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CITY NATIONAL ROCHDALE
AN RBC/CITY NATIONAL COMPANY

January 2024

ECONOMIC & INVESTMENT MANAGEMENT PERSPECTIVES

QUARTERLY UPDATE

Market Update: Capitalizing on U.S. Exceptionalism

Tom Galvin
Chief Investment Officer

Defying most predictions, 2023 marked the return of investor optimism and surprising economic strength. Only a year ago, a full 98% of U.S. CEOs were preparing for recession in the next 12 to 18 months.*

Following that came a regional banking crisis, government debt ceiling drama and persistent geopolitical turmoil. If not for a surge in a handful of tech companies linked to artificial intelligence, the S&P 500 might have spent much of the first half of the year in the red. Yet through it all, U.S. economic growth continued to prove resilient, and a late-year rally supported by unexpectedly dovish shift in tone from the Federal Reserve (Fed) ultimately resulted in a banner year for both stocks and bonds.

Our expectations of recession resulted in us maintaining a moderately defensive positioning. However, from a broader perspective, we got many things right last year, including our higher for longer outlook on Fed interest rates; a recovery in the 60/40 portfolio after two historically negative years; and, perhaps most importantly, our conviction that U.S. equities would continue to outperform their international peers.

A core tenet of our investment philosophy, as laid out in CNR's proprietary 4Ps framework, has been our approach to global asset

* The Conference Board Measure of CEO Confidence, as of Q4 2022.

allocation, which has consistently recognized what, we believe, are the benefits for investors of focusing on U.S. exceptionalism. Indeed, many of the abiding structural strengths of the U.S. economy — fiscal responsiveness, labor flexibility and innovative capacity — go a long way toward explaining why the U.S. has navigated the pandemic better than nearly all other countries.

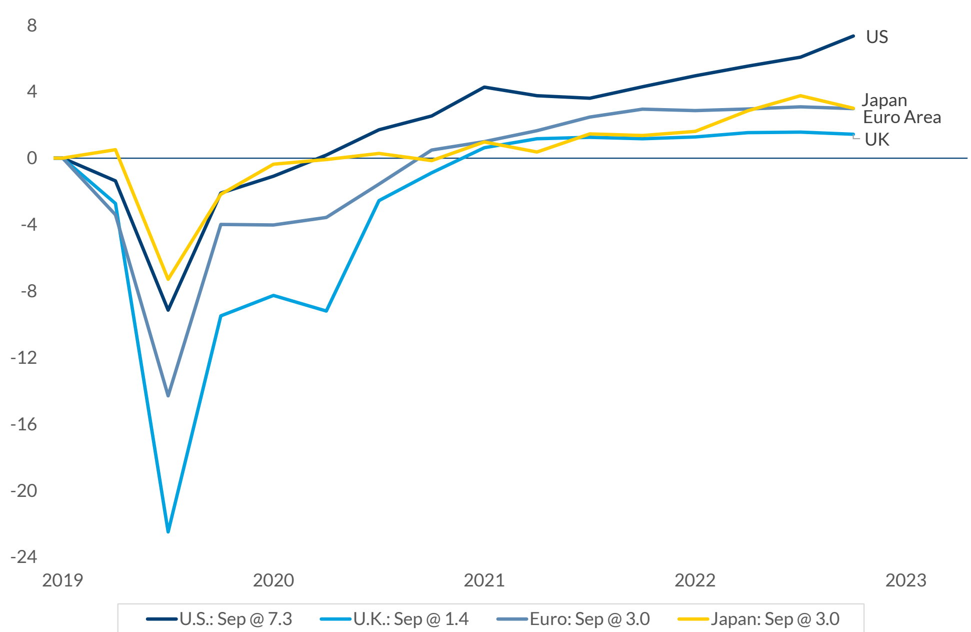
With Europe teetering on recession as we enter 2024, and China slowing to its weakest non-COVID-19 growth rate in over three decades, prospects for the U.S. economy continue to appear more promising by comparison, and our probability of a mild recession has fallen close to the consensus 50%. Although some sort of period of economic weakness in the first half of the year still seems likely, cooling inflationary pressures are paving the way for a less restrictive Fed policy, which, along with ongoing consumer resilience, should help set the stage for a reacceleration in growth in the second half of the year.

Such an outlook is supportive for continued positive, albeit more modest, U.S. stock and bond returns in the year ahead. However, for markets, the over-pessimism that categorized expectations for 2023 has turned to an over-optimism for 2024. Since last fall, investors have shown a one-track mind, anticipating a perfect combination of falling inflation, solid economic growth and sustained corporate margins, all supported by as many as five Fed interest rate cuts, beginning as soon as March.

That seems too aggressive to us, and we continue to expect a more modest two to three cuts beginning sometime around midyear. Despite considerable progress, the stickiness of service prices, remaining labor market imbalances and geopolitical developments all pose threats that could stall the disinflationary process underway, and we suspect Fed officials will stay on hold until there is more compelling evidence that inflation remains on a sustained downward path toward 2%.

Chart 1: Gross Domestic Product (GDP)

%, indexed to “0.0” on Dec. 31, 2019



Source: Bloomberg, as of December 2023.

