CITY NATIONAL ROCHDALE®
AN RBC/CITY NATIONAL COMPANY

January 30, 2025

Market Update Webinar

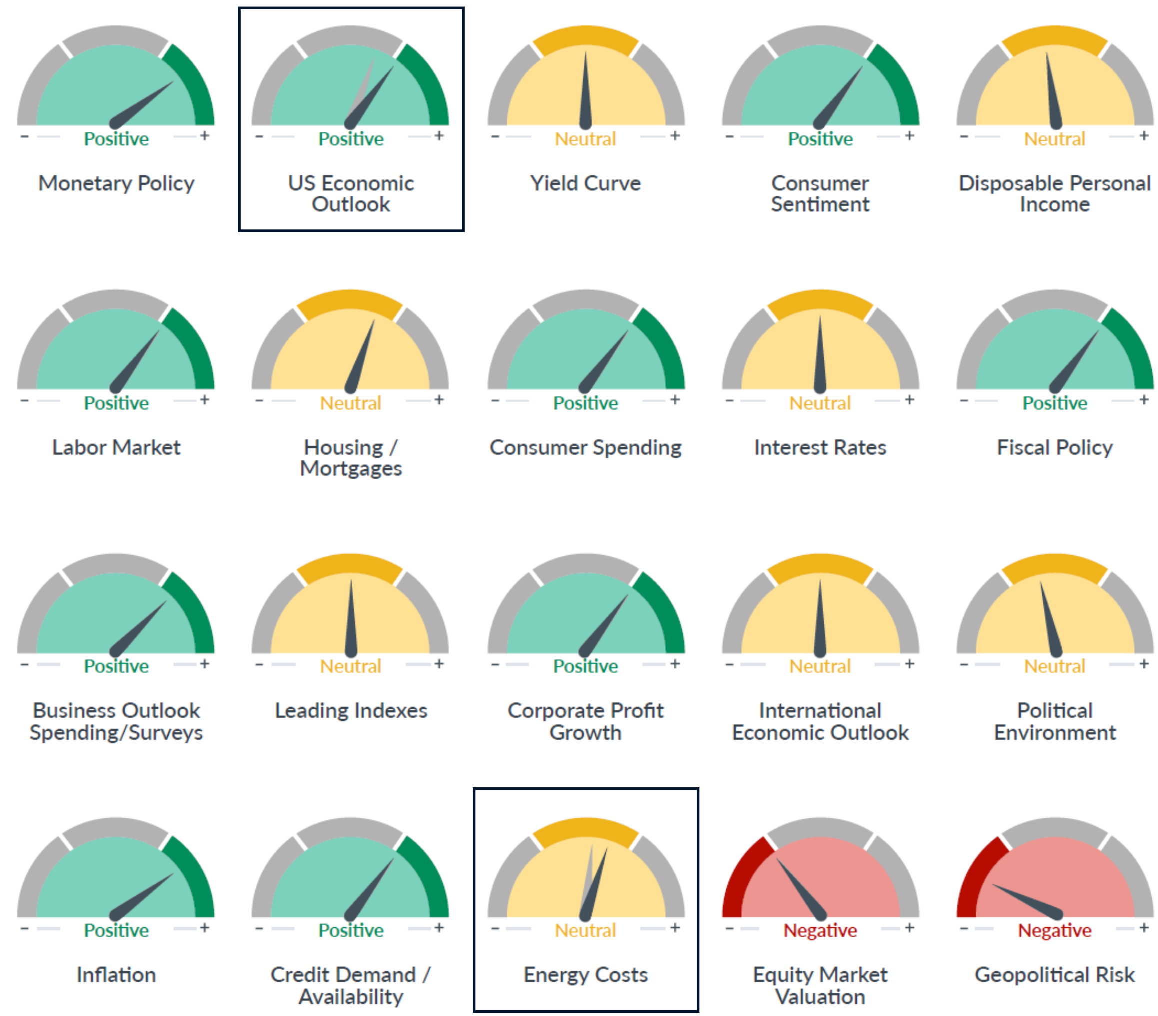
Introduction

CNR Speedometers® – February 2025

Economic and Financial Indicators That Are Forward-Looking Six to Nine Months

- The global outlook is mixed, but US growth prospects are improving based on solid earnings and pro-business policy.
- The Federal Reserve is more hawkish, but still on an easing path.
- Positive job and income growth support consumer spending and sentiment.
- Deregulation and potential tax cuts support corporate spending.
- Elevated equity valuations are offset by strong corporate profits US flows.
- Geopolitical events remain a key risk.

Impact on Economy and Financial Markets



Impact on investment: Positive Neutral Negative **Timeframe:** Current Change from last month

Source: Proprietary opinions based on CNR Research, as of January 2025. Information is subject to change and is not a guarantee of future results.

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Economic Forecasts

- January changes include a higher estimated ranges for 2025 GDP and interest rate forecasts.

- GDP growth is expected to remain above trend, supported by potential pro-growth fiscal policy.
- Corporate profits are expected to be higher in 2025.
- Inflation pressures are expected to ease but may remain elevated based on the new administration's policy.
- Additional Fed cuts are supportive of continued expansion.
- Structural pressure will likely keep 10-year Treasury yields over 4%.

City National Rochdale Forecasts		2024	2025e
Real Annual GDP Growth		2.5% (a)	2.0% to 2.5%
Corporate Profit Growth		8.8% (e)	10.0% to 14.0%
Headline CPI Year End		2.9% (a)	2.50% to 2.75%
Interest Rates	Federal Funds Rate	4.25% to 4.50% (a)	3.75% to 4.25%
	Treasury Note, 10-Yr.	4.57% (a)	4.0% to 4.5%

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.
e: estimate. a: actual.
The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers.
Sources: Bloomberg, FactSet, proprietary opinions based on CNR Research, as of January 2025. Information is subject to change and is not a guarantee of future results.

2025 Global Market Themes

Trump Administration Policy

- Tariffs
- Immigration
- Taxes
- Deregulation
- Digital Currencies
- Debt: Reduced deficit or Fiscal Expansion?

Geopolitical Tension

- U.S.-China Relations
- U.S.-Russia Relations
- U.S.-Europe Trade disputes
- Energy Security and Supply Chains
- Debt Crises & Capital Outflows

AI Acceleration

- Proof of Concept transition to large-scale deployment
- Market size is expected to show an annual growth rate of 28.46% through 2030[1]
- AI adoption could add $7 trillion to global GDP by 2030[2]

Equity Market Valuation

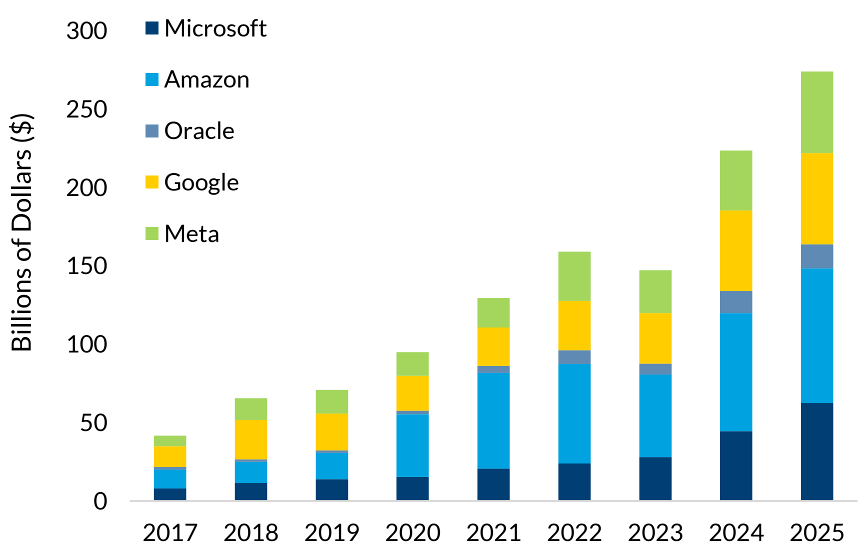
- Mega-Cap tech stocks account for 20% global market cap[3]
- Elevated valuations with P/E >22x[3]
- Federal Reserve Policy impact
- Can earnings continue to advance?

Sources: JPMorgan, FactSet, CNR Research, as of December 2024.
[1] – Statista, as of December 2024.
[2] - McKinsey & Co. , as of December 2024.
[3]- FactSet, as of December 2024.
Information is subject to change and is not a guarantee of future results.

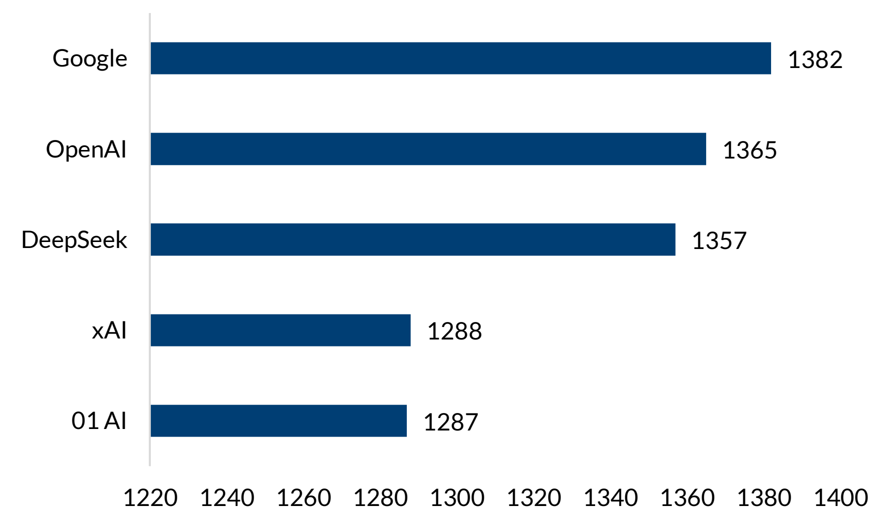
What Is DeepSeek?

- DeepSeek is a Chinese AI startup, emerging as a global competitor to existing AI chatbots. It originated from the AI division of a hedge fund and focuses on efficient, low-cost innovations in generative AI.
- The DeepSeek R1 model demonstrates cutting-edge reasoning abilities at a fraction of the cost required by U.S. AI leaders like OpenAI, challenging the notion that AI advancement necessitates massive infrastructure investments.
- By leveraging efficient engineering techniques and less-advanced Nvidia chips, DeepSeek's success highlights a new competitive paradigm, challenging U.S. dominance in AI development.
- The launch of R1 triggered a $1 trillion market downturn, creating a challenge to Big Tech's AI strategies and investment-heavy business models.

Tech Companies Are Spending Billions on AI Infrastructure



Chatbot Arena Community-Evaluated Scores Top 5 Best Models



Source: Bloomberg, Large Model System (LMSYS), UC Berkeley SkyLab, CNR Investment Management, https://lmarena.ai/?leaderboard.

Trump Executive Orders

- Trump has signed 60 executive orders ranging over a wide variety of government institutions.

Federal Government, incl. DEI
20 actions

Immigration
8 actions

National Security
7 actions

Climate & Energy
6 actions

Economy
6 actions

Foreign Policy
3 actions

Other
10 actions

Total 60 Actions

Direct Economic Impact

Immigration Reform

- Southern Border Natl. Emergency
- Securing Borders

Trade

- America First Trade Policy

Energy

- Unleashing American Energy
- Natl. Energy Emergency

Digital Currency

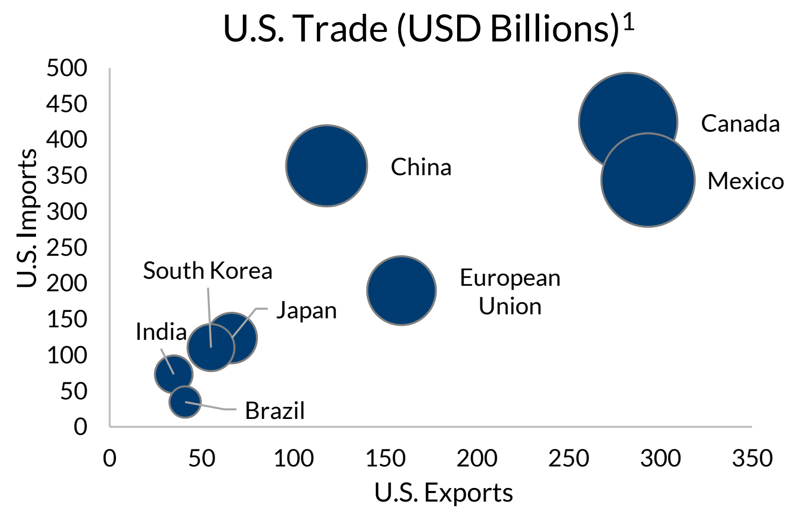
- Leadership in Digital Technology

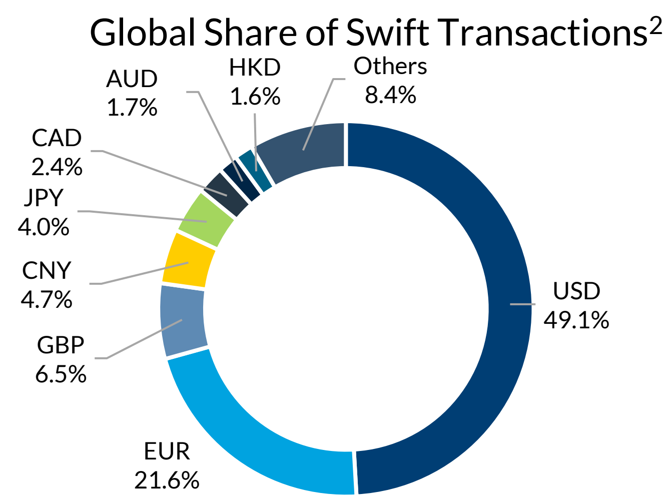
Source: CNN, as of January 2025.

Geopolitical Landscape

- Ongoing conflicts, trade shifts and currency volatility are likely to impact markets in 2025.

Region	Key Issues
China/ Taiwan	• Long-term strategic competition with the U.S. is increasing. • Elevated military conditions in the South China Sea – Taiwan a potential flashpoint. • Watchful for increased tariffs, trade restrictions, and supply chain disruptions, especially in chip production. • DeepSeek disruption to AI infrastructure.
Russia/ Ukraine	• Impact to global energy markets with Europe reducing reliance on Russian production. • Supply chain disruptions continue in agriculture and manufacturing sectors. • Continued conflict risks increase in NATO's presence in Eastern Europe. • Continued U.S. military aid for Ukraine is expensive.
Mideast	• Israel/Hamas ceasefire first positive step in more than a year of fighting. • The fall of Assad's regime highlights the potential latent risks embedded in the Middle East. • Disruptions to supply chains are possible if the region continues to be unstable, especially the ongoing attacks in the Red Sea and the Gulf of Aden.





