CITY NATIONAL ROCHDALE
AN RBC/CITY NATIONAL COMPANY

October 2025

Economic Outlook and Investment Strategy

CAS00013549

Investment Strategy Committee Highlights

Economic Outlook

Growth Outlook: U.S. GDP forecasts have improved as lower rates, fiscal stimulus, and resilient corporate earnings offset tariff effects. Medium-term growth near 2% remains achievable, supported by AI-driven investment and steady demand.

Consumer Impact: Spending remains strong, with services leading and confidence improving as fiscal benefits and wage growth take hold. The top third of earners continue to drive demand across discretionary categories.

Inflation: We expect inflation to rise modestly above 3% by year-end as housing stabilizes and input costs feed through. While this is above consensus, we see consumers able to absorb higher prices without threatening growth.

Labor Market: Hiring has slowed, but large layoffs remain limited, creating a “no-hire, no-fire” dynamic. Youth unemployment is up due to fewer entry-level opportunities and slower churn, keeping the Fed focused on labor over inflation.

Government Policy: The ongoing shutdown has delayed some projects and spending, but market impact is limited; resolution is likely in the near term. Fiscal stimulus from the administration’s spending bill remains a medium-term tailwind once funding resumes.

Equities: Markets are broadly higher with all major indexes at record levels; gains are supported by strong tech revenues and expanding breadth. While valuations are stretched, we see improving prospects for small caps and international equities amid a weakening dollar.

Fixed Income: Bondsperformed well as rates fell, though spreads are tight. Fed cuts should keep yields stable and we continue to favor high-quality issuers to balance portfolios against potential economic shocks.

Bottom Line: The economy is expanding, inflation is manageable and Fed policy remains supportive. Consumers are healthy, employment stable and earnings strong. We remain constructive on both equities and fixed income, emphasizing balance, quality and global diversification as we move toward 2026.

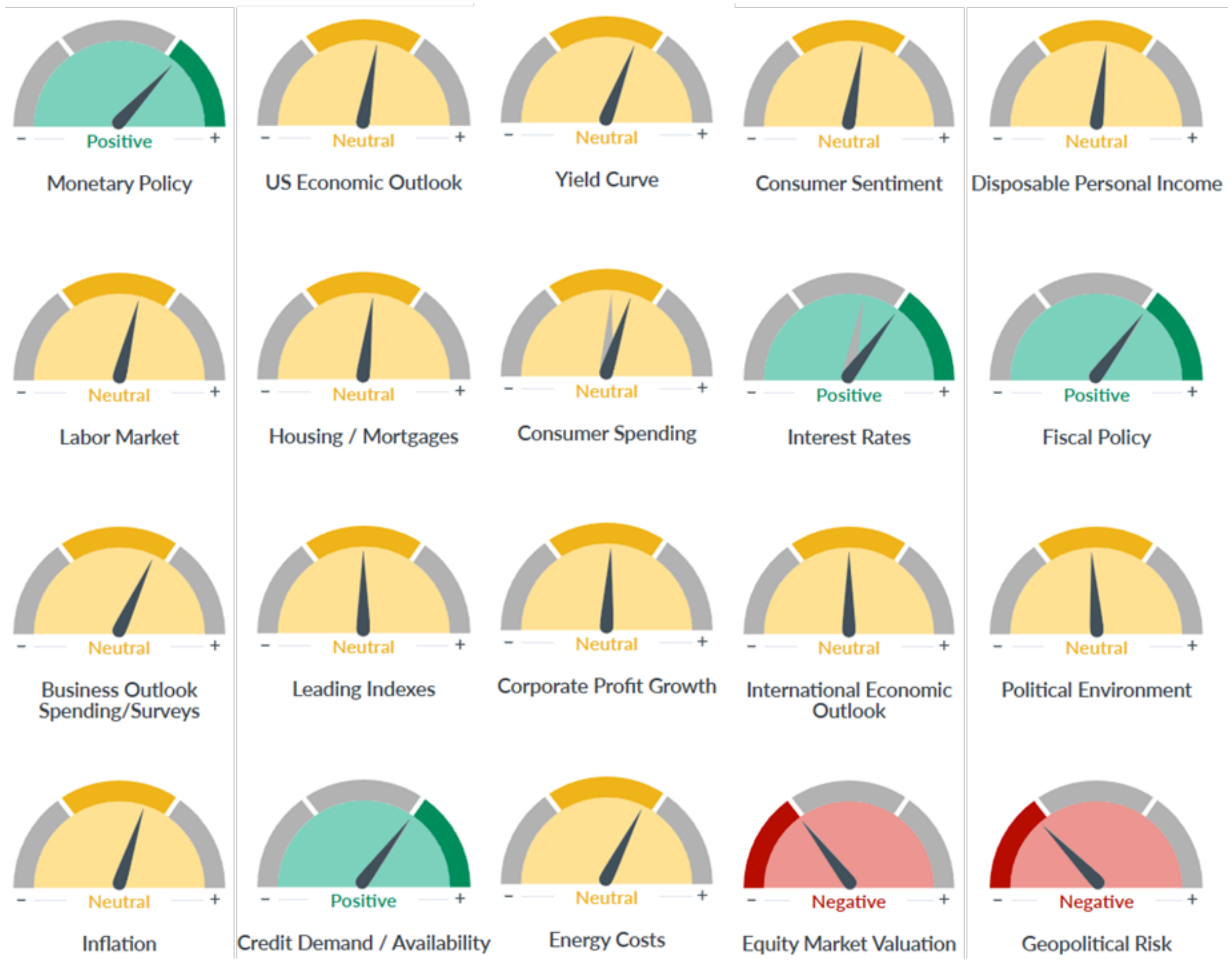
Sources: Bloomberg, CNR Research, as of September 30, 2025.
Information is subject to change and is not a guarantee of future results.

CNR Speedometers® – October 2025

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

- The global outlook for growth remains dynamic as impacts from tariffs are now materializing.
- The Federal Reserve cut rates at its September meeting.
- Inflation has started to materialize in parts of the supply chain, challenging the Fed's mandate.
- Consumer financials remain healthy, and sentiment is firming, but aggregate spending has slowed.
- Government stimulus through deregulation and tax policy is expected in early 2026.
- U.S. stock valuations are well above average as the S&P 500 makes new highs.
- Markets have become less sensitive to unexpected policy announcements.

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 September 19, 2025. Information is subject to change and is not a guarantee of future results

Economic Forecasts: Introducing 2026 Estimates

Updated estimates for 2025 and initial 2026 forecasts show improving growth.

- The near-term GDP growth outlook has improved, despite elevated uncertainty.
- Corporate profits for the year continue to exceed forecasts and corporate margins remain high.
- Inflation pressure has arrived, based on the administration's tariff policy.
- The Fed is expected to cut rates two times before year-end, which may be a tailwind for stocks.
- 10-year Treasury yields are expected to be stable but lean modestly lower in the near term.

		2024	2025		2026	
City National Rochdale Forecasts		Actual	CNR (est.)	Consensus (est.)	CNR (est.)	Consensus (est.)
Real Annual GDP Growth		2.5%	1.25% -1.75%	1.64%	1.75% - 2.25%	1.70%
Corporate Profit Growth		9.6%	9.0% - 11.0%	8.61%	10.0% - 13.0%	11.92%
Headline CPI Year-End		2.9%	3.00% - 3.25%	2.80%	2.50% - 3.00%	2.83%
Interest Rates	Federal Funds Rate	4.25% - 4.50%	3.50% - 3.75%	3.91%	2.75% - 3.25%	3.36%
Interest Rates	Treasury Note, 10-Yr.	4.57%	3.75% - 4.25%	4.20%	3.75% - 4.25%	4.09%

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.
The consumer price index (CPI) measures the monthly change in prices paid by U.S. consumers.
Sources: Bloomberg, proprietary opinions based on CNR Research, as of September2025. Information is subject to change and is not a guarantee of future results.

