

RBC Rochdale

# Market Update Webinar

February 26, 2026



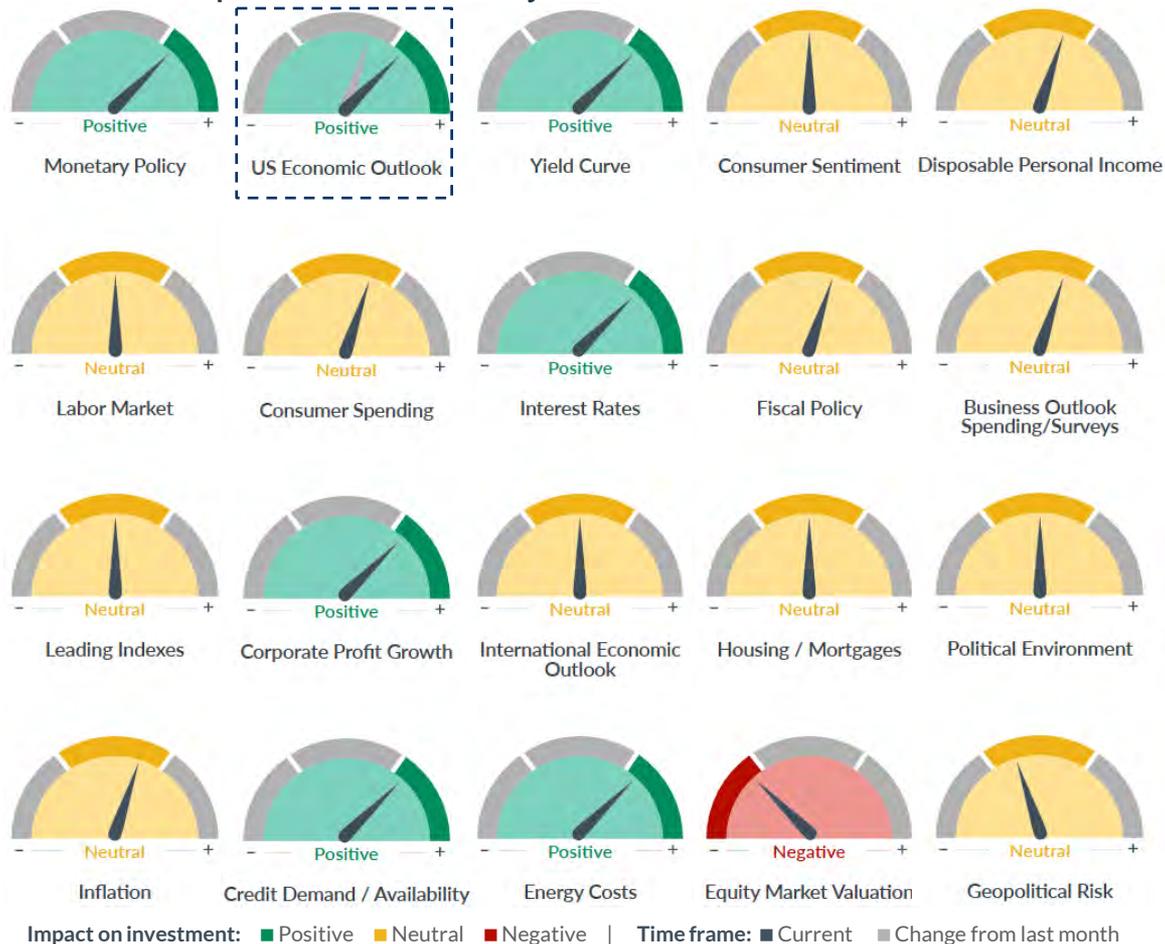
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# Rochdale Speedometers<sup>SM</sup> – March 2026

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

- U.S. growth will likely be strong in the first half of 2026 on elevated government and corporate spending.
- The global growth outlook is positive with low recession risk, we expect increased non-U.S. fiscal spending.
- The Fed picture should clear up after May, as the Chair transitions. We maintain our view that cut are possible against a backdrop of modest employment gains.
- Longer-term interest rates are stable, and we expect rate volatility to remain low.
- Corporate earnings are strong and broadening. Analyst expectations are increasing.
- U.S. stock valuations are historically wide relative to international markets, suggesting an entry point for non-U.S. allocations.

### Impact on Economy and Financial Markets



Source: Proprietary opinions based on Rochdale research, as of February 26, 2026. Information is subject to change and is not a guarantee of future results.

**Non-deposit investment products: ♦ are not FDIC insured ♦ are not bank guaranteed ♦ may lose value**



# Economic Forecast

- Near-term GDP growth outlook has improved despite fiscal drag in Q4.
- Consumer spending remains strong as real wages continue to advance.
- Corporate profits and margins exceeded expectations in 2025 and are expected to rise in 2026.
- Rate cuts are still possible based on modest employment gains if inflation continues to fall.
- 10-year Treasury yields remain stable.

RBC Rochdale Forecasts	2025	2026	
		Rochdale (est.)	Consensus (est.)
<b>Real Annual GDP Growth</b>	2.20%*	2.00% - 2.50%	2.41%
<b>Corporate Profit Growth</b>	12.25%**	11.00% - 13.00%	12.95%
<b>Headline CPI Year End</b>	2.70%	2.50% - 3.00%	2.64%
<b>Interest Rates</b>	Federal Funds Rate	3.80%	2.75% - 3.25%
	Treasury Note, 10-Yr.	4.06%	3.75% - 4.25%

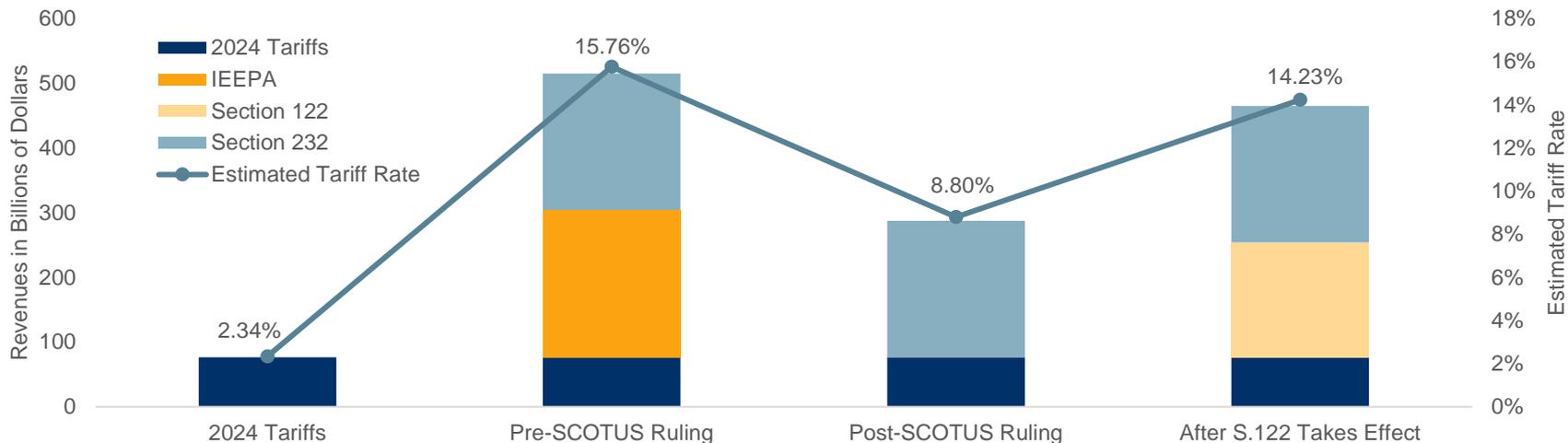
\*Real annual GDP growth shown is the advance reading, the final reading is expected April 9, 2026. \*\*Corporate profit growth is a blended estimate of actual earnings from companies that have reported, and the Bloomberg consensus estimate for those that have not reported, producing a combined blended estimate. Sources: Bloomberg, proprietary opinions based on Rochdale Research, as of February 26, 2026. Information is subject to change and is not a guarantee of future results.