Source: [1]United States Census Bureau, Top Trading Partners – December 5, 2024; [2] Statista – October 22, 2024; CNR Research – December 2024.
SWIFT (Society for Worldwide Interbank Financial Telecommunications) is a global member-owned cooperative that functions as a huge messaging system. Members (banks and other financial institutions) use it to quickly, accurately, and securely send and receive information, primarily money transfer instructions.
Information is subject to change and is not a guarantee of future results.

Key Takeaways

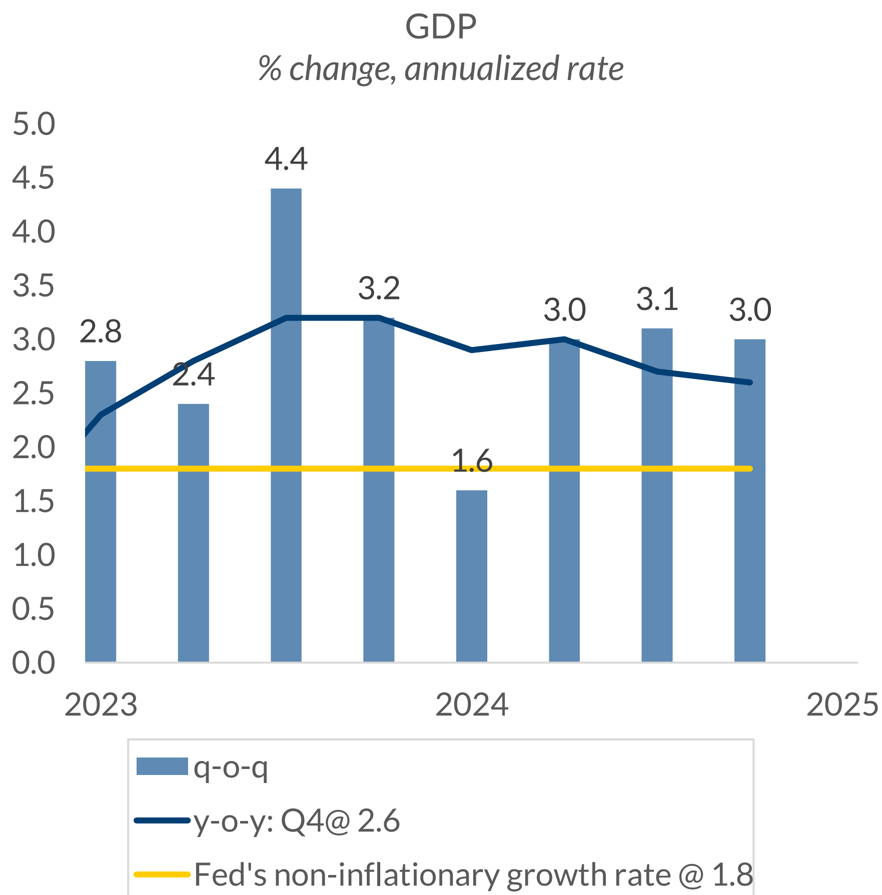
- The economy remains strong, and GDP is likely to remain above potential.
- Corporate profits appear poised to climb.
- Current interest rates levels may be extended.
- The DeepSeek R1 model is a disruptor, challenging entrenched views of AI development. However, it is not likely to alter the long-term demand for computing power.
- Trump’s executive actions will have a direct impact on the economic environment, especially actions across immigration, trade, energy and digital currency.
- The Israel – Hamas ceasefire is the first positive development on the geopolitical front in years. However, risks remain, especially U.S. – China relations.

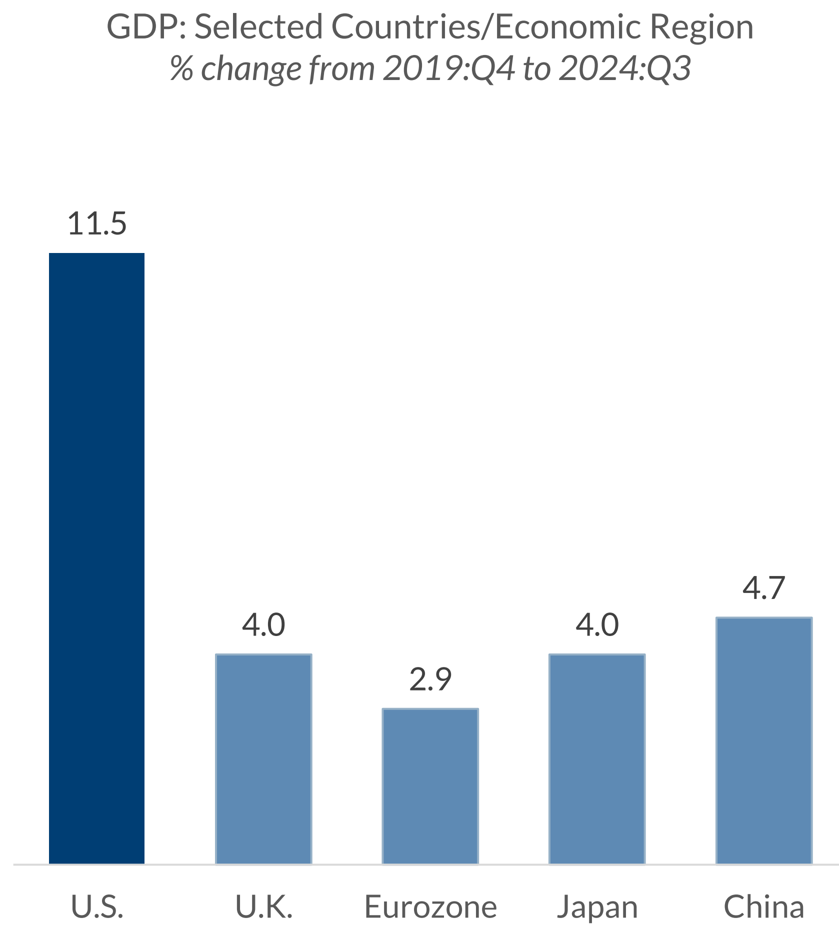
Data current as of January 30, 2024
Source: CNR Research
Information is subject to change and is not a guarantee of future results.

Economics

Growth Is Likely to Continue

- The economy ended the year on solid footing.
- It has been driven by strong consumer spending due to strong real disposable income growth.
- Domestic growth continues to outpace many of our trading partners.



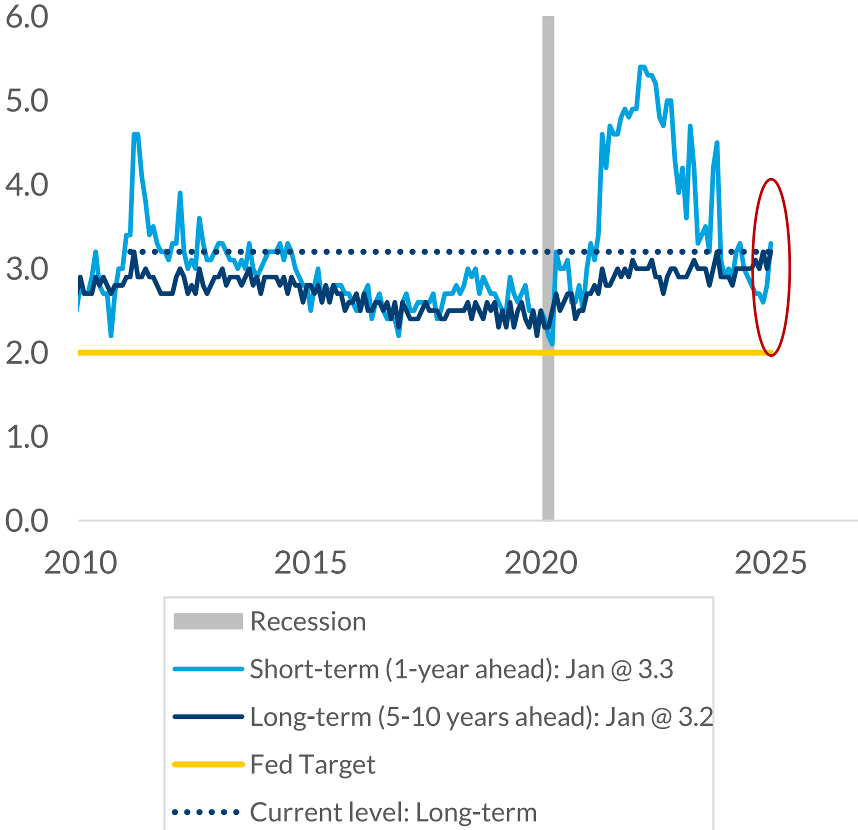


Data current as of January 30, 2025
Source: Bureau of Economic Research, UK Office for National Statistics, Eurostat, Economic and Social Research Institute Japan, National Bureau of Statistics of China
Information is subject to change and is not a guarantee of future results.

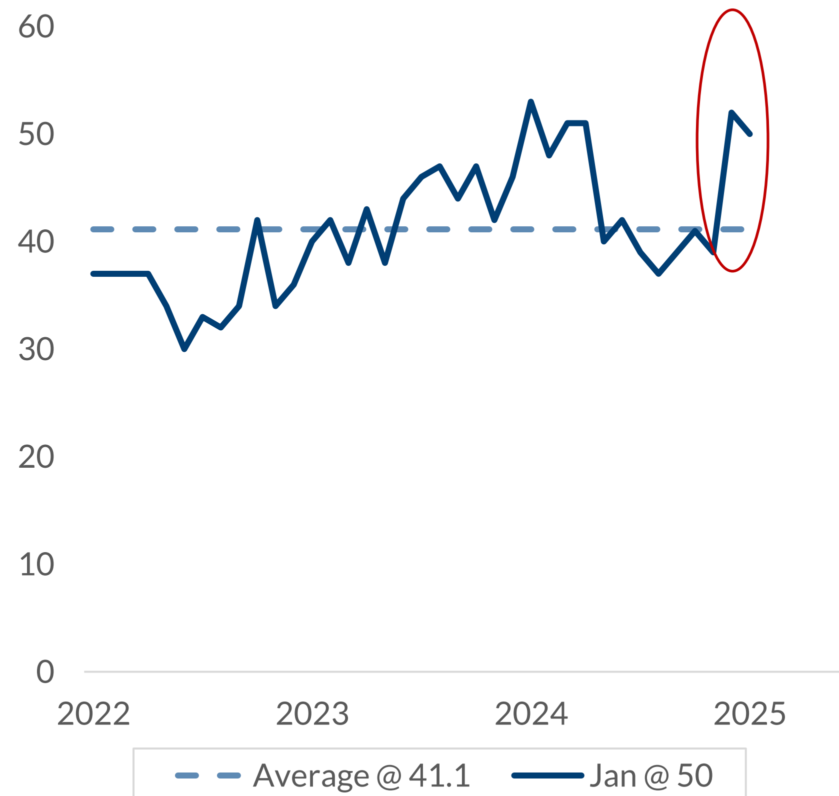
How Will Tariffs Impact The Economy

- Consumers are getting concerned that tariffs may lead to higher inflation.
- The Fed will probably "look through" an inflation jump from tariffs.
- The Fed is most concerned with inflation expectations and the economic risk of a trade war.

Inflation Expectations
%, University of Michigan, not seasonally adjusted



Consumer Sentiment: Buying Household Durable Goods
%, University of Michigan, not seasonally adjusted

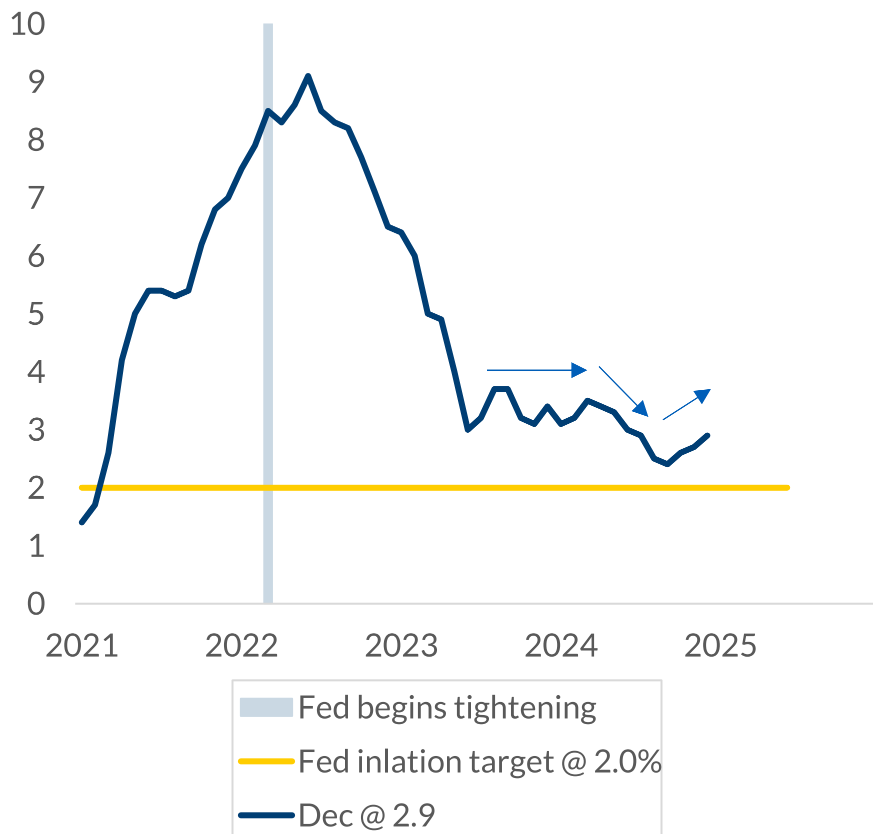


Data current as of January 30, 2025
Source: University of Michigan Surveys of Consumers
Information is subject to change and is not a guarantee of future results.

