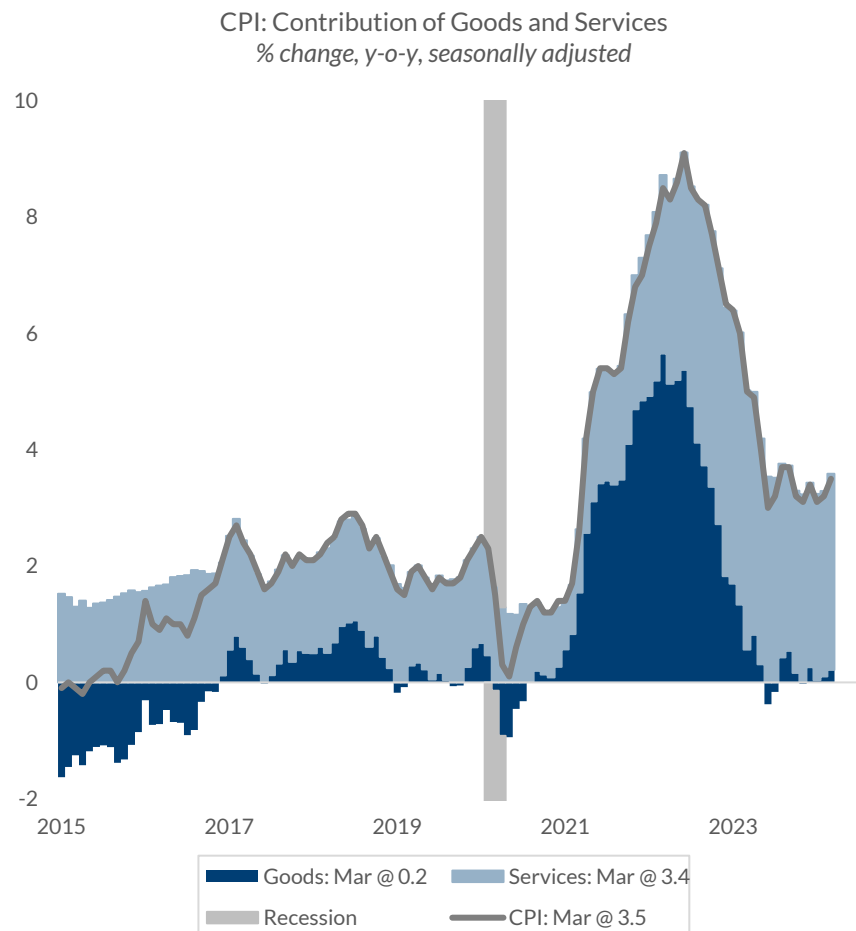


Data current as of March 24, 2024
 Source: Bureau of Economic Analysis, Bureau of Labor Statistics
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Inflation

- Almost all the inflationary pressure is coming from the purchase of services.
- Housing (shelter) is the largest component of CPI (36%) and is the largest contributor to inflation.

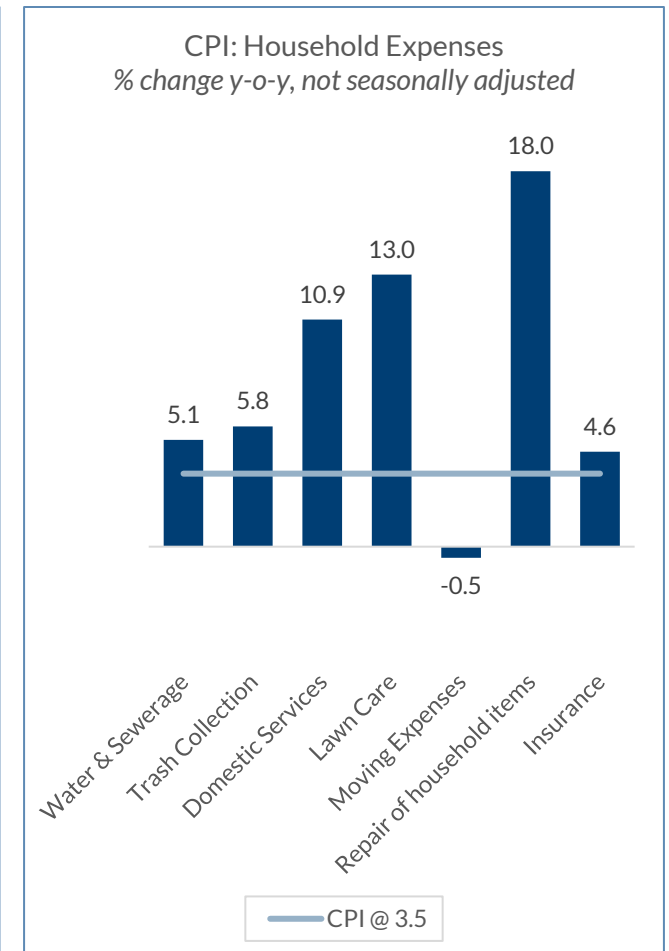
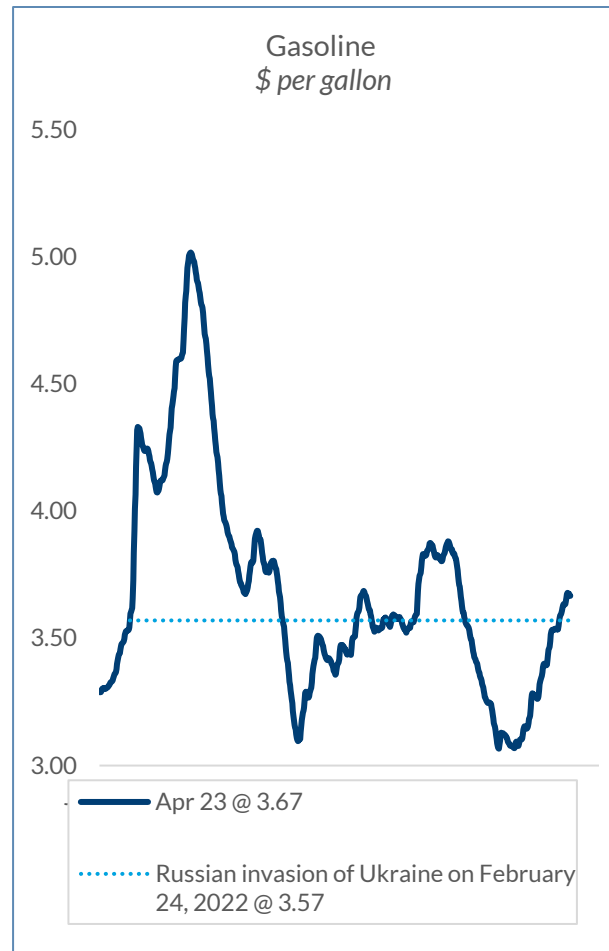
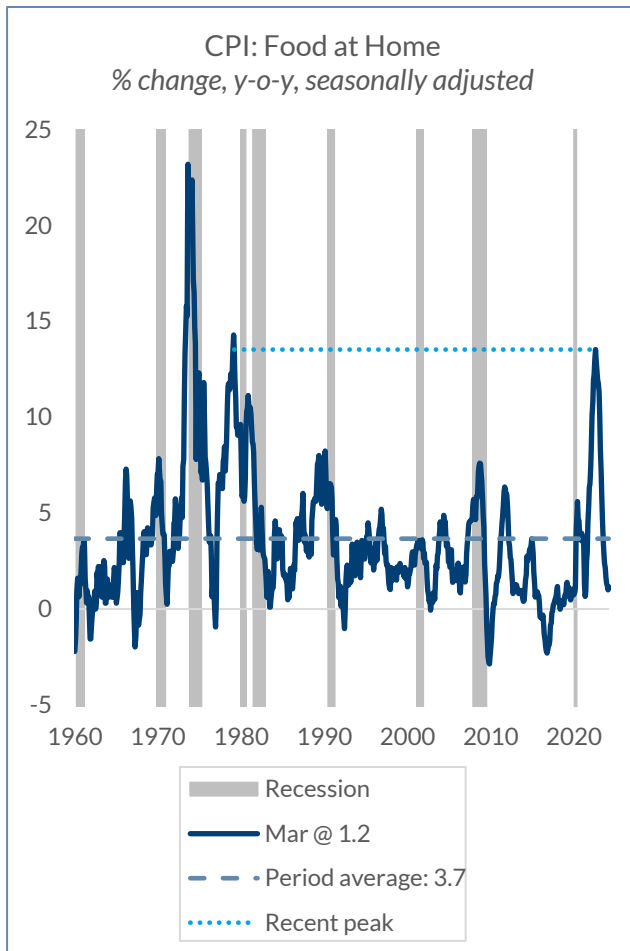


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 Source: Bureau of Labor Statistics
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Inflation

- Although recessionary pressures have moderated, many daily household expenses have remained high.
- These higher costs are unpleasant for homeowners, even if they have mortgages with rates below 4.0%.
- Consumers tend to focus on the absolute change in price, while economists focus on percent change.



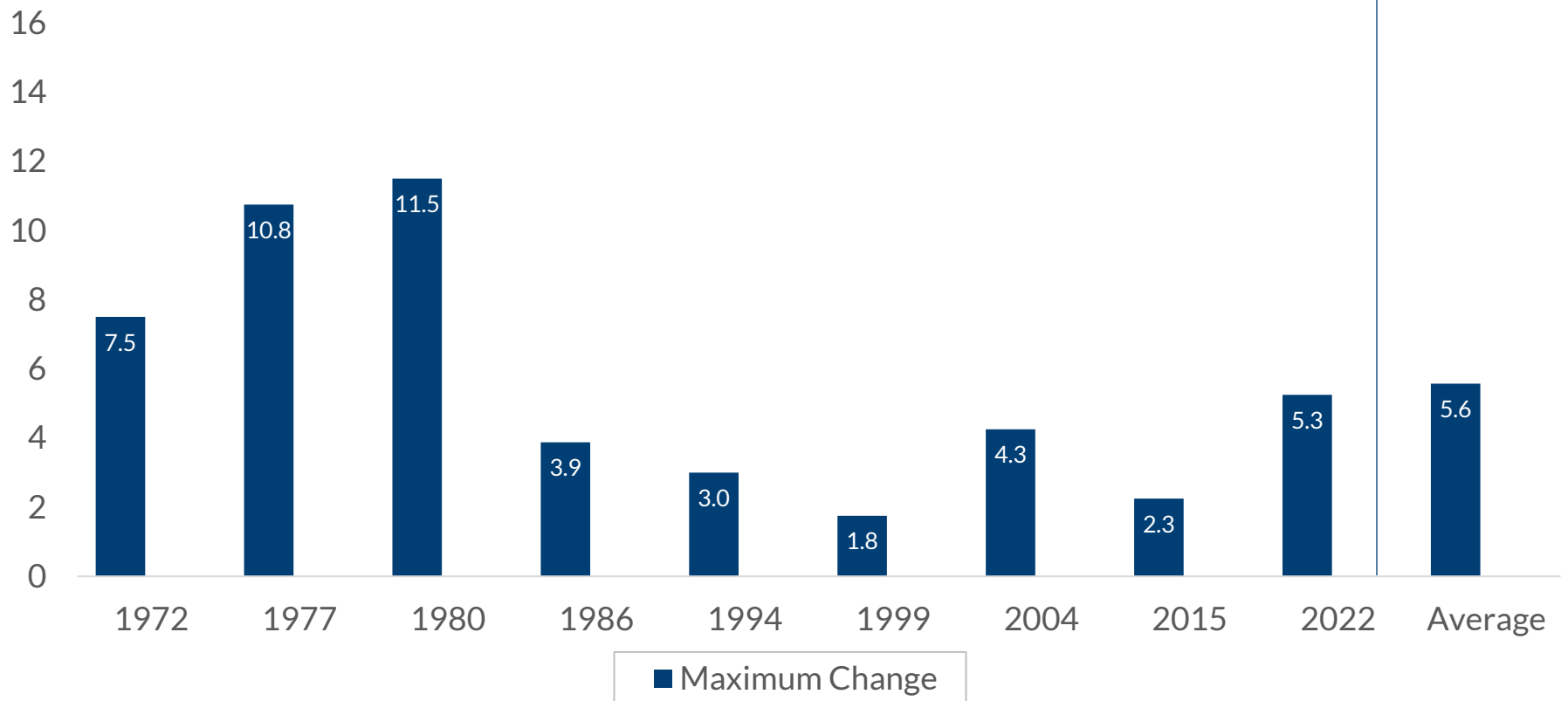
Data current as of March 24, 2024
 Source: Bureau of Labor Statistics, American Automobile Association
 Information is subject to change and is not a guarantee of future results.



The Fed

- So far, consumer spending has generally been immune to the Fed’s aggressive interest rate increases.
- This has required the Fed to keep interest rates higher for longer.
- The Fed will need two or three months of tame inflation before they consider cutting interest rates.

