



July, 2023

Market Perspectives Video

Which One's Higher, the S&P500 or the Temperature?

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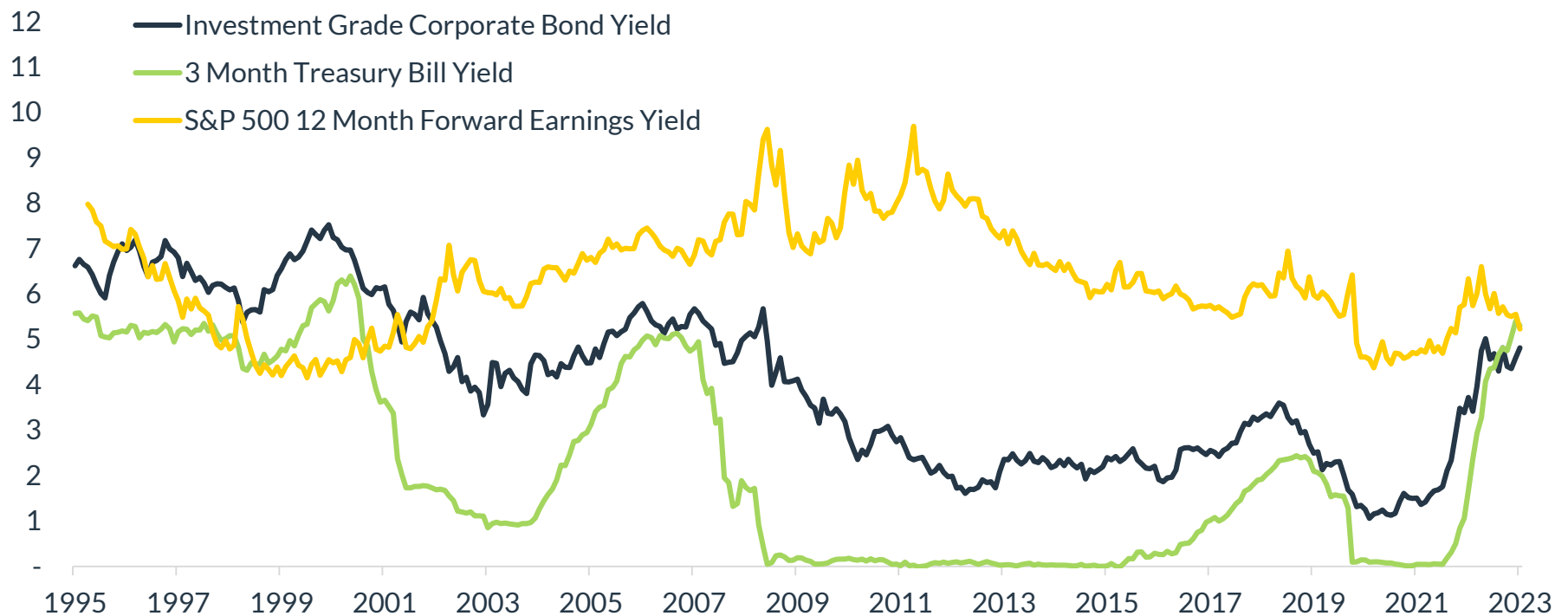
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In Today's Market, You Can Now Take Less Risk To Get Attractive Returns

- Today's higher bond yields offer the most attractive opportunities for investors in over a decade.
- Interest rates across the bond market remain elevated despite declining inflation.
- Provide greater competition to stocks, have historically provided more predictable and stable returns.

Yield Comparison



Sources: Bloomberg, as of July 2023.

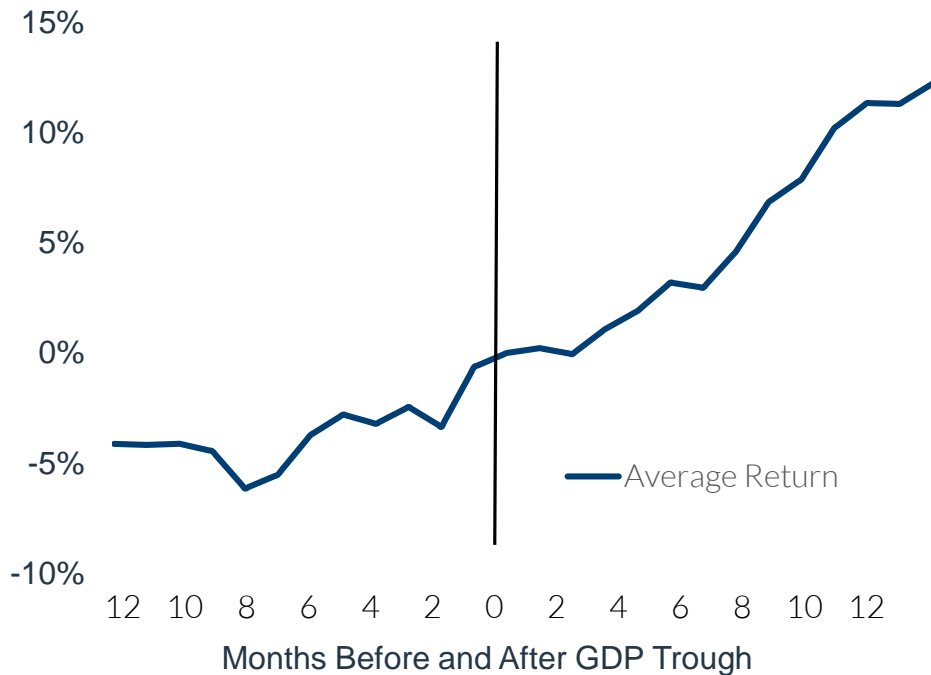
Indices are unmanaged, and one cannot invest directly in an index. Information is subject to change and is not a guarantee of future results.