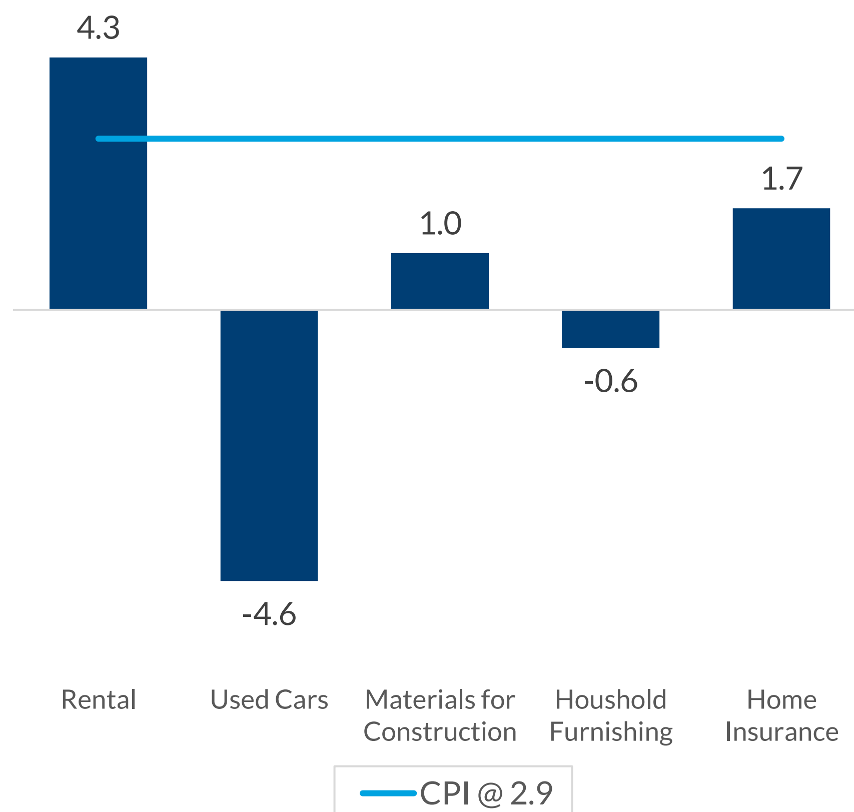
Inflation Remains Elevated

- Disinflation has stalled again.
- Updated data from the BLS points toward downward pressure of future shelter costs.
- Inflationary from wildfires, snowstorms, and a polar vortex will add only temporary inflationary pressures.

Consumer Price Index
%, y-o-y change, seasonally adjusted



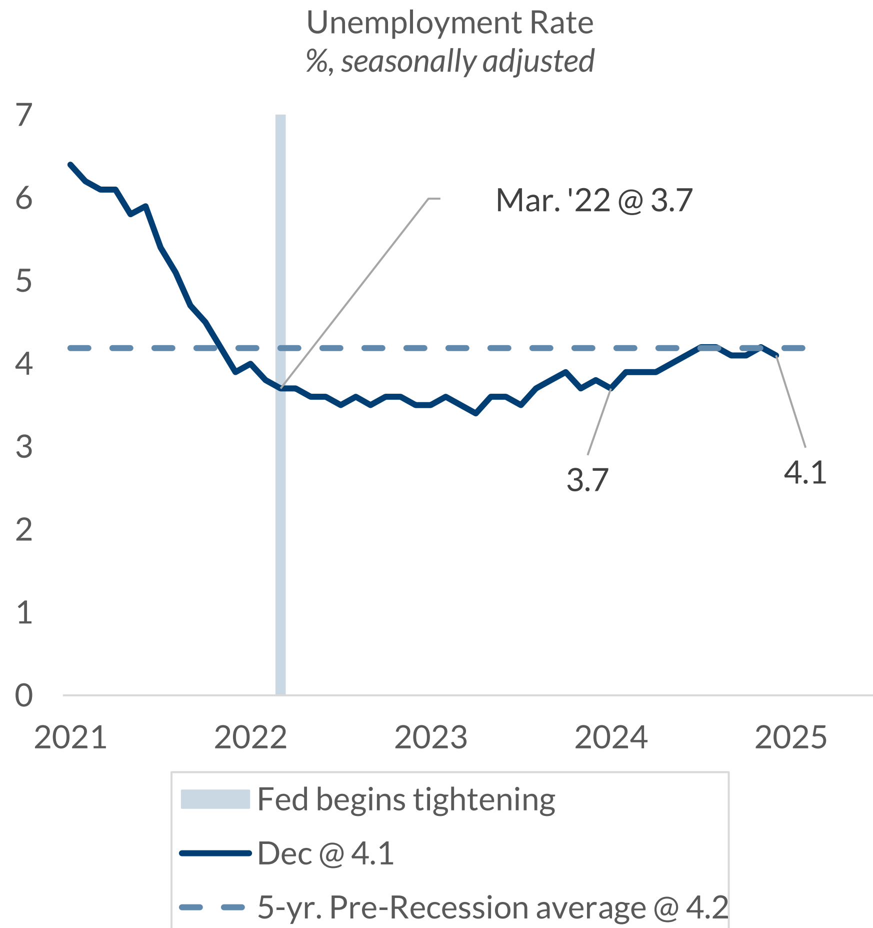
Inflation: Post Natural Disaster Items
%, y-o-y change, seasonally adjusted

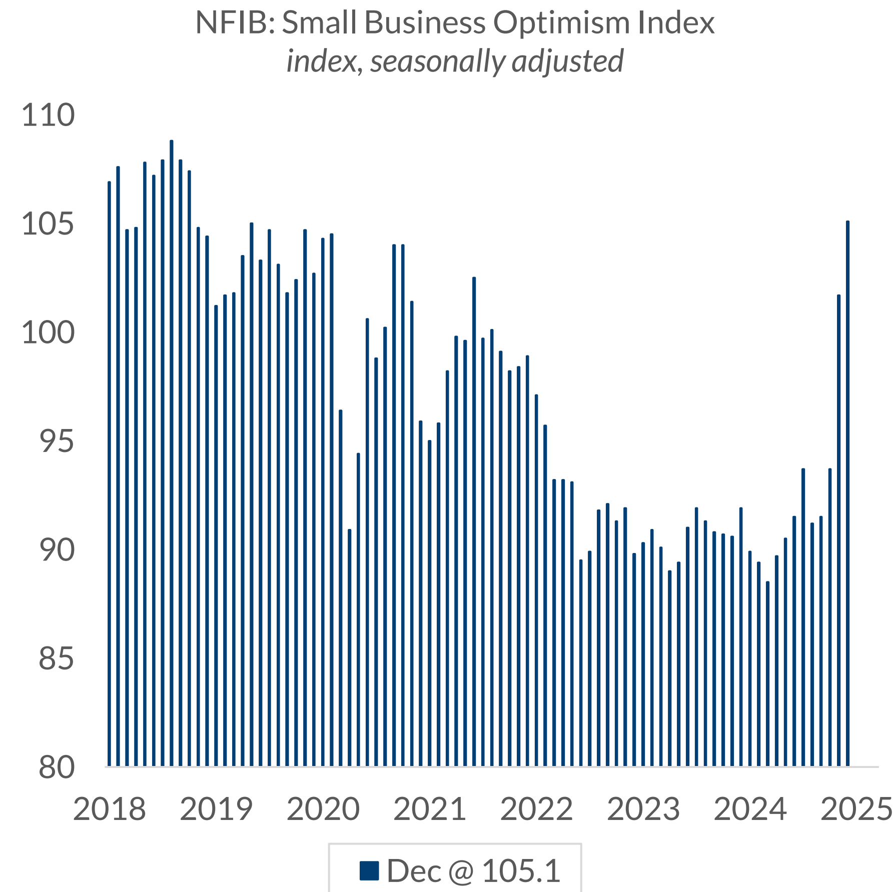


Data current as of January 30, 2025
Source: Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results.

Labor Pressures

- Demand for labor seems to have stabilized at a solid pace.
- Although hiring is having the strongest growth in non-cyclical sectors, the outlook is improving.
- Small businesses (250 workers or less) account for about 80% of hiring.

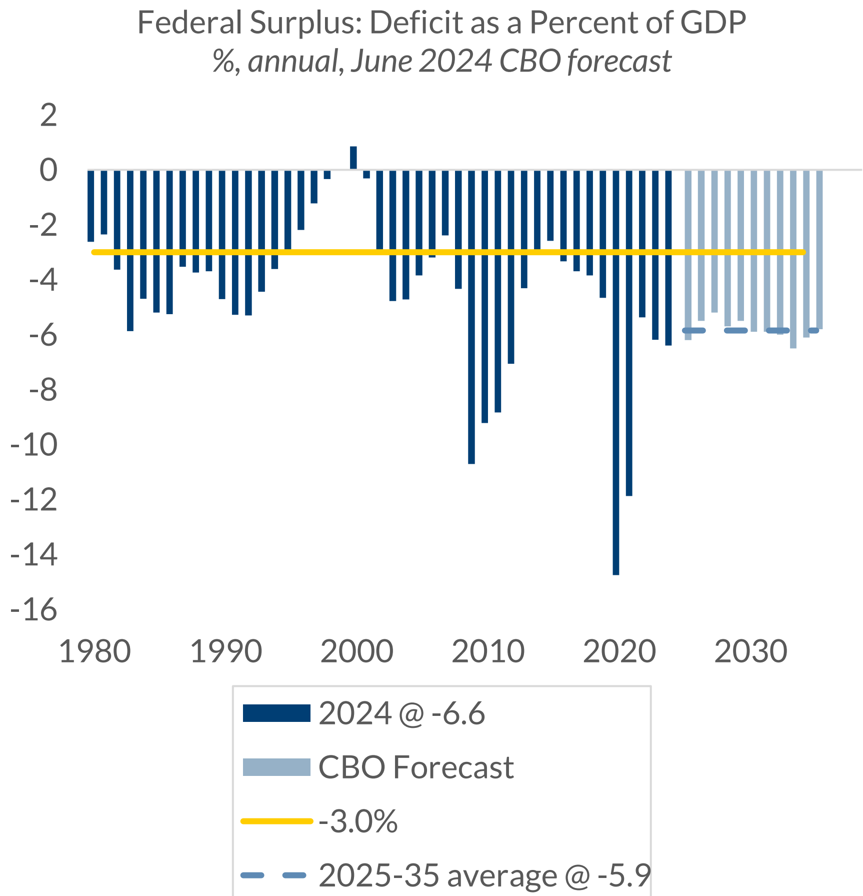


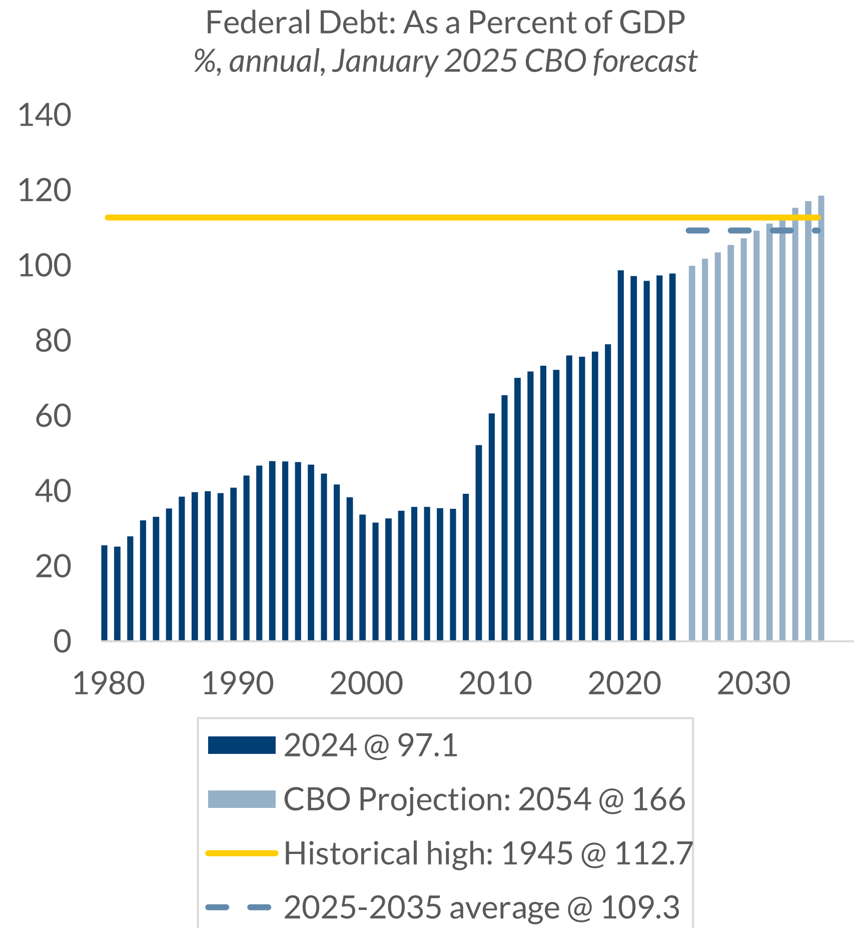


Data current as of January 30, 2025
Source: Bureau of Labor Statistics, Small Business Association
Information is subject to change and is not a guarantee of future results.

How Will The U.S. Debt Impact The Economy?

- The annual deficit exceeds 6% of GDP and is forecast to continue for at least the next ten years.
- This will cause the forecasted debt-to-GDP to exceed the WWII peak in 2032.
- Scott Bessent has touted his 3-3-3 plan, which will involve cutting the budget deficits to 3% of GDP.