Federal Funds Rate
history of past tightening cycles



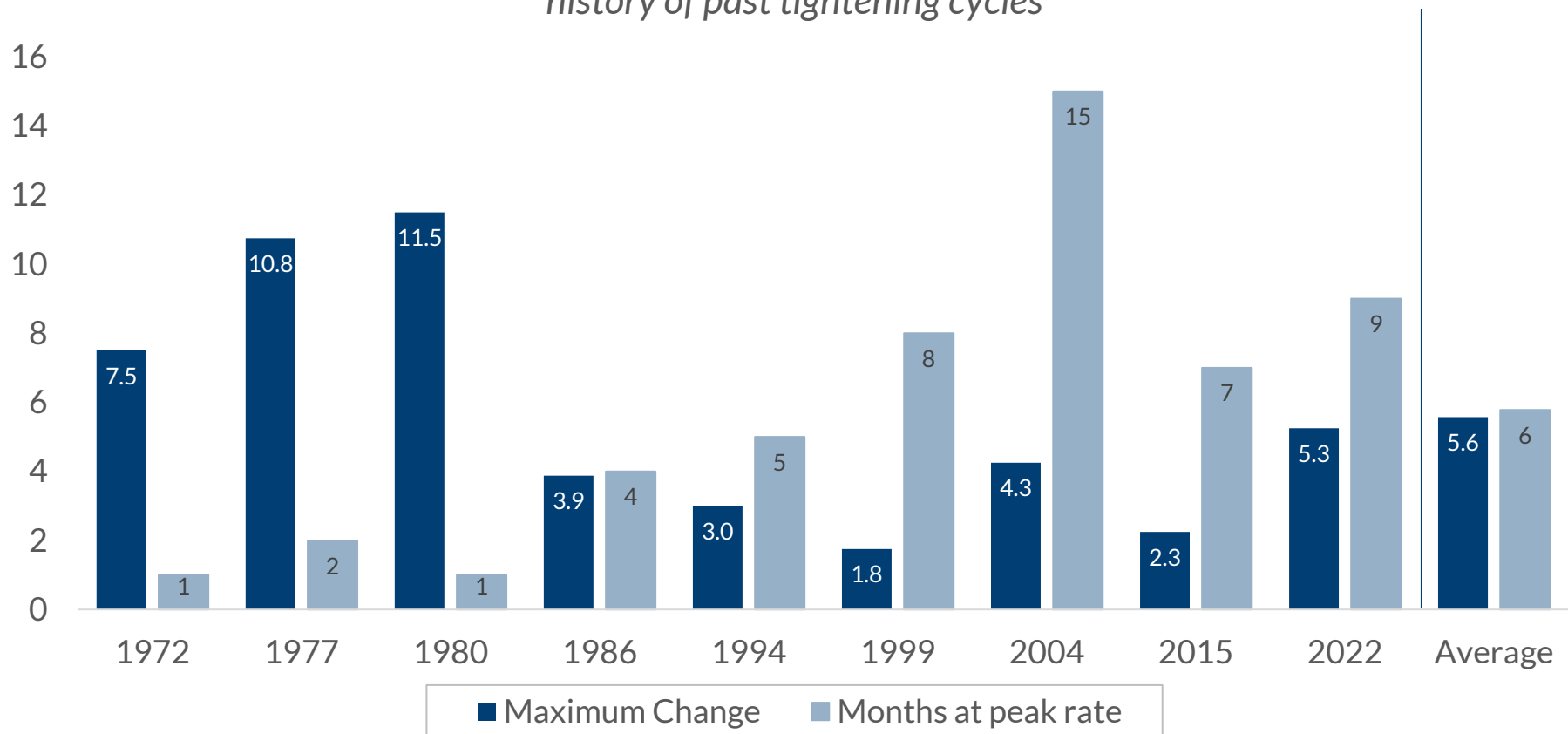
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Federal Funds Rate
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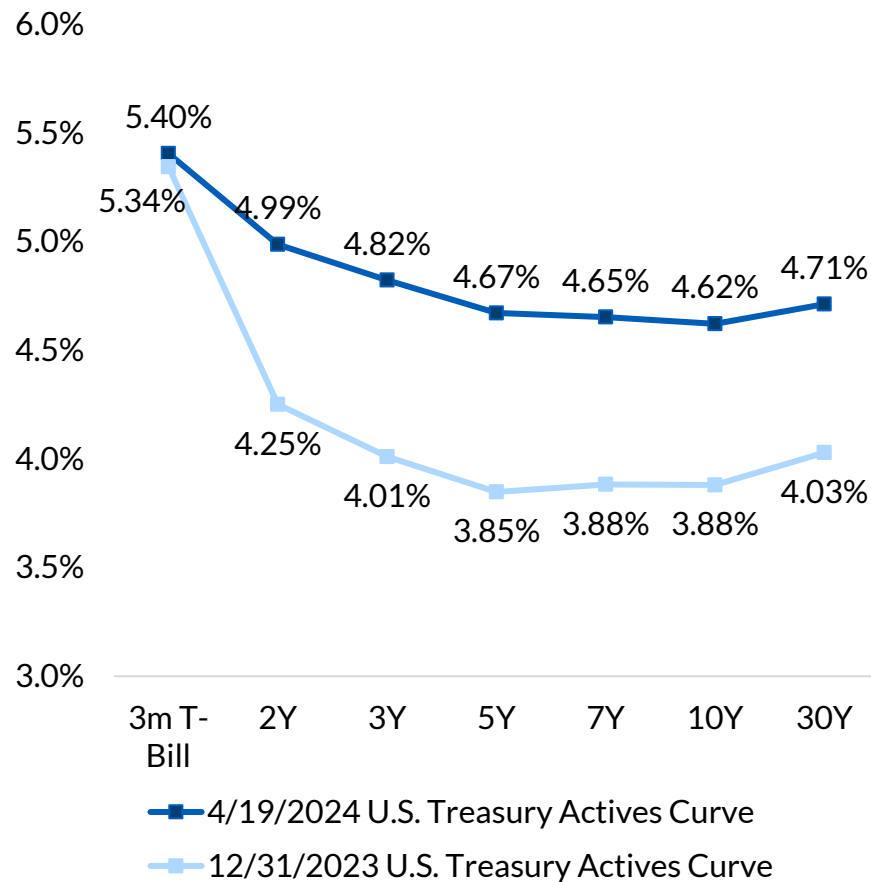
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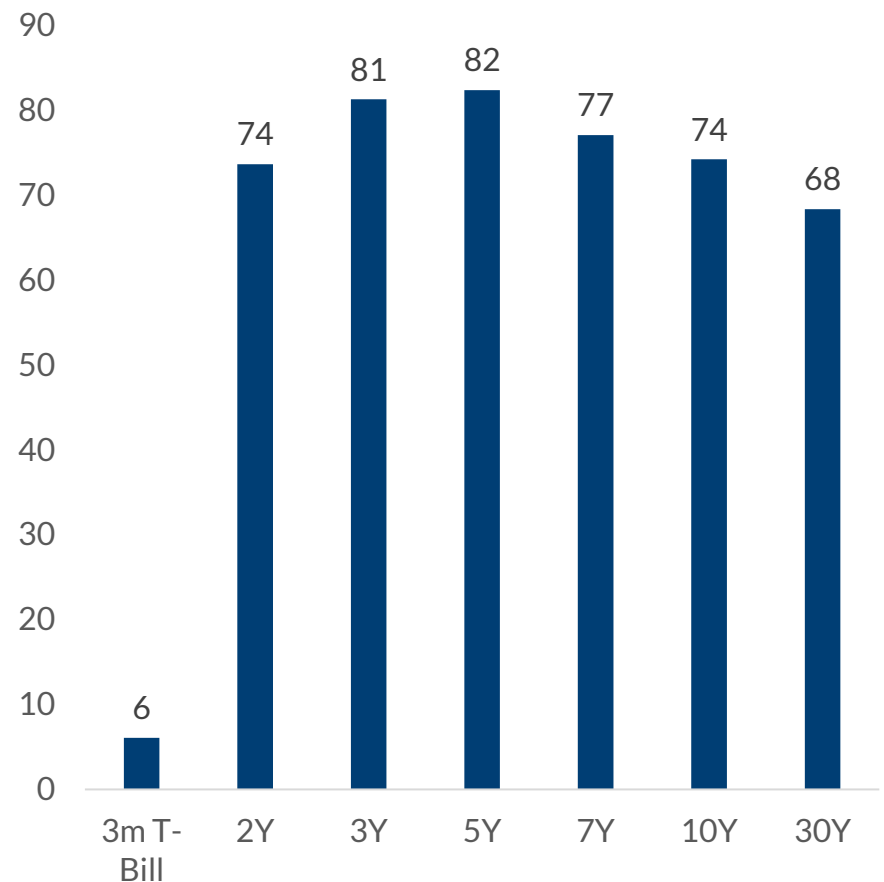
Interest Rate Volatility Remains High

- Despite the sharp decline from 2023 highs, interest rates have rebounded above 4.5%.
- Volatility remains elevated but creates opportunities for fixed income investors.

U.S. Treasury Curve Comparison



YTD Yield Change (BPS)

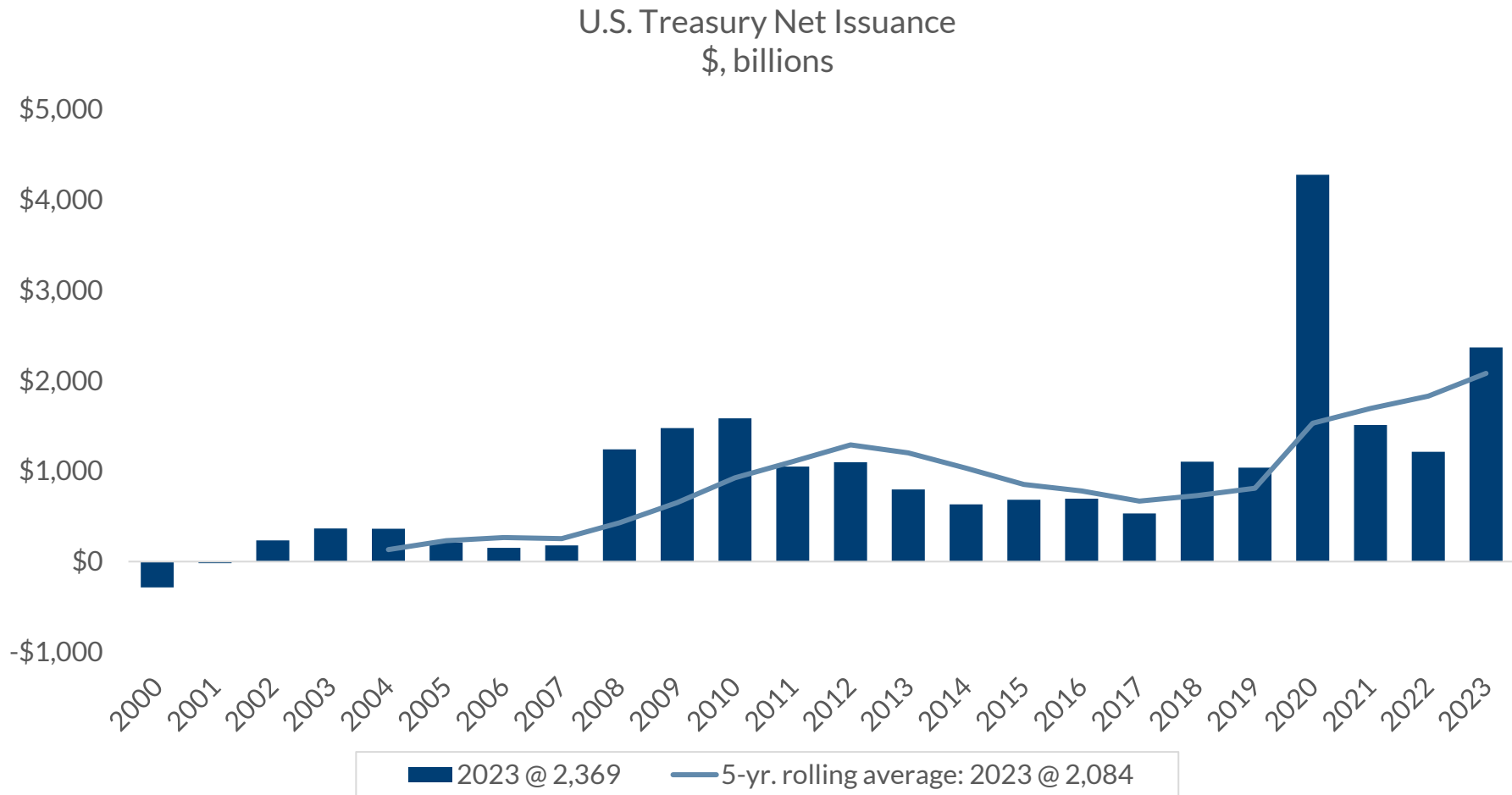


Sources: Bloomberg, CNR Research, as of April 2024. Information is subject to change and is not a guarantee of future results.