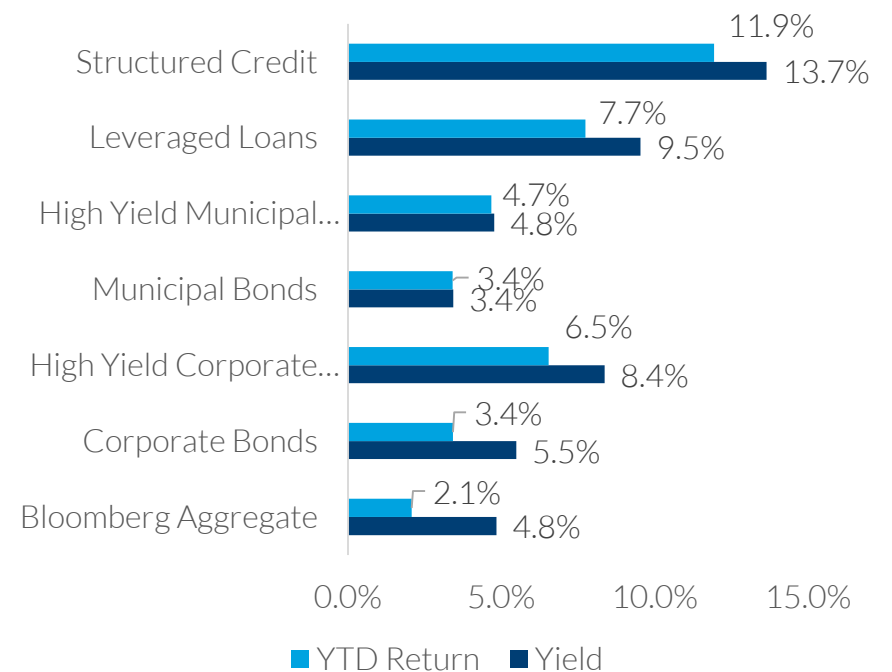
Bonds Are Performing Well

- High starting yields are driving 2023 returns across fixed income.
- Bonds are beginning to exhibit traditional behavior during “risk-off” episodes, lowering volatility.
- Bonds are benefitting from high yields as well as tailwinds from falling risk premiums.

Bloomberg US Aggregate Index Performance Before & After GDP Troughs



Fixed Income Year-to-Date Returns And Market Yields



Source: Bloomberg, CNR Research. As of 6/16/2023.