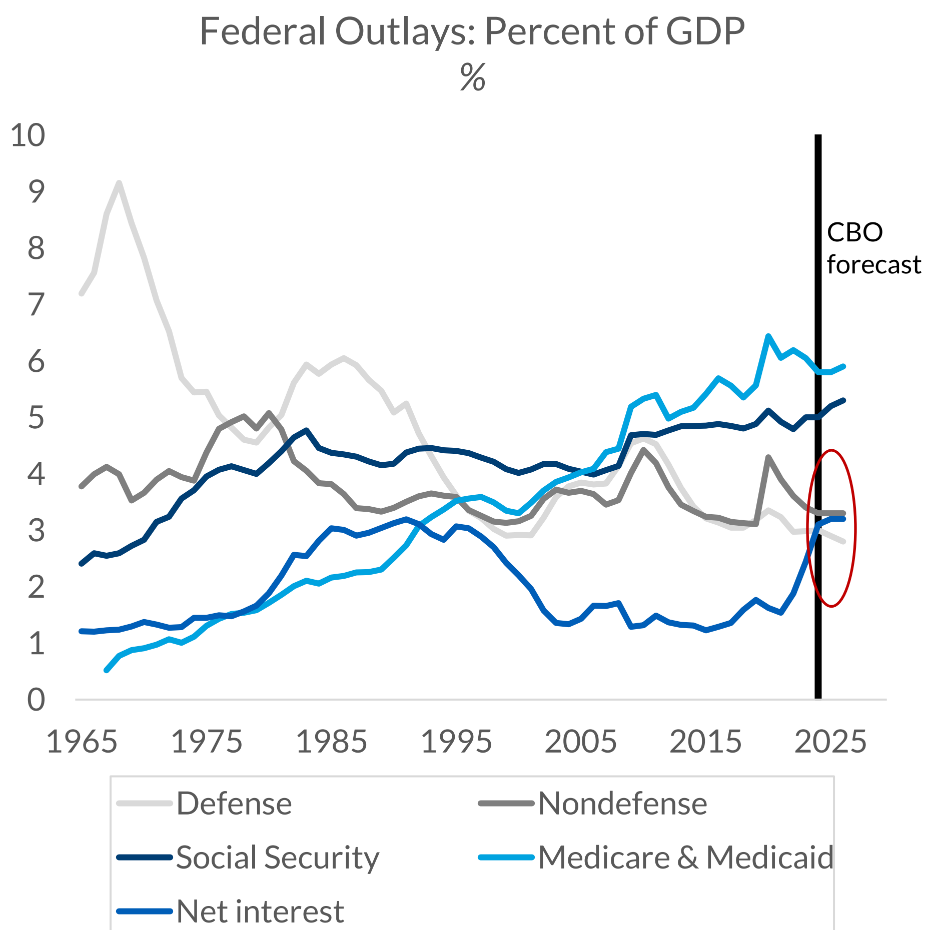


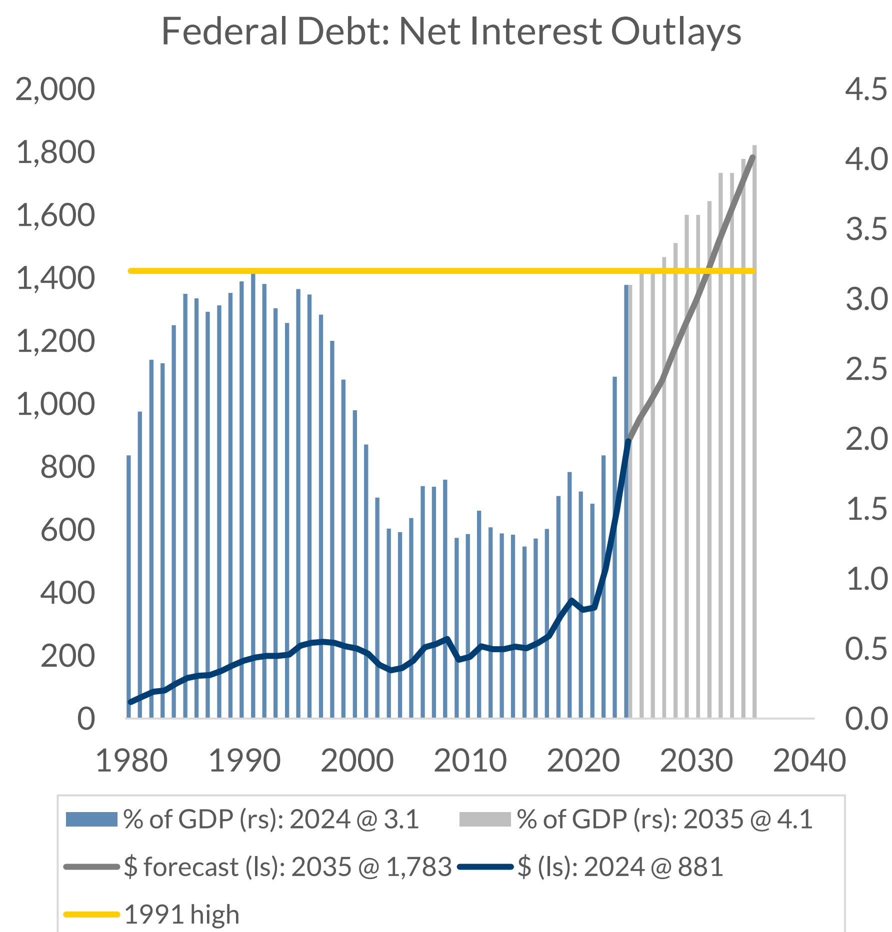


Data current as of January 30, 2025
Source: U.S. Treasury
Information is subject to change and is not a guarantee of future results.

How Will The U.S. Debt Impact The Economy?

- Interest rate payments are now greater than spending on defense.
- Interest payments are now greater than 3% of GDP.
- This year, relative interest payments will match the previous 1991 peak, when the debt was $3.7 trillion.

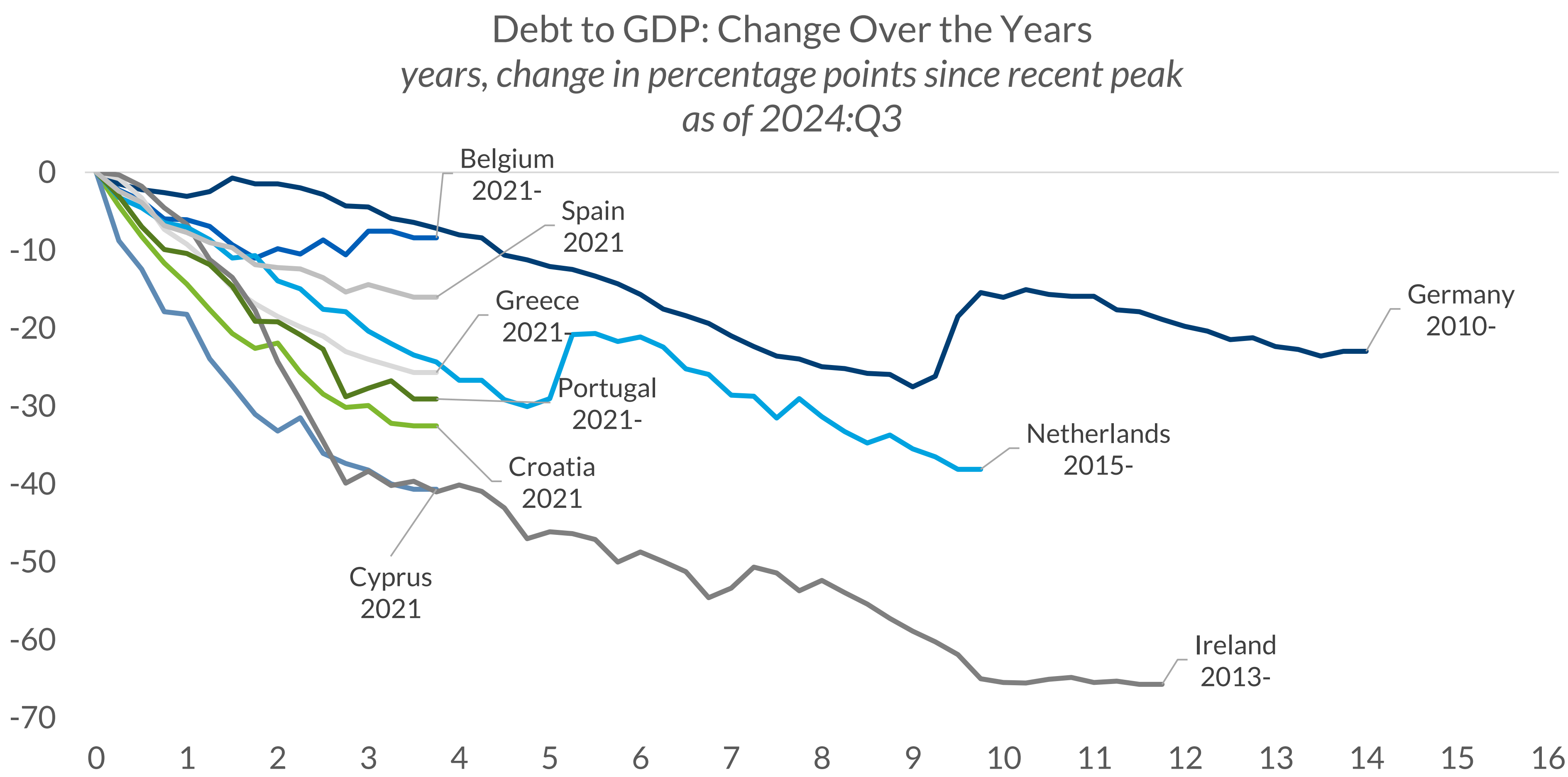




Data current as of January 30, 2025
Source: U.S. Treasury
Information is subject to change and is not a guarantee of future results.

How Will The U.S. Debt Impact The Economy?

- Although the U.S. has been increasing its debt-to-GDP, other industrialized countries have not.
- Many European countries have reduced their relative debt levels, especially since the COVID-19 recession.
- European countries, led by Germany, tend to be fearful of the inflationary risk from large deficits.



Data current as of January 30, 2025
Source: : Eurostat
Information is subject to change and is not a guarantee of future results.

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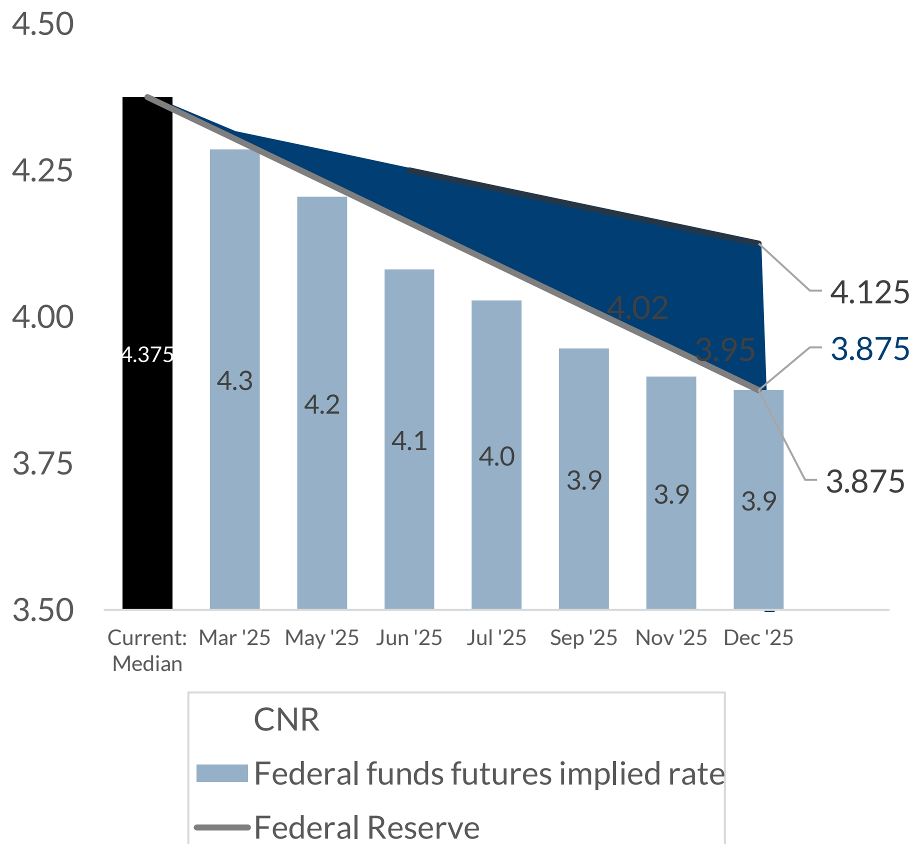
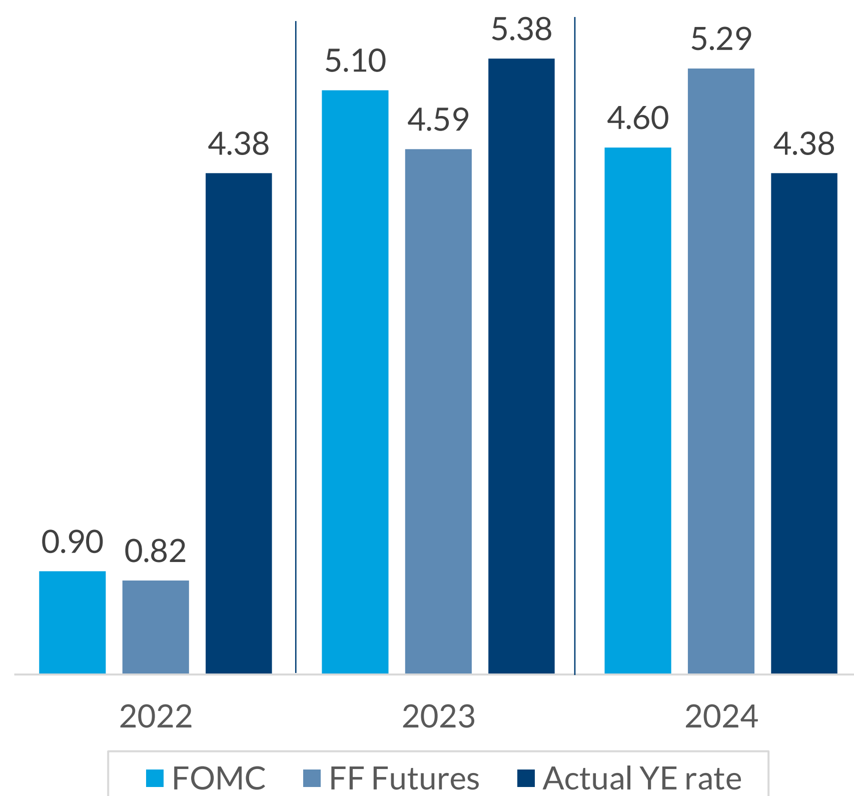
The Federal Reserve Will Continue to Ease

- The Fed has the luxury of waiting and watching.
- With solid labor growth and inflation stuck above the target rate, the Fed will be on hold for the near term.
- CNR expects one to two cuts this year, in H2.

Federal Funds Rate: Expectations
%, as of January 30, 2025



Federal Funds Rate: Forecasting
%, one year prior forecast and actual rate



Data current as of January 30, 2025
Source: Federal Reserve Bank, Bloomberg's WIRP page, CNR Research
Information is subject to change and is not a guarantee of future results.