Shifting Global Dynamics and Domestic Impact

- Foundational global relationships remain in flux as tariff policy evolves into a tool of targeted foreign strategy and negotiations over Ukraine show tentative progress. Markets, having adjusted to earlier geopolitical shocks, now demonstrate greater tolerance for uncertainty.
- The creditworthiness of the federal government, the independence of the Federal Reserve and broader political uncertainty — along with rapid advances in critical technology and rising nonfinancial risks — will continue to shape global capital flows and drive market performance through year-end.

Labor

Hiring has slowed, but unemployment remains steady, with a low-churn "no-hire, no-fire" environment keeping the job market soft but stable.

Inflation

Prices are expected to rise modestly above 3% by year-end as housing stabilizes and supply costs feed through, though consumers remain able to absorb higher costs.

Government Policy

Fiscal stimulus and trade actions are shaping growth while the ongoing shutdown and global negotiations, including Ukraine, add short-term uncertainty.

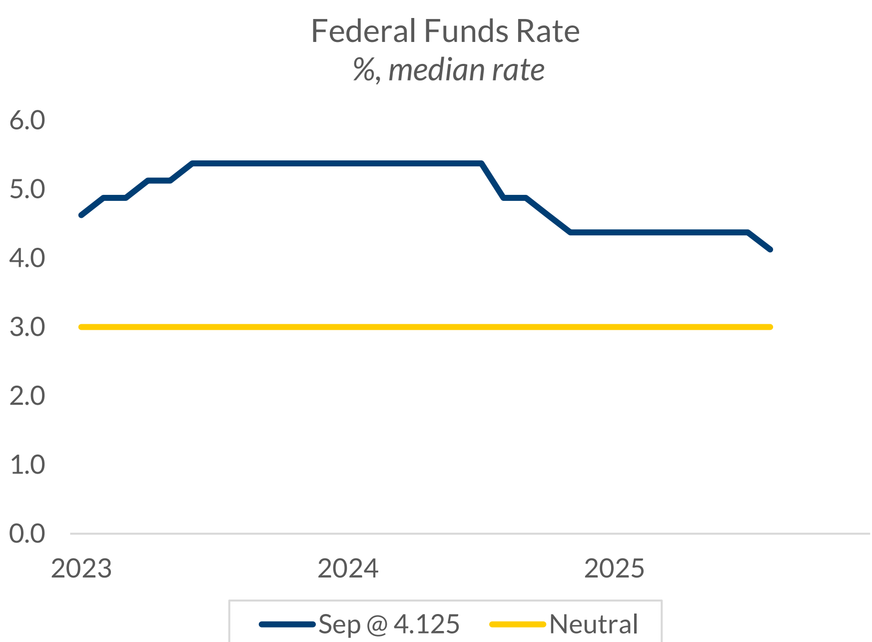
The Fed

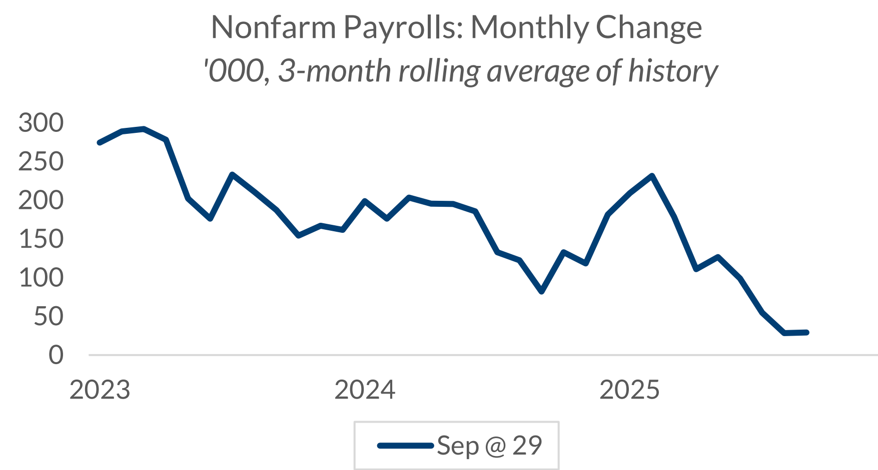
The Federal Reserve is cutting rates to support employment and growth, maintaining focus on its dual mandate despite political pressure.

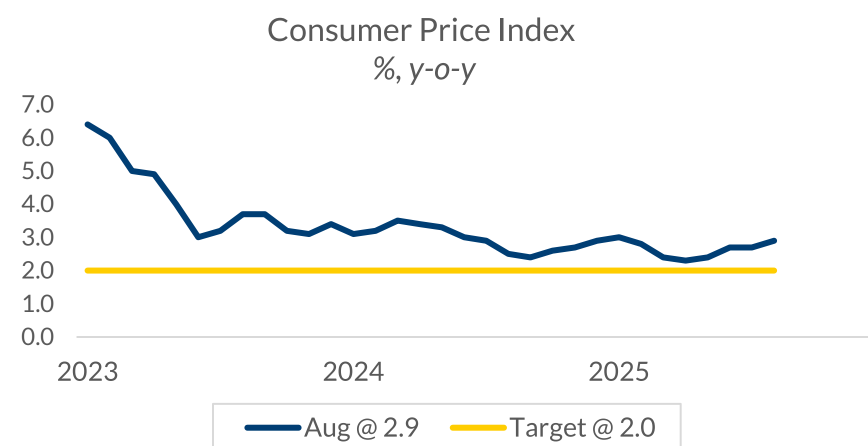
Source: CNR Research, as of September 30, 2025.
Information is subject to change and is not guarantee of future results.

The Fed Is in a Tough Spot

- They have a dual mandate of low and stable unemployment and inflation.
  - Labor growth has stalled: Should they ease monetary policy to stimulate growth?
  - Inflation remains above the target level: Should they keep policy tight to lower inflationary pressures?
- The Fed has decided to start reducing rates as insurance to prevent further deterioration in labor demand.







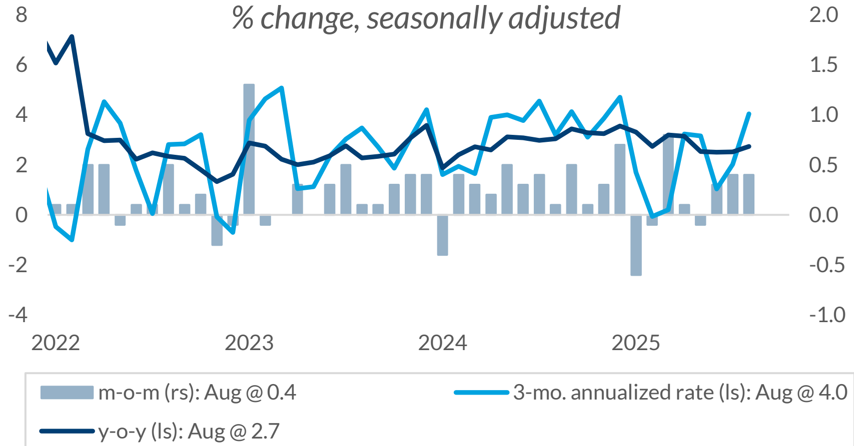
Sources: Chart 1: Federal Reserve, as of September 2025. Chart 2: Bureau of Labor Statistics, as of September 2025. Chart 3: Bureau of Labor Statistics, as of September 2025. Information is subject to change and is not a guarantee of future results.