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# Tariffs

Breakdown of Estimated US Tariffs  
Revenues in Billions (left), Estimated Tariff Rate (right)



Provision	Primary Reason for Use	Prior Usage	Max Rate	Max Duration	Target Type	Investigation Required
<b>IEEPA (Sec. 1702)</b>	"Unusual and extraordinary" foreign threats	No <sup>1</sup>	-	-	Country or Good	No (Pres. declaration)
<b>Section 122</b>	"Large and serious" balance-of-payments deficits	No <sup>2</sup>	15%	150 Days (Congress can extend)	Country-neutral: Global only	No (Pres. determination)
<b>Section 301</b>	Unfair, unreasonable, or discriminatory trade practices	Actively	-	4 Years (Renewable)	Country or Good specific	Yes (USTR)
<b>Section 338</b>	Discrimination against U.S. commerce by foreign nations	No	50%	-	Country specific	No (Pres. "finds as a fact")
<b>Section 232</b>	Imports that "threaten to impair" national security	Actively Steel, Alum., Autos	-	-	Product/Good specific	Yes (Dept. of Commerce)
<b>Section 201</b>	"Serious injury" to domestic industry from import surges	Actively Solar, Washing Machines	-	4 Years (Max extension 8 years)	Good/Industry specific	Yes (USITC)

Source: Wolfe Research – Senyek/Marcus, The White house, Office of the U.S. Trade Representative (USTR), U.S. Department of Commerce, U.S. International Trade Commission (USITC). As of 2/23/2026. <sup>1</sup>First use was in April 2025. <sup>2</sup>First use was February 2026. Information is subject to change and is not a guarantee of future results.



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# Iran: Timeline and Demands

## History

- 1979 Revolution and U.S. embassy hostage situation
- July 2015: U.S., Iran and other countries agree to the cap Iran enrichment volume (300kg) and level (3.67% purity)
- May 2018: U.S. leaves the Iran Nuclear Deal (JCPOA)
- June 2025: military strikes on enrichment sites. Iran claims stopped enrichment but bars international inspectors.

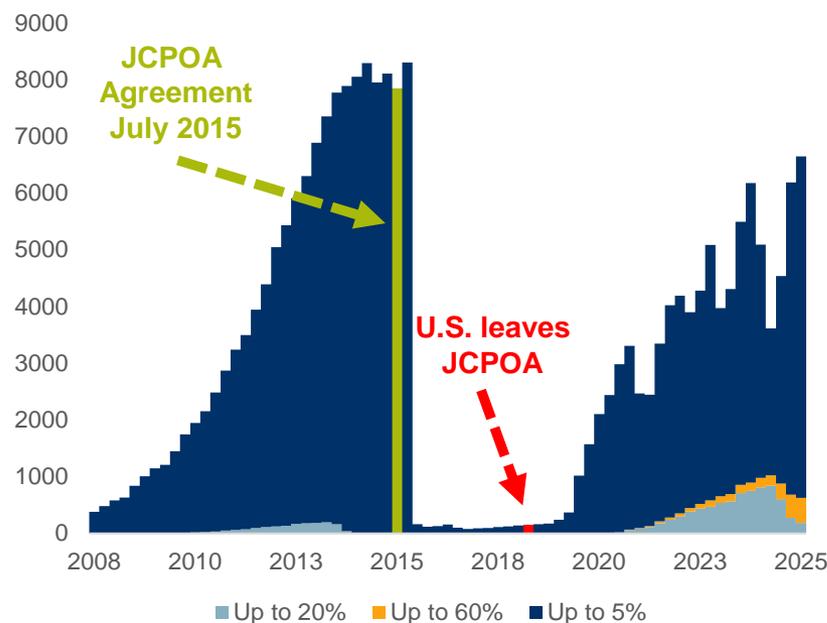
## Today

- The IAEA targets uranium enrichment levels of 1.5%, while the U.S. targets 0% along with the dismantling of Iran's ballistic missile program
- Iran claims right to enrichment up to 3.67%, recognizing “peaceful nuclear enrichment” and lifting of sanctions
- Largest buildup of U.S. military equipment (not troops) in Middle East since 2003: 30k – 50K troops, 16 navy ships including 2 aircraft carriers, nearly 500 aircraft

## What is next?

- February 26 – 28 talks in Geneva
- President Trump early March deadline
- March IAEA Board meeting

Iran Enriched Uranium (kg)



## What else should you know?

- Economic Impact: Iranian currency (rial) has collapsed, ongoing internal unrest
- Global Risk: Strait of Hormuz sees ~20% of global oil pass daily

Source: International Atomic Energy Agency (IAEA), Bloomberg, RBC Rochdale. Information is subject to change and is not a guarantee of future results. Text as of As of 2/23/2026, but Iranian enriched uranium is as of September 2025.

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# The Big Story: The Software Selloff... AI Will Disrupt

- AI will change how we work, eliminate some jobs, and create new jobs. The disruption is real, but the hype in both directions has overshot.
- While concern is justified, large public software firms have not missed earnings or reported AI-driven customer losses.
- Disruption is happening today but replacing software ingrained into corporate process, with high sunk cost, and decades of employee training, to be immediately replaced by an emerging technology will likely not happen in the short term.

Market Impact of AI Disruption  
(Return normalized to 1/1/2025)