Key Takeaways

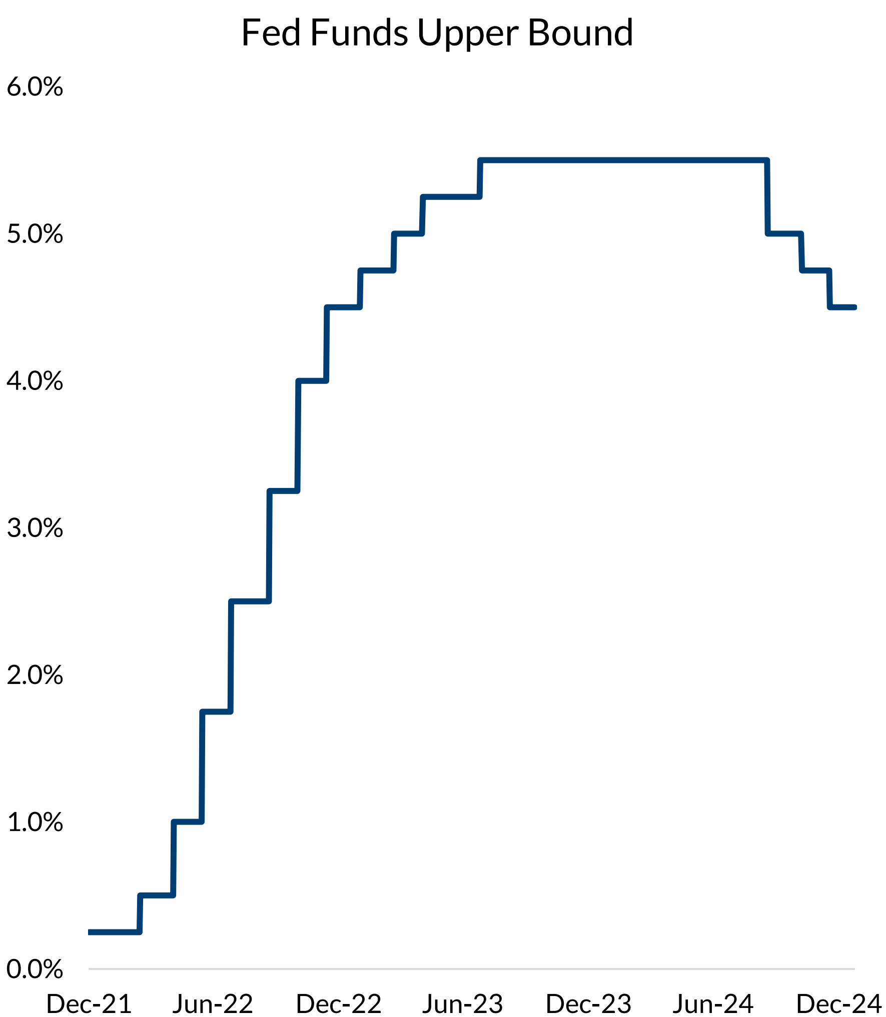
- The economy remains on solid footing, firing on most of the important cylinders.
- Tariffs are a powerful economic tool, but how they will be implemented is not fully understood.
- Inflation remains above the Fed's target but is expected to continue its downward trend.
- Labor growth remains strong, and expected reduced regulations should keep it that way.
- The federal deficit is large and growing; that trend is not likely to change.
- The Fed is probably on hold until the yearly change in inflation starts declining.

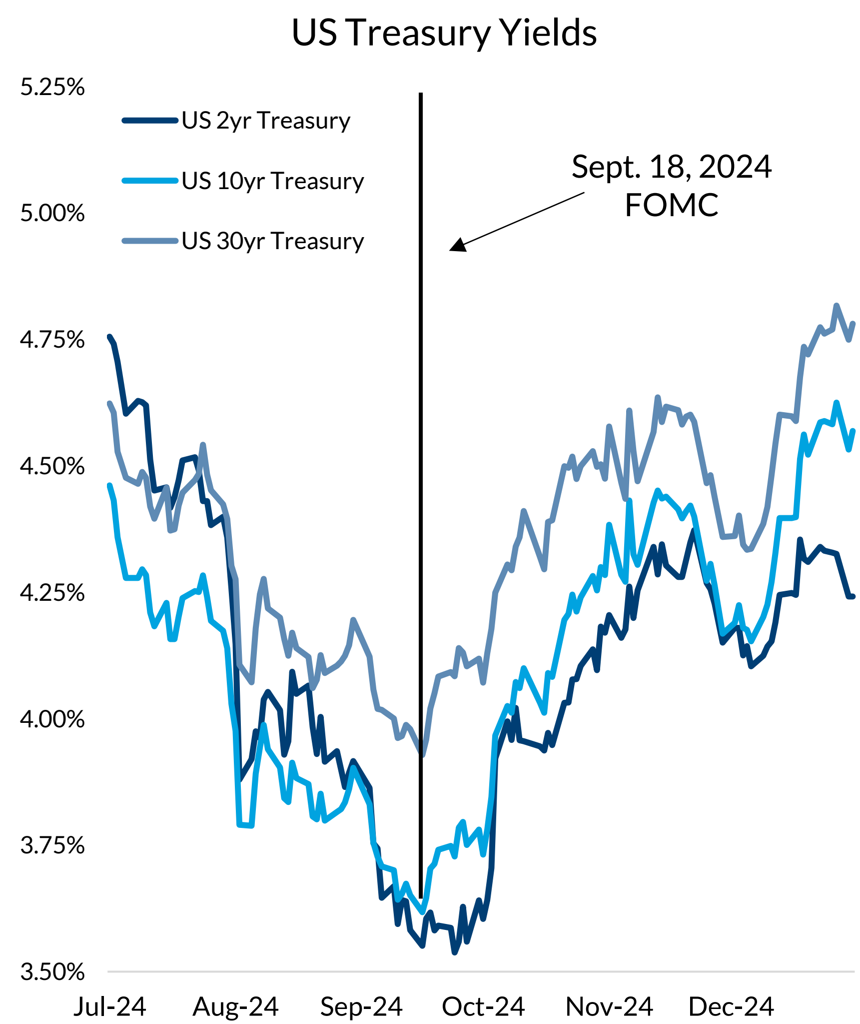
Data current as of January 30, 2025
Source: CNR Research
Information is subject to change and is not a guarantee of future results.

Fixed Income

Fed Easing Begins While Rates Shift in Response

- The Fed has cut its overnight lending rate by 100 bps since September 2024, but with an uncertain path forward.
- Treasury yields have reacted, as policy implications under the Trump administration complicate expectations.

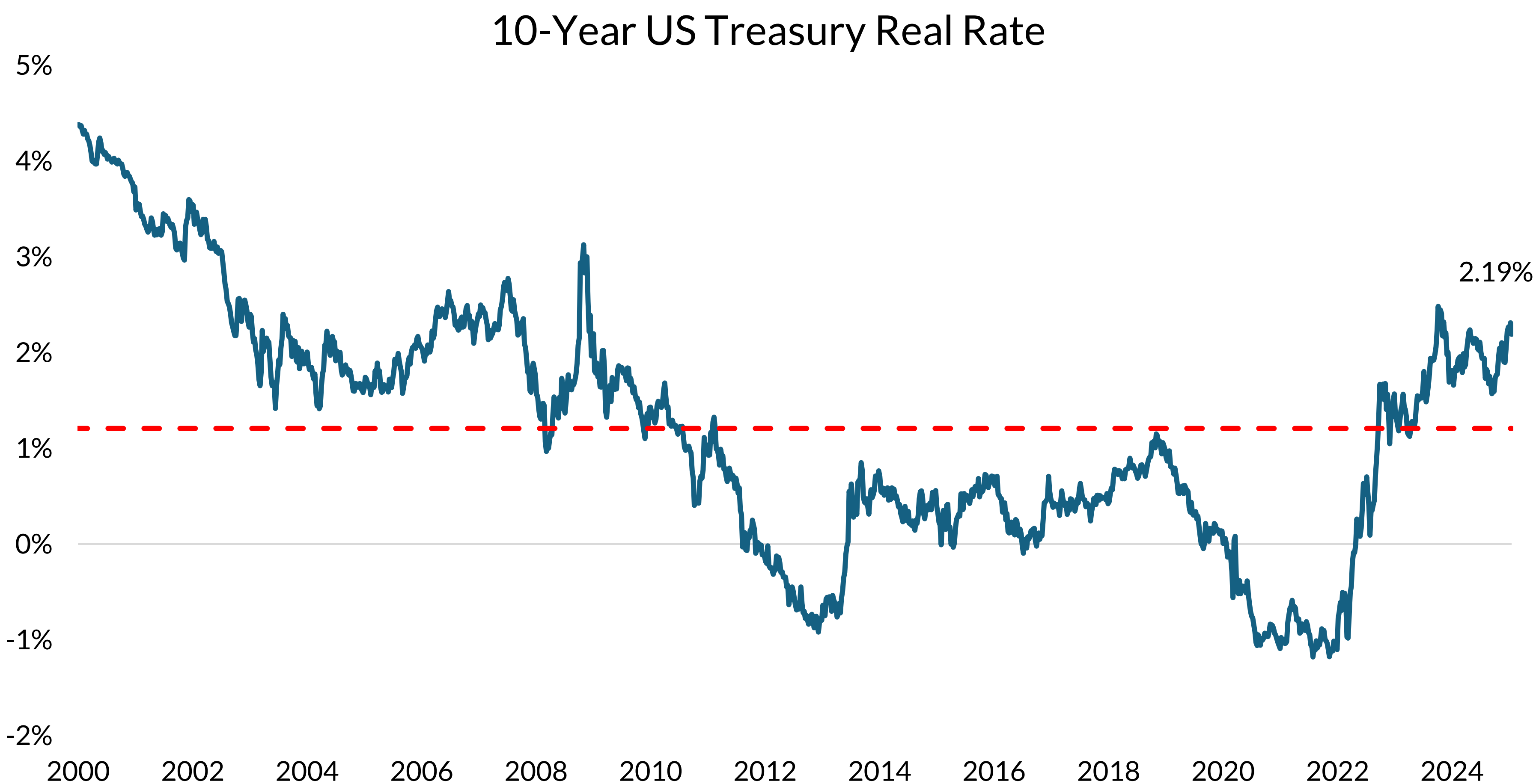




Source: Bloomberg, as of 1/25/2025.
Information is subject to change and is not a guarantee of returns.

Positive Real Yields Underscore Compelling Entry Point

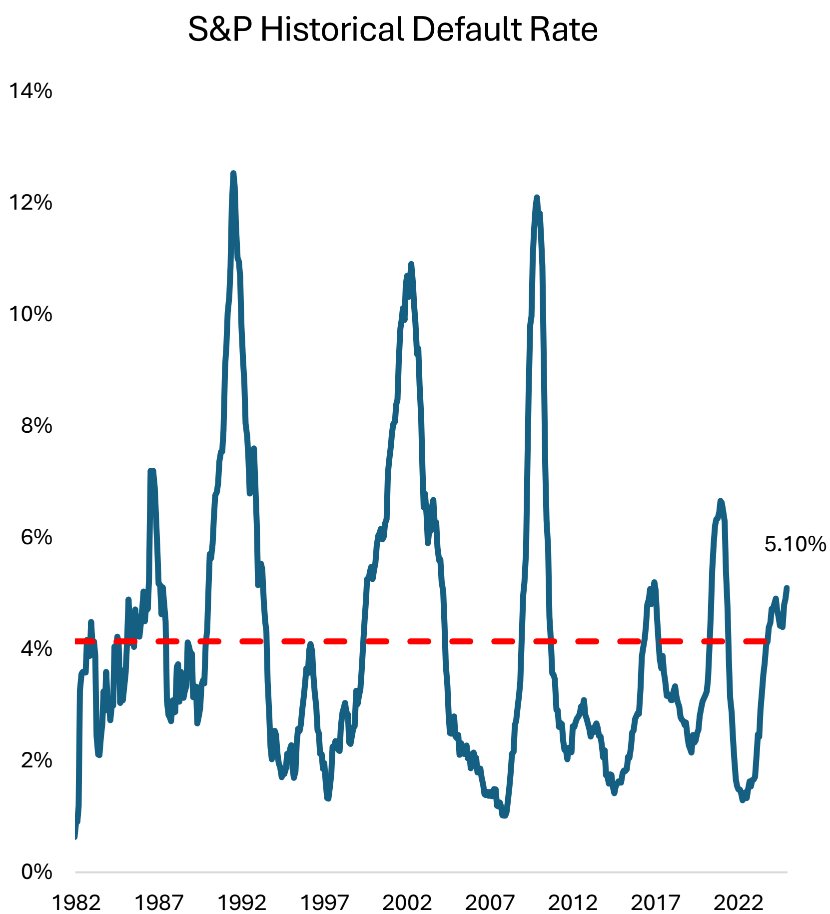
- The real yield adjusts for the impact of inflation and gauges the value of fixed income products.
- Investors can earn excess cash flow while improving forward return expectations on their bonds.



Source: Bloomberg, as of 1/25/2025.
Information is subject to change and is not a guarantee of returns.

Corporate Credit Health Remains Strong

- The corporate default rate has normalized, sitting slightly above its 40-year average.
- A record 68% of defaults were comprised of “distressed exchanges” and were confined to a few industries.

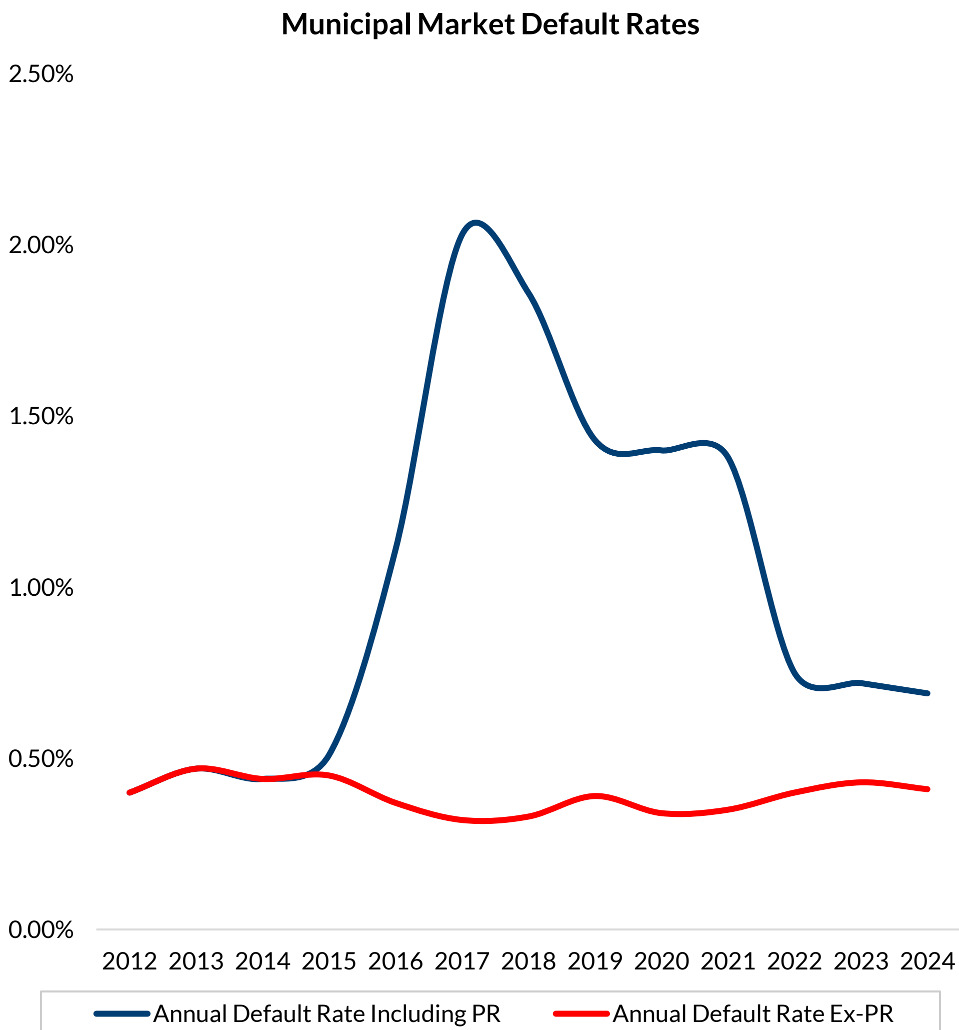


YTD Industry (Includes Distressed Exchanges)	Amount ($mn)	Percent	Count	Percent
Healthcare	18,417.90	22.00%	19	22.40%
Technology	13,974.40	16.70%	11	12.90%
Services	7,487.90	9.00%	8	9.40%
Transportation	6,633.60	7.90%	4	4.70%
Telecommunications	5,855.30	7.00%	4	4.70%
Broadcasting	5,766.80	6.90%	3	3.50%
Automotive	4,024.30	4.80%	3	3.50%
Consumer Products	3,913.40	4.70%	4	4.70%
Food and Beverages	3,381.30	4.00%	2	2.40%
Financial	3,252.40	3.90%	4	4.70%
Retail	2,625.30	3.10%	6	7.10%
Industrials	2,377.00	2.80%	2	2.40%
Chemicals	1,709.70	2.00%	2	2.40%
Gaming and Leisure	1,465.00	1.80%	4	4.70%
Metals and Mining	750	0.90%	1	1.20%
Housing	692.1	0.80%	2	2.40%
Paper and Packaging	685.6	0.80%	2	2.40%
Cable and Satellite	219.5	0.30%	1	1.20%
Diversified	273.5	0.30%	2	2.40%
Utility	143	0.20%	1	1.20%
Energy	0	0.00%	0	0.00%
Total	**83,648.00**		**85**	

Source: JPMorgan and S&P, as of December 2024. Information is subject to change and is not a guarantee of future results.