Past performance is no guarantee of future results.

For investors, the problem with one-track minds is that they are easy to derail. This argues for a cautious and opportunistic approach to increasing risk exposure, as we gain clarity on the direction of economic growth, corporate profits and interest rates. As we saw in February and September of last year, markets priced for perfection can be vulnerable when changing macro conditions force recalibration of expectations around the timing of Fed policy changes.

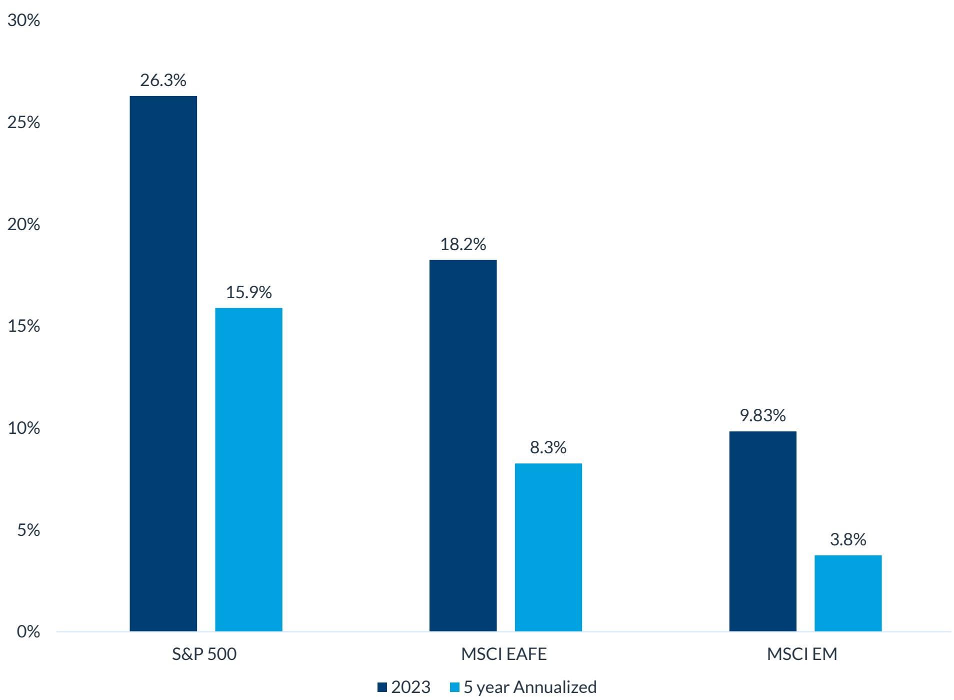
If 2023 reminded us of anything, it is how difficult it can be to predict the path of markets that can shift quickly over the short term. Our job, as we see it, is managing risks and working to ensure clients meet their financial goals. From that perspective, 2023 was a successful year for clients. We expect more of the same in 2024 and will continue our investment strategy of focusing on high-quality U.S. bonds and stocks. But we will also maintain our disciplined approach to investing, eyeing potential pullbacks over the coming months for better opportunities to diversify client portfolios into the lagging segments of the equity market like Mid small cap stocks and to extend duration in fixed income allocations ahead of the coming Fed easing cycle.

KEY POINTS

- Risks to U.S. outlook diminishing, mild recession risk down to 50%.
- Prospects for 2024 stock and bond returns positive, but remain vulnerable to near-term correction.
- Expecting U.S. financial markets to continue to outperform global counterparts.

Chart 2: Index Performance

As of 12/31/23



Source: FactSet, as of December 31, 2023.

Indices are unmanaged, and one cannot invest directly in an index. IPast performance is not a guarantee of future results.

Core Equity: Secular Themes — More Than Meets the Eye

Tom Galvin
Chief Investment Officer

Amy Chen, CFA
Director, Senior Equity Analyst

For over a decade, we have used a thematic investing approach based on our belief that wealth creation is best achieved by focusing on secular themes — mega trends, if you will — that have the potential to grow at a faster pace than the economy.

We then seek to identify companies selling at reasonable valuations that are best positioned to capitalize on these trends, and we seek to hold these stocks for many years. One of those key themes has been the digital revolution. At first glance, our flagship Core Equity strategy has been modestly underweight in the technology sector compared to the S&P 500, which might give one the impression that we do not like tech stocks, when just the opposite is true.