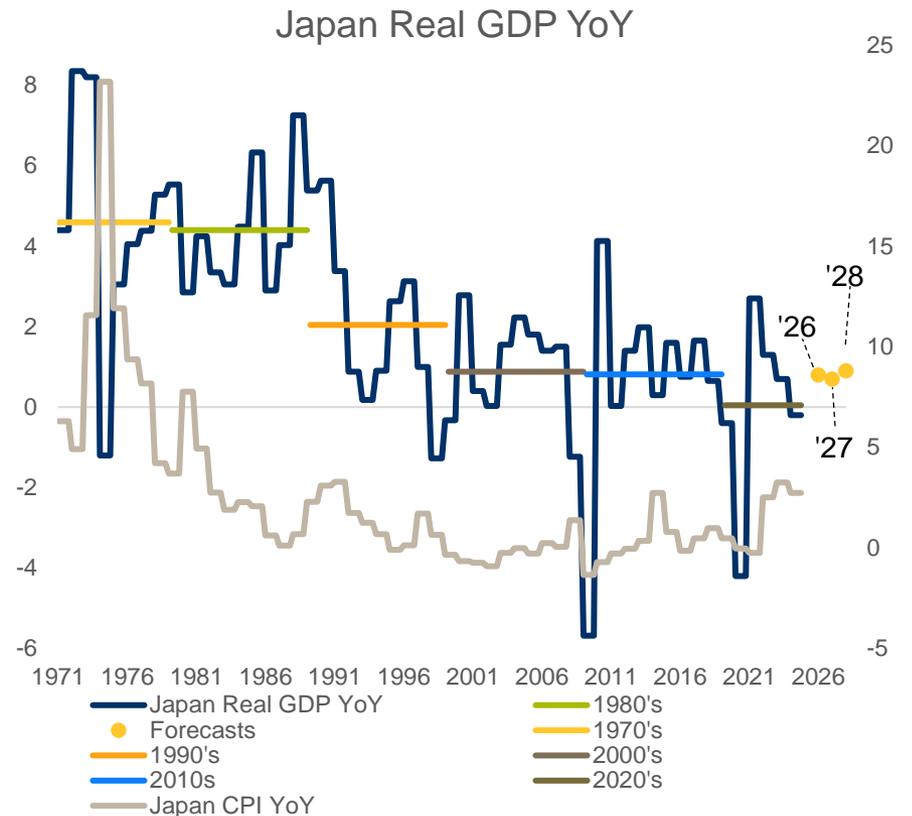
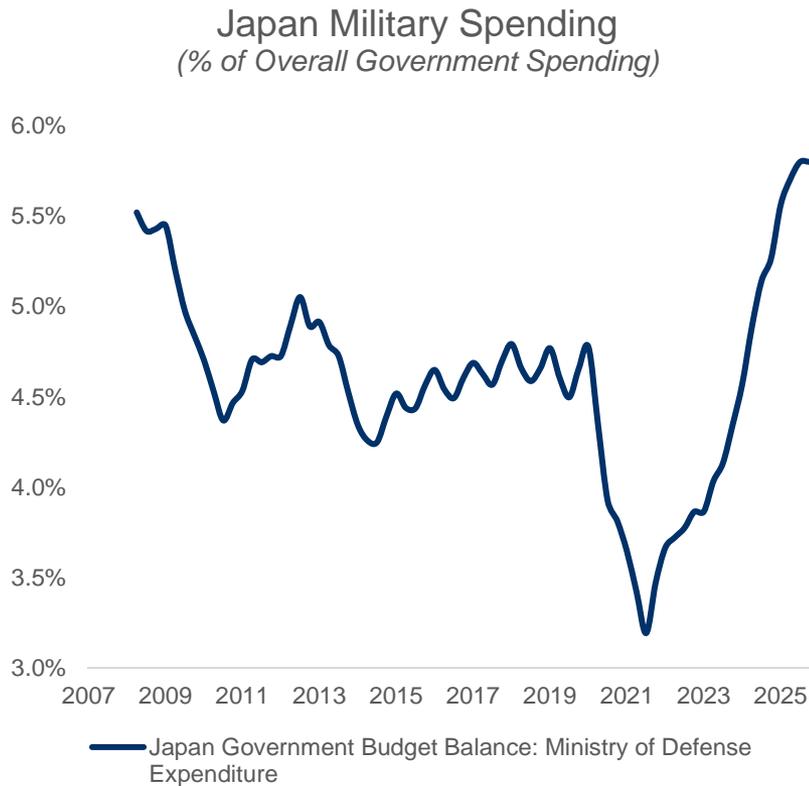


Source: Bloomberg, RBC Rochdale. As of 2/23/2026. Industries are S&P 500 GICS sub-indices. Information is subject to change and is not a guarantee of future results. Performance data is provided for informational purposes only and should not be perceived as a recommendation for any security.



# Japan In Transition

- Japan is positioned to sustain elevated public spending to support domestic demand and reinforce nominal GDP growth.
- In response to regional security risks, Japan may increase military outlays on top of previous defense commitments.
- After nearly 25 years of 0% rates, the Bank of Japan hiked rates in response to inflation and accelerating growth.



Source: Japanese Ministry of Finance (left), Bloomberg, Bloomberg Consensus Forecasts, RBC Rochdale. As of 2/25/2026. Information is subject to change and is not a guarantee of future results.

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# 2025-Q4 Earnings Check-Up

- Fourth quarter earnings were broadly stronger than expected, continuing the trend of 2025.
- All Magnificent 7 companies beat on the top and bottom line

	4Q25 EPS							
	Report Count	% Count Reported	% MCap Reported	Relative to Reporting Day			Growth Rate	
				Beat	Hit*	Miss	At Start of Season	Current
<b>S&amp;P 500</b>	<b>450</b>	<b>90.0%</b>	<b>84.9%</b>	<b>74.2%</b>	<b>5.1%</b>	<b>20.7%</b>	<b>8.42%</b>	<b>13.08%</b>
Energy	20	90.9%	98.3%	16	1	3	0.2%	4.1%
Materials	26	100.0%	100.0%	13	1	12	9.1%	9.6%
Industrials	78	97.5%	99.2%	59	5	14	4.3%	13.2%
Discretionary	40	81.6%	92.9%	21	1	18	-3.5%	0.2%
Staples	27	75.0%	92.2%	24	0	3	1.6%	2.4%
Health Care	55	91.7%	98.4%	46	2	7	-0.3%	0.3%
Financials	74	97.4%	87.0%	53	3	18	5.6%	11.0%
Technology	59	85.5%	65.8%	54	0	5	25.8%	30.3%
Communications	16	80.0%	98.0%	13	0	3	5.7%	14.1%
Utilities	26	83.9%	86.9%	18	3	5	4.7%	8.3%
Real Estate**	29	93.5%	95.4%	16	7	6	0.0%	4.5%
ex-Energy	430	90.0%	84.5%	317	22	91	8.77%	13.46%
ex-Technology	391	90.7%	94.3%	279	23	89	2.79%	7.44%
ex-Financial	376	88.7%	84.5%	280	23	91	9.10%	13.57%
ex-Magnificent 7	449	91.1%	84.9%	333	23	93	4.61%	9.04%

\* Hit rate counted as within 2 decimal places (in the unit of "cent") consensus estimates on observed date. \*\*Beat, Hit, Miss counts are relative to Funds From Operations (FFO). Source: Bloomberg Intelligence, RBC Rochdale. As of 2/24/2026. Information is subject to change and is not a guarantee of future results.