The Economy Appears to be Returning to Pre-Tariff Strength

- Consumer spending has rebounded from the uncertainty caused by the tariff announcement.
- Growth in consumer debt has stabilized at pre-pandemic levels.
- Small and large businesses are becoming more enthusiastic and investing money to upgrade their business.

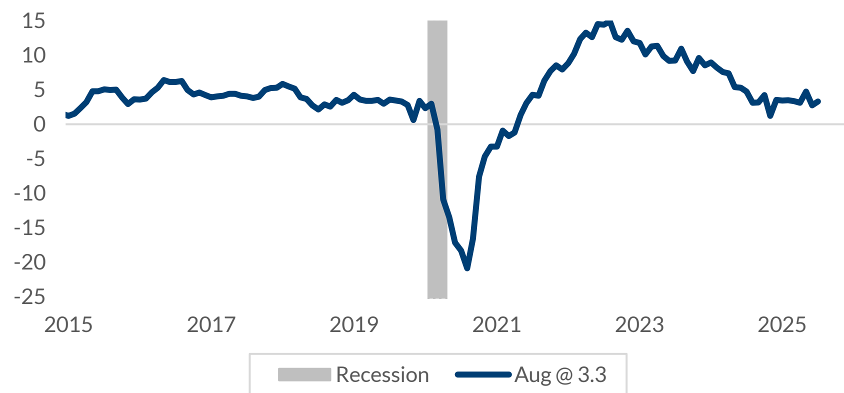
Personal Spending: Inflation Adjusted

% change, seasonally adjusted



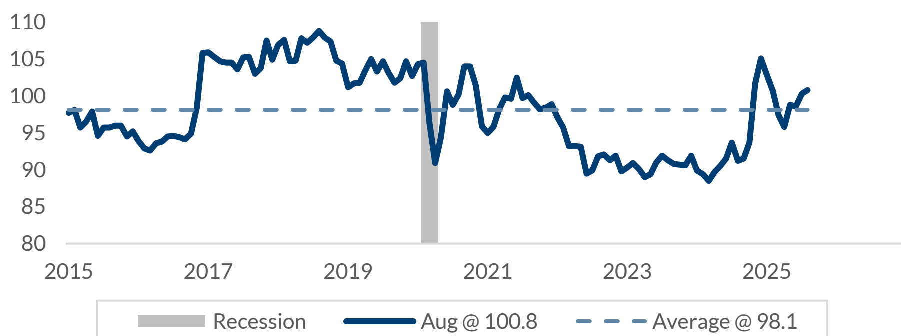
Revolving Credit: Net Monthly Change

$, billions, 6-mo. average, seasonally adjusted



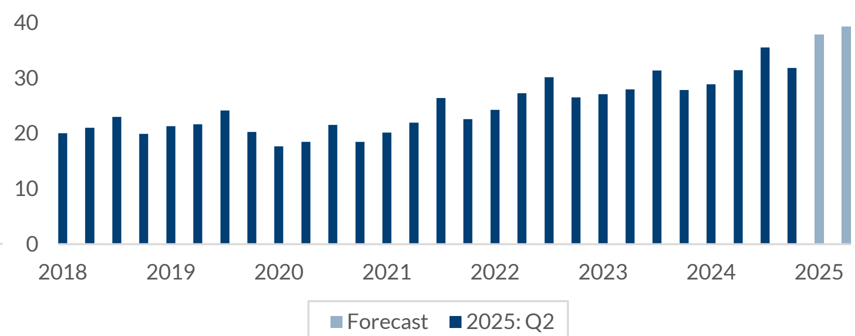
NFIB: Small Business Optimism Index

index, seasonally adjusted



S&P 500: Business Spending (Capex)

$, millions, not seasonally adjusted

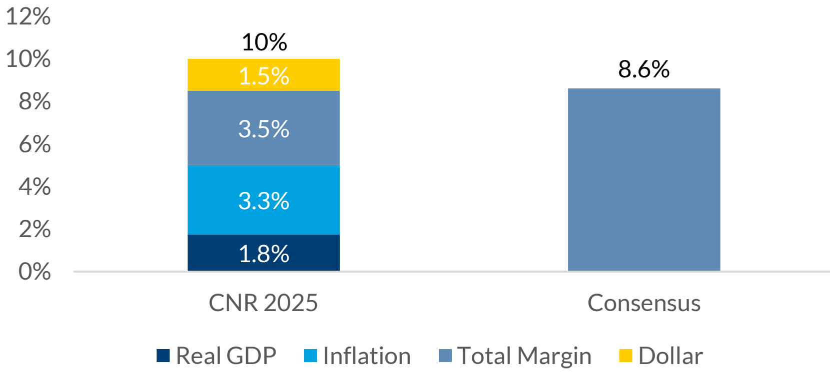


Sources: Chart 1: Bureau of Economic Analysis, as of August 2025. Chart 2: Federal Reserve, as of August 2025. Chart 3: National Federation of Independent Business, as of August 2025. Chart 4: Bloomberg, as of August 2025. Information is subject to change and is not a guarantee of future results.

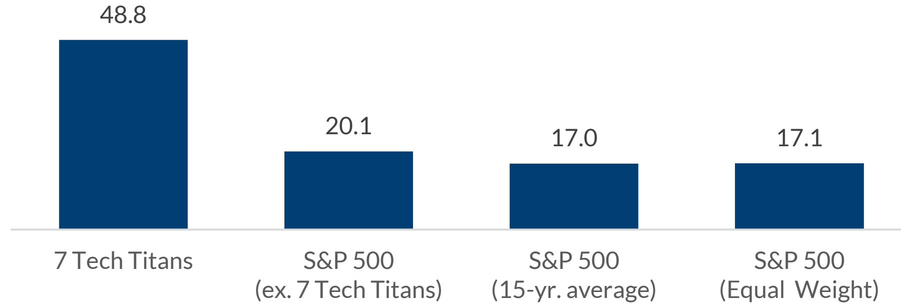
Valuations Are High, Which May Trigger Volatility

- Focusing on fundamentals is key.
- Improving non-tech earnings are expected to support corporate profit growth, but the 2025 expectations bar is high.
- Equity valuations continue to climb, and while non-tech sectors of the market are reasonable, the market is expensive.

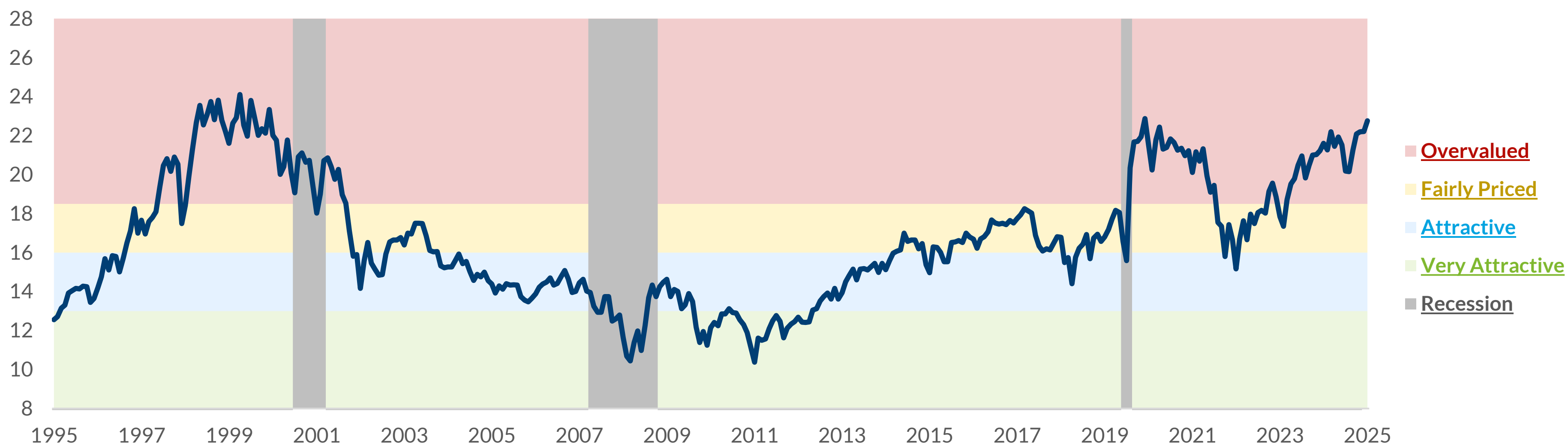
S&P 500 Earnings Growth: Forecast (%)