Treasury Issuance Expected to Rise Further

- A surge in Treasury issuance could challenge price support for fixed income securities.
- Higher nominal yields should continue to drive robust demand.



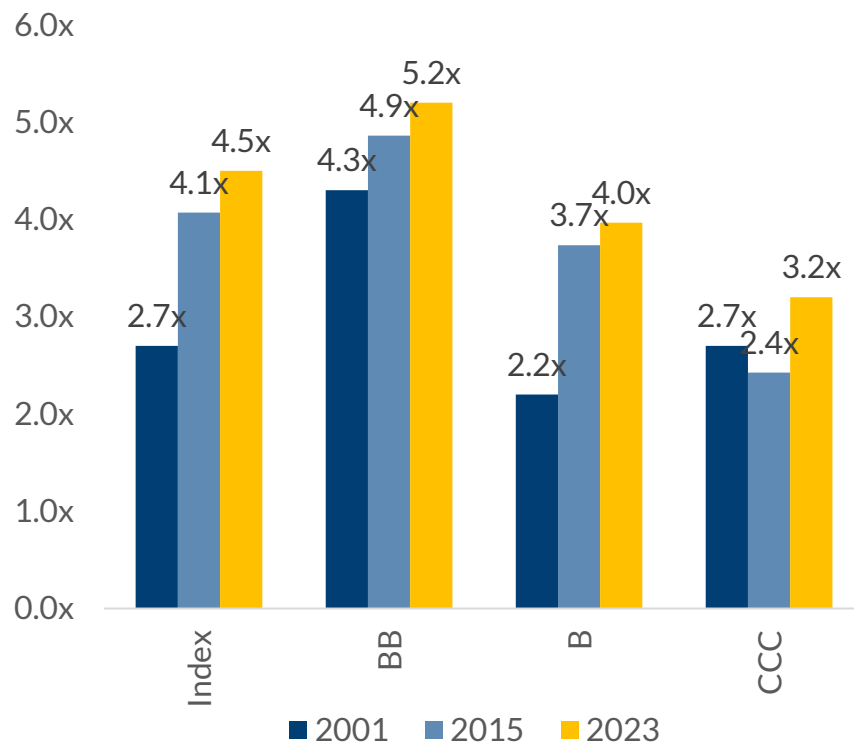
Source: Securities Industry and Financial Markets Association. Information is subject to change and is not a guarantee of future results.



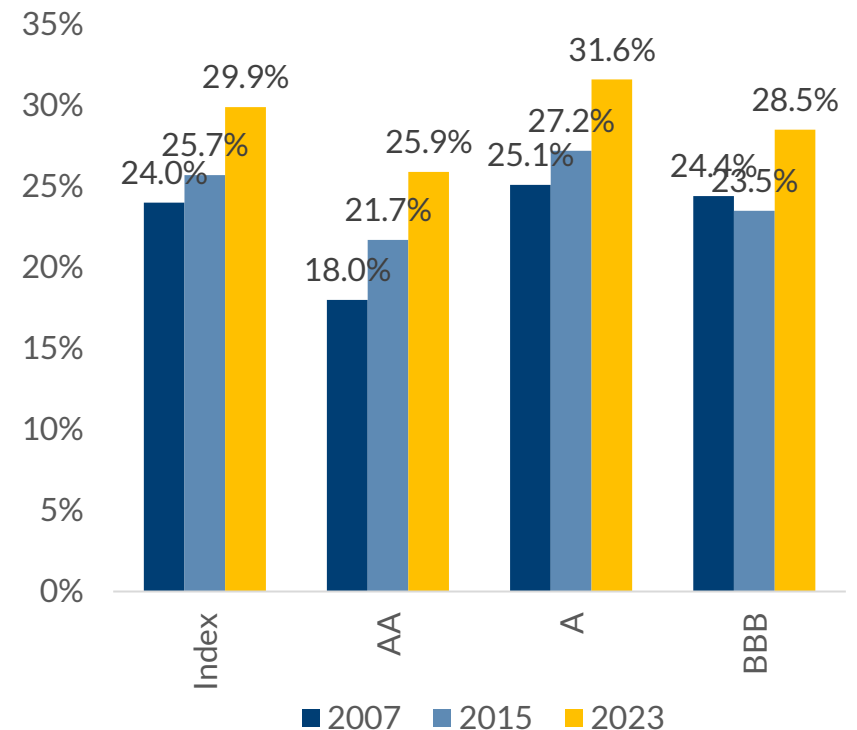
Credit Fundamentals Are Resilient

- High yield interest coverage – the amount of income available to service debt - is healthy.
- Investment grade markets are experiencing expanded EBITDA margins.

US High Yield Corporate Bond Interest Coverage



Investment Grade Corporate Bonds EBITDA Margin (ex. Financials)



Source: Barclays, Moody's Analytics, as of March 2024

Indexes used: Bloomberg U.S. High Yield Corporate Bond Index; Bloomberg Investment Grade Corporate Bond Index.

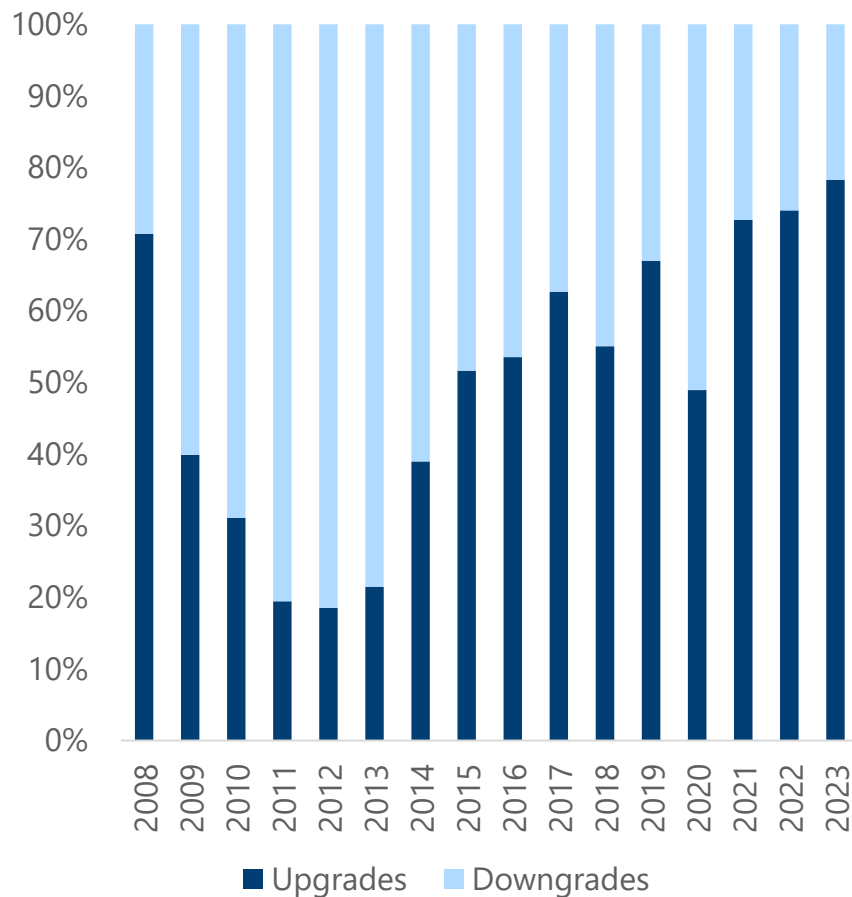
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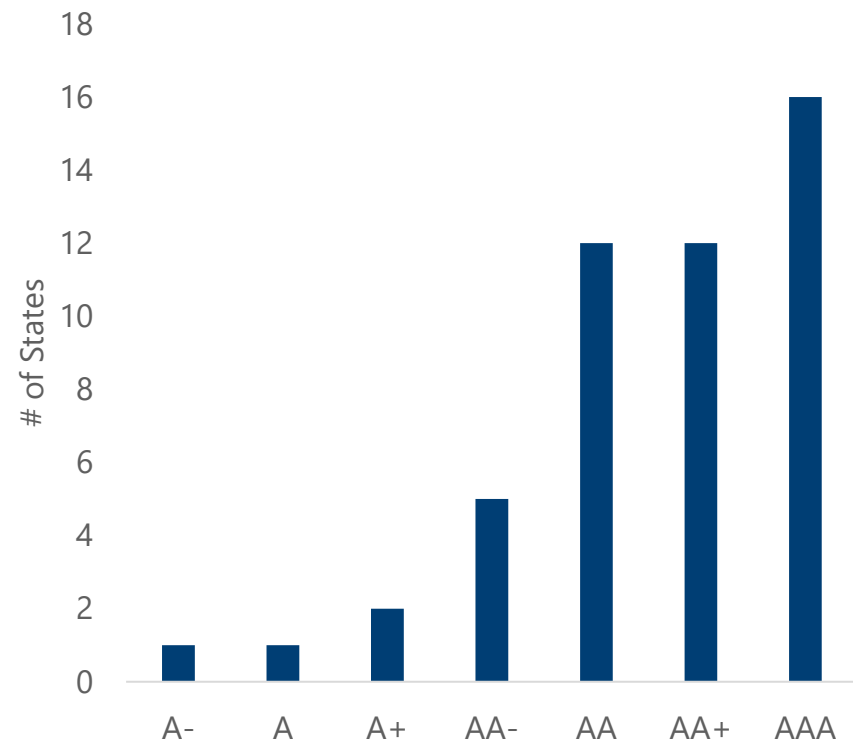
Municipal Bond Credit Quality Remains Intact

- The resilient economy and strengthened issuer fundamentals underscore improving quality trends.
- State and local governments benefit from strong governance and sound reserve funds.

Moody's Rating Changes 2008-2023



U.S. State Sector Credit Quality is Highly Rated



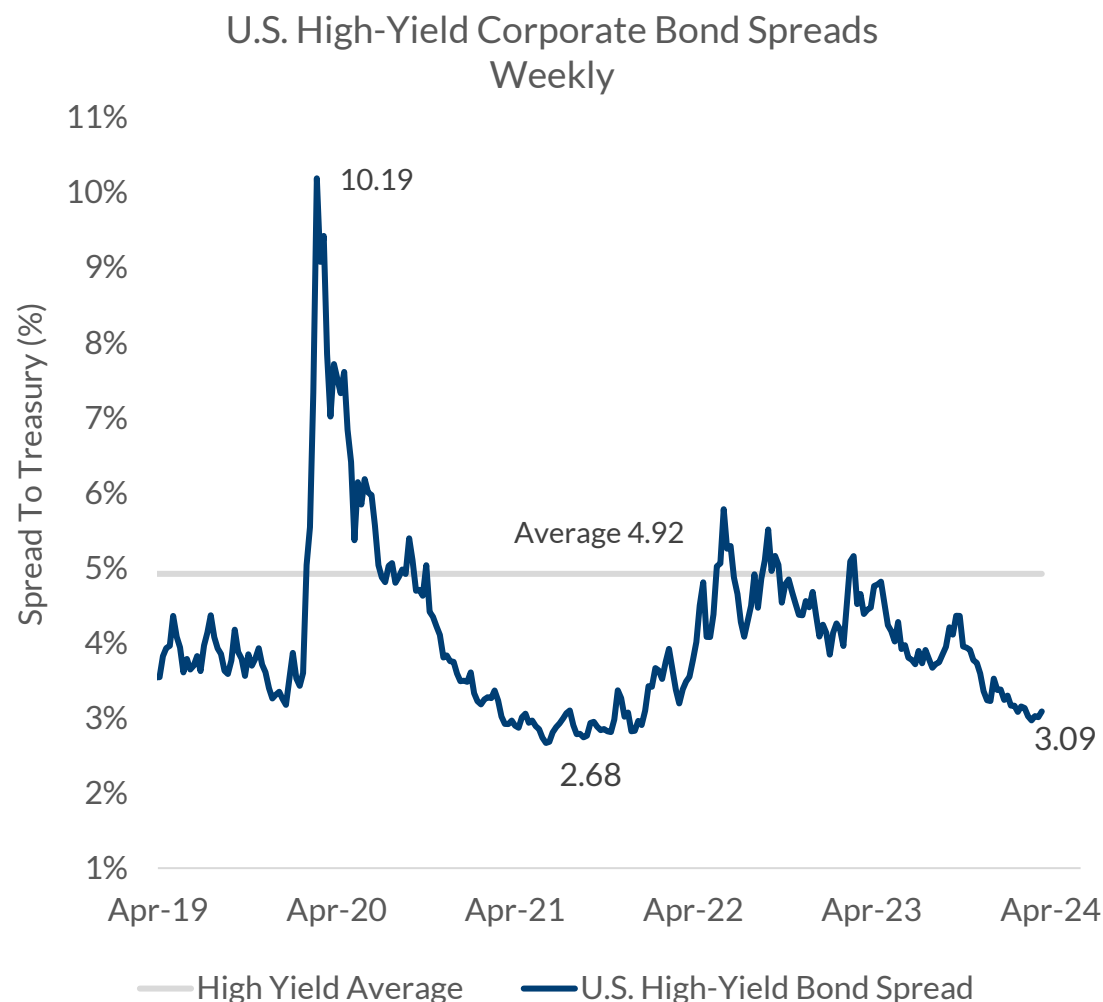
Source: Moody's as of February 2024; S&P Ratings Direct as of March 2024.
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High Yield Corporate Bond Spreads

- Spreads are low relative to history but compare favorably to pre-2008 levels when interest rates were comparable.
- Distressed securities are concentrated in cable and satellite, healthcare, technology and telecommunications.