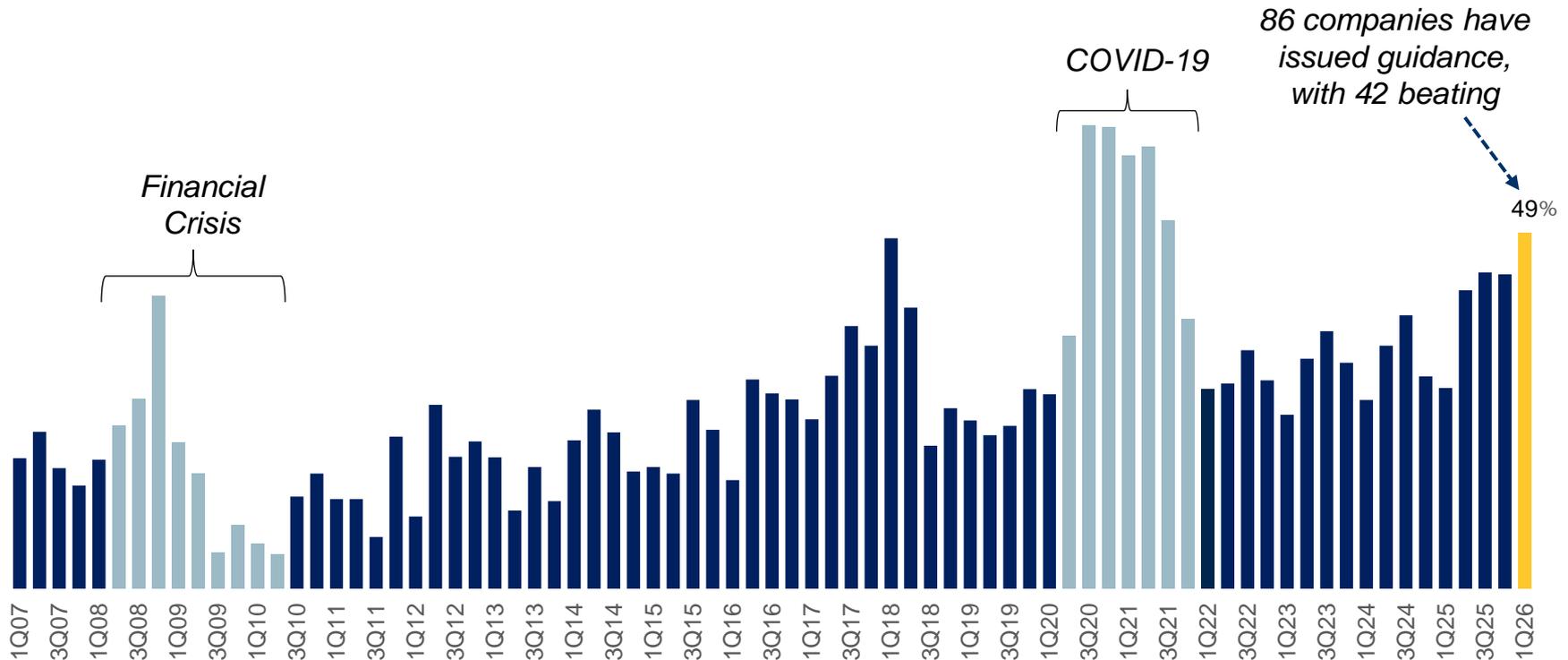


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# 2025-Q4 Earnings Check-Up

- Not all companies issue earnings guidance, but of those issuing it, nearly 50% are beating their previously announced estimates, a high going back to 2007 outside of the Covid-19 period.

S&P 500: Percent of Companies Issuing Guidance > Consensus  
(Following Quarter)



Source: Wolfe Research Bloomberg, RBC Rochdale. As of 2/9/2026. Information is subject to change and is not a guarantee of future results.



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# Key Takeaways

- **SCOTUS Ruling on Tariffs:** The Supreme Court overturned the Trump administration's tariffs in a 6-3 decision, but other parts of the tariff law will remain in place. This is a small positive for the overall economy, though it's unlikely to significantly boost growth in 2026.
- **Iran's Impact on Markets:** While the situation in Iran is concerning, its effects have been limited to energy markets so far. We don't expect it to disrupt public equities or interest rates. Economic fundamentals, earnings, and AI advancements remain the key drivers of stock performance.
- **AI and Market Shifts:** The recent dip in software stocks and its ripple effect on private credit markets reflect worries about AI-related job displacement. However, the software industry is protected by high switching costs, proprietary data, and long-term contracts. Public equity prices have stabilized, and the impact on private credit will vary.
- **Japan's Market Surge:** Japan has been one of the top-performing global markets this year, fueled by Prime Minister Takaichi's electoral win. This has boosted expectations for increased military spending, infrastructure investment, and fiscal stimulus, driving optimism for higher growth and earnings.
- **Strong Earnings Season:** Corporate earnings exceeded expectations, with a 13% growth rate compared to the projected 8%. Technology led the way with a 30% surge, but even outside of tech, earnings grew by 7.44%—well above the 2.79% forecast. This highlights the strength of corporate America and suggests broader market acceleration.

Source: RBC Rochdale as of February 25, 2026.

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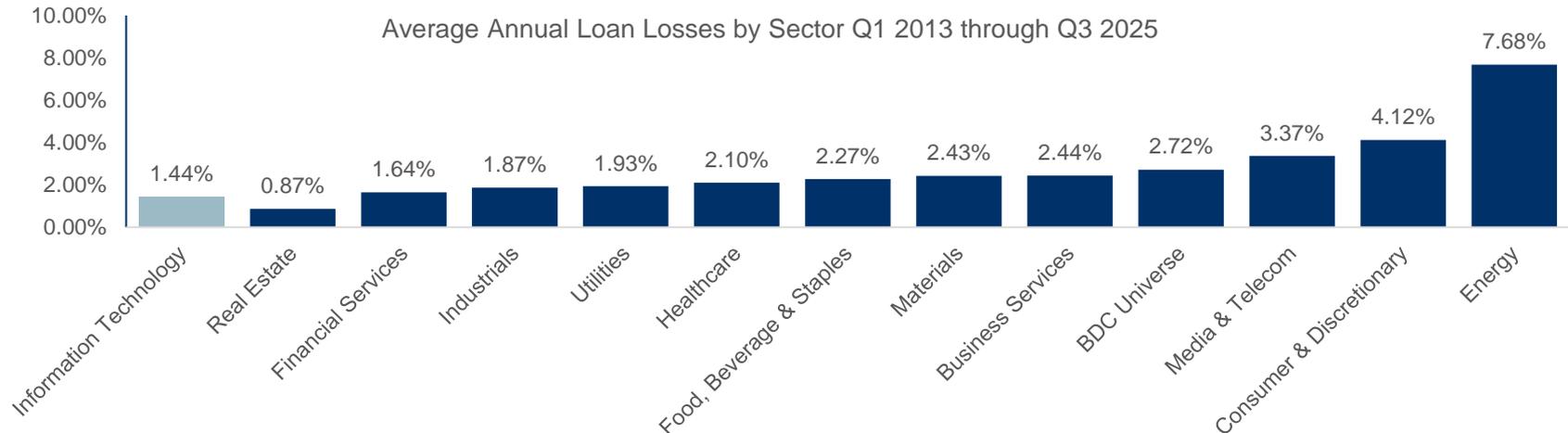


# Software Exposure in Private Credit

## Credit Protection Framework

- Senior secured / first-lien positioning
- Cash-flow underwriting vs valuation underwriting
- Covenants + reporting and lender governance
- Sponsor equity cushion beneath lender capital
- Diversification limits and active monitoring

Downside protection is structural. Private credit exposure targets lower volatility through contractual revenue, senior security, and covenant controls.



Source: Cliffwater LLC. Performance data represents past performance, which does not guarantee future results. There is no assurance that similar investments will be made or that similar results will be achieved. Replication or redistribution of this content is expressly prohibited without the prior written consent of Cliffwater LLC, unless otherwise permitted under the terms of the relevant CDLI service agreement.

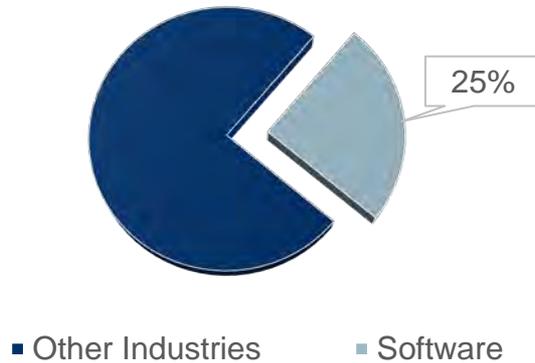
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# Software Exposure in Private Credit: Risk & Structure

## Industry Exposures

### Private Credit Portfolio Snapshot



### Why the Exposure Exists

- Recurring revenue and high customer retention
- Asset-light models with strong cash conversion
- Private Equity-backed scale businesses
- Different businesses: Vertical SaaS, Mission Critical Software, Tech Enabled Services

## Asset Class Comparison

Investment Type	Upside Potential	First-Lien Protection	Covenant Protection	Cash Flow Visibility	Valuation Sensitivity	Investment Goal
Public Software Equity	High	None	None	Medium	High	Multiple Driven Upside
Private Software Equity	High	None	Limited	Medium	High	Operational Value Creation
Private Credit Software	Minimal	High	High	High	Low	<b>Contractual Cash Flow + Security</b>