U.S. Equity Market: Valuations
12-month forward price/earnings multiples
as of September 30, 2025



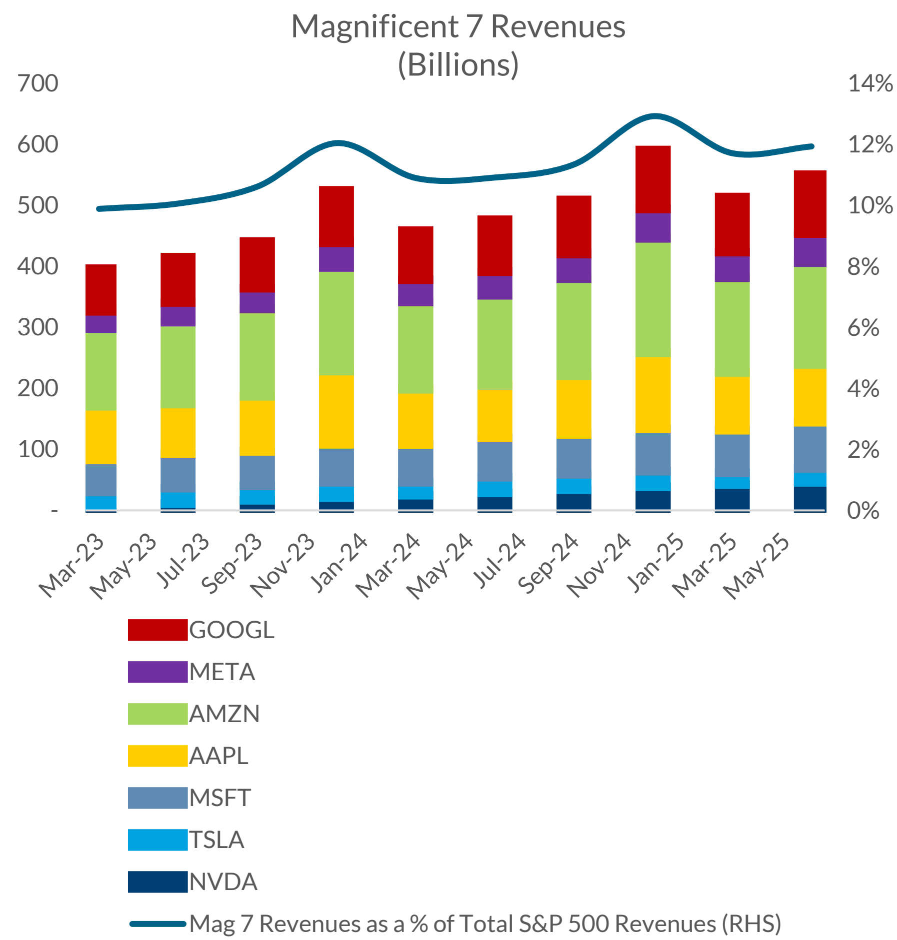
S&P 500 Forward Price/Earnings Ratio

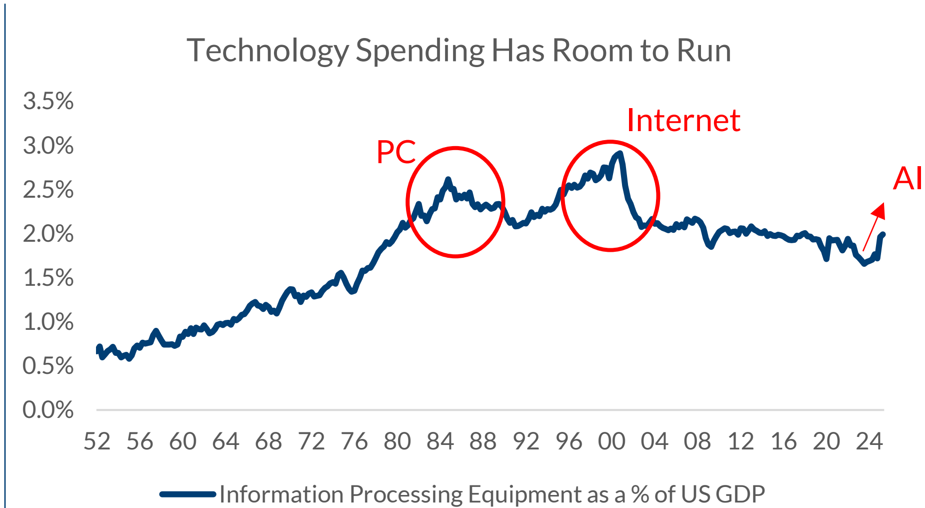


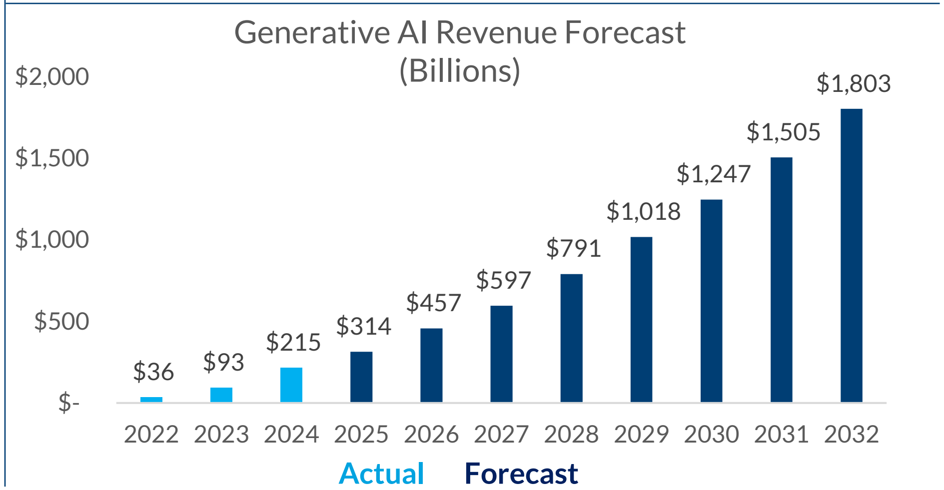
Sources: Bloomberg, FactSet, CNR Research, as of September 2025.
Indexes are unmanaged, and one cannot invest directly in an index. Information is subject to change and is not a guarantee of future results.

Artificial Intelligence: More Intelligence, More Spending

- Nvidia CEO suggested AI infrastructure spending could reach $3-4 trillion annually by the end of the decade.
- Despite elevated valuations, technology companies have substantial revenues supporting elevated valuations and AI infrastructure spending.