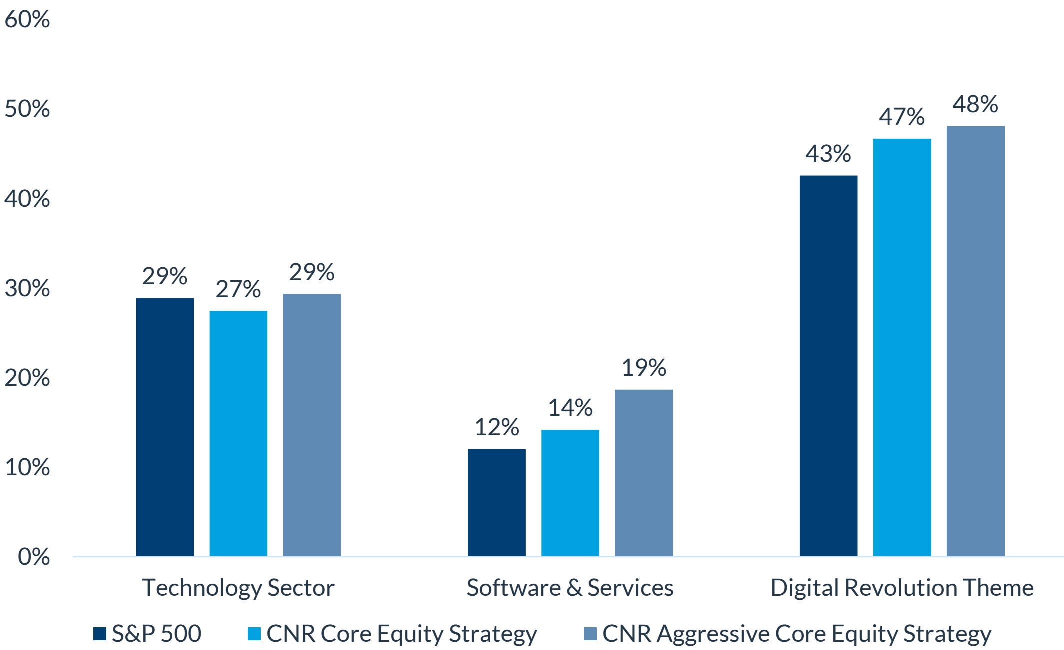
KEY POINTS

- Digital revolution remains a key secular theme.
- Focus includes non-tech specific industry beneficiaries of digital revolution.

In line with our digital revolution theme, software and services remain our favorite industry group. Companies in this industry provide key enabling technology for corporations and consumers, such as ecommerce, cloud computing and digital payments, and we expect artificial intelligence will serve as application enhancers for the companies that have the financial resources, scale and breadth to invest for the long term. As these companies invest to gain a competitive advantage, the demand for advanced semiconductors should also be robust over the next several years. During the course of 2023, we broadened our exposure to companies best positioned, in our view, to capitalize on this trend.

There are ways to capitalize on digital revolution trends in non-tech-specific industries as well, through what we call derivative plays. For instance, when major software and service companies increase their spending, it leads to a higher demand for advanced graphics processing unit (GPU) chips. This, in turn, increases the demand for semiconductor plants, which leads to an increased demand for air purification systems sold by industrial companies. The energy consumed by these air purification systems to build the chips adds to the demand for electricity by data center providers, which could be classified in the REIT sector, creating opportunities for industrial companies that can upgrade the power grid. We deploy this process of portfolio construction to add digital revolution exposure, not only in our flagship Core Equity Strategy but also in our Aggressive Core Equity strategy, where we own additional companies that, we believe, have more aggressive growth outlooks.

Chart 1: Index vs. Strategy Weights



Source: FactSet, as of December 29, 2023.

Information is subject to change and is not a guarantee of future results. Indices are unmanaged, and one cannot invest directly in an index.

Equity Income: Positioned for a Pause

David Shapiro
Senior Portfolio Manager, Equity Income

Tony Hu, CFA, FRM
Senior Portfolio Manager, Equity Income

The sharp market rally that closed out 2023 resulted from economic data and Fed rhetoric that moved forward expectations for the timing of the Fed beginning to cut interest rates. This anticipation led to a steep decline in interest rates up and down the curve.

KEY POINTS

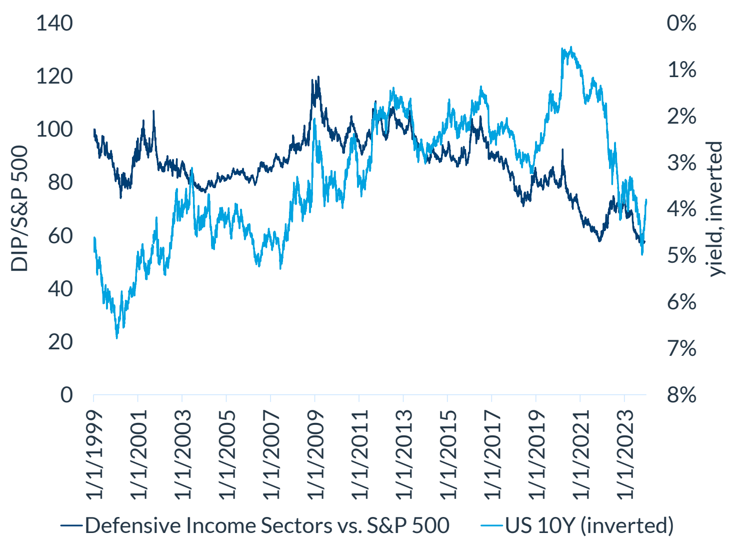
- Important dividend sectors historically outperform when interest rates decline.
- Key sectors, like Utilities, Staples and Telecom, are trading at levels near historic lows.
- As with its key sectors, we see dividend stocks as attractively valued.

For dividend stocks, even the pause before a cutting cycle represents the alleviation of a headwind (rising rates) ahead of a potential transition to a tailwind (declining rates). And if we look a little beneath the hood, examining some key sectors, we can see that what is true for the dividend universe as a whole (e.g., attractive relative valuation, outsized near-term performance gaps) is true for important components as well.