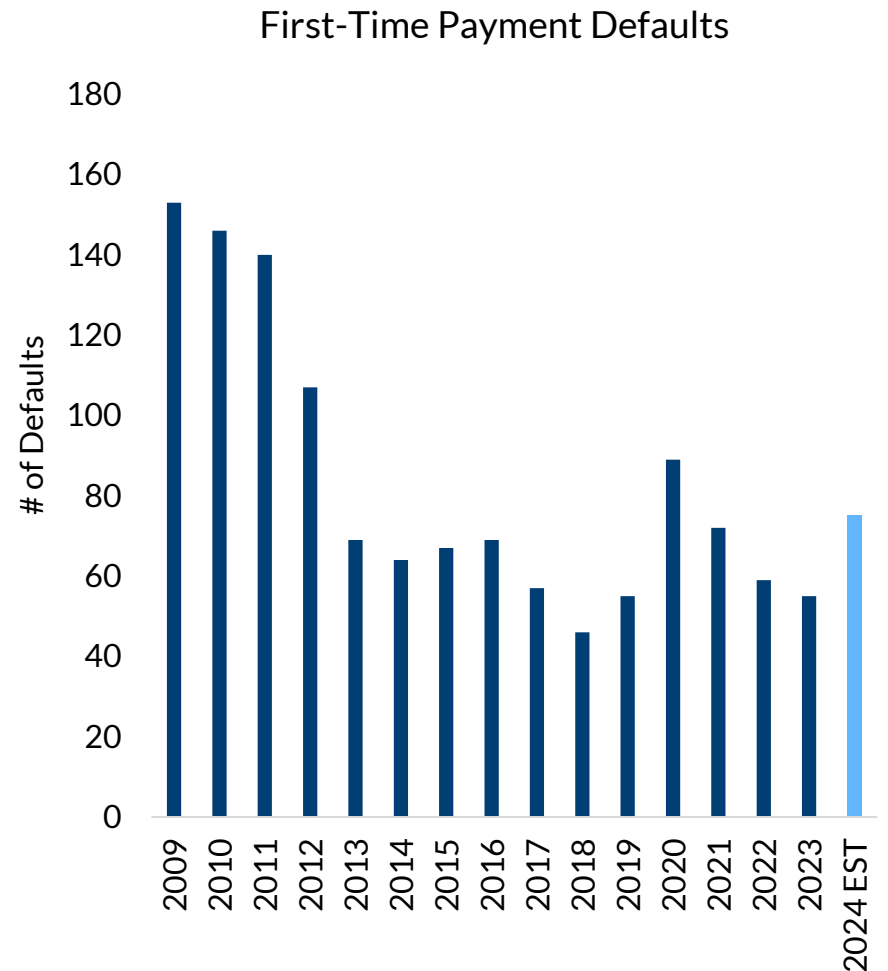
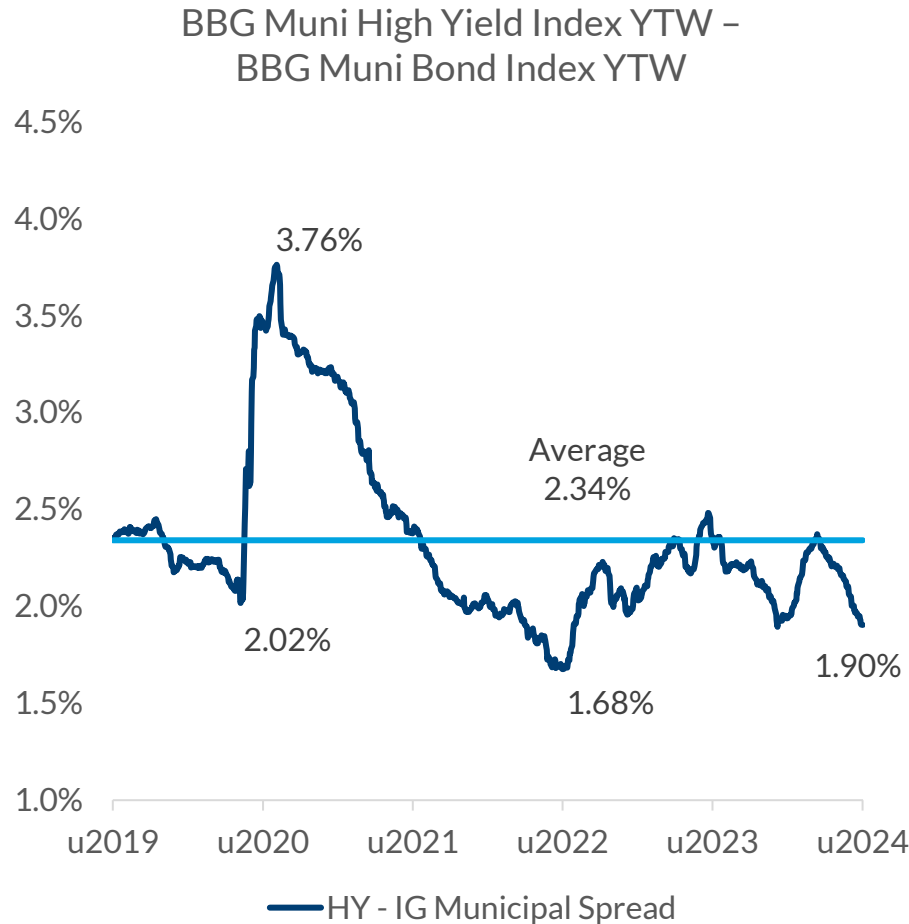
Sector	Total Volume (\$bn)	Percent of Total Distressed Debt
Automotive	0.6	0.7%
Broadcasting	6.0	7.5%
Cable and Satellite	19.8	25.0%
Chemicals	2.2	2.8%
Consumer Products	-	-
Diversified Media	0.8	1.0%
Energy	0.8	1.0%
Financial	2.3	2.9%
Food and Beverages	0.9	1.1%
Gaming Lodging Leisure	2.7	3.4%
Healthcare	12.9	16.3%
Housing	0.7	0.9%
Industrials	2.5	3.1%
Metals and Mining	-	-
Paper and Packaging	0.1	0.2%
Retail	4.2	5.3%
Services	1.0	1.2%
Technology	7.2	9.1%
Telecommunications	10.8	13.7%
Transportation	3.0	3.8%
Utility	0.8	1.0%
	79.2	6.0%

Footnote: Bloomberg and JPM as of April 2024
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High Yield Municipal Bond Spreads

- Compressed spreads a function of technical factors and the underlying strength of the economy.
- Despite a slight uptick in projected defaults, absolute levels of distress remain small relative to the market.



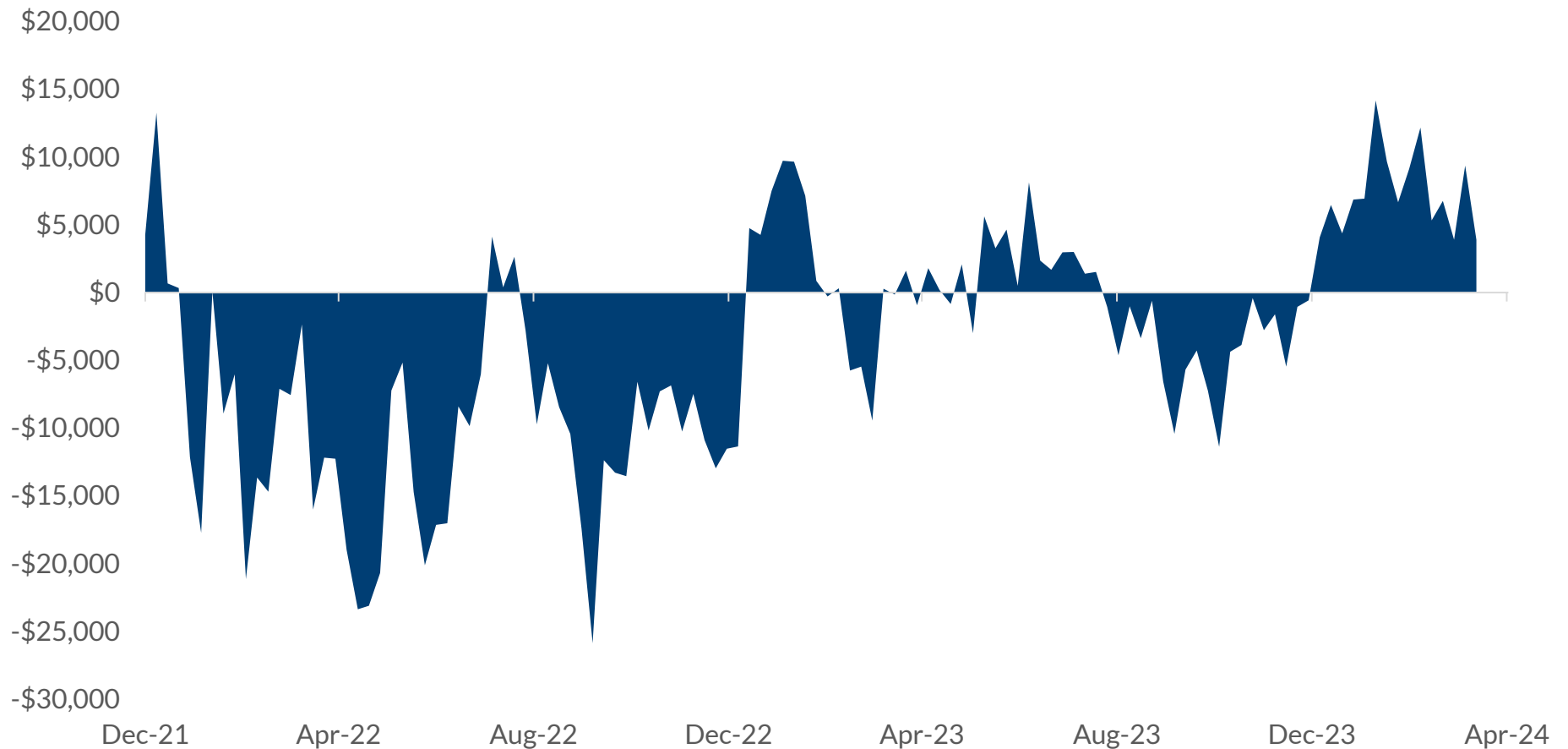
Sources: Bloomberg, MMA, CNR Research, as of April 2024. Information is subject to change and is not a guarantee of future results.



Bond Mutual Fund Flows Swing Positive

- Net capital additions this year reflect investor appetite for attractive nominal market yields.
- Fund flow trends coupled with supply dynamics could create opportunities should interest rate volatility persist.