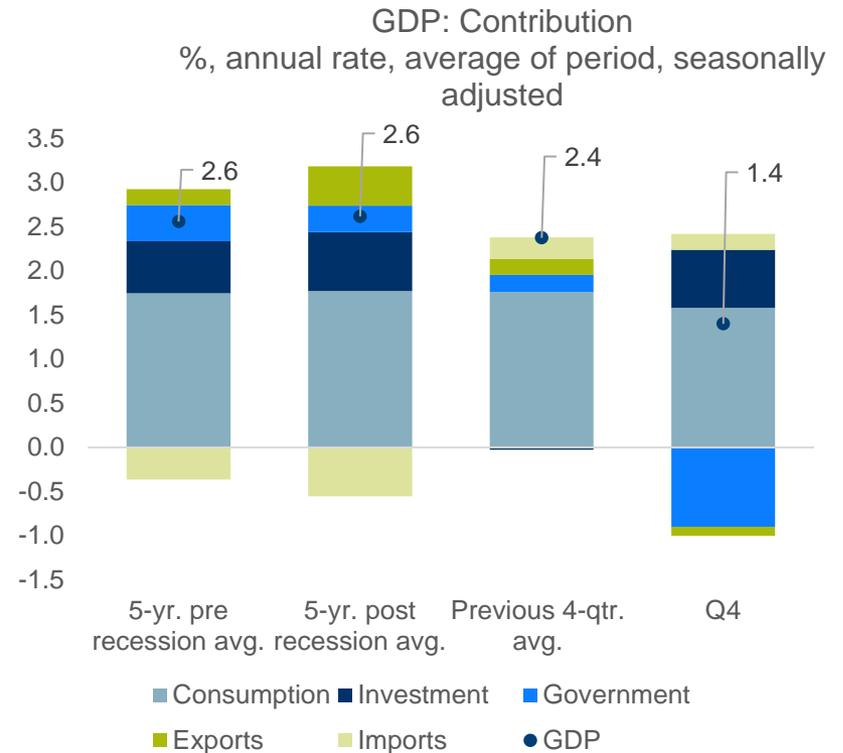
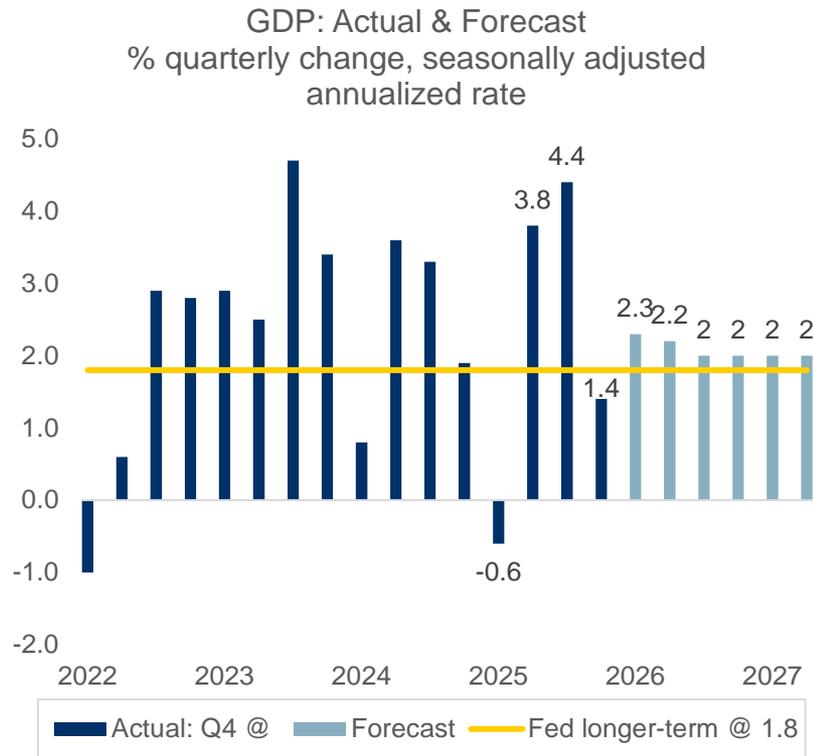
Source: RBC Rochdale views. Information is subject to change and is not a guarantee of future results.

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# GDP: Despite Q4 Slowdown, Outlook is Robust

- Q4 growth was pulled down by the government shutdown, taking almost 1 percentage point off the total.
- Consumer spending remains the primary driver of growth.
- Investment in artificial intelligence data centers helped boost growth



Data current as of February 24, 2026

Source: Bureau of Economic Analysis, Bloomberg Composite of Economic Forecasts

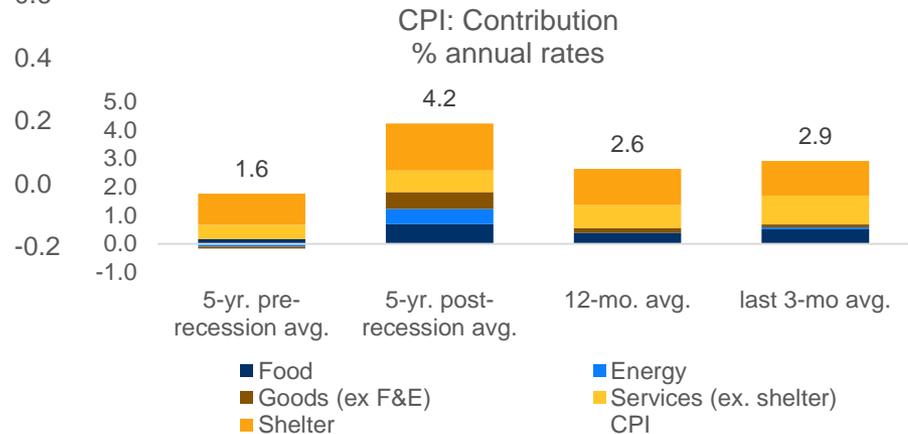
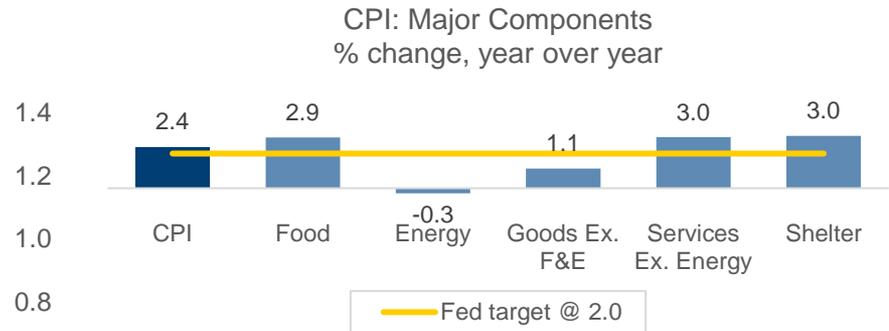
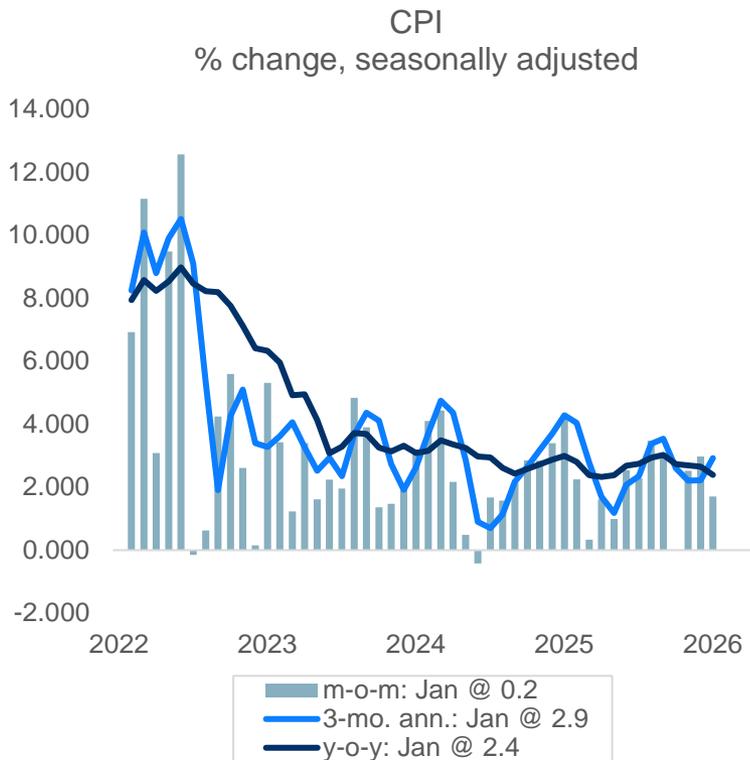
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# CPI: The Recent Deceleration is Encouraging

- Lower energy prices have helped keep overall inflation in check.
- Services, including housing, remain the primary driver of inflationary pressure.
- As tariffs roll off the yearly calculation, inflation is expected to decline.