Utilities, Staples, and Telecom stocks, which are among the most income-oriented and defensive, account for about 40% of our dividend universe. They are quite important to how our universe performs, if not determinative. And as Chart 1 shows, their historic relative performance vs. the broader market tends to trade inversely with the direction of 10-year rates. During the peak-to-trough in periods when rates have been rising, the median relative drawdown was -17%. Conversely, **when rates have stopped rising, and when they are on a path to decline, median outperformance was of a similar magnitude.**

Rates are not all that is in play in relative performance. But they do have a meaningful impact.

Chart 1: Defensive Income Sectors/S&P 500 vs. US 10Y Yield (inverted)



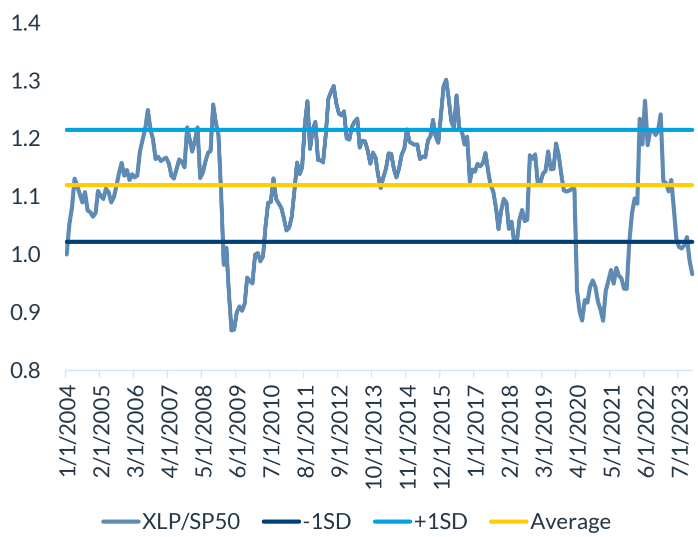
Source: FactSet, as of 12/31/23.

Past performance is no guarantee of future results. Indices are unmanaged, and one cannot invest directly in an index

Likewise, we have previously explored **the valuation gaps between dividend stocks and the broader market, which remain near multi-decade highs.** Charts 2 and 3 show that the defensive income sectors we have been discussing are trading at relative valuations near the bottom of their long-term ranges — at levels from which we have previously seen strong bouncebacks.

Whether the economy has a soft landing, or even enters recession, is an unknown, but **we believe that the dividend universe is well positioned for the balance of factors that we are watching in 2024.**

Chart 2: Fwd P/E — Staples vs. S&P 500



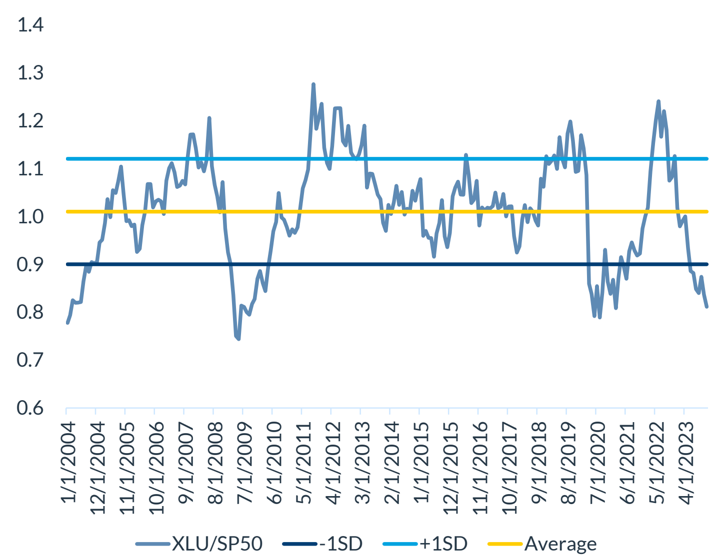
Source: FactSet, 12/31/23.

For illustrative purposes only. Securities shown are not to be viewed as investment recommendations.

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

Consumer Staples Select Sector SPDR ETF Fund — The Fund is an exchange-traded fund (ETF) that trades on the US Stock exchange and seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the Consumer Staples Select Sector Index. The Fund has a gross expense ratio of .10%.

Chart 3: Fwd P/E — Utilities vs. S&P 500



Source: FactSet, 12/31/23.

Information is subject to change and is not a guarantee of future results.

Utilities Select Sector SPDR ETF Fund —The Fund is an ETF that trades on the US Stock exchange and seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the Utilities Select Sector Index. The Fund has a gross expense ratio of .10%.