Total Weekly Bond Fund Flows (\$Mln)



Source: Bloomberg ICI Total Estimated Weekly Net New Cash Flow
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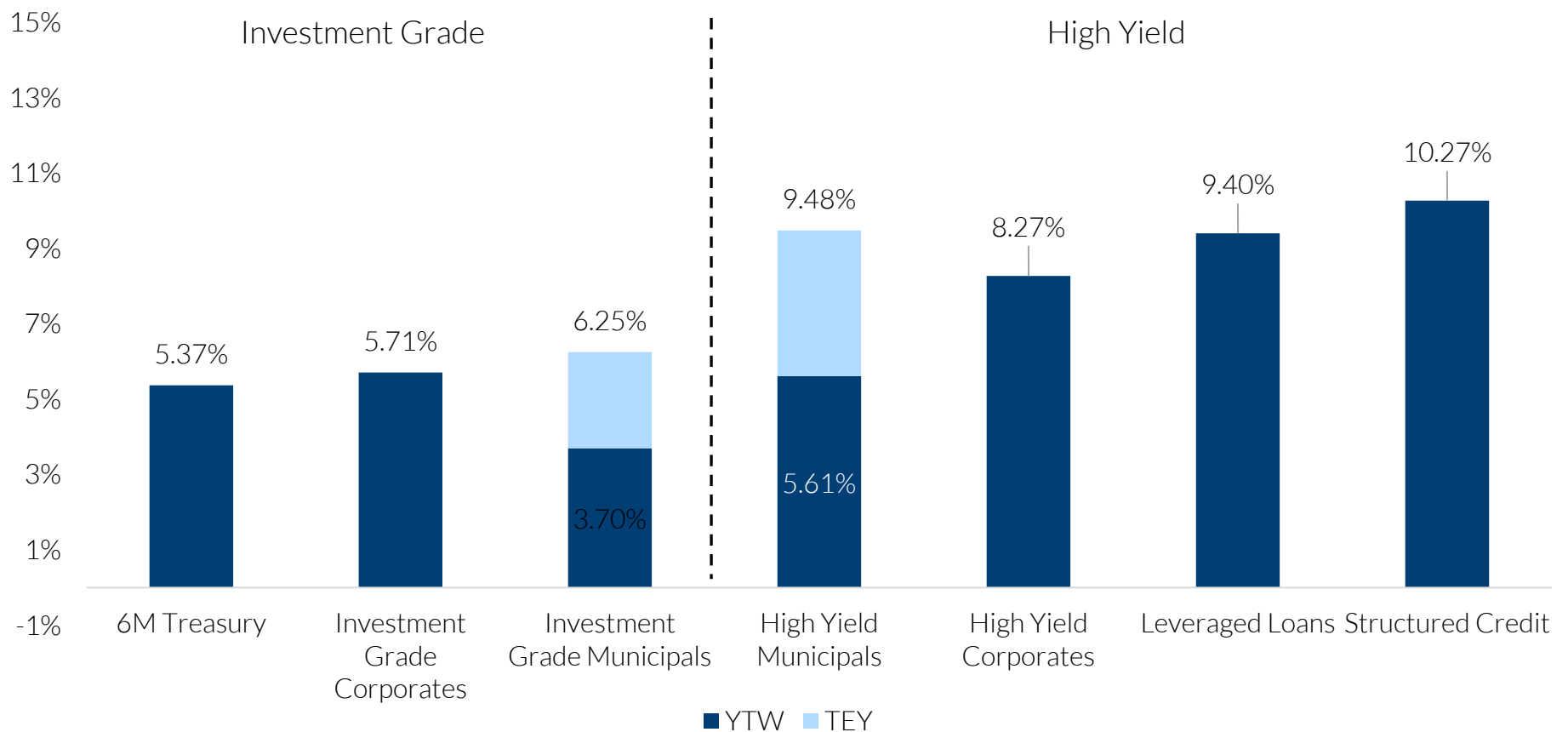
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Fixed Income Yield Levels

- Fixed income yield levels have increased significantly and now bonds offer the best risk-adjusted returns in years.
- Underlying yield volatility has risen, but higher yield levels reduce volatility over time.

Yield Levels Across Fixed Income Asset Classes



* Assumes the highest marginal federal tax rate of 37%, plus the 3.8% Medicare surcharge
As of 4/19/2024

Source: Bloomberg, CNR Research. Information is subject to change and is not a guarantee of future results.

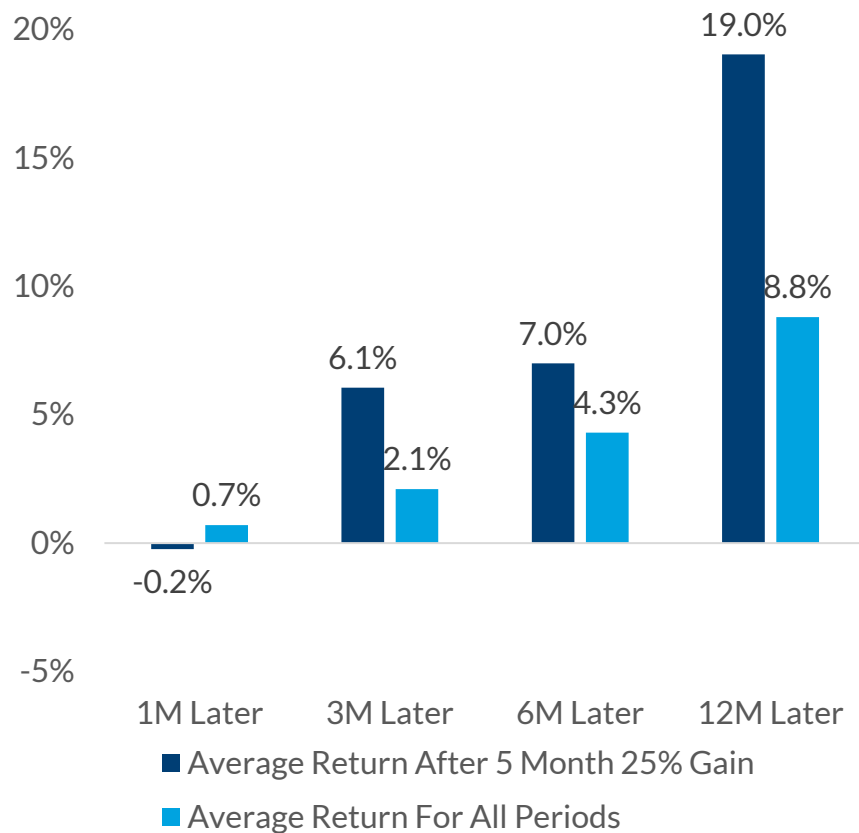
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Market Performance After Historic Runs

- The market has advanced 25% over 5 months for the 7th time since World War II.
- Historically after these periods, performance has been positive over 3m, 6m, and 12m horizons.
- Suggests current positive returns may continue.

S&P 500 Performance



Month Ending	Previous 5m % Change	Previous Year Max Drawdown	Forward % Return			
			1m	3m	6m	12m
2/28/1975	28.4	-37.6	2.2	11.7	6.5	22.2
11/30/1982	26.4	-18.9	1.5	6.9	17.2	20.1
3/31/1986	25.9	-7.7	-1.4	5	-3.2	22.1
1/31/1999	33.7	-19.3	-3.2	4.3	3.8	9
7/31/2009	34.3	-48.2	3.4	4.9	8.8	11.6
8/31/2020	35.4	-33.9	-3.9	3.5	8.9	29.2
3/31/2024	25.3	-10.3	-	-	-	-
Average	30.7	-27.6	-0.2	6.1	7.0	19.0
Median	31.1	-26.6	0.1	5.0	7.7	21.1
% Positive	100	0	50	100	83.3	100
All Periods Avg.	3.5	8.8	0.7	2.1	4.3	8.8

Source: Ned Davis Research, as of February 2024.

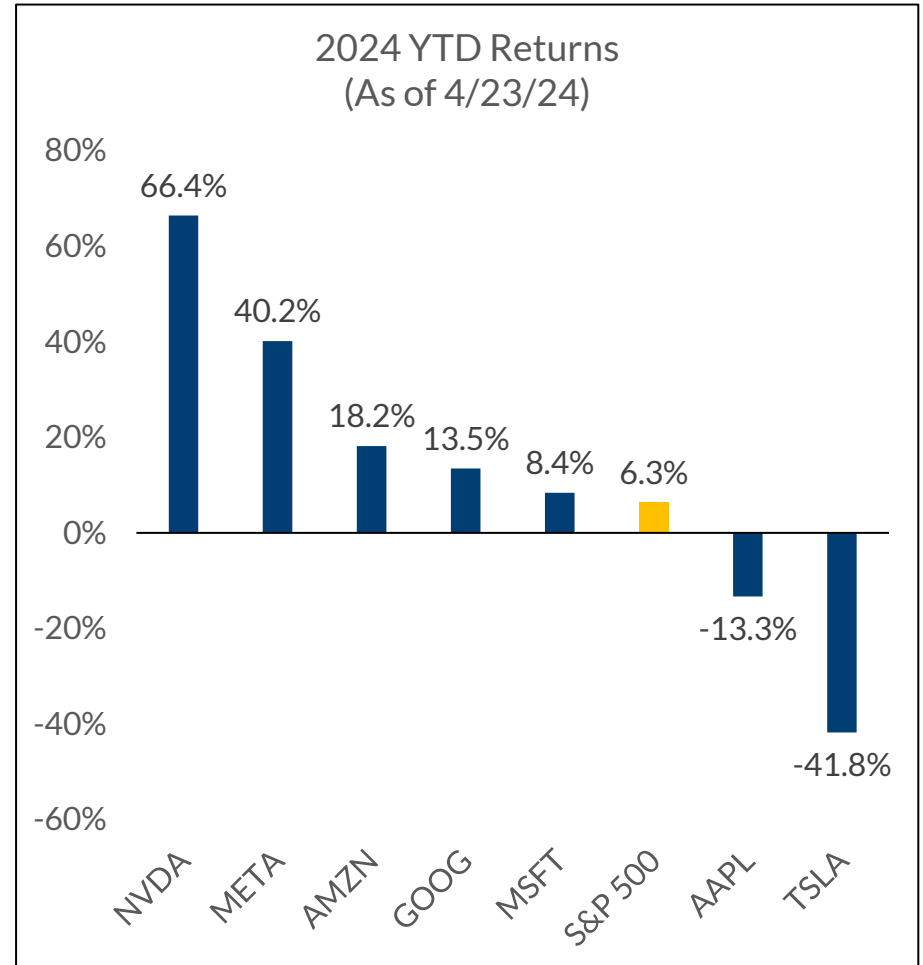
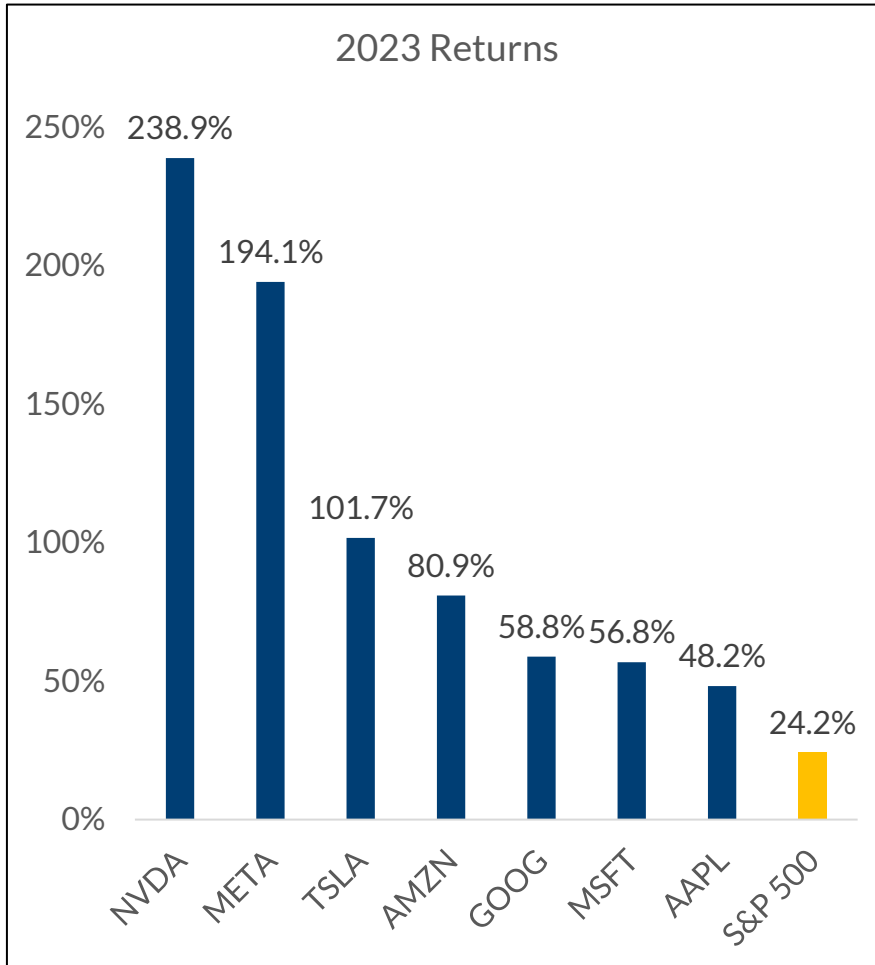
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Breakdown in Leadership

- Momentum behind the tech sector and Magnificent Seven has helped drive markets to all-time highs.
- More recently, leadership has become more divergent, and tech has struggled with prospects for higher rates.
- While tech should continue to perform, we expect to see a broadening in market participation ahead.



Source: FactSet, CNR Research, as of April 2024. The mention of any particular security should not be construed as a recommendation to buy or sell any security. Past performance is not a guarantee of future returns.