Municipal Distress Is a Low Share of the Overall Market

- Many municipal bond defaults are typically clustered among a small group of riskier sectors.
- The incidence of default among the investment grade market is less than 1/10th of a percent, per Moody's.

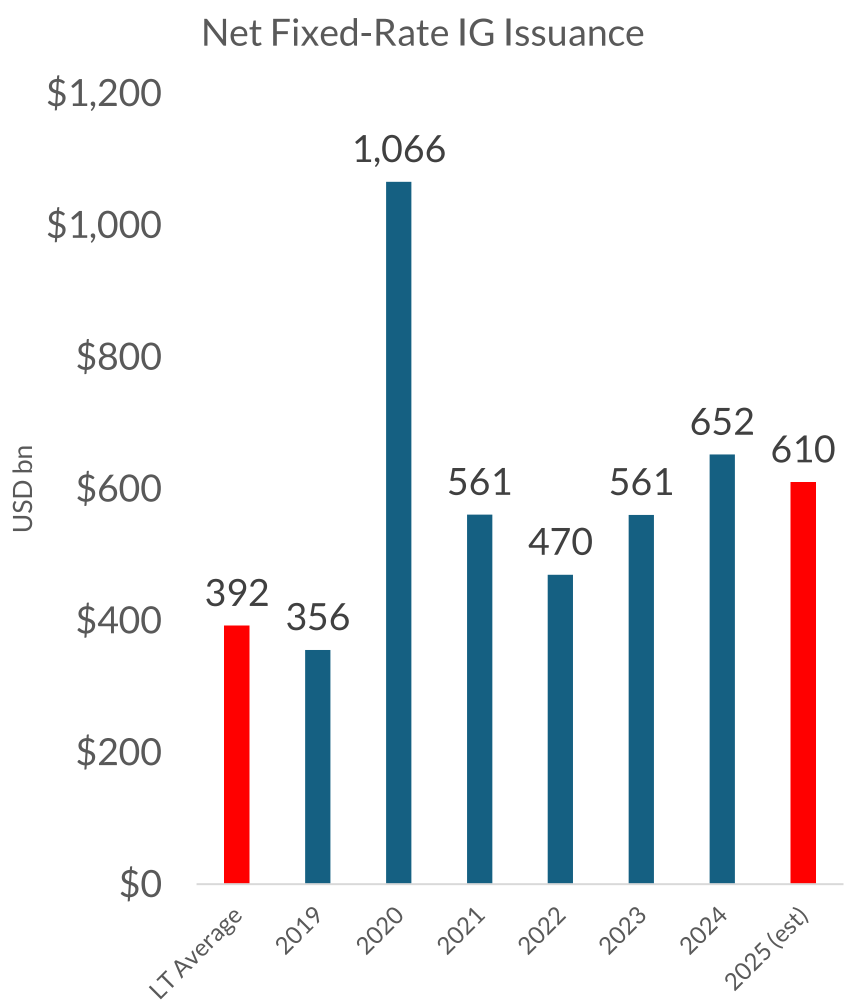


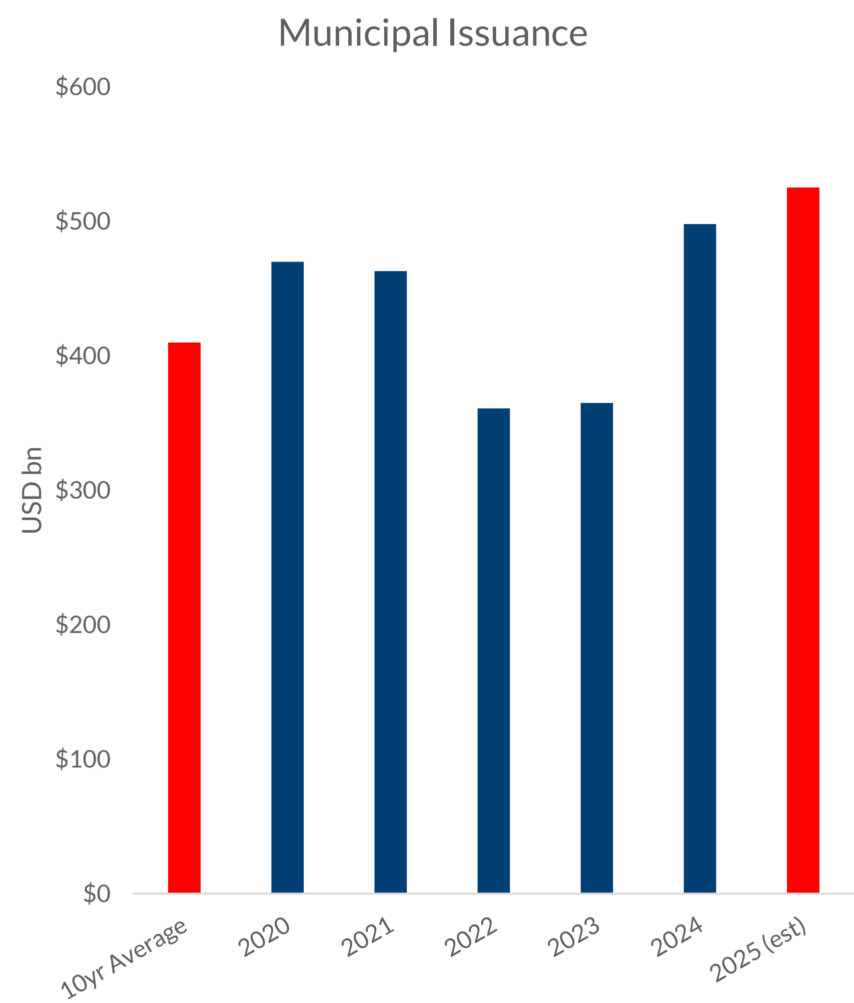
Sector	2024 Par in Default Rate
Retirement	8.97%
Land Secured	4.19%
Student Housing	3.66%
IDB	2.14%
TIF/TAB	1.71%
Other Not-For-Profit	1.33%
Charter School	1.14%
Independent School	0.64%
Hospital	0.49%
St/Loc Non-GO	0.41%
Local Housing	0.41%
Electric/Gas/Power	0.32%
Solid Waste	0.22%
Higher Education	0.11%
Airport	0.02%
Water/Sewer	0.02%
Sales/Special Tax	0.02%
Toll Road/Transit	0.00%
St/Loc GO	0.00%
Ports	0.00%
SRF & Loan Pools	0.00%
State Housing	0.00%
Student Loan	0.00%
Tobacco	0.00%

PR = Puerto Rico
Source: Municipal Market Analytics, as of 1/25/2025. Information is subject to change and is not a guarantee of returns.

Bond Supply Expected to Remain Elevated

- Taxable issuance in 2025 should be relatively flat, but there is upside risk if M&A activity reaccelerates.
- Municipal issuance in 2025 should remain steady but could shift meaningfully based on tax policy.

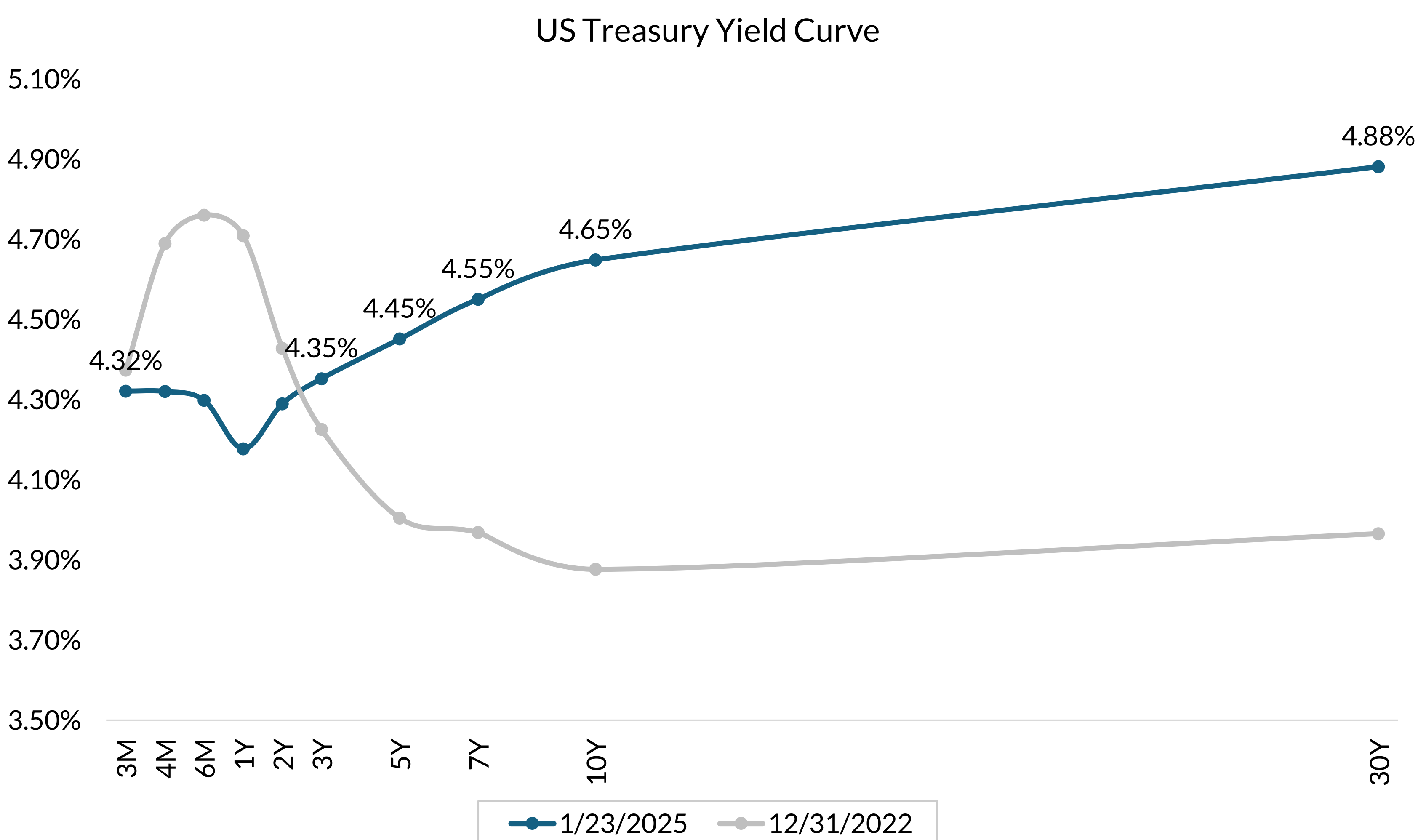




Source: Bloomberg, as of 1/25/2025.
Taxable equivalent yield assumes 37% Federal and 3.8% Medicare surcharge taxes.
Information is subject to change and is not a guarantee of returns.

Forward Return Prospects Bolstered by Starting Yields

- The positive-sloped shape of the yield curve should provide "rolldown," which improves total return.
- Higher starting yields or "carry" provide attractive cash flows for fixed income investors.

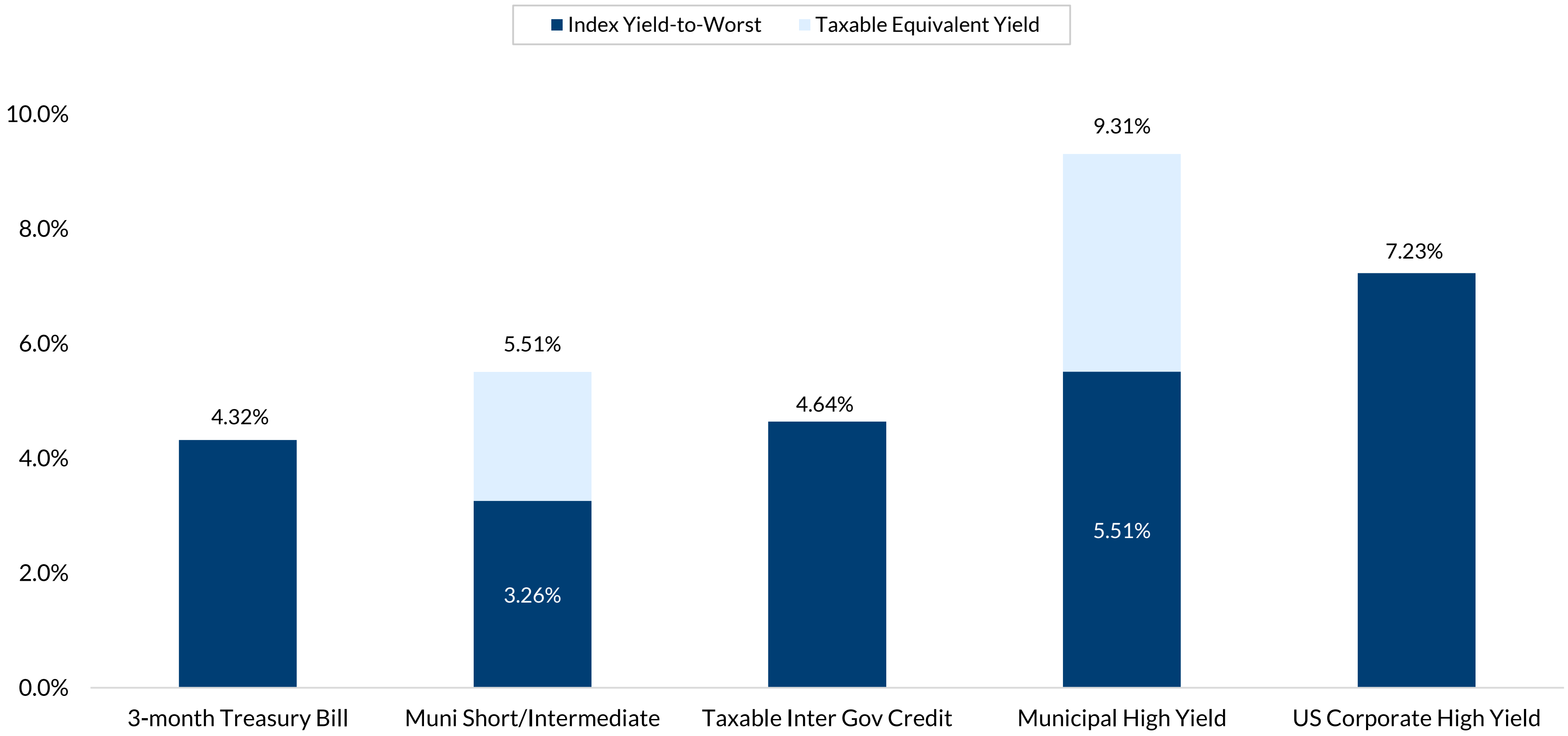


Source: Bloomberg as of 1/25/2025.
Information is subject to change and is not a guarantee of returns.

