



March, 2025

# Fixed Income Perspectives Video

## Bonds Navigate an Evolving Policy Landscape

Michael Taila CPWA<sup>®</sup>, Managing Director, Director of Fixed Income

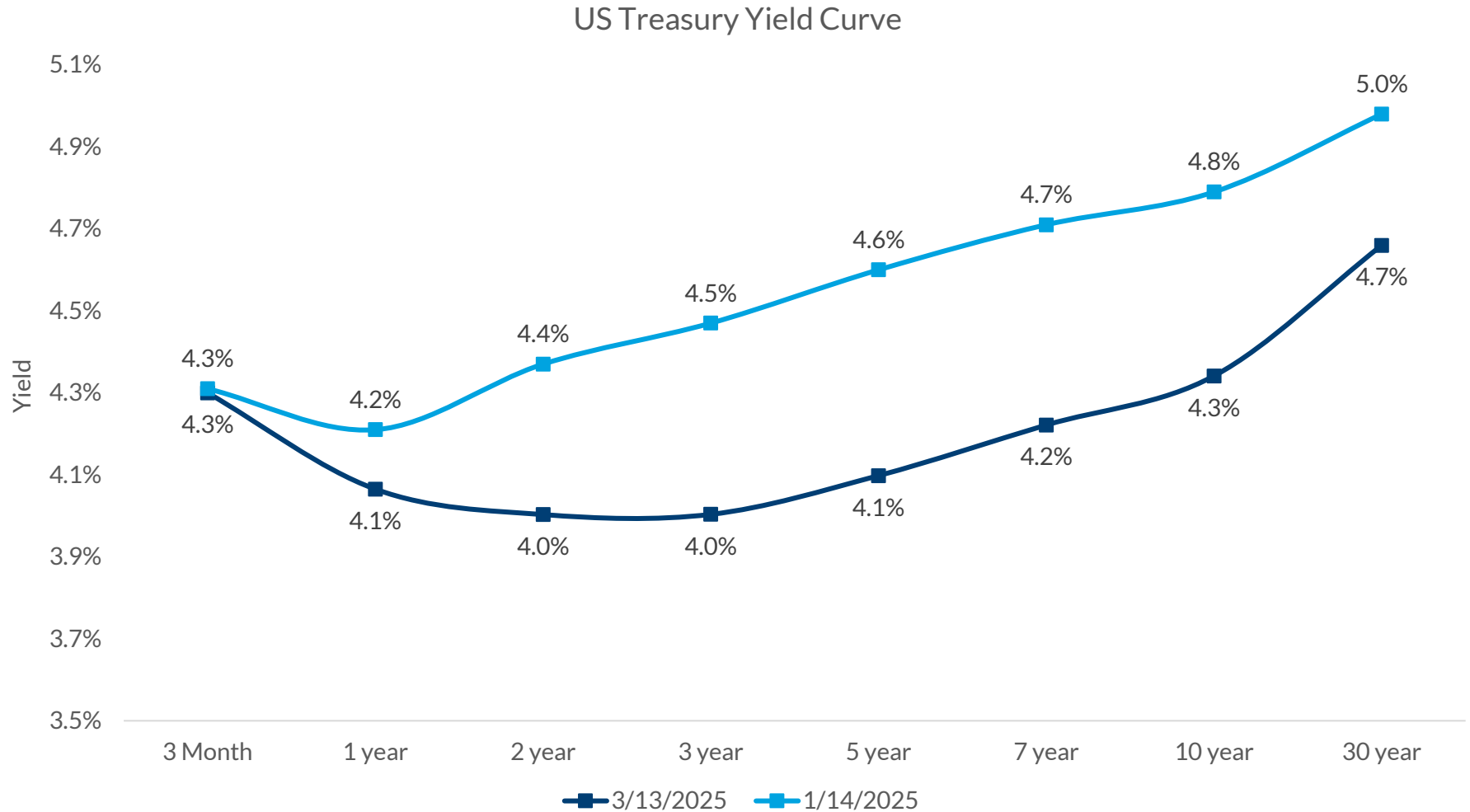
City National Rochdale, LLC is an SEC-registered investment adviser and wholly-owned subsidiary of City National Bank. Registration as an investment adviser does not imply any level of skill or expertise. City National Bank is a subsidiary of the Royal Bank of Canada.