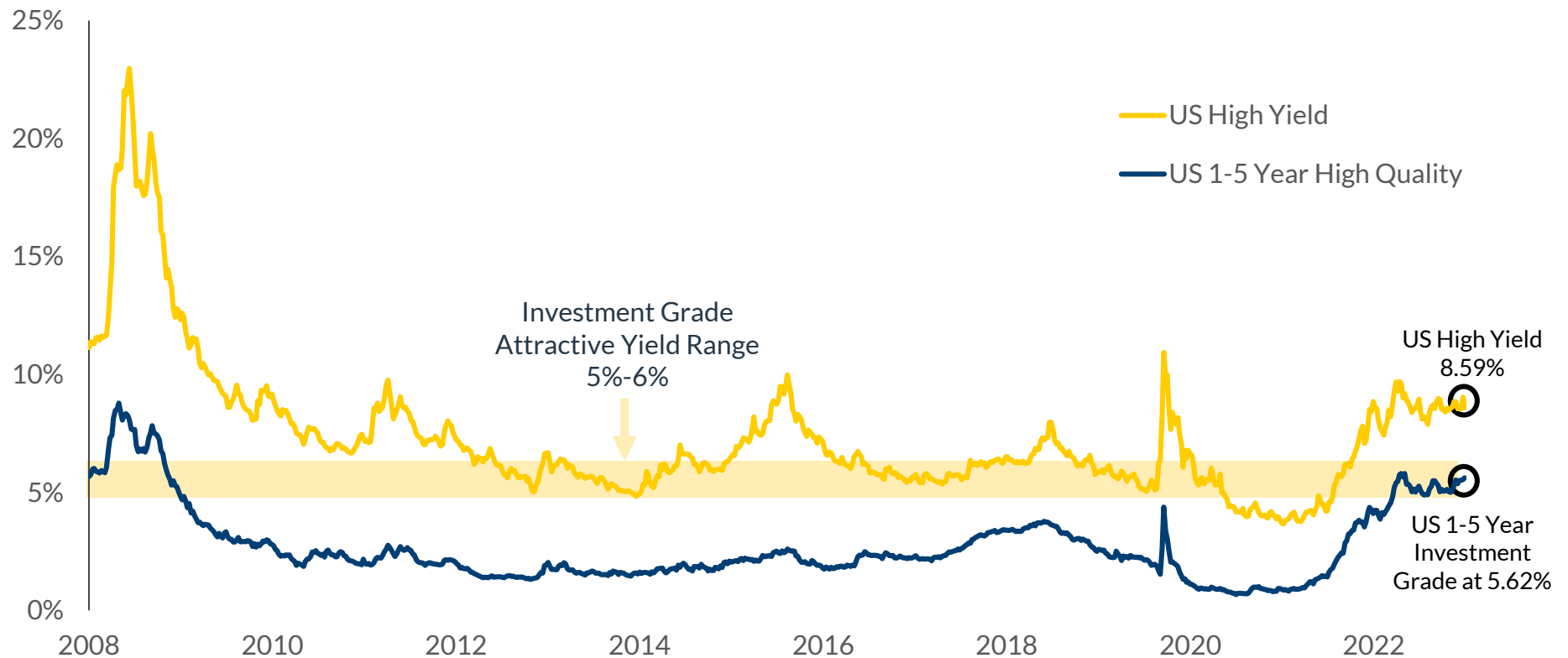
Structured Credit: Palmer Square BB CLO Index, Leveraged Loans: Morningstar LSTA Leveraged Loan Index, High Yield Municipal Bonds: Bloomberg 60% High Yield/40% Investment Grade Municipal Index, Municipal Bonds: Bloomberg Municipal Bond Index, High Yield Corporate Bonds: Bloomberg US High Yield Corporate Bonds, Corporate Bonds: Bloomberg US Investment Grade Corporate Index, Bloomberg Aggregate: Bloomberg US Aggregate Index
 Information is subject to change and is not a guarantee of future results



Attractive Investment Grade Yield

The First Time in 15 Years

US High Yield & US High Quality Yield to Worst
15-Year History



Sources: Bloomberg, CNR Research, as of June 30, 2023.

Past performance is no guarantee of future results.

Indices used: HY: Bloomberg US Corporate High Yield Total Return Index Value Unhedged USD 1-5y. IG: Bloomberg US Corporate 1-5 Year Total Return Index Value Unhedged USD. Refer to the index definitions for more information.



Important Information

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.

Investing in international markets. There are inherent risks with international investing. These risks include, but are not limited to, risks such as currency fluctuation, regulatory risks, and economic and political instability. Emerging markets involve heightened risks related to the same factors, as well as increased volatility, lower trading volume and less liquidity. In addition, emerging markets can have greater custodial and operational risks and less developed legal and accounting systems than developed markets. Investments in emerging markets bonds may be substantially more volatile, and substantially less liquid, than the bonds of governments, government agencies, and government-owned corporations located in more developed foreign markets.

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.

Real estate sector or REITs. Concentrating assets in the real estate sector or REITs may disproportionately subject a portfolio to the risks of that industry, including the loss of value because of adverse developments affecting the real estate industry and real property values. Investments in REITs may be subject to increased price volatility and liquidity risk; concentration risk is high.

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.

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 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). *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.

4P analysis: 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.

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.

All investment strategies have the potential for profit or loss; changes in investment strategies, contributions or withdrawals may materially alter the performance and results of a portfolio. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will be suitable or profitable for a client's investment portfolio.

Returns include the reinvestment of interest and dividends.

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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The information presented is for illustrative purposes only and based on various assumptions which may not be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used have been stated or fully considered.

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.

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 US consumers.

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

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Index Definitions

S&P 500 Index. The Standard & Poor's 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent US equity performance.

Russell 2000® Index. The Russell 2000® Index is a market capitalization-weighted index measuring the performance of the small-cap segment of the US equity universe and includes the smallest 2,000 companies in the Russell 3000® Index.

DJ US Select Dividend Index®. The Dow Jones US Select Dividend Index® measures the performance of the top 100 US stocks by dividend yield.

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.

MSCI EM Index. 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.

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

Bloomberg US Investment Grade Corporate Bond 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 US Corporate 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 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.

Bloomberg US Corporate 1-5 years Total Return Index Value Unhedged USD:

Citi Economic Surprise Index: The Citigroup Economic Surprise Indices are objective and quantitative measures of economic news. They are defined as weighted historical standard deviations of data surprises (actual releases vs Bloomberg survey median).

Bloomberg US Corporate High Yield Total Return Index Value Unhedged USD 1-5y. 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.

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

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

Bloomberg High Yield. The Bloomberg Barclays U.S. Corporate High Yield Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds.

Bloomberg Investment Grade Municipal Index. Bloomberg Municipal Index The Bloomberg Municipal Index measures the performance of the Bloomberg U.S. Municipal bond market, which covers the USD- denominated Long-Term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

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





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