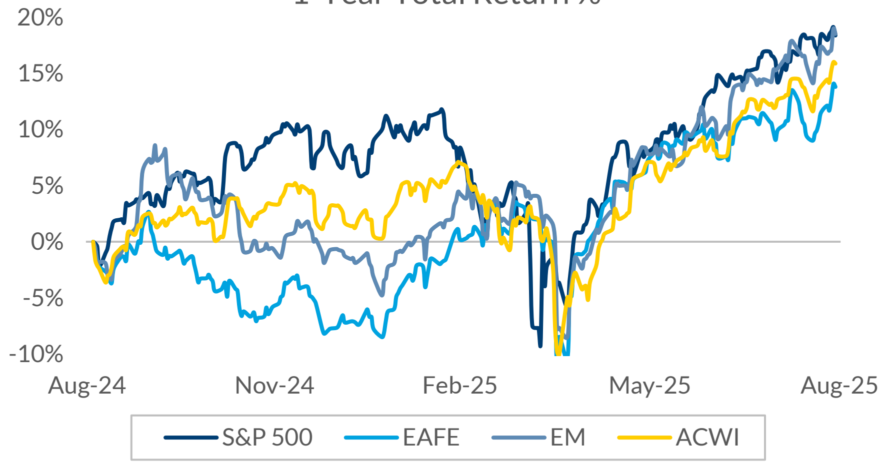


Sources: Bloomberg, Bloomberg Economics, Bureau of Labor Statistics , CNR Research, as of September 19, 2025
Generative AI revenue forecast is the Bloomberg Intelligence forecast based on data from IDC, eMarketer, Statista
Information is subject to change and is not a guarantee of future results.

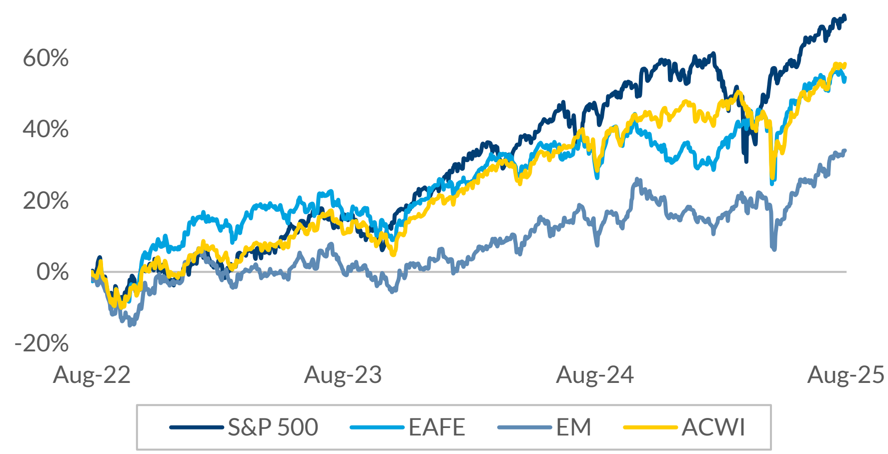
Global Markets Have Underperformed U.S.

- The U.S. market has surpassed the return of global non-U.S. developed and emerging markets over time.
- The outperformance of non-U.S. markets this year has been heavily dependent on the direction of the U.S. dollar.