NON-DEPOSIT INVESTMENT PRODUCTS ARE: • NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE



# 10-Year U.S. Treasury Yield Off of Recent Highs

- As federal policy actions take shape, the Treasury market has responded with a sharp decline in yields



Source: Bloomberg U.S. Treasury Index 10-Year as of 1/14/2025 and 3/13/2025.  
 Past performance is not an indication of future returns.

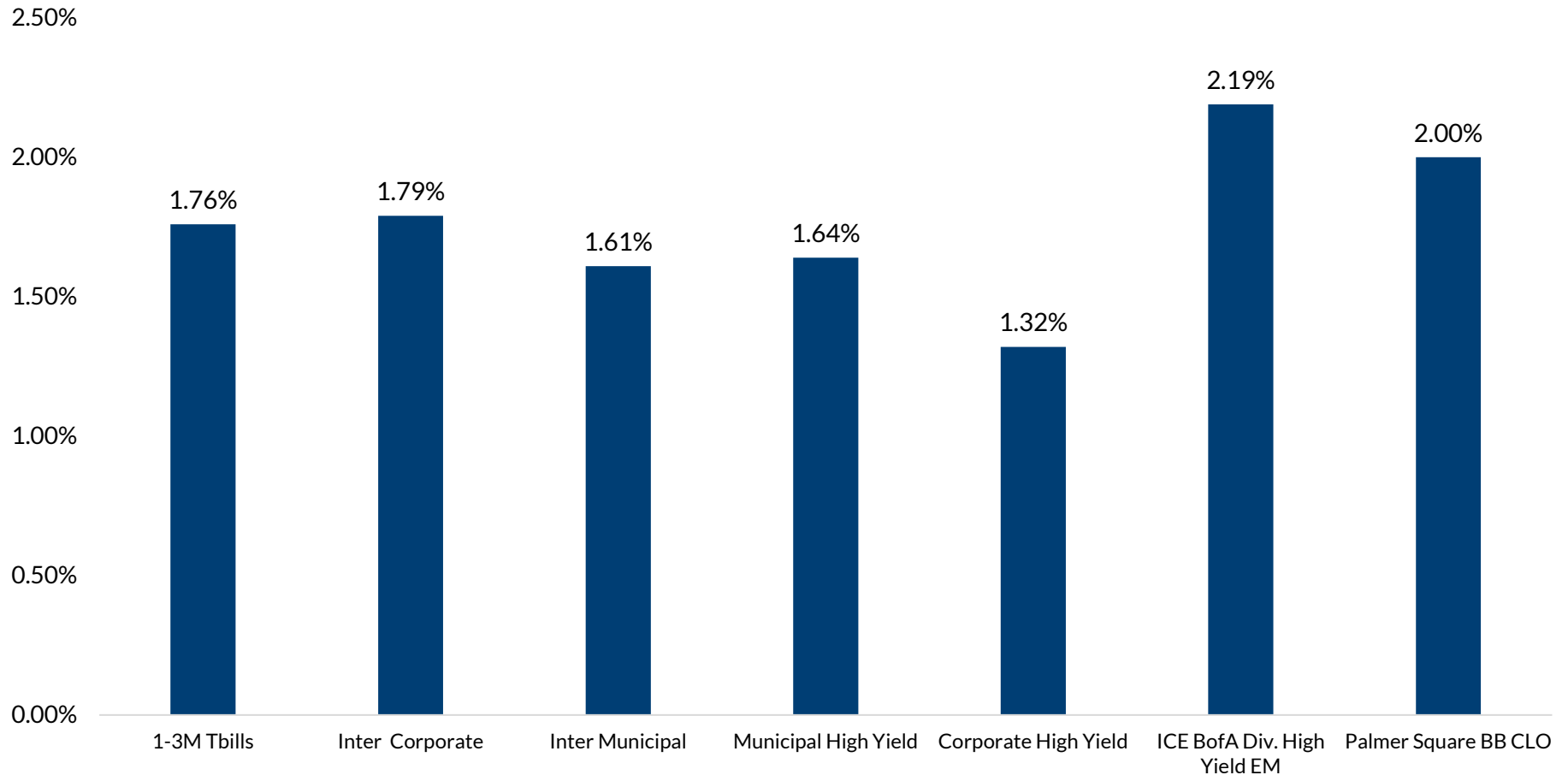
NON-DEPOSIT INVESTMENT PRODUCTS ARE: • NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE



# Fixed Income Earning Positive Returns Despite Volatility

- A combination of attractive nominal yields and price gains have cushioned performance YTD.