Taxable Strategies: A Record Quarter as Rates Stabilize

Charles Luke, CFA
Managing Director, Co-Director, Fixed Income

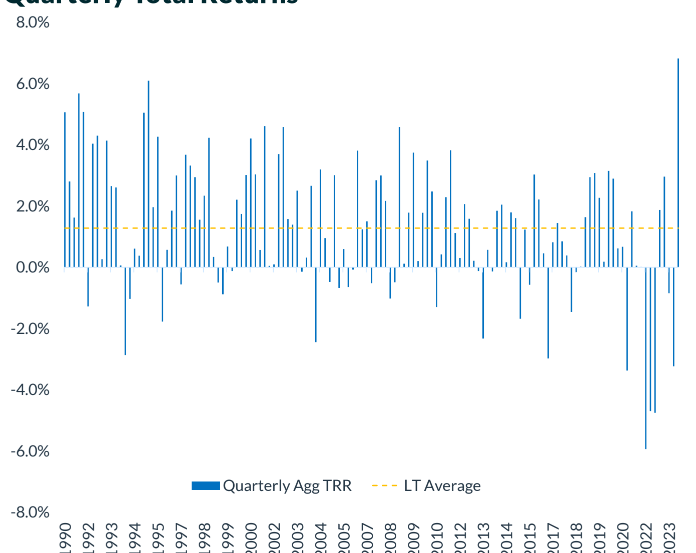
The fourth quarter of 2023 marked a decisive shift in sentiment toward interest rates. **The U.S. 10-Year Treasury Note[1] climbed 0.5%, peaking at 5.0%, and abruptly fell by 1.2%, creating one of the best periods of performance for fixed income markets in history.**

The Bloomberg Aggregate Bond Index[2] climbed 5.5% over the full quarter but increased 8.0% from the rate peak on October 19 through the end of the year. Bloomberg indices for U.S. High Yield, Leveraged Loans and Emerging Market High Yield also climbed substantially during the quarter, up 6.0%, 3.1% and 5.5%, respectively.[3]

KEY POINTS

- The drop in yields generated one of the best periods on record for fixed income performance.
- As rates stabilize, markets with longer maturities and higher yields may outperform.
- Higher rates are likely to have an impact on borrower balance sheets toward the end of 2024.

Chart 1: Bloomberg US Aggregate Fixed Income Index Quarterly Total Returns



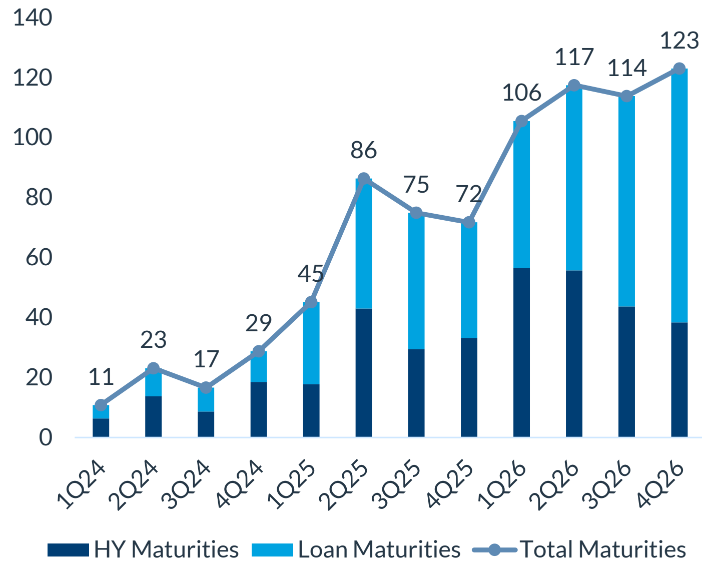
Sources: Bloomberg; CNR Research, as of December 31, 2023. Indexes are unmanaged and do not reflect a deduction for fees or expenses. Investors cannot invest directly in an index. Past performance is no guarantee of future results.

Areas with floating rate exposure, such as Leveraged Lending and Collateralized Loan Obligations, lagged other markets with longer maturities.[4] However, returns remained positive. Given increased interest in private debt markets and the popularity of floating rate instruments, **more traditional assets with fixed rates may perform better as rates stabilize.**

Fed policy will remain the most important input on interest rates and returns, especially with respect to high yield. The consensus probability for a recession has fallen in 2024,[5] and inflation appears to be on a sustained downward trajectory.[6] Investors are more heavily positioned for a soft landing. Interest rates in this scenario will continue to fall. However, if the soft landing doesn't materialize, **higher interest rates relative to the era of zero interest rate policy may begin to erode credit quality.**

We are surprised that higher interest rates have not hurt profitability, which would result in decreased interest coverage and an increase in leverage ratios. Ultimately, the one factor keeping the high yield market on track is below-market fixed rates[7] as well as little need to refinance obligations in the current market.[8] This situation appears poised to last until the end of 2024, when debt maturities begin to rise. Nonetheless, at that point, **borrowers will have had plenty of time to position for the impact of higher debt costs and we expect the level of defaults to stay below historical averages of previous credit cycles.**

Chart 2: Quarterly HY Bond/Loan Maturities



Sources: J.P. Morgan; S&P/IHS Markit, as of October 10, 2023.

Information is subject to change and is not a guarantee of future results.

U.S. High Yield Bonds: Bloomberg: LF98YW Index: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded. "YW" is the ticker to pull the yield-to-worst on the index.

U.S. High Yield Loans: Bloomberg: LF98TRUU Index: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded. This is the total return index level.