Data current as of February 24, 2026

Source: Bureau of Labor Statistics

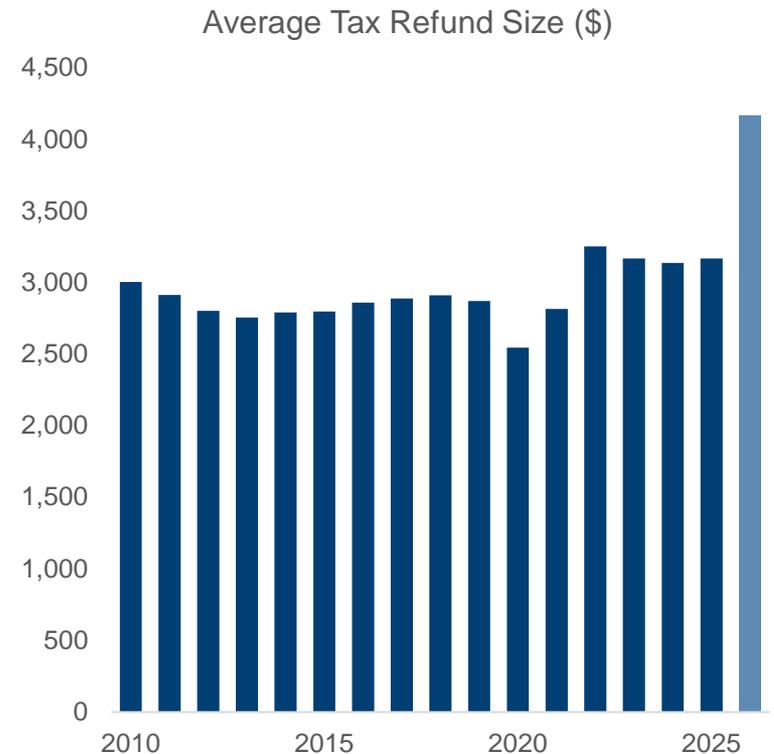
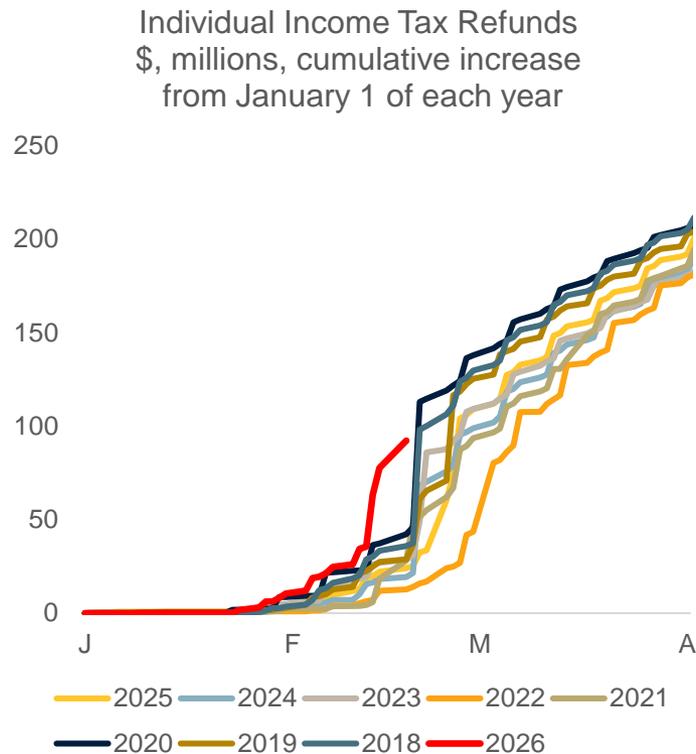
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# Tax Refunds are Expected to be a Tailwind

- The average refund is expected to support strong consumer spending in Q1 and Q2.
- The White House expects refunds to be almost \$1,000 higher this year compared with last year.
- Taxpayers, on average, are expected to see nearly \$4,000 in total tax savings in 2026.+



Data current as of February 26, 2026

Source: Internal Revenue Service, estimate from the White House

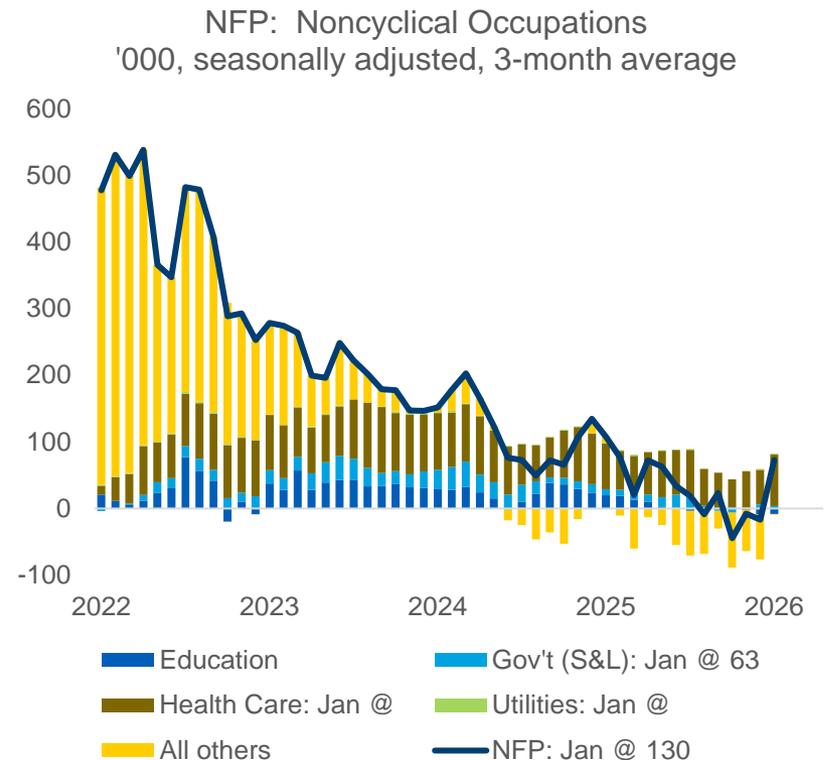
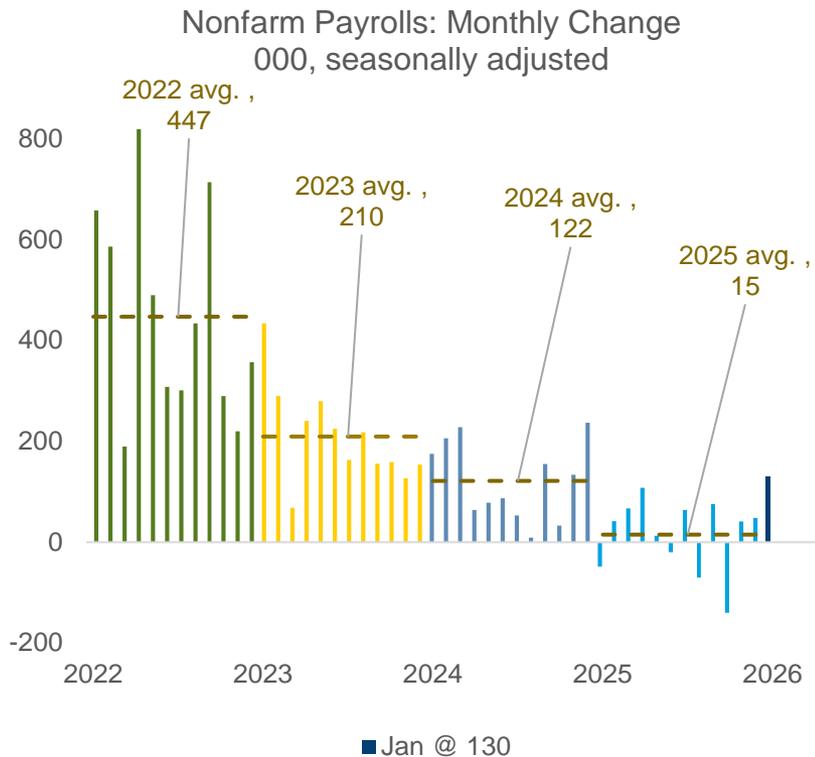
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# The Pace of Job Hiring Stalled in 2025