Fixed Income Asset Class Total Return YTD (through 3/11/2025)



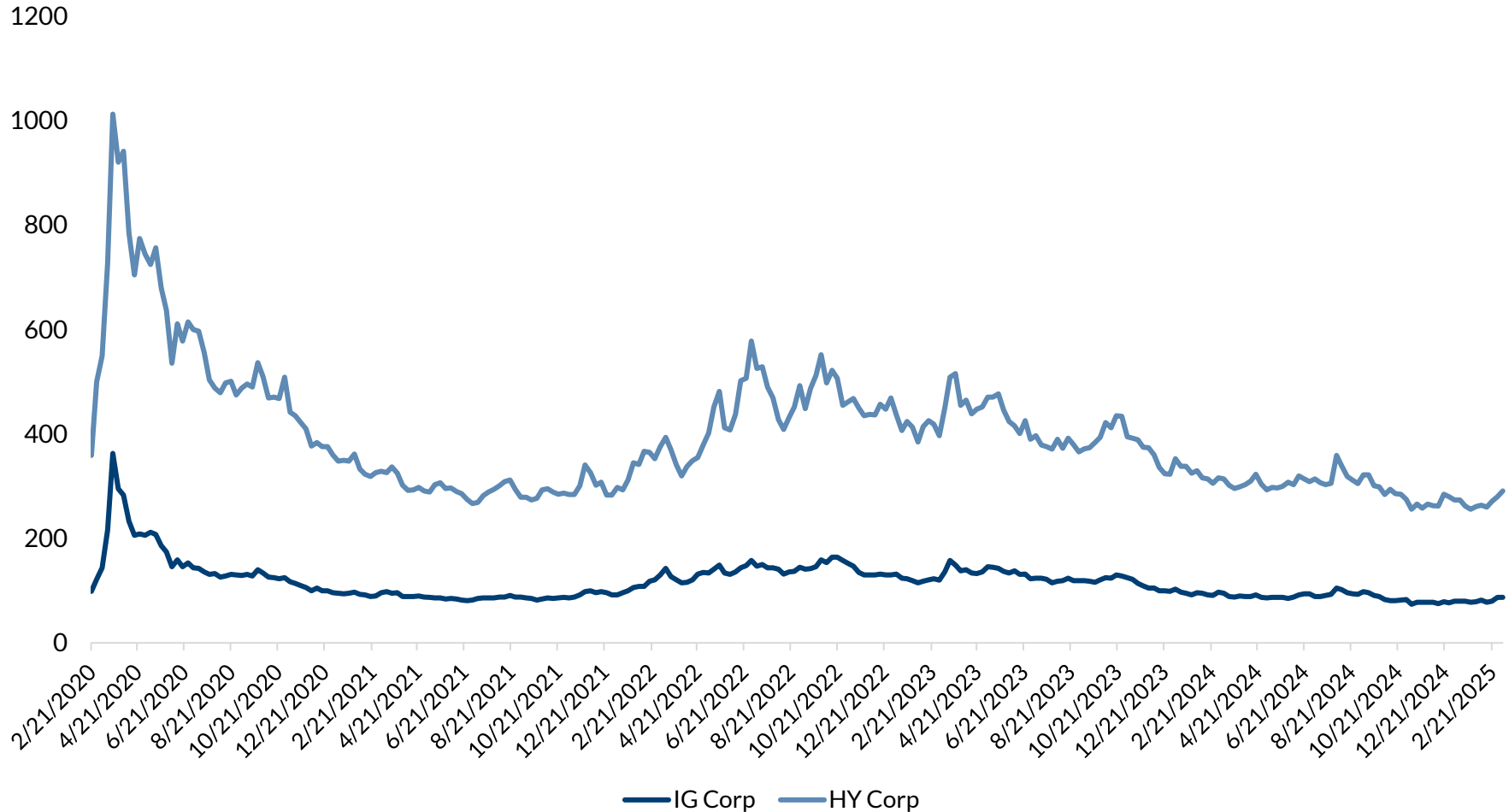
Source: Bloomberg as of 2/11/2025. Bloomberg US Treasury 1-3-month Tbill Index, US Corporate Intermediate Index, Municipal Short/Intermediate 1-10Yr Index, Municipal High Yield Index, US Corporate High Yield Index, Ice BofA Diversified High Yield Emerging Market Index, Palmer Square BB CLO Index. Past performance is not an indication of future returns.