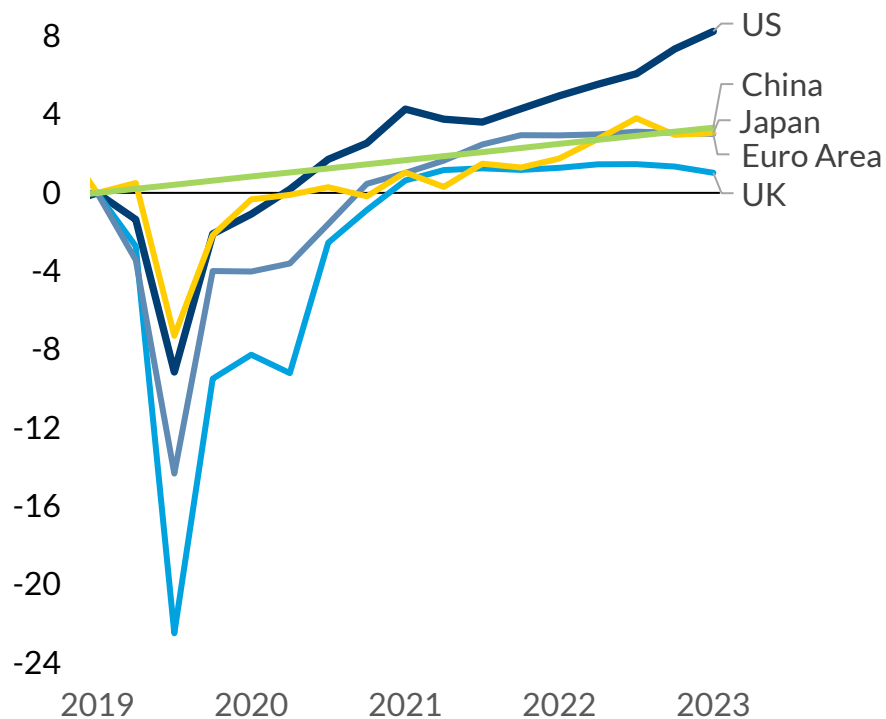
CITY NATIONAL ROCHDALE, LLC NON-DEPOSIT INVESTMENT PRODUCTS ARE: • NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE



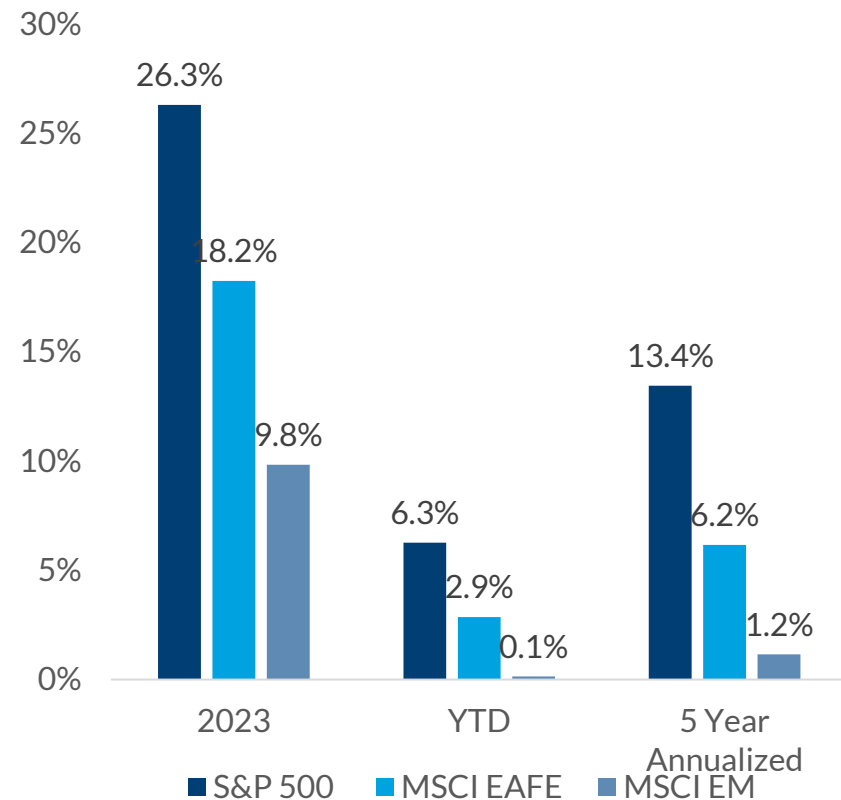
US Continues to Have Most Resilient Outlook

- Stability and growth help explain the U.S. economy’s post-pandemic outperformance relative to global markets.
- U.S. continues to grade best on factors that drive long term economic growth and financial market returns.

GDP
%, indexed to "0.0" on December 31, 2019



Index Performance
(As of 4/23/24)



Sources: Bloomberg, FactSet, CNR Research, as of April 2024.



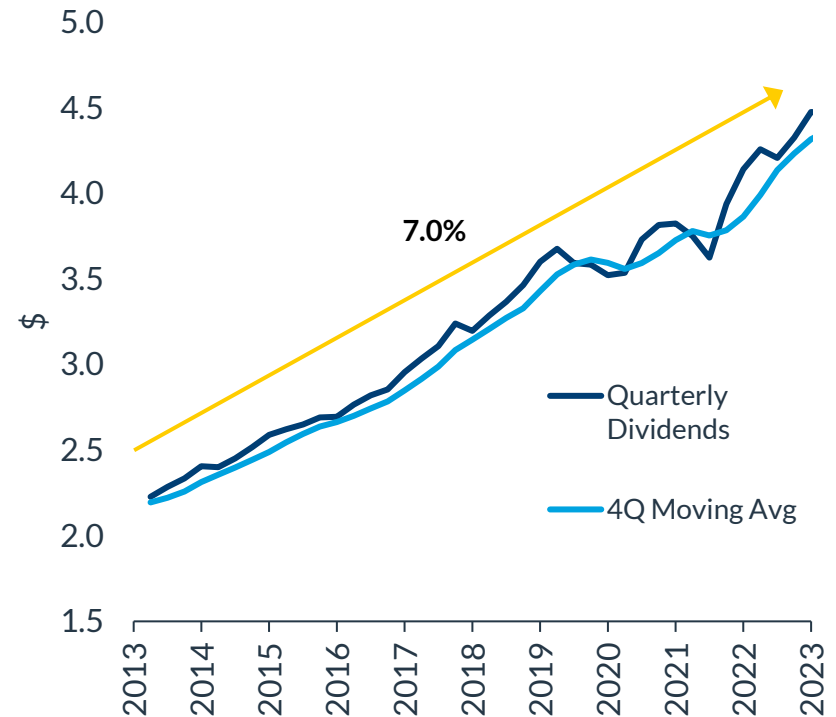
Equity Income Modest Outperformance in Recent Pullback

- A valuation advantage exists, but gaps can persist for long periods.
- Dividend growth has been consistent over time, rising at a 7% annual rate.
- Income may provide an offset to current inflation.

Valuation Comparison
Forward Price to Earnings Ratio



DJ US Select Dividend Index Dividends -
Last 10 Years - Quarterly



Source: FactSet, as of February 29, 2024.

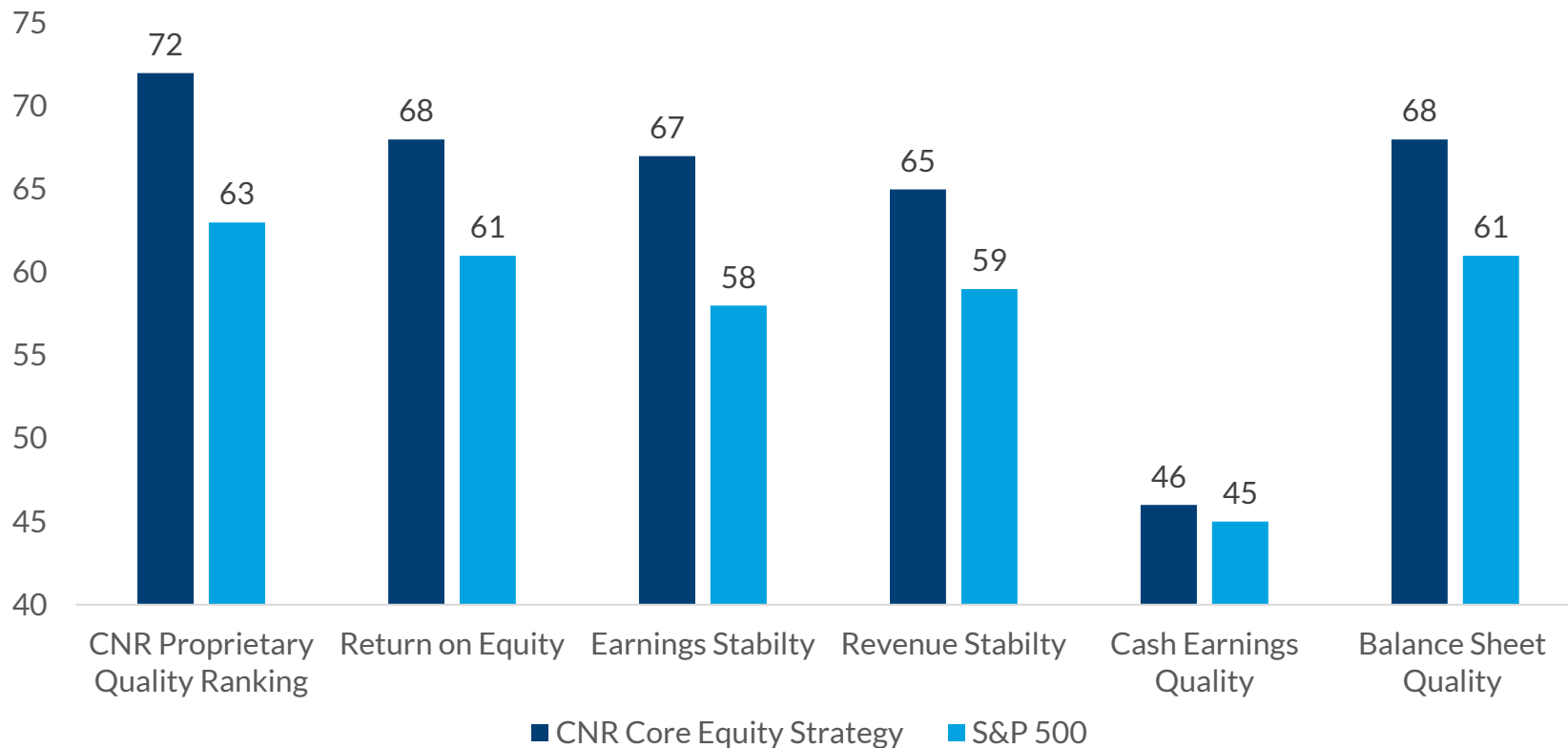
Past performance is no guarantee of future results. Not representative of the performance of any CNR product or service. Information is subject to change and is not a guarantee of future results.



Focused on Quality

- Our strategies are positioned with higher EPS growth and superior balance sheet quality versus the benchmark.
- We seek to own reasonably valued companies with solid fundamentals.
- Quality names are expected to perform better in more volatile, higher for longer environment.

CNR Proprietary Quality Ranking



Source: FactSet, CNR Research, as of April 2024.

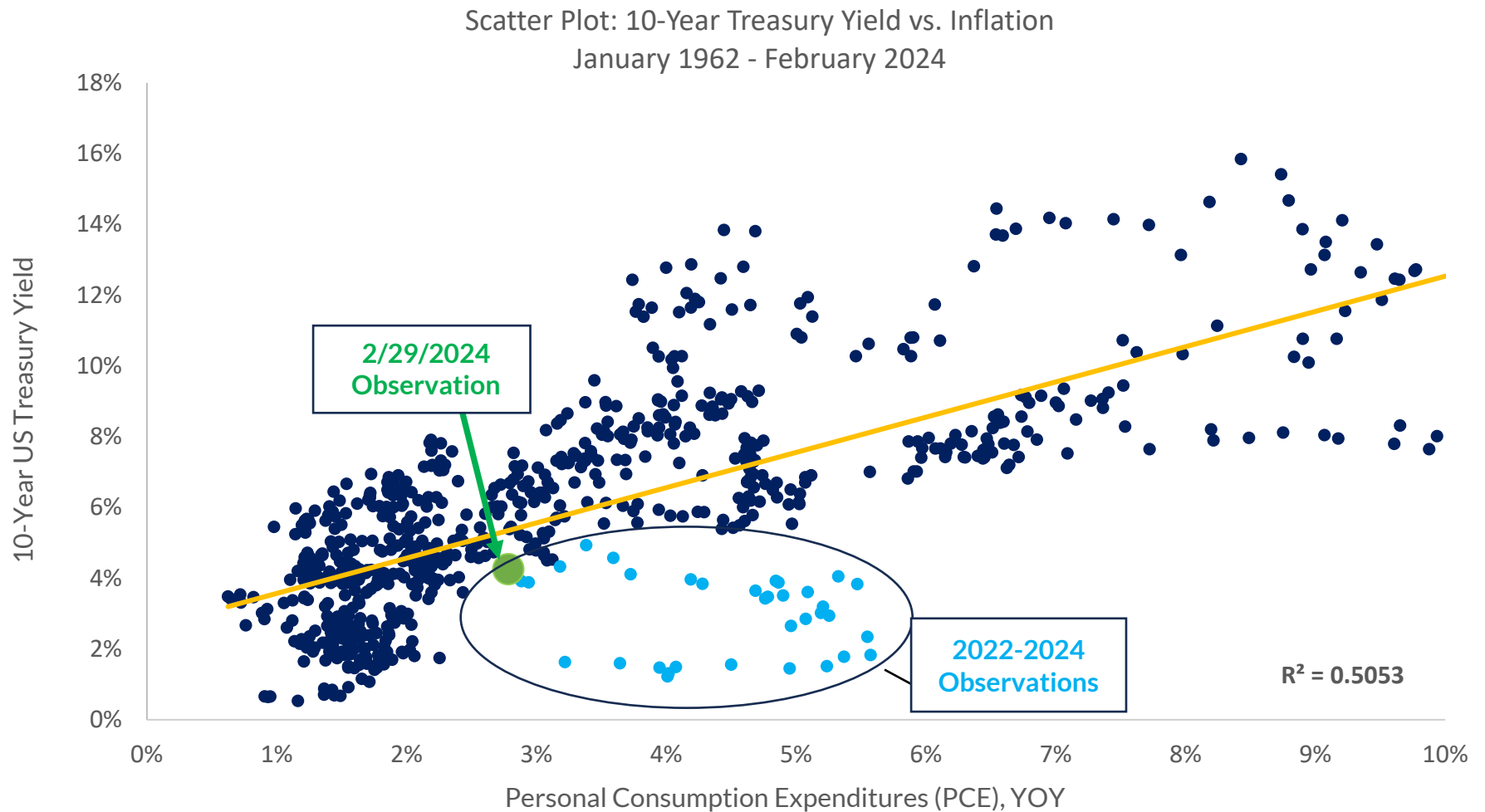
City National Rochdale Proprietary Quality Ranking is the weighted average sum of securities held in the strategy versus the S&P 500 at the sector level using the below footnoted formula. City National Rochdale Proprietary Quality Ranking formula: 40% Dupont Quality (return on equity adjusted by debt levels), 15% Earnings Stability (volatility of earnings), 15% Revenue Stability (volatility of revenue), 15% Cash Earnings Quality (cash flow vs. net income of company) 15% Balance Sheet Quality (fundamental strength of balance sheet).