[1] U.S. 10-Year Treasury, Source: Bloomberg, Ticker: GT10 Govt, Closing Levels

[2] Bloomberg U.S. Aggregate Bond Index, Source: Bloomberg, Ticker: LBUSTRUU

[3] Bloomberg High Yield Corporate Bond Index, Source: Bloomberg, Ticker: LF98TRUU, Leveraged Loans: Morningstar LSTA Leveraged Loan Index, Source: Bloomberg, Ticker: SPBDAL, Emerging Market High Yield: ICE BofA High Yield U.S. Emerging Markets Liquid Corporate Plus Index, Source: Bloomberg, Ticker: EMHY

[4] Morningstar LSTA Leveraged Loan Index (see footnote 3) average duration of 0.25 years vs. Bloomberg U.S. Aggregate Bond Index (see footnote 3) average duration of 6.25 years, Source: Bloomberg, Tickers: Refer to footnote 3.

[5] United States Recession Probability Forecast, Source: Bloomberg, Ticker: ECRPUS 1Y

[6] U.S. Personal Consumption Expenditure Core Price Index YoY, Source: Bloomberg, Ticker: PCE CYOY

[7] Bloomberg High Yield Corporate Bond Index coupon field, Source: Bloomberg, Ticker: LF98TRUU, Field: CPN

[8] JP Morgan Bonds and Loans Maturities

Past performance is no guarantee of future results.

Index performance is provided as a benchmark. It is not illustrative of any particular investment. Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

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Tax-Exempt Strategies: Municipals Finish Strong Despite Market Volatility

Michael Taila
Managing Director, Co-Director, Fixed Income

William D. Black, CFA
Managing Director, Senior Portfolio Manager

Investment-grade (IG) and high-yield municipal (HYM) bonds capped off an otherwise interesting year of performance fluctuations and policy uncertainty to cross the finish line with fanfare. A rate rally during the year's final two months that saw municipal yields decline by about 100 basis points (bps) propelled quarterly and annual performance comfortably into positive territory, with longer-duration bonds nearly touching double-digit returns.

IG and HYM bonds closed the books with 6.4% and 9.2% gains, respectively, per Bloomberg, besting U.S. treasuries, which delivered 4.05%. Across fixed income assets, municipals, on a tax-adjusted basis, were one of the best performers of the year. The sharp reversal of fortunes for municipals in 2023 was a welcome reward following disappointment in 2022. As we look ahead, municipal investors should continue to benefit from the current momentum but cannot rule out the occasional "breather" in price support. **Fed actions will garner attention as the market broadly anticipates potential rate cuts during 2H2024. At the same time, the impact on municipal bonds should result in sufficient investor demand and positive, albeit somewhat muted, returns this year.**

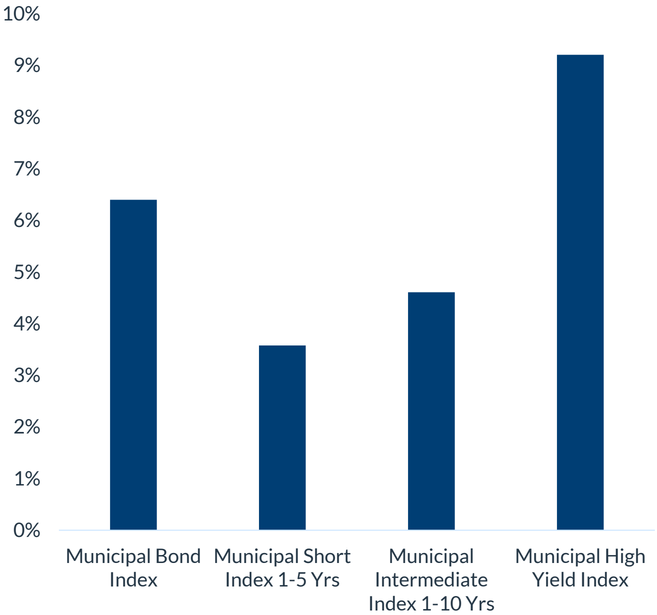
Concerning the value opportunity of municipal bonds, although the market experienced an appreciable

Chart 1: Absolute Yields of Municipal Bond Indices Remain Attractive

Source: Bloomberg, as of December 29, 2023.
Indexes are unmanaged and do not reflect a deduction for fees or expenses. Investors cannot invest directly in an index. Information is subject to change and is not a guarantee of future results.

decline in yields recently, their absolute levels remain at multiyear highs, continuing to offer long-term investors an entry point to capture attractive tax-efficient income. According to Bloomberg, taxable-equivalent yields on the IG and HYM indices were 5.4% and 9.4%, respectively, as of year-end. The relative strength of municipal cash flows should be compelling for investors, as the benefits of coupon accrual over time typically account for a higher proportionate share of total return (i.e., compounding of income), thus providing a cushion against price volatility and/or implications of an economic slowdown or perhaps even recession. Accompanying absolute yields is the shape of the municipal curve, with the slope between 10- and 30-year bonds at about 115 bps (as of year-end), the steepest since 2014. **With valuations fully priced on earlier maturities, potential outperformance could be earned by selectively investing in intermediate-long bonds that may further benefit from easing Fed policy.** In the coming months, as municipal market-specific considerations come into focus, coupled with economic conditions, geopolitics, and monetary policy, curve placement will become increasingly important for investors to potentially generate portfolio alpha.