- Uncertainty over trade, tariffs, and artificial intelligence has reduced demand for workers.
- New immigration policies have reduced the number of job applicants in some sectors, such as construction and healthcare.
- Over the past two years, most job growth has been in non-cyclical sectors of the economy.



Data current as of February 24, 2026

Source: Bureau of Labor Statistics

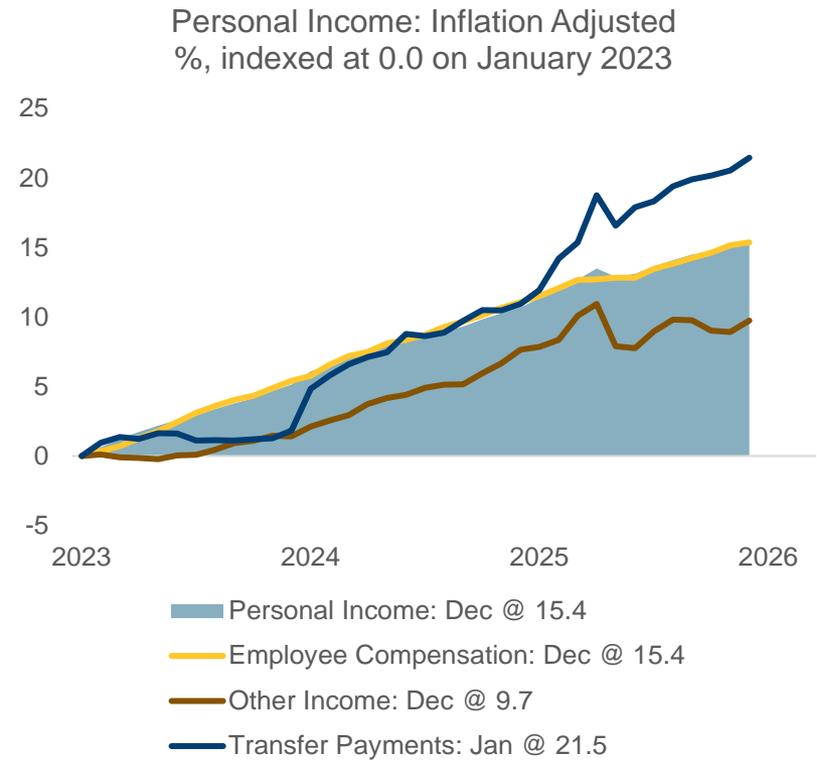
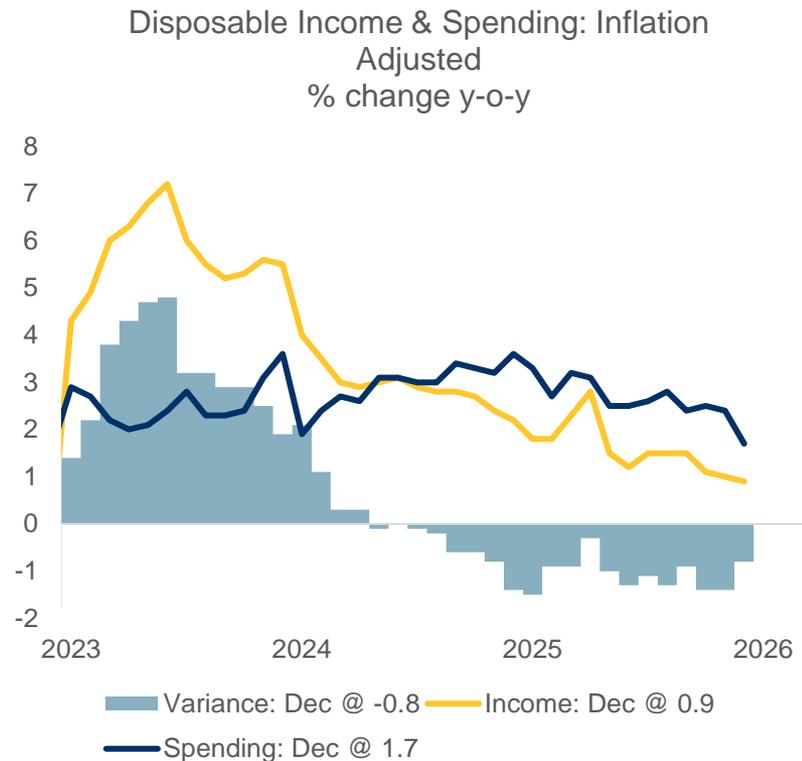
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# Spending Has Been the Driving Force of GDP

- For almost two years, spending growth has been stronger than income growth.
- Spending has remained strong as baby boomers retire and spend down their retirement savings.
- Also, capital gains are not reported in personal income statistics.