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The Relationship Between Interest Rates And Inflation

- Inflation can explain over 50% of the variation in interest rates.

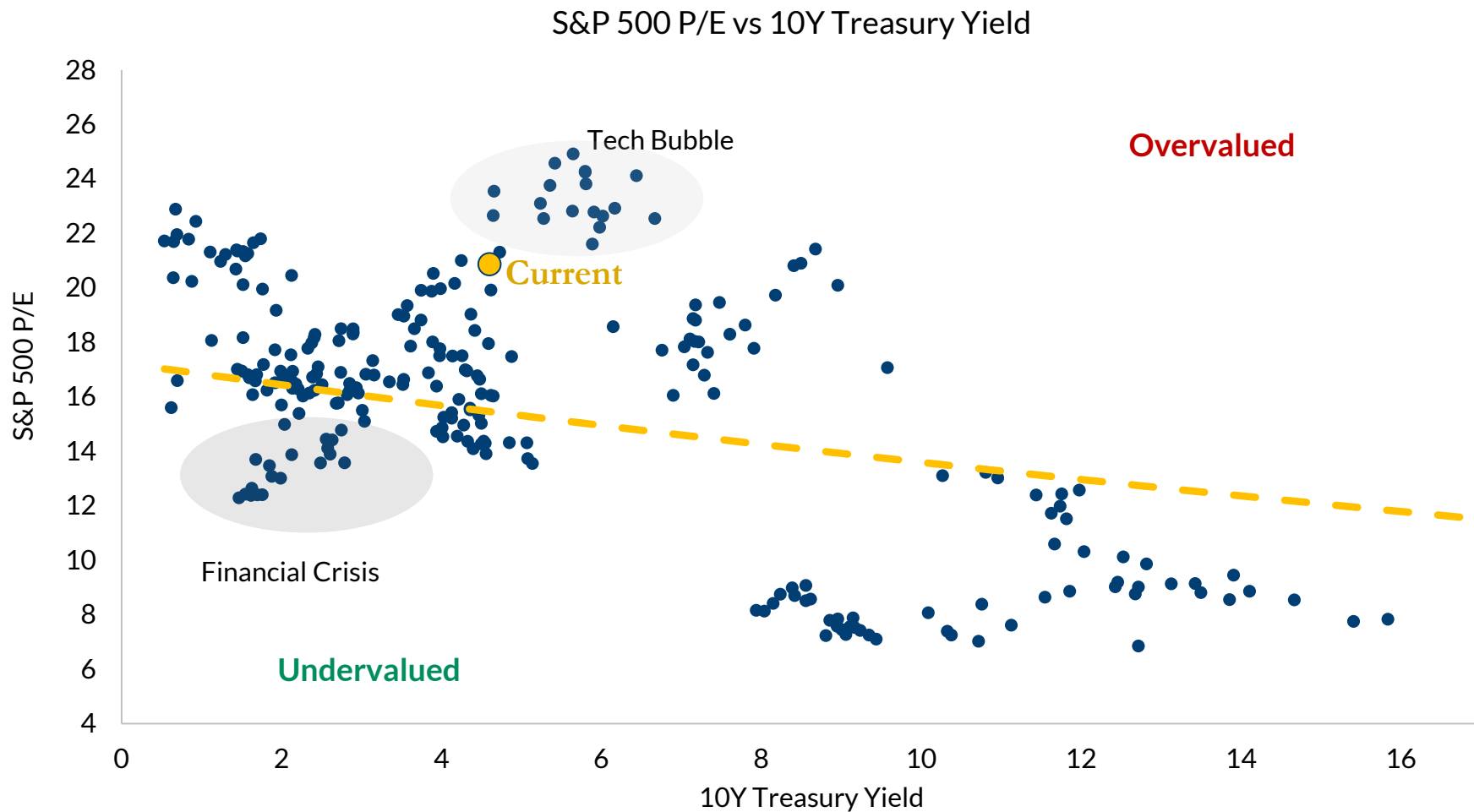


Source: Bloomberg, CNR Research. As of 2/29/2024.
Information is subject to change and is not a guarantee of future results.



Interest Rates & Equity Valuations

- Current market valuations are elevated from a historical perspective.
- Higher interest rates may pose a challenge for stocks.
- Earnings growth will be critical to justify higher valuations.



Sources: FactSet, as of April 2024.

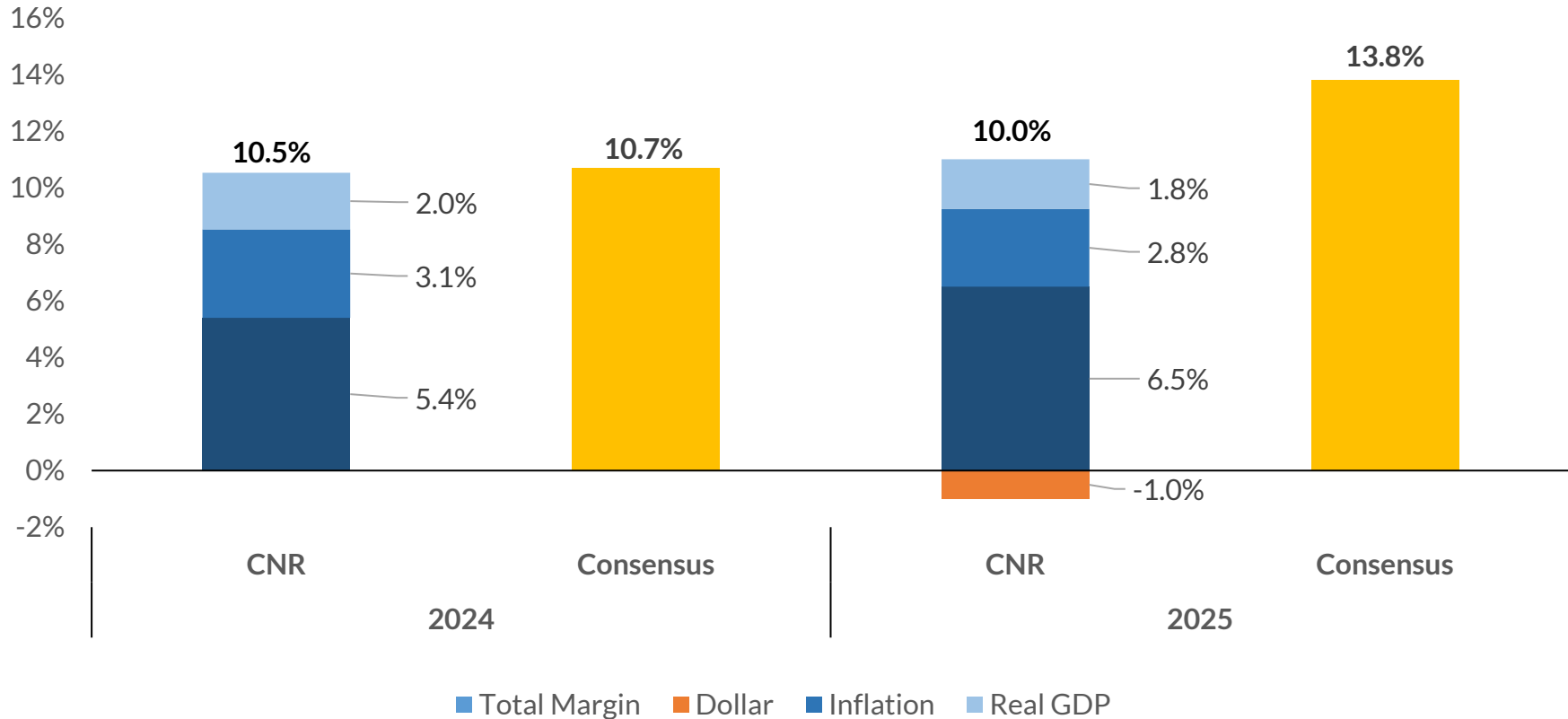
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Strong Recovery in Earnings Growth Expected

- Improved confidence in the outlook is increasing earnings visibility.
- Consensus forecasts for 2024 appear reasonable but the bar has been set high.
- Expecting strong but below consensus growth in 2025 given likely dollar headwinds.

S&P 500 Earnings Growth Forecasts



Sources: FactSet, CNR Research as of April 2024.

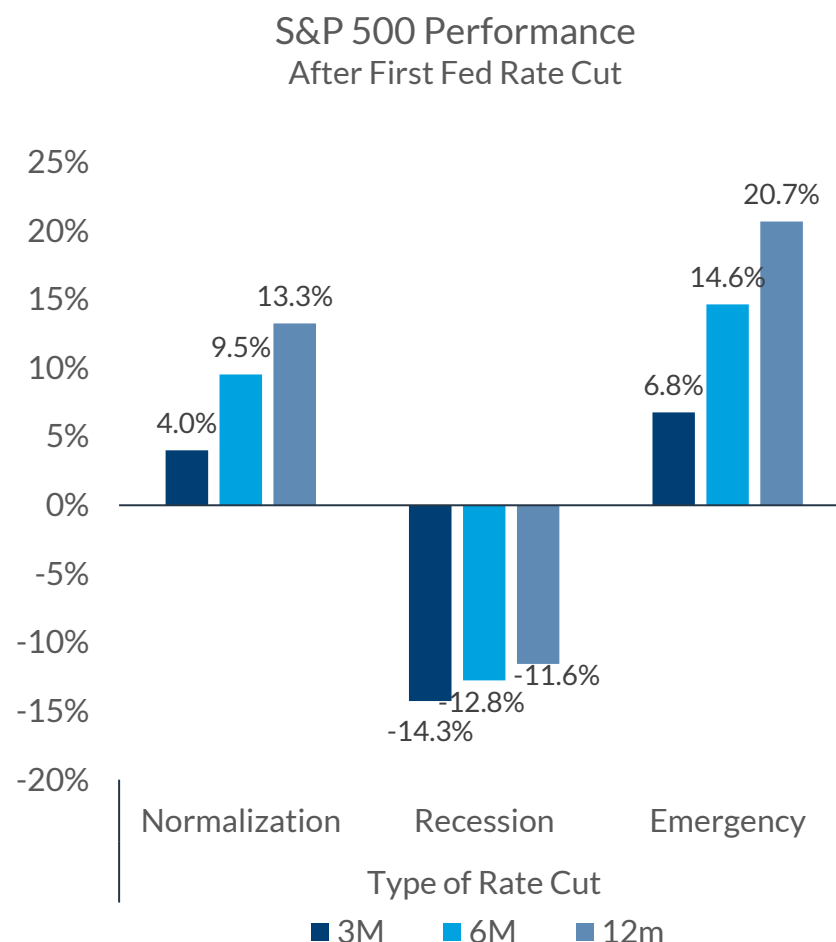
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The Stock Market and Fed Rate Cuts

- Stock market performance has historically been influenced by the purpose of Fed rate rates.
- When the Fed is cutting to normalize rates, rather than for recessionary concerns, stocks tend to do well.