Fixed Income Yields Remain Attractive

- Absolute yields across fixed income asset classes should cushion rate volatility while generating income.
- For municipal investors, the tax-adjusted yields available exceed most other taxable sectors.

Fixed Income Asset Class and Maturity Focus Yield Comparison



Source: Bloomberg US Treasury 3-month Bill, Bloomberg Municipal Bond Inter-Short 1-10-year Index, Bloomberg Intermediate US Government/Credit, Bloomberg Municipal High Yield Index, and Bloomberg US Corporate High Yield Index. As of 1/25/2025. Information is subject to change and is not a guarantee of returns.

Key Takeaways

- Treasury volatility to continue as federal policy pivots could complicate the timing of future Fed actions.
- Attractive inflation-adjusted yields (real yields) are currently benefiting fixed income investors.
- Issuer credit quality remains broadly healthy, supporting risk pricing, but emphasize security selection.
- Constructive market technicals should continue this year, but regulatory/tax reform could reset expectations.
- Starting yields/curve shape provide a buffer to price fluctuations and improve prospects for total return.

Equity

Equity Markets May Achieve More Moderate Returns

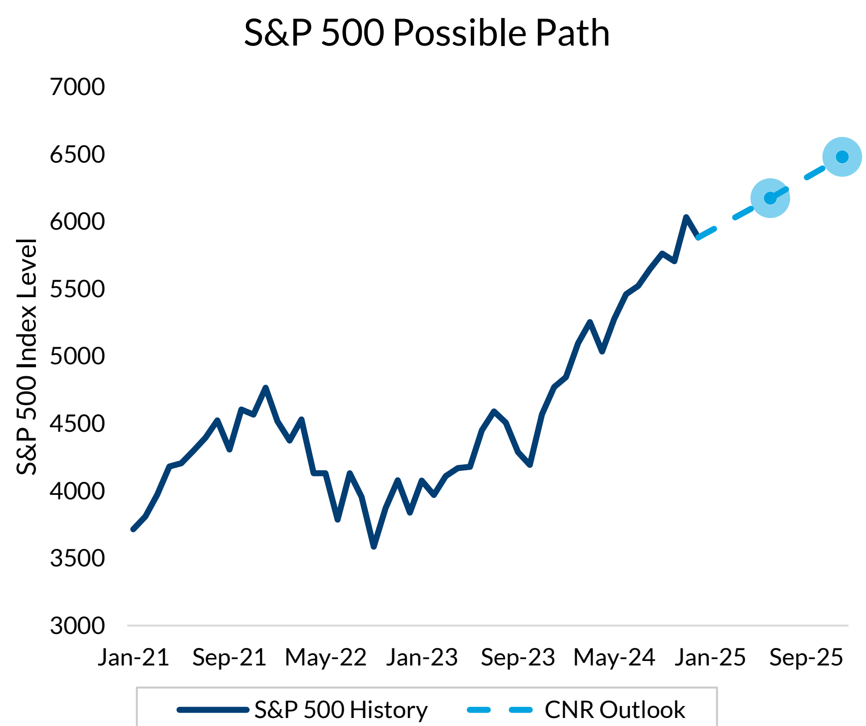
- The U.S. economy continues to defy widespread expectations of weakness, showcasing remarkable resilience.
- For 2025, a more moderate high single-digit return is possible, fueled by earnings growth.

Current Economic Backdrop

- Growth slowing but still healthy
- Inflation cooling from high levels
- Two consecutive years of 25%+ equity market returns
- High equity market valuations
- Fed remains more likely to cut than hike
- EPS growth over multiple expansions likely to drive 2025 returns

Expect Moderation in Equity Markets

Metric	Mid-Year 2025	Year-End 2025
S&P 500 Level Estimate	6100 - 6200	6400 - 6500



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

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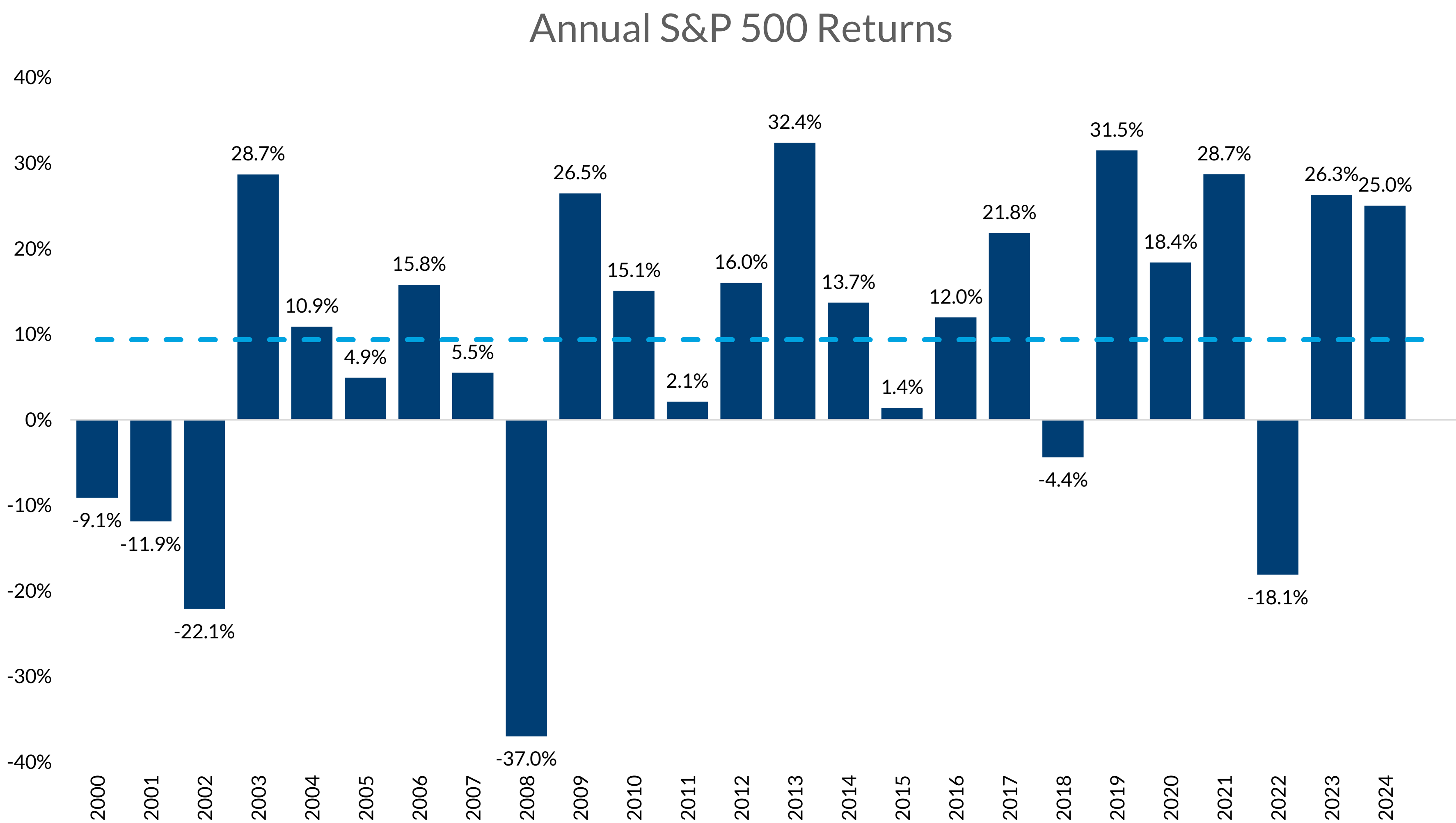
We Expect Long-Term Average Equity Market Returns

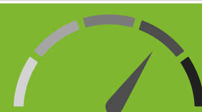
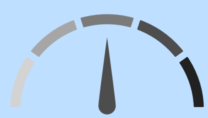
- The significant outperformance relative to long-run averages is likely to moderate over 2025.



Source: Bloomberg. Information is subject to change and is not a guarantee of returns.

S&P 500 Return Forecast Components

- A combination of macroeconomic signals point toward average returns over the next six months.
- Most signals remain neutral, while valuations and risk sentiment remain elevated.

Factor	Contribution	Explanation
Equity Valuation		US valuations above mean suggest lower returns
Treasury Curve Influence		Return to positive slope is a mild equity positive
US Financial Conditions		Financial conditions loose but could mildly tighten based on revised Fed outlook
Risk Aversion		High measured risk aversion is contrarian, suggesting potential for positive momentum
US Debt Momentum		Moderate fiscal expansion from debt growth
Long-Term Trend		Long-term trend remains intact with no technical breakdowns
Total 6M Expected Return		**Factor contributions are balanced, implying long-term average returns**

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

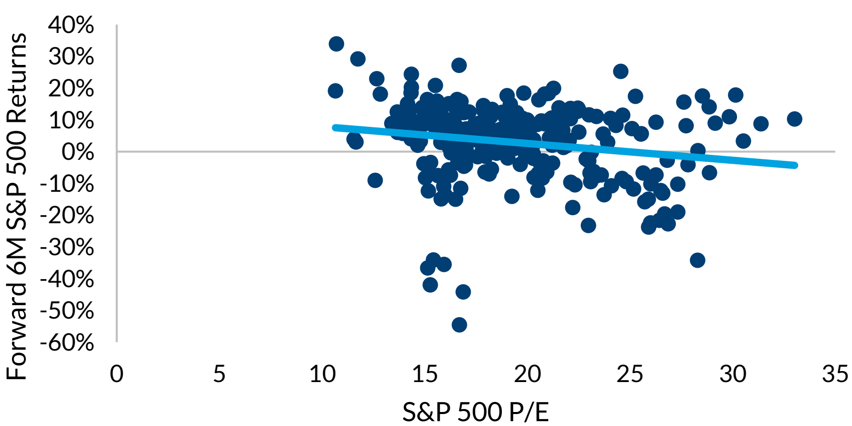
Market Signals Are Balanced

- While valuations signal caution, risk aversion is pointing toward a potential move higher.
- These balanced signals show that while returns may slow, an average return year is most likely.