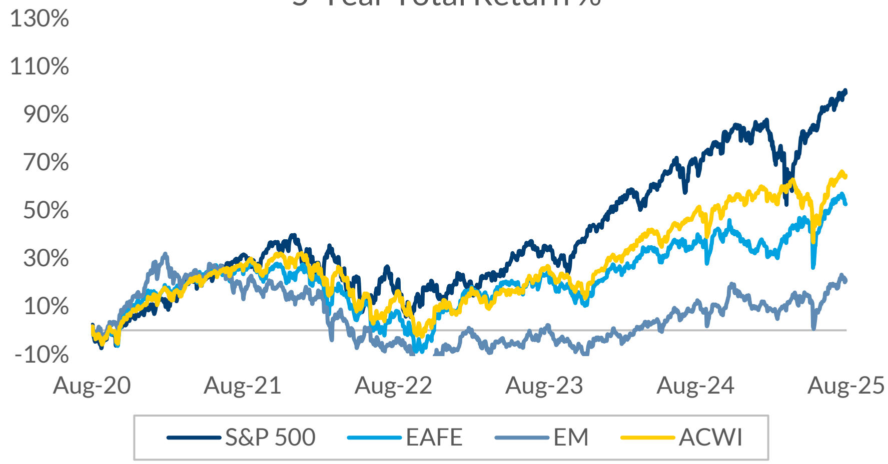
1-Year Total Return %



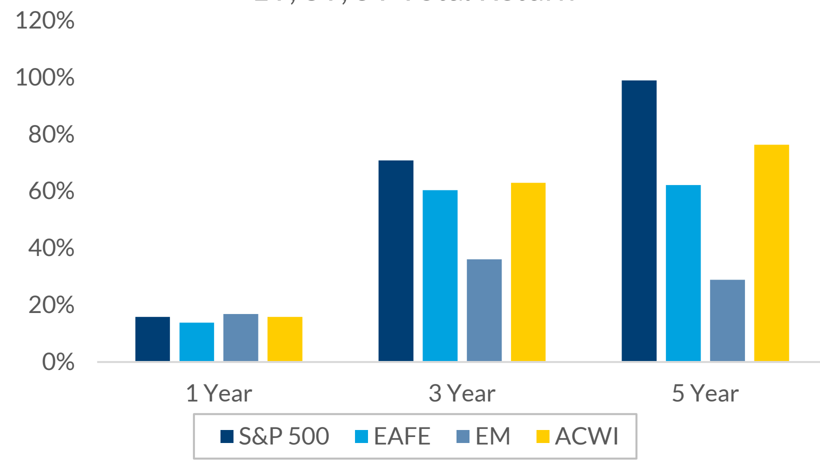
3-Year Total Return %



5-Year Total Return %



1Y, 3Y, 5Y Total Return

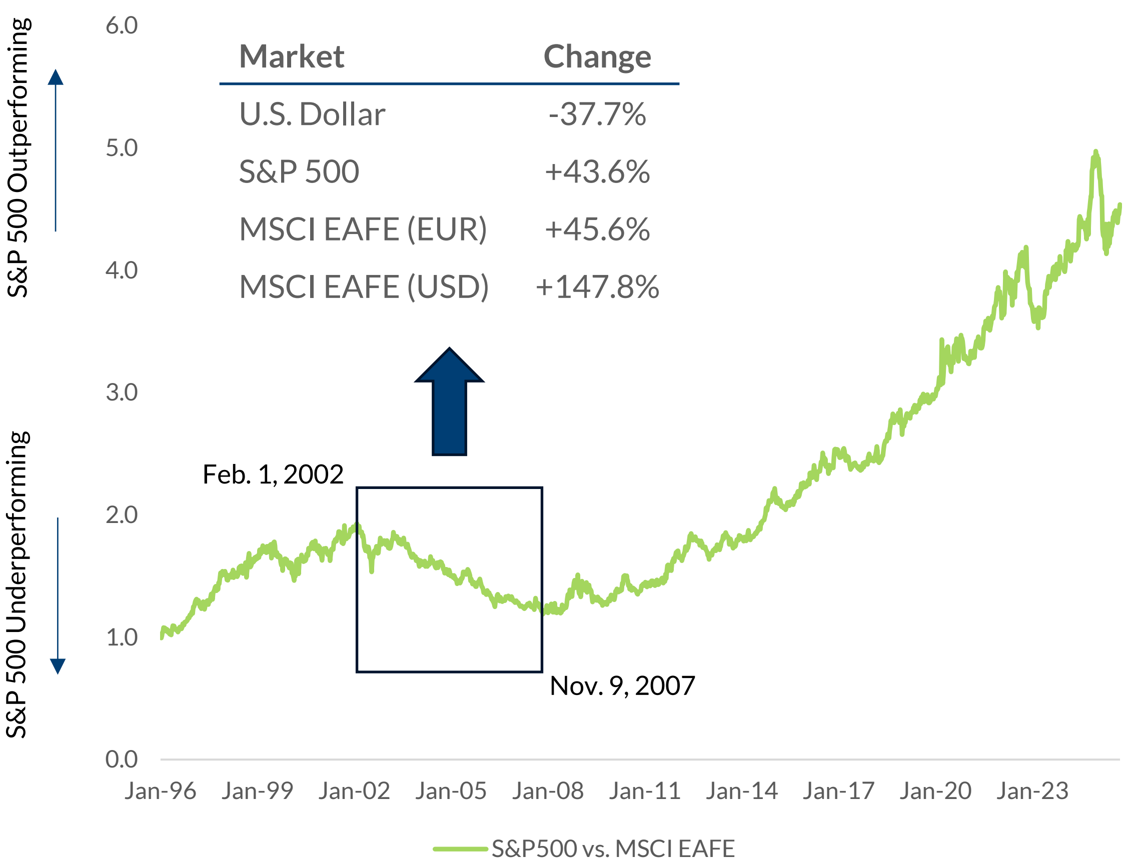


Source: Bloomberg, as of August 31, 2025. Past performance is not a guarantee of future results. Indexes used: The Standard & Poor's 500 Index (S&P 500), MSCI EAFE Index, MSCI Emerging Markets (EM) Index, The MSCI All Country World Index (ACWI).

Dollar Direction Is Critical for International Returns

- The last period of sustained outperformance in international markets was powered by a significant drop in the dollar.
- A weaker trend in the U.S. dollar is typically a condition of international market outperformance.

S&P 500 vs. MSCI EAFE[1]

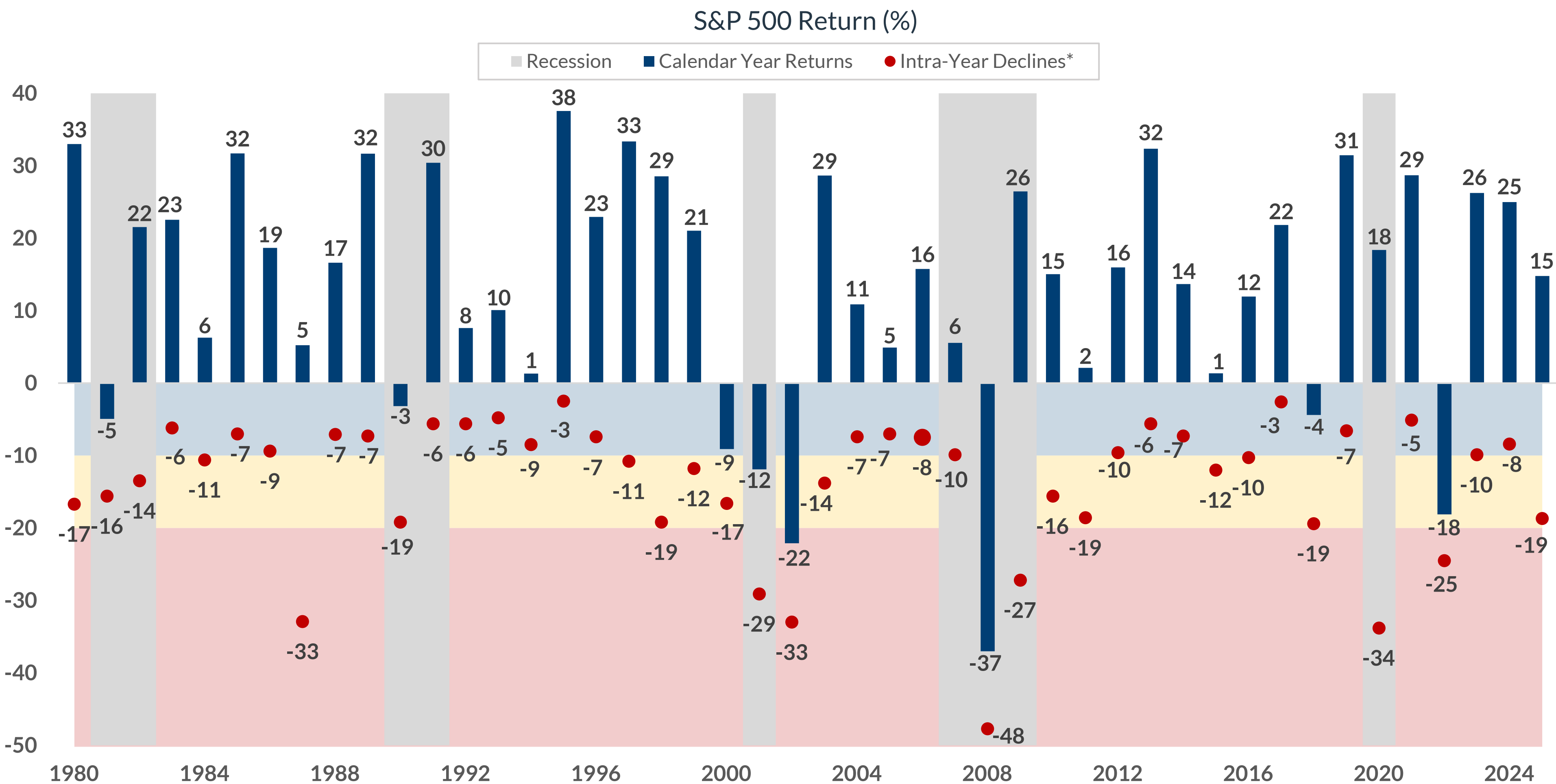


Drivers of Previous USD Decline	Present
Current Account & Trade Deficits	✓
Loose Monetary Policy	—
China Supercycle/Growth Shifts	✓
Euro Formation	—
Higher Global Interest Rates	X
Investor Sentiment & Risk Appetite	—

[1]Morgan Stanley Capital International – Europe, Australasia, and Far East Index
Sources: Bloomberg, CNR Research, as of September 24, 2025.
Information is subject to change and is not a guarantee of future results.

Short-Term Volatility Is Normal

Corrections are a normal part of market movements. Since 1980, the S&P 500 has ended the year above its intra-year low. Volatility should always be expected.