Date of First Cut	Type of Fed Rate Cut	S&P 500 Return		
		3M	6M	12m
9/27/1984	Normalization	-0.7%	7.5%	8.6%
10/22/1987	Emergency	-0.7%	4.8%	13.9%
6/5/1989	Normalization	9.8%	8.9%	14.1%
7/13/1990	Recession	-19.8%	-14.2%	3.5%
7/6/1995	Normalization	5.0%	11.5%	21.4%
9/29/1998	Emergency	18.4%	22.6%	20.9%
1/3/2001	Recession	-18.1%	-9.5%	-14.3%
9/18/2007	Recession	-4.9%	-14.6%	-23.9%
7/31/2019	Normalization	1.9%	10.2%	8.9%
3/3/2020	Emergency	2.6%	16.5%	27.2%
Average		-0.7%	4.4%	8.0%

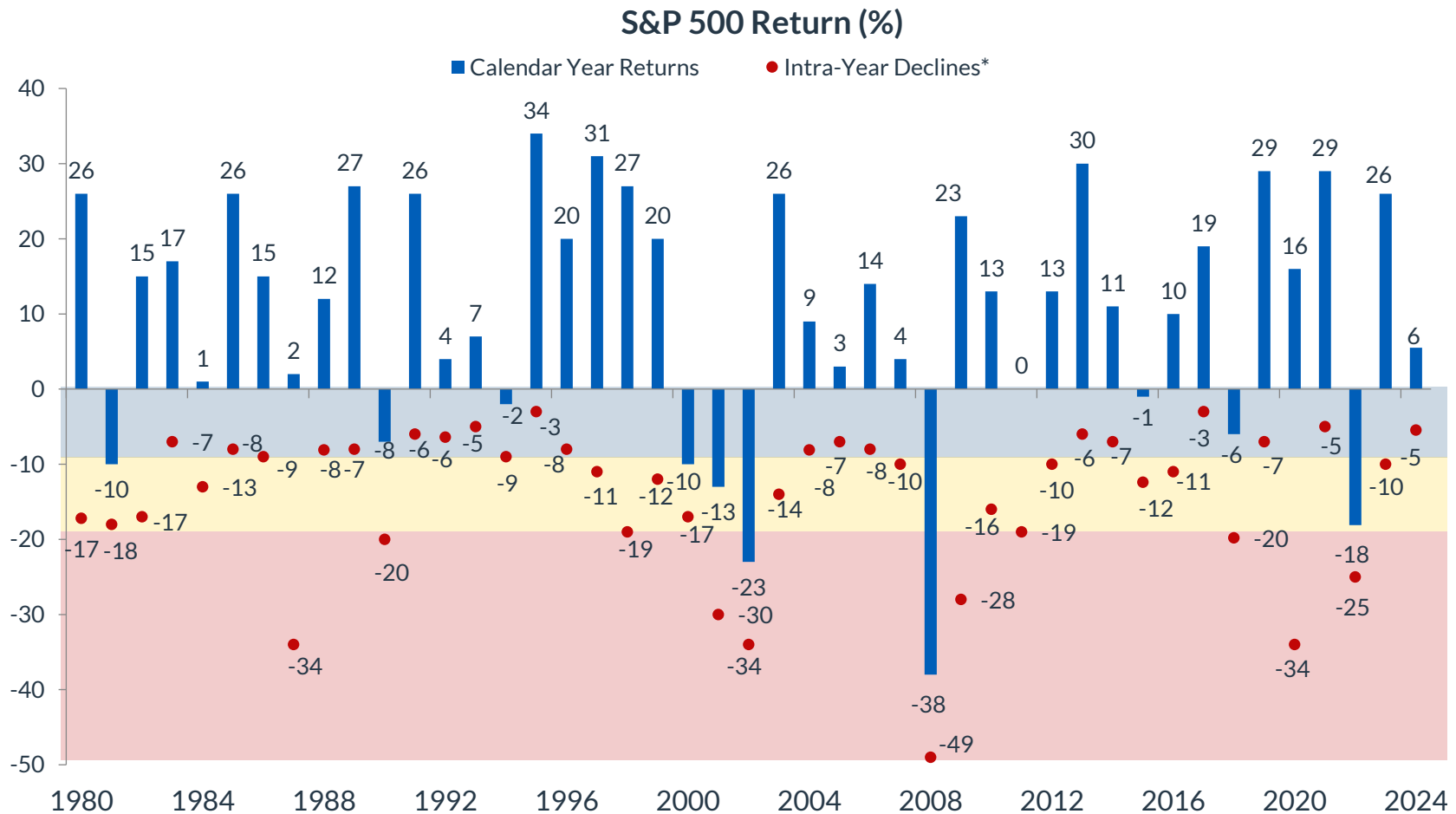


Emergency Cuts = Black Monday (1987), Russian Ruble/LTCM Crisis (1998), Covid (2020)
 Source: FactSet, St. Louis Fed. Information is subject to change and is not a guarantee of future results.



Short-Term Volatility Is Normal

- Corrections are a normal part of market movements.
- The breadth and depth of this pullback are likely to add more time to an ultimate recovery.



Sources: Bloomberg, CNR Research, as of April 23, 2024.

*Intra-year declines are the largest declines within the calendar year.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

Past performance is no guarantee of future results.



Q&A



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.

The Bloomberg Barclays U.S. Corporate High Yield Index is an unmanaged, U.S.-dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million.

Bloomberg US 1-15 Yr. Municipal Bond Index consists of a broad selection of investment grade general obligation and revenue bonds of maturities ranging from one year to 17 years.

Bloomberg Tax-Exempt HY is market value-weighted and designed to measure the performance of U.S. dollar-denominated high-yield municipal bonds issued by U.S. states, the District of Columbia, U.S. territories and local governments or agencies.

Morningstar LSTA US Leveraged Loan Index is designed to measure the performance of the 100 largest facilities in the US leveraged loan market.

Palmer Square CLO BB Index is a rules-based observable pricing and total return index for CLO debt sold in the United States, rated A, BBB or BB (or equivalent rating), i.e. mezzanine CLO debt.

High Yield (HY) Municipal Bond Index: The Bloomberg Municipal High Yield Bond Index measures the performance of non-investment grade, US dollar-denominated, and non-rated, tax-exempt bonds.

MSCI EAFE Index. The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization weighted index that is designed to measure developed equity market results, excluding the US and Canada.

The MSCI EM Asia Index is a stock market index that tracks the performance of large and mid cap companies in eight emerging Asian countries. The index is a subset of the MSCI Emerging Markets Index, which covers 25 countries with fast-growing economies

Bloomberg US 6M Treasury Bill Index: The 6 Month Treasury Bill Rate is the yield received for investing in a US government issued treasury bill that has a maturity of 6 months.

The Bloomberg Barclays US Intermediate Corporate Bond Index is a measure of the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers that have between 1 and up to, but not including, 10 years to maturity. The maturity range of the bonds included in the index is between 1 to 9.9999 years.

Bloomberg Tax-Exempt HY is market value-weighted and designed to measure the performance of U.S. dollar-denominated high-yield municipal bonds issued by U.S. states, the District of Columbia, U.S. territories and local governments or agencies.

The Bloomberg US Municipal Bond Index measures the performance of investment grade, US dollar-denominated, long-term tax-exempt bonds.

The Bloomberg Barclays US Corporate High Yield Bond Index is a measure of the USD-denominated, high yield, fixed-rate corporate bond market.

The Bloomberg US Aggregate Bond Index measures the performance of investment grade, US dollar-denominated, fixed-rate taxable bonds.

Bloomberg US 1-15 Yr. Municipal Bond Index consists of a broad selection of investment grade general obligation and revenue bonds of maturities ranging from one year to 17 years.

The Dow Jones U.S. Select Dividend Index aims to represent the U.S.'s leading stocks by dividend yield.



Definitions

6M T-Bills: The 6 Month Treasury Bill Rate is the yield received for investing in a US government issued treasury bill that has a maturity of 6 months.

Employment Index: U.S. jobs with the exception of farmwork; unincorporated self-employment; and employment by private households, the military, and intelligence agencies.

A consumer price index (CPI) measures changes in the price level of a market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

A collateralized loan obligation (CLO) is a single security backed by a pool of debt.

A leveraged loan is a type of loan that is extended to companies or individuals that already have considerable amounts of debt or poor credit history.

A high-yield bond, or junk bond, is a corporate bond that represents debt issued by a firm with the promise to pay interest and return the principal at maturity. Junk bonds are issued by companies with poorer credit quality.

Muni Bond: A municipal bond is a debt security issued by a state, municipality or county to finance its capital expenditures, including the construction of highways, bridges or schools. These bonds can be thought of as loans that investors make to local governments.

Liquidity Management: The liquidity index calculates the days required to convert a company's trade receivables and inventory into cash.

Investment Grade Municipal Bonds: Investment-grade municipal bonds are debt securities, issued by state and local governments carrying the lowest credit risk that a bond issuer may default. Investment Grade Municipal Bonds: Bloomberg Municipal Bond Inter-Short 1-10 Year Total Return Index.

Investment Grade Corporate Bonds: Investment grade corporate bonds are low-risk bonds. Because they are bonds, they are not tied to equity. Instead, they are like debt notes issued by a corporation. Investment Grade Corporate Bonds: Bloomberg Intermediate Corporate Bond Index.

The “core” Personal Consumption Expenditures (PCE) price index is defined as prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation.

Municipal bonds (or “munis”) are a fixture among income-investing portfolios. Investors who want higher returns can invest in high yield municipal bonds.

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

Yield to Worst (YTW) is the lower of the yield to maturity or the yield to call. It is essentially the lowest potential rate of return for a bond, excluding delinquency or default.

CNR Speedometers® are indicators that reflect forecasts of a 6 to 9 month time horizon. The colors of each indicator, as well as the direction of the arrows represent our positive/negative/neutral view for each indicator. Thus, arrows directed towards the (+) sign represents a positive view which in turn makes it green. Arrows directed towards the (-) sign represents a negative view which in turn makes it red. Arrows that land in the middle of the indicator, in line with the (0), represents a neutral view which in turn makes it yellow. All of these indicators combined affect City National Rochdale's overall outlook of the economy.

The 4P analysis is a proprietary framework for global equity allocation. Country rankings are derived from a subjective metrics system that combines the economic data for such countries with other factors including fiscal policies, demographics, innovative growth and corporate growth. These rankings are subjective and may be derived from data that contain inherent limitations. MSCI Emerging Markets Asia Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Asian emerging markets.

Quality ranking: City National Rochdale Proprietary Quality Ranking is the weighted average sum of securities held in the strategy versus the S&P 500 at the sector level using the below footnoted formula. City National Rochdale Proprietary Quality Ranking formula: 40% Dupont Quality (return on equity adjusted by debt levels), 15% Earnings Stability (volatility of earnings), 15% Revenue Stability (volatility of revenue), 15% Cash Earnings Quality (cash flow vs. net income of company) 15% Balance Sheet Quality (fundamental strength of balance sheet).



Important Information

The views expressed represent the opinions of City National Rochdale, LLC (CNR) which are subject to change and are not intended as a forecast or guarantee of future results. Stated information is provided for informational purposes only, and should not be perceived as personalized investment, financial, legal or tax advice or a recommendation for any security. It is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness. While CNR believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and management's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions which may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements.

All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met, and investors may lose money. Diversification may not protect against market risk or loss. Past performance is no guarantee of future performance.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

CNR is free from any political affiliation and does not support any political party or group over another.

Bonds are subject to interest rate risks and will decline in value as interest rates rise.

HY: Investing in securities that are not investment grade offers a higher yield but also carries a greater degree of risk of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments.

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.

Fixed Income investing strategies & products. There are inherent risks with fixed income investing. These risks include, but are not limited to, interest rate, call, credit, market, inflation, government policy, liquidity or junk bond risks. When interest rates rise, bond prices fall. This risk is heightened with investments in longer-duration fixed income securities and during periods when prevailing interest rates are low or negative.

High yield securities. Investments in below-investment-grade debt securities, which are usually called "high yield" or "junk bonds," are typically in weaker financial health. Such securities can be harder to value and sell, and their prices can be more volatile than more highly rated securities. While these securities generally have higher rates of interest, they also involve greater risk of default than do securities of a higher-quality rating.

Municipal securities. The yields and market values of municipal securities may be more affected by changes in tax rates and policies than similar income-bearing taxable securities. Certain investors' incomes may be subject to the Federal Alternative Minimum Tax (AMT), and taxable gains are also possible. Investments in the municipal securities of a particular state or territory may be subject to the risk that changes in the economic conditions of that state or territory will negatively impact performance. These events may include severe financial difficulties and continued budget deficits, economic or political policy changes, tax base erosion, state constitutional limits on tax increases and changes in the credit ratings.





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