Chart 2: Various 2023 Municipal Index Returns



Source: Bloomberg, as of December 29, 2023. All indices used in the chart above are Bloomberg.
Past performance or performance based upon assumptions is no guarantee of future results.

Indexes are unmanaged and do not reflect a deduction for fees or expenses. Investors cannot invest directly in an index.

Information is subject to change and is not a guarantee of future results.

The technical landscape has been mixed throughout 2023 as municipal bond fund outflows persisted most of the year, while gross supply declined slightly (about 3% year over year). In the year ahead, a more consistent pattern of inflows into municipal bond funds could be accretive to asset class performance as clarity surrounding Fed policy becomes evident. Moreover, issuance likely ticks higher as lower rates improve deal volume. However, prudent municipal budgeting and evolving election dynamics could temper the willingness of issuers to access the market. **We expect credit risk to remain manageable as most sector issuers have either met or exceeded their pre-pandemic operations while strengthening their balance sheets.** The wide margin of rating agency upgrades-to-downgrades is expected to normalize as the economy decelerates, but the ratio should remain positive. While borrowers in many high-yield sectors exhibit stability, pressure on certain healthcare and higher education enterprises continues. We expect resilient municipal bond credit quality this year, and we will continue to monitor budget management strategies as the cycle shifts.

KEY POINTS

- Absolute yields still offer value to long-term investors.
- Curve positioning should drive near-term performance potential.
- Fundamentals remain intact, with mostly stable sector outlooks.

The Fed: Deflation Continues, but It Will Be a Bumpy Ride

Paul Single

Managing Director, Senior Economist,
Senior Portfolio Manager

The policymakers at the Federal Reserve Bank are in a very difficult position. The important debate at the Fed centers on how long it will take for inflation to get to a level they are comfortable with so that they can begin to lower short-term interest rates.

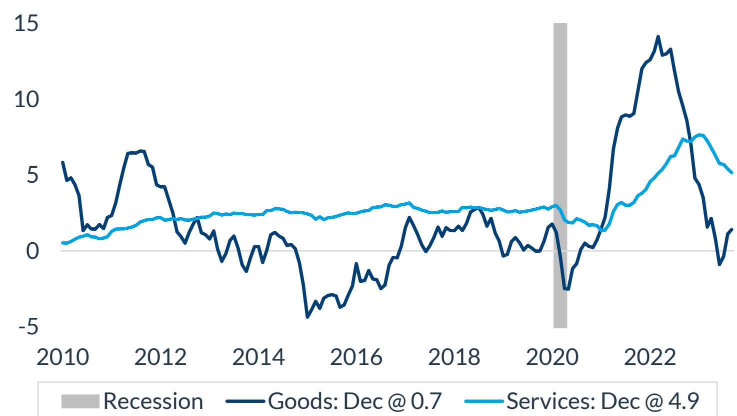
Those rates are too high to sustain economic growth over the long run. So, the timing of this interest rate cut is a challenging task. Cut too early and inflation may pick back up; cut too late and economic growth may slow more than desired.

The Fed has completed about 80% of its goal: Inflation, as measured by the Consumer Price Index, has fallen from a recent peak of 9.1% in June 2022 to the 3.4% in the recent reading from December 2023. Their goal is a sustainable rate of 2.0%. Economic goals are the same as many other goals in life — the last mile is always the hardest.

Inflationary pressures have fallen mainly due to the "goods" portion. In the past year, goods inflation has increased by just 0.7%, which is a big change from the pandemic days when the yearly change hit a peak of 14.1%. Back then, there was strong demand for household items such as big-screen TVs, furniture and exercise equipment. Demand was limited due to COVID-19-related cutbacks in production and snarled transportation logistics. There is now a balance of supply and demand for goods, and that has brought the prices movement back near the level it was before the pandemic (Chart 1).

Chart 1: CPI: Goods and Services

% change, year-over-year, seasonally adjusted



Source: Bureau of Labor Statistics, as of December 2023.

Information is subject to change and is not a guarantee of future results.