# Corporate Spreads Hovering Near Multi-Year Lows

- US investment grade and high yield corporate bond spreads have remained somewhat compressed.

US Investment Grade and High Yield Corporate Spreads



Source: Bloomberg US Aggregate Corporate Average OAS and Bloomberg US Corporate High Yield Average OAS as of 3/11/2025. Past performance is not an indication of future returns.

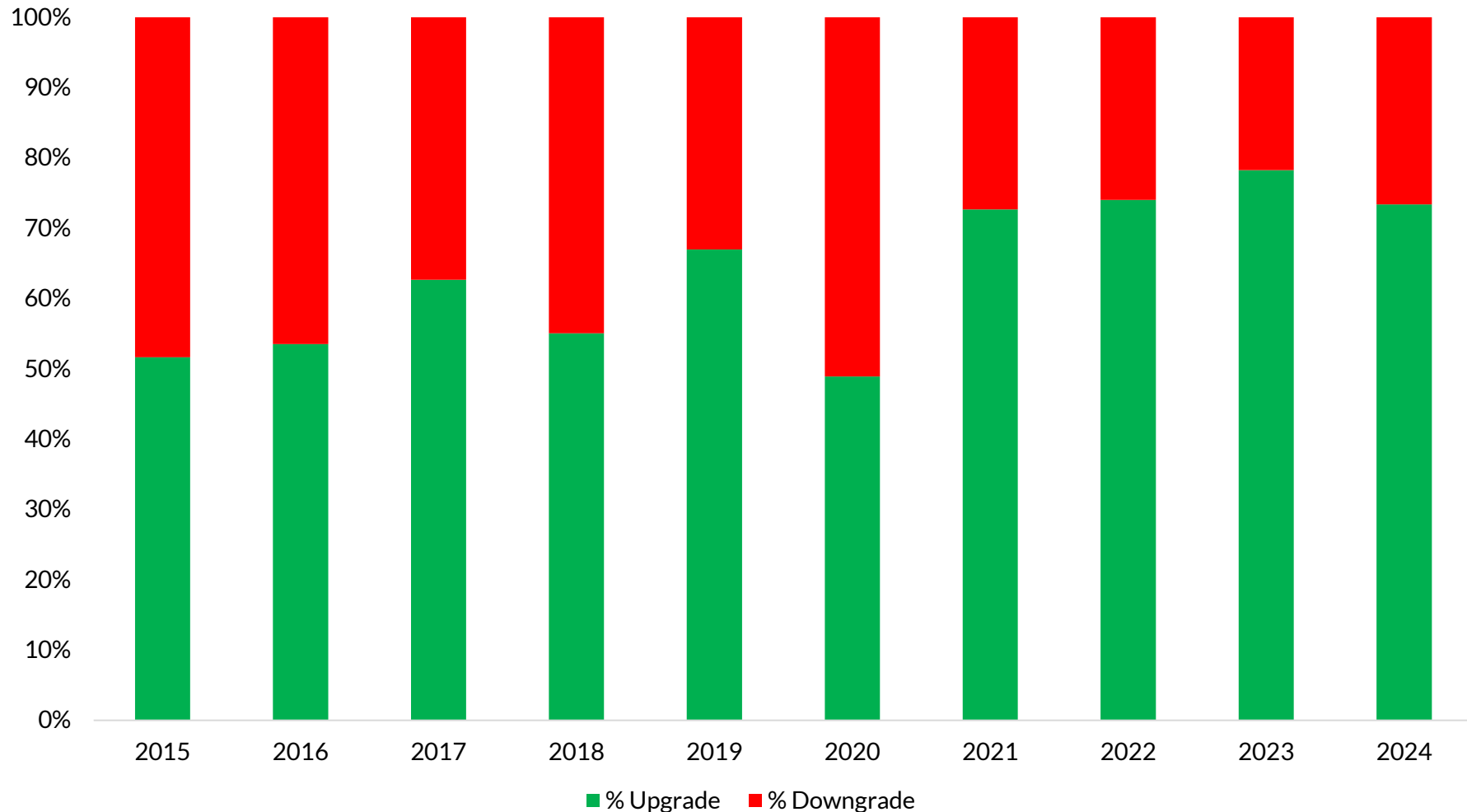
NON-DEPOSIT INVESTMENT PRODUCTS ARE: • NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE