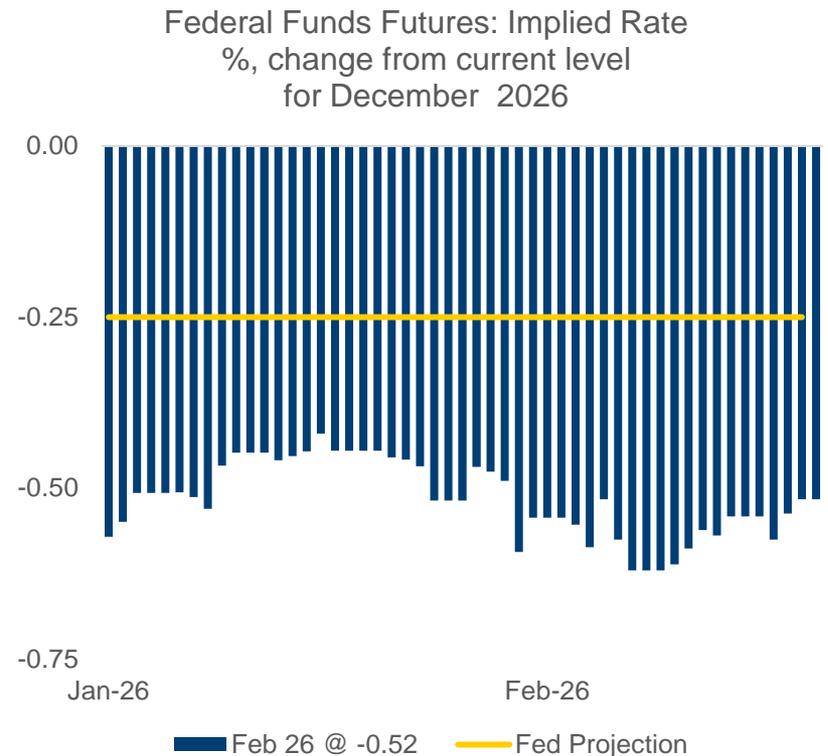
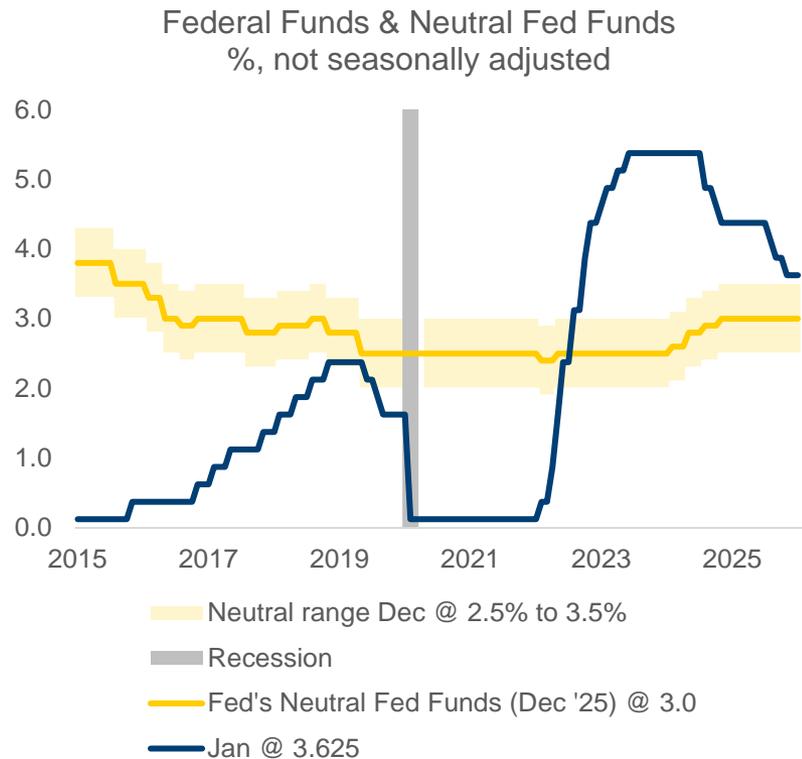
Data current as of February 24, 2026  
 Source: Bureau of Economic Analysis  
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# The Fed is on Hold for the Near Term

- With growth above potential, the unemployment rate low, and inflation above target, the Fed is on hold.
- The fed funds rate is near the neutral level.
- The hawkish policymakers want to see inflation drop appreciably before they cut again.



Data current as of February 26, 2026

Source: Federal Reserve, Bloomberg's WIRP page

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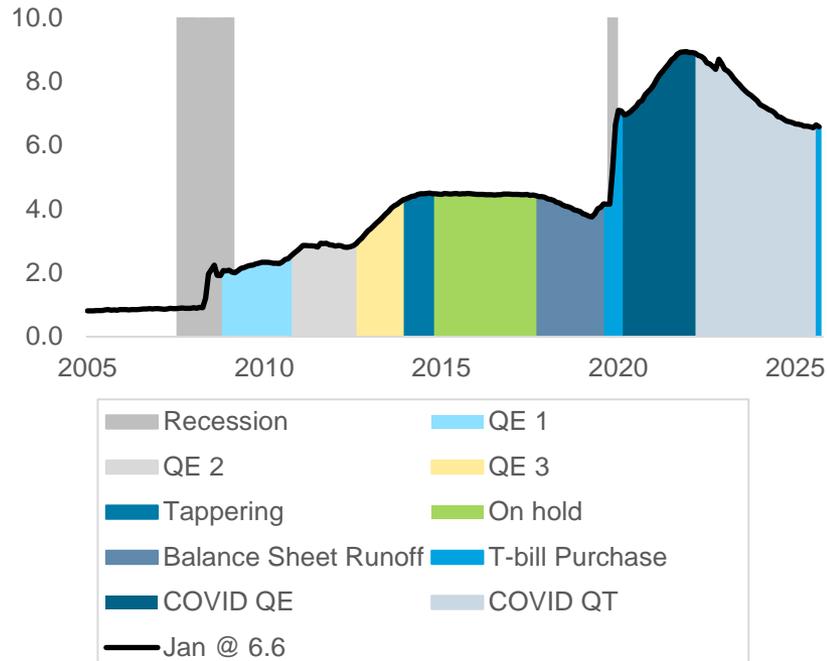
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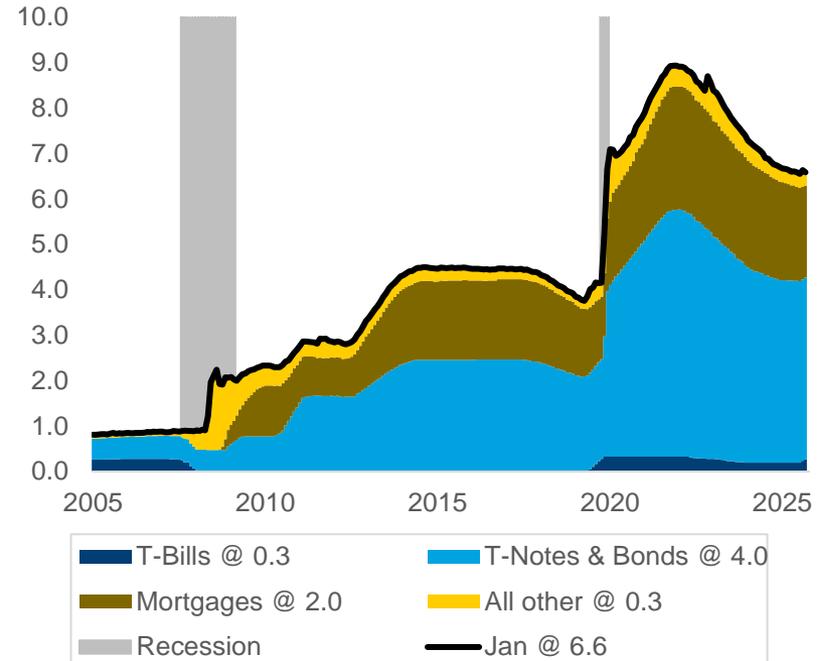
# Will the Fed's Balance Sheet be Reduced?

- Quantitative easing is considered an unconventional monetary policy tool.
- Kevin Warsh is critical of the unintended consequences of balance sheet expansion.
- Reducing the size of the balance sheet may allow short-term interest rates to be reduced.

Federal Reserve Balance Sheet  
\$, trillions, not seasonally adjusted



Federal Reserve Balance Sheet: Assets  
\$, trillions, not seasonally adjusted



Data current as of February 24, 2026

Source: Federal Reserve

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# Key Takeaways

- GDP: Economic growth is expected to be robust, supported by business investment in AI, resilient consumer spending, and a bounce back in federal government spending.
- Inflation: The deceleration of inflation an encouraging improvement that keeps the Fed on track for cutting interest rates.
- Inflation: Tariff headlines create stir public emotions, but the impact on overall inflation has not been noticeable.
- Refunds: Tax refunds should support consumer spending in Q1 and Q2.
- Labor: The persistent “low-hire, low-fire environment is expected to continue until business leaders have more confidence in understanding the impact of trade policies, immigration, and artificial intelligence.
- Spending: Consumer spending is expected to remain strong, driven by strong household balance sheets.
- Fed: The Fed is on hold until it sees inflationary pressures decline.

Data current as of February 24,2026

Source: RBC Rochdale

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