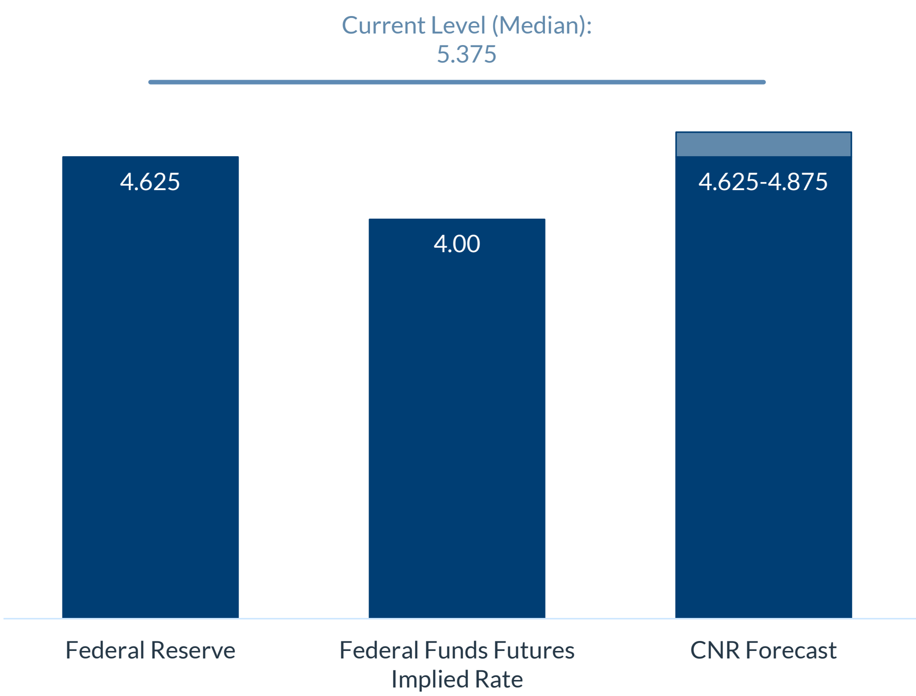
"Service" inflation is much stickier — prices do not fall as quickly when demand tapers off. Service inflation is controlled mostly by housing costs and services that tend to be labor intensive. Housing costs and wage gains are not falling quickly, so service inflation remains elevated.

This has many of the Fed's policymakers revealing that they are in no hurry to lower interest rates. They plan to maintain a restrictive policy stance until inflation is moving down sustainably toward 2.0%. We expect that will not happen until the second half of this year. We expect two to three cuts of 25 basis points this year, which is close to what the Fed plans, but not nearly as severe as current market expectations, which plan on five cuts (Chart 2).

KEY POINTS

- Inflation is falling and getting close to the Fed's target of 2%.
- Getting from roughly 3% to 2% inflation is the hardest part of the inflation battle.
- The Fed plans on maintaining restrictive monetary policy until they are assured that inflation will be sustainable at 2%.

Chart 2: Federal Funds Rate: 2024 Year End Forecast (%)



Sources: Federal Reserve; Bloomberg World Interest Rate Probabilities (WIRP) page; CNR Research, as of January 23, 2024.
Information issubject to change and is not a guarantee of future results.

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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.

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.

There are inherent risks with fixed income investing. These risks may include interest rate, call, credit, market, inflation, government policy, liquidity, or junkbond. When interest rates rise, bond prices fall.

Bloomberg risk is the weighted average risk of total volatilities for all portfolio holdings. Total Volatility per holding in Bloomberg is ex-ante (predicted) volatility that is based on the Bloomberg factor model.

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.

Index Definitions

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 Emerging Markets Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market results in the global emerging markets, consisting of more than 20 emerging market country indexes.

S&P 500 Index: The S&P 500 Index, or Standard & Poor's 500 Index, is a market-capitalization-weighted index of 500 leading publicly traded companies in the US It is not an exact list of the top 500 US companies by market cap because there are other criteria that the index includes.

Bloomberg Barclays US Aggregate Bond Index (LBUSTRUU): The Bloomberg Aggregate Bond Index or "the Agg" is a broad-based fixed-income index used by bond traders and the managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance.

GT10: US Government Treasury Yield

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

Bloomberg Municipal High Yield 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.

S&P Leveraged Loan Indexes (S&P LL indexes) are capitalization-weighted syndicated loan indexes based upon market weightings, spreads and interest payments. The S&P/LSTA Leveraged Loan 100 Index (LL100) dates back to 2002 and is a daily tradable index for the US market that seeks to mirror the market-weighted performance of the largest institutional leveraged loans, as determined by criteria. Its ticker on Bloomberg is SPBDLLB.

Bloomberg US Corporate Bond Index: The Bloomberg Barclays US Corporate Bond Index measures 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.

Bloomberg US High Yield Index: The Bloomberg US Corporate High Yield Index measures the performance of non-investment grade, US dollar-denominated, fixed-rate, taxable corporate bonds.

Bloomberg: LF98TRUU Index: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded. This is the total return index level.

Morningstar SPBDLLY Index: Yield to maturity time series of the Morningstar LSTA US Leveraged Loan 100 Index. The Morningstar LSTA US Leveraged Loan Index is a market-value weighted index designed to measure the performance of the US leveraged loan market.

Bloomberg Investment Grade Index: The Bloomberg US Investment Grade Corporate Bond Index measures the performance of investment grade, corporate, fixed-rate bonds with maturities of one year or more.

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

Bloomberg US Treasury Index: includes all publicly issued, U.S. Treasury securities that are rated investment grade, and have $250 million or more of outstanding face value.

Investment Grade (IG) Municipal Bond Index: The Bloomberg US Municipal Bond Index measures the performance of investment grade, US dollar-denominated, long-term tax-exempt bonds.

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.

Definitions

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.

P/E Ratio: The price-to-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).

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.

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).
*Source: City National Rochdale proprietary ranking system utilizing MSCI and FactSet data. **Rank is a percentile ranking approach whereby 100 is the highest possible score and 1 is the lowest. The City National Rochdale Core compares the weighted average holdings of the strategy to the companies in the S&P 500 on a sector basis. As of September 30, 2022. City National Rochdale proprietary ranking system utilizing MSCI and FactSet data.