# Positive Credit Trends Position the Asset Class Well

- Upgrades have outpaced downgrades for four years, but we anticipate moderation in quality gains in 2025.

Moody's Historical Upgrade-Downgrade %



Source: Moody's "Rating Revisions 2024 Upgrades Surpass Downgrades For Fourth Straight Years," dated February 14, 2025.  
Past performance is not an indication of future returns.



# 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. 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 does not ensure a profit or protect against a loss in a declining market. Past performance is no guarantee of future performance.

City National Rochdale, LLC is an SEC-registered investment adviser and wholly-owned subsidiary of City National Bank. Registration as an investment adviser does not imply any level of skill or expertise. City National Bank is a subsidiary of the Royal Bank of Canada.

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.

© 2025 City National Rochdale, LLC. All rights reserved.

NON-DEPOSIT INVESTMENT PRODUCTS ARE: • NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE



# Index Definitions

**Bloomberg U.S. 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.

**Bloomberg 1-3 Month U.S. Treasury Bill/T-Bill Index (the "Index")** is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

**Bloomberg U.S. Intermediate Corporate Bond Index** measures the performance of U.S. corporate bonds with a maturity of 1-10 years. It's part of the Bloomberg U.S. Corporate Index.

The **Bloomberg Municipal Bond: Muni Inter-Short (1-10) Index** is a measure of the US municipal tax-exempt investment grade bond market. It includes general obligation and revenue bonds, which both can be pre-refunded years later and get reclassified as such. The effective maturity of the bonds in the index must be greater than or equal to 1 years but less than 10 years.

**Bloomberg U.S. Municipal High-Yield Index:** covers the U.S.-dollar denominated, non-investment grade, fixed-rate, municipal bond market and includes securities with ratings by Moody's, Fitch and S&P of Ba1/BB+/BB+ or below.

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

**ICE BofA Diversified High Yield US Emerging Markets Corporate Plus Index** tracks the performance of US dollar denominated below investment grade emerging markets non-sovereign debt publicly issued in the major domestic and Eurobond markets.

The **Palmer Square CLO Debt Index ("CLO Debt Index")** (ticker: CLODI) is a rules-based observable pricing and total return index for collateralized loan obligation ("CLO") debt for sale in the United States, original rated A, BBB, or BB or equivalent.

**US Corporate Short 1-5** refers to short-term US corporate bonds with 1-5 years remaining until maturity. These bonds are part of the investment-grade corporate bond market, which is dominated by financial services issuers.

**Municipal Short 1-5** refers to a collection of municipal bonds that mature between one and five years. These bonds are a type of debt obligation that pay interest that is exempt from federal income tax.

**U.S. Corporate Intermediate 1-10** refers to investment-grade corporate bonds that mature between one and ten years. These bonds are denominated in U.S. dollars and are taxable.

**Municipal Short/Intermediate 1-10** is a term used to describe a group of US tax-exempt municipal bonds that have a maturity date between one and ten years. These bonds can be used in a variety of investment strategies, including bond ladders and managed accounts.





### New York Headquarters

400 Park Avenue  
New York, NY 10022  
212-702-3500

### Beverly Hills Headquarters

400 North Roxbury Drive  
Beverly Hills, CA 90210  
310-888-6000

[www.cnr.com](http://www.cnr.com)

NON-DEPOSIT INVESTMENT PRODUCTS ARE: • NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE