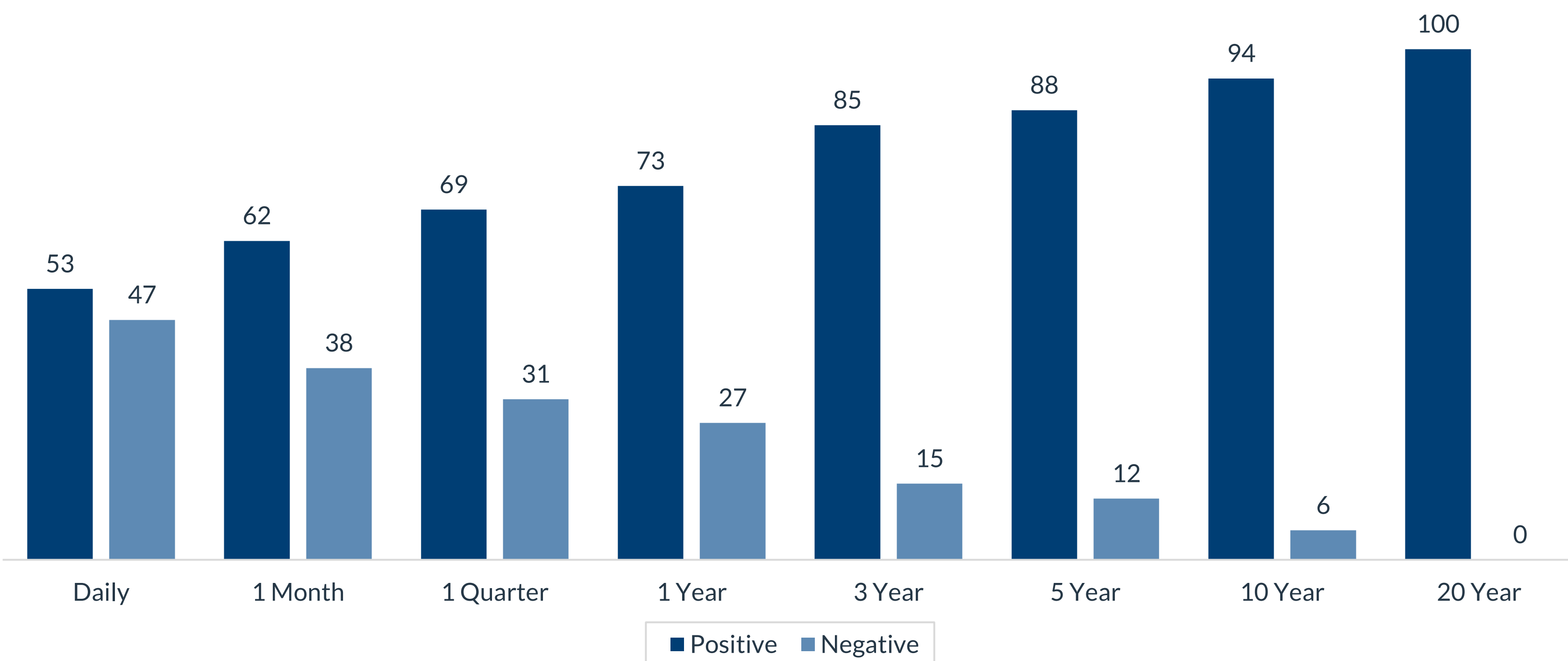


Sources: Bloomberg, CNR Research, as of September 30, 2025.
*Intra-year declines are the largest declines within the calendar year.
Indexes are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.
Past performance is no guarantee of future results.

Volatility ≠ Risk of Loss Given Appropriate Time Horizon

- While stocks are volatile in the shorter term, the risk of loss has been low over long time horizons.
- Focusing on goals rather than short-term volatility can increase the probability of success.

Probability of Positive and Negative Stock Performance
%, across various time horizons



Sources: FactSet, CNR Research. Data reflects S&P 500 performance January 1928-December 2024.
Daily returns were calculated for the periods shown above, with the number of positive and negative days counted. The number of positive and negative days, respectively, was then divided by the total number of days to calculate the percentages.
Past performance is no guarantee of future results.

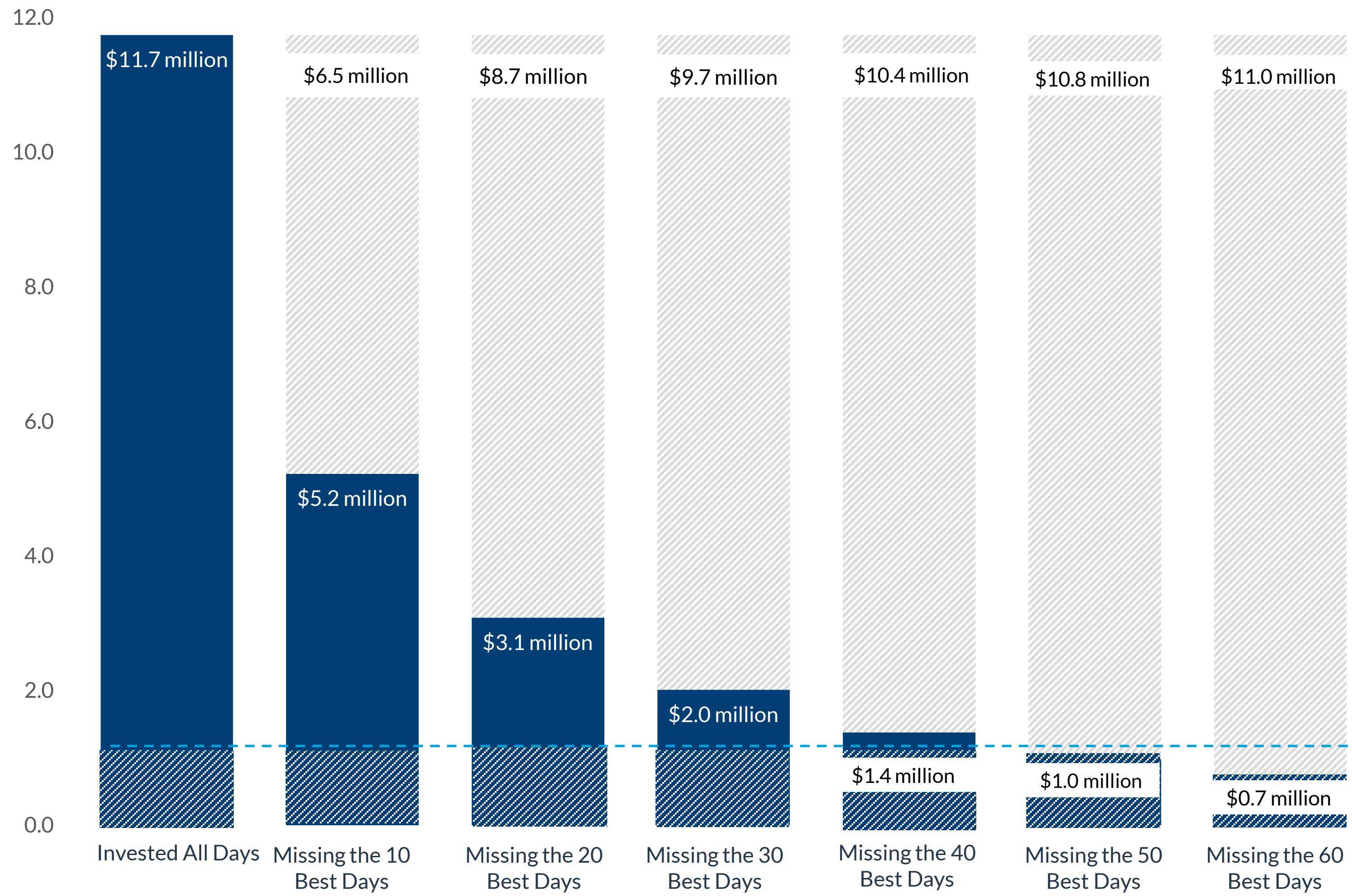
Frequent Changes to Avoid Risk Can Hurt Returns

- The impact of missing large, single-day advances in the market can be devastating for long-term returns.
- Over the past 20 years, the top-10 largest days have all come during recessionary periods.

Date	Return
Oct. 13, 2008	+11.6%
Oct. 28, 2008	+10.8%
Apr. 9, 2025	+9.5%
Mar. 24, 2020	+9.4%
Mar. 13, 2020	+9.3%
Mar. 23, 2009	+7.1%
Apr. 6, 2020	+7.0%
Nov. 13, 2008	+6.9%
Nov. 24, 2008	+6.5%
Mar. 10, 2009	+6.4%

The Impact of Timing on Equity Returns

Value of $1M Invested in the S&P 500 (Jan 2003 - Sep 2025)



Data current as of September 30, 2025.
Past performance is no guarantee of future results.

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

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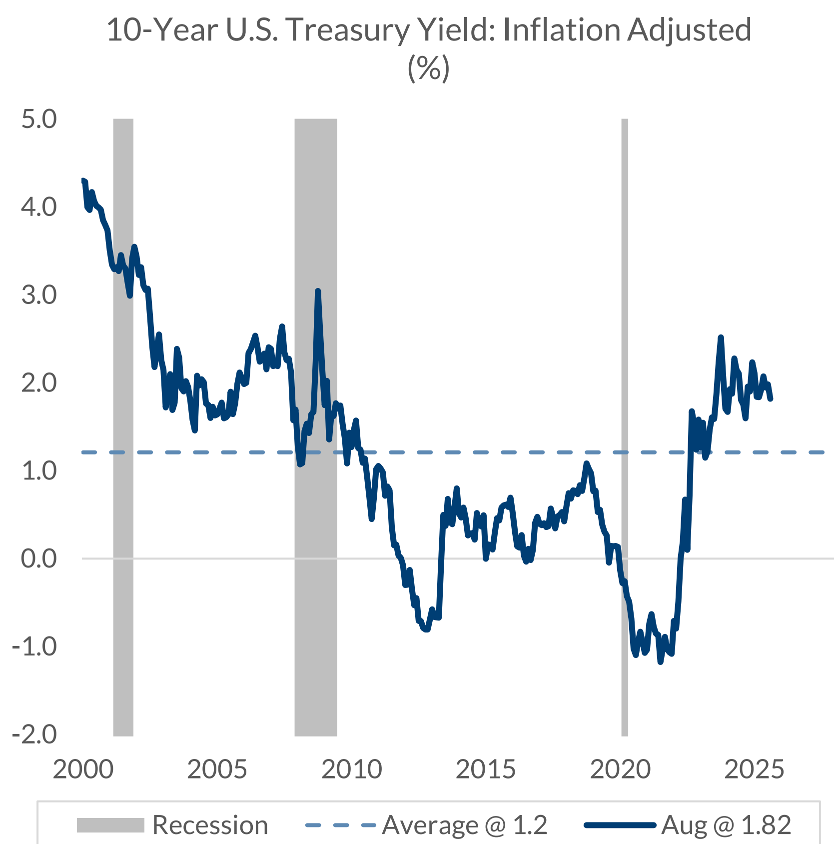
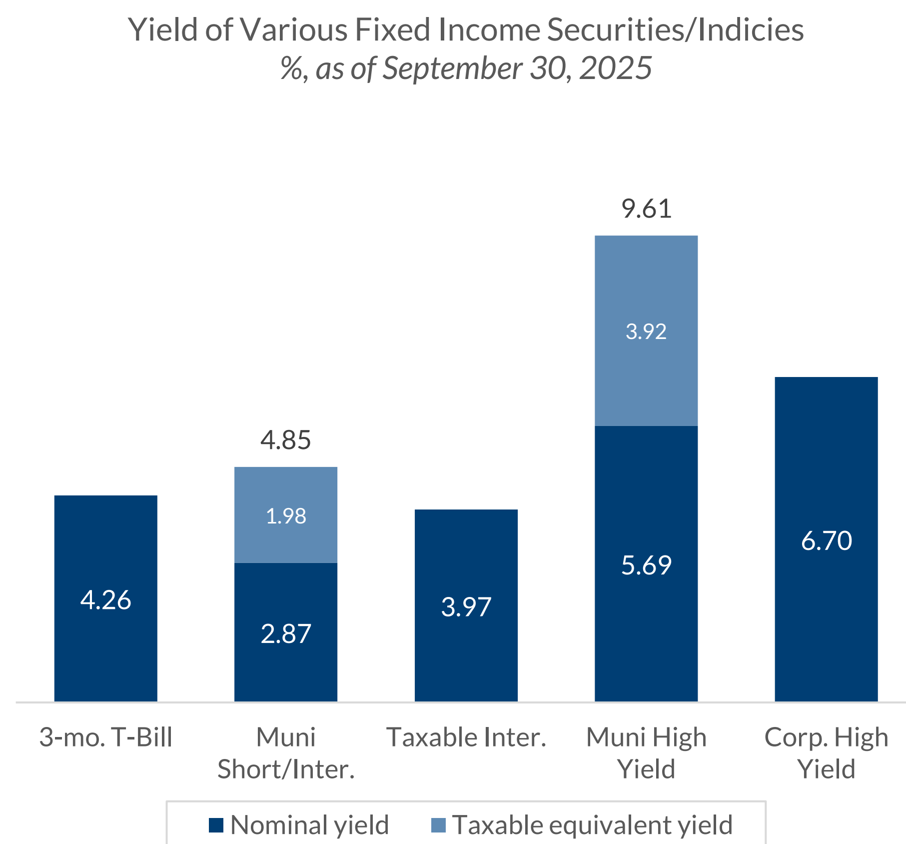
Longer-Term Interest Rates Have Been Relatively Stable for Most of This Year

- The Fed is expected to resume its lowering of short-term interest rates.
- Bond yields, adjusted for inflation, have been relatively high, benefitting investors.
- Concerns about credit risk are relatively low, indicating a positive view of the economy among bond investors.





Sources: Bloomberg, CNR Research, as of August 31, 2025.
Taxable Equivalent Yield assumes 37% federal tax and 3.8% Medicare surcharge.
Information is subject to change and is not a guarantee of future results.

Rest-of-Year Outlook and Forward-Looking Themes

Convergence point: AI revolution meets policy reality as markets restructure.

AI Revolution & Deployment Phase	• Broad-based incorporation of AI across industries • Infrastructure spending (data centers, chips) • Productivity gains beginning to materialize
Policy Uncertainty & Trade	• Trump 2.0 policies (tariffs, deregulation, tax cuts) • “U.S. exceptionalism” being challenged • Potential inflationary pressures from trade policy
Geopolitical Fragmentation	• Ongoing trade tensions with China • Reshoring/nearshoring/friendshoring trends • Energy transition and security concerns
Market Structure Changes	• Concentration risk in mega-cap tech • Need for market-breadth expansion • Factor rotation potential (as seen in early July)

Source: CNR Research. Information is subject to change and is not a guarantee of future results. As of July 28, 2025.

Index Definitions

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

The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending.

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 Bloomberg Barclays U.S. 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.

The MSCI All Country World Index (ACWI) is a global stock index that encompasses nearly 3,000 companies from 23 developed countries and 25 emerging markets.

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 U.S. and Canada.

MSCI Emerging Markets (EM) Index The MSCI Emerging Markets Index captures large and mid cap representation across Emerging Markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Europe Index captures large and mid cap representation across developed markets (DM) countries in Europe. The index covers approximately 85% of the free float-adjusted market capitalization across the European developed markets equity universe.

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.

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

The Bloomberg Taxable Intermediate Government Credit Index measures investment grade, U.S. 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 U.S. municipal tax-exempt non-investment grade bond market.

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.

The seven tech titan 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.

Definitions

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

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.

CNR Speedometers® are indicators that reflect forecasts of a six-to-nine-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 represent 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), represent a neutral view, which in turn makes it yellow. All of these indicators combined affect City National Rochdale's overall outlook of the economy.

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.

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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