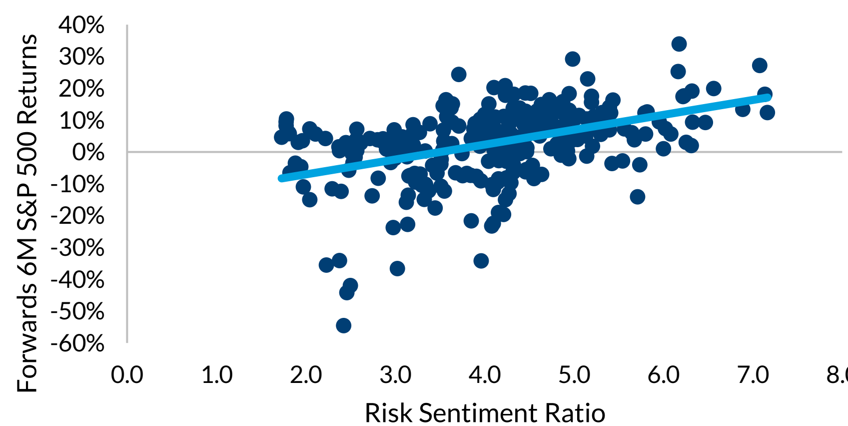
Valuations Above Historical Averages

Risk Aversion[1] Is Elevated

Valuations Signal Lower Returns



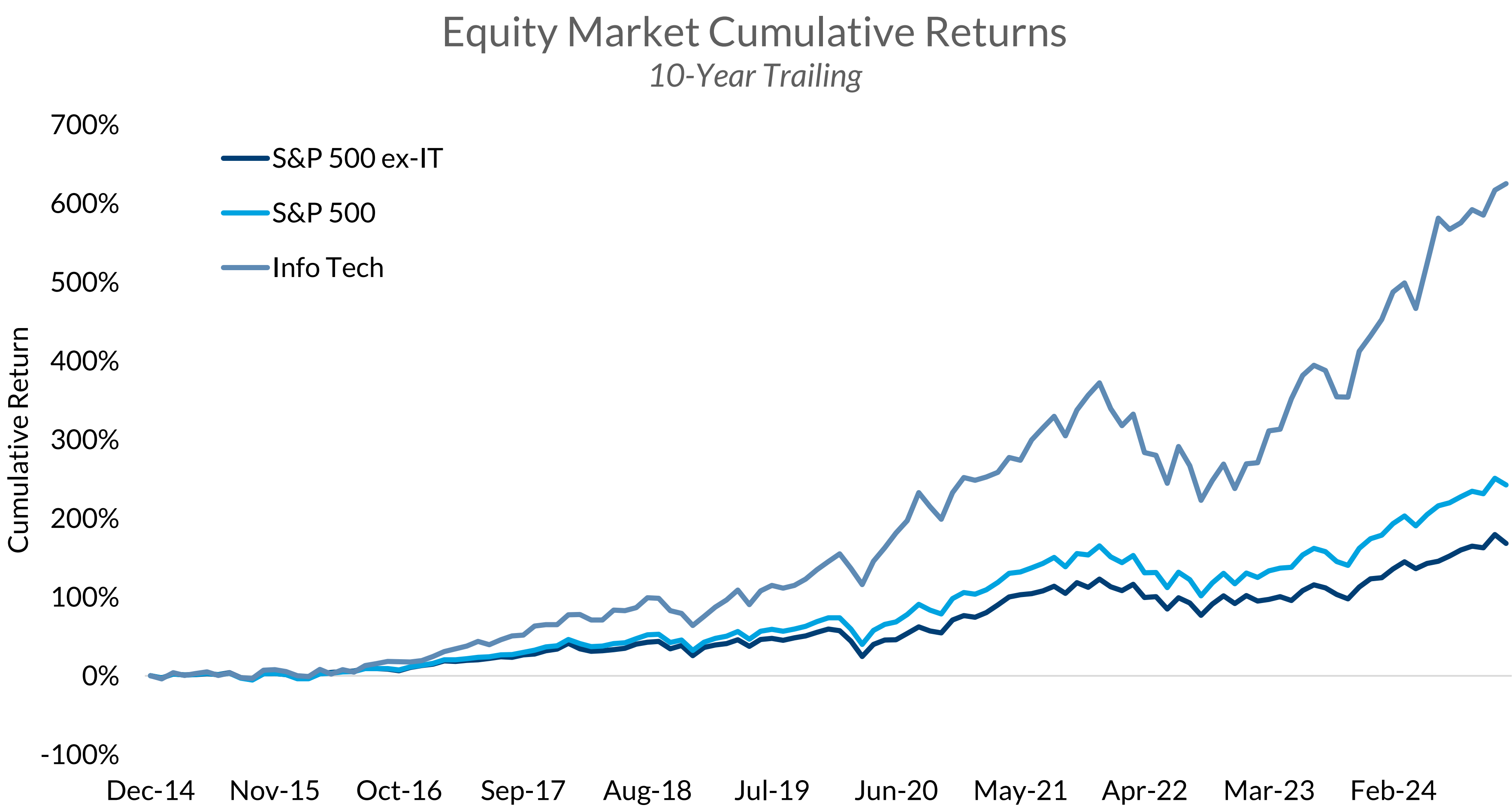
Risk Aversion[1] Signals Higher Returns



[1]Risk Aversion is measured by the Copper/Gold Price Ratio
Source: Bloomberg, Since January 1, 2000, risk aversion measure is gold/copper ratio.
Information is subject to change and is not a guarantee of returns.

Technology Outpaces Rest of US Equity Market

- Over the past 10 years, the technology sector has outpaced the S&P 500 as the development of AI ramped up.



Source: Bloomberg, Since December 31, 2014.
Information is subject to change and is not a guarantee of returns.

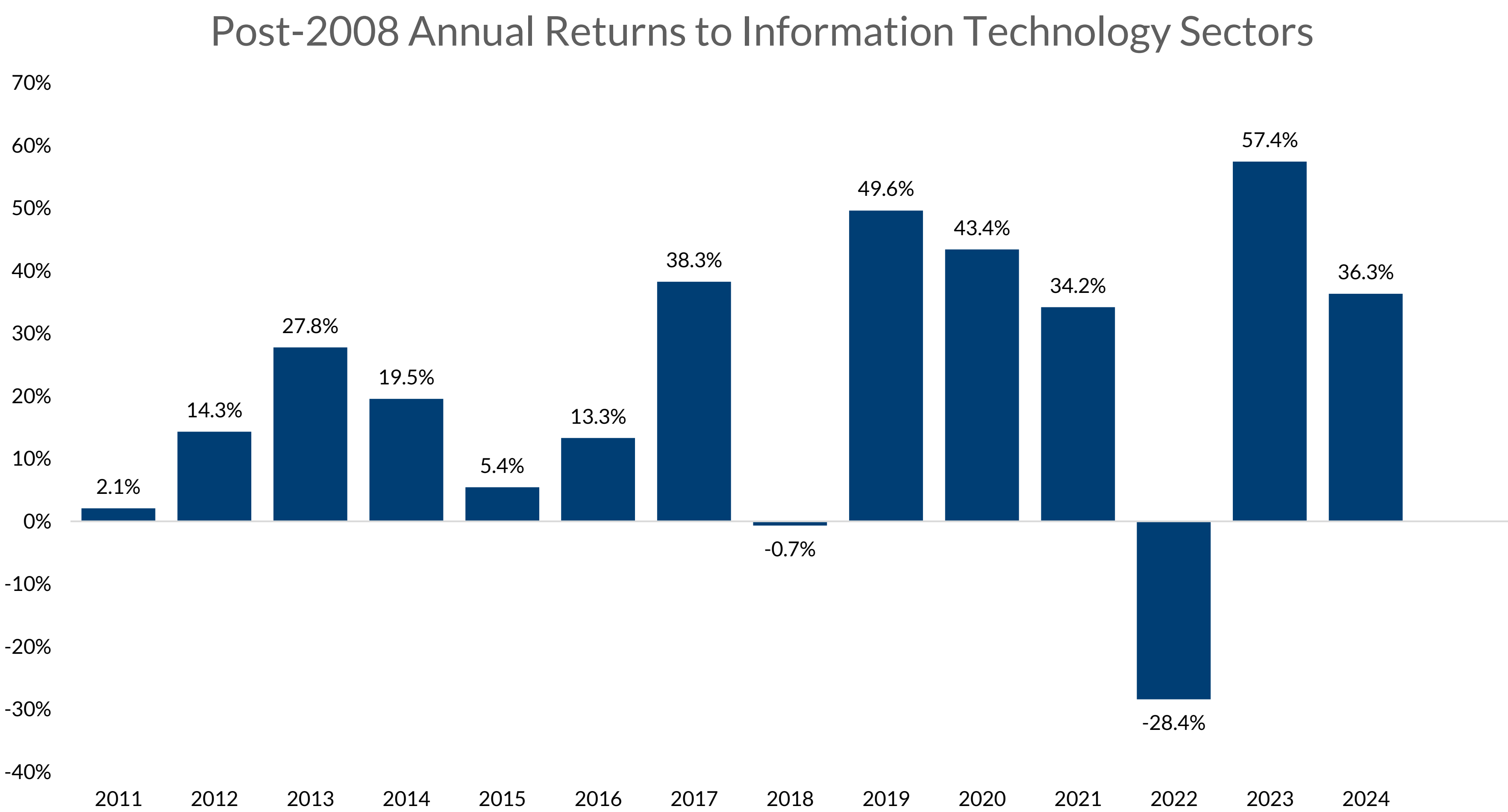
Technology Outlook

- Technology's momentum remains intact, supported by continued AI adoption, cloud migration and cybersecurity demands, though the pace of appreciation is likely to moderate.
- Expect performance closer to broader market indexes as the valuation premium begins to normalize and higher interest rates create pressure on growth multiples.
- Earnings growth versus other sectors should shrink as year-over-year comparisons become more challenging and the initial surge of post-pandemic IT spending slows.
- Technology's transformation from disruptor to enabler marks a key inflection point. AI's productivity gains are increasingly being captured by traditional sectors through digital transformation, which suggests a broader dispersion of returns across tech-enabled companies rather than pure-play tech firms.

Source: CNR. Information is subject to change and is not a guarantee of returns.

Normalization in Technology Returns

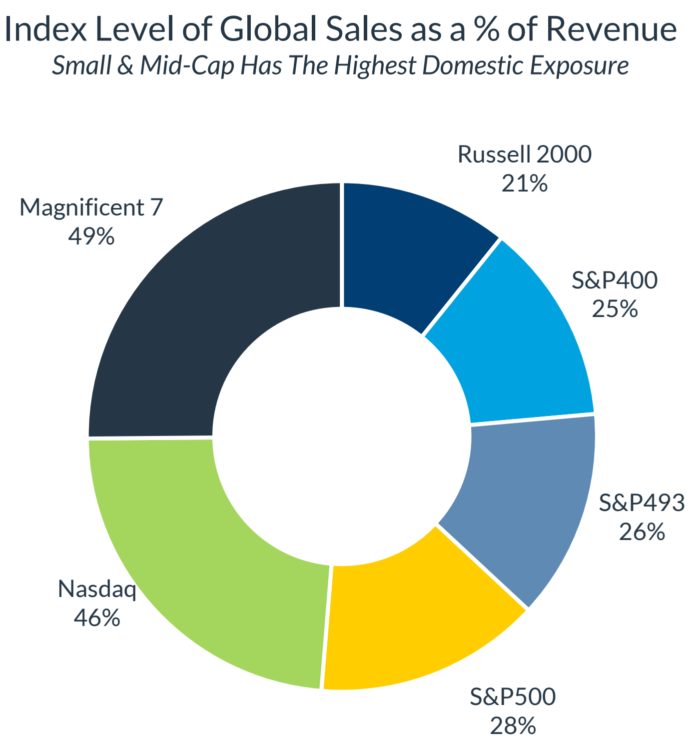
- It is possible for Information Technology to return ~8% in the first half of 2025, on track for 15-20% for the year.

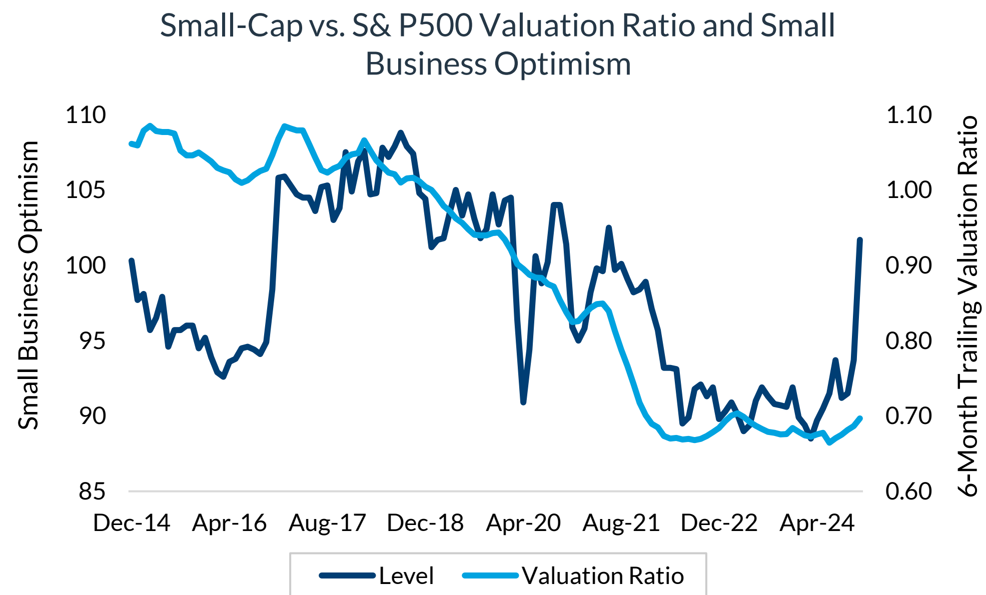


Source: Bloomberg, CNR Investment Management. Information is subject to change and is not a guarantee of returns.

Small-Cap Exposure Has Become More Attractive

- Small-cap stocks have valuation discounts relative to large-cap stocks in addition to more cyclical exposure.
- Small-cap sector positioning and exposure to domestic revenue generation is also positive.





Top 5 Sector Exposures			
Sector	S&P 600	S&P 500	Difference
Financials	19.7%	13.4%	+6.3%
Industrials	17.8%	8.3%	+9.5%
Consumer Discretionary	14.3%	11.2%	+3.1%
Information Technology	11.4%	32.1%	-20.7%
Health Care	11.2%	10.3%	+0.90%

Sources: Goldman Sachs Research, Bloomberg, CNR Research, as of December 2024. Russell 2000 used for the Small-Cap Index.
Information is subject to change and is not a guarantee of future results.

Key Takeaways

- We expect the S&P 500 to trade as high as 6400 – 6500 by the end of 2025 as returns fall to long-run averages.
- Equity valuation and the level of risk aversion, alongside neutral measures across other macroeconomic factors, points toward average equity returns.
- Technology returns are likely to remain elevated, but may fall back in line with broad indexes as earnings slow and spending peaks.
- AI focused technology companies are shifting from a disruptor to enabler, allowing a broad set of companies to leverage AI tools to become more efficient.
- Small-cap stocks remain a good alternative to benefit from the domestic focus of the Trump administration.

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 US equity performance.

The S&P 600 is an index of small-cap stocks managed by Standard & Poor's. It tracks a broad range of small-sized companies that meet specific liquidity and stability requirements.

The Bloomberg Barclays US Corporate High Yield Index is an unmanaged, US-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 Tax-Exempt HY is market value-weighted and designed to measure the performance of US dollar-denominated high-yield municipal bonds issued by US states, the District of Columbia, US territories and local governments or agencies.

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

The Small Business Optimism Index is a monthly indicator of the state and outlook of the small business sector in the US.

The Russell 2000 Index is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell Index.

The Magnificent Seven stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

The S&P MidCap 400 is a benchmark index published by Standard & Poor's (S&P). The index comprises 400 companies that broadly represent companies with midrange market capitalization.

The S&P 493 is a market-weighted index that excludes the Magnificent Seven companies from the S&P 500.

Nasdaq is an online global marketplace for buying and trading securities—the world's first electronic exchange.

Index Definitions

Bloomberg Tax-Exempt HY is market value-weighted and designed to measure the performance of US dollar-denominated high-yield municipal bonds issued by US states, the District of Columbia, US 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.

The Bloomberg Municipal 1-5yr Index measures the performance of USD-denominated long-term, tax-exempt bond market with maturities of 1-5 years

The Bloomberg Taxable 1-5yr Government Credit Index tracks USD-denominated, investment grade, fixed-rate bonds, including treasuries, government-related and corporate issues.

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 Bloomberg Municipal Short/Intermediate Index is a measure of the US municipal tax-exempt investment grade bond market.

The Bloomberg Taxable Intermediate Government Credit Index measures investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related bond markets with a maturity greater than 1 year and less than 10 years.

The Bloomberg Municipal High Index is a measure of the US municipal tax-exempt non-investment grade bond market.

The S&P 500® Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

The Bloomberg 1-3 Month U.S. Treasury Bill Index includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value.

High Yield Corporate Bond Yield is derived from the Bloomberg High Yield Corporate Bond Index (LF98), Yield Spread Is the U.S. Corporate High Yield Bond Yield minus the 12-Month Yield of BKLN.

Definitions

Employment Index: US 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.

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.

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.

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 Congressional Budget Office (CBO) is a nonpartisan federal agency that provides economic and budgetary analysis to Congress, helping lawmakers make informed decisions about fiscal policy.

Yield to worst is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting.

Risk sentiment refers to how financial market participants (traders and investors) are behaving and feeling. It describes their willingness to take on risk, with risk-on sentiment indicating preparedness to take risks and risk-off sentiment indicating caution

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.

Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect investments. Alternative investments are speculative and involve a high degree of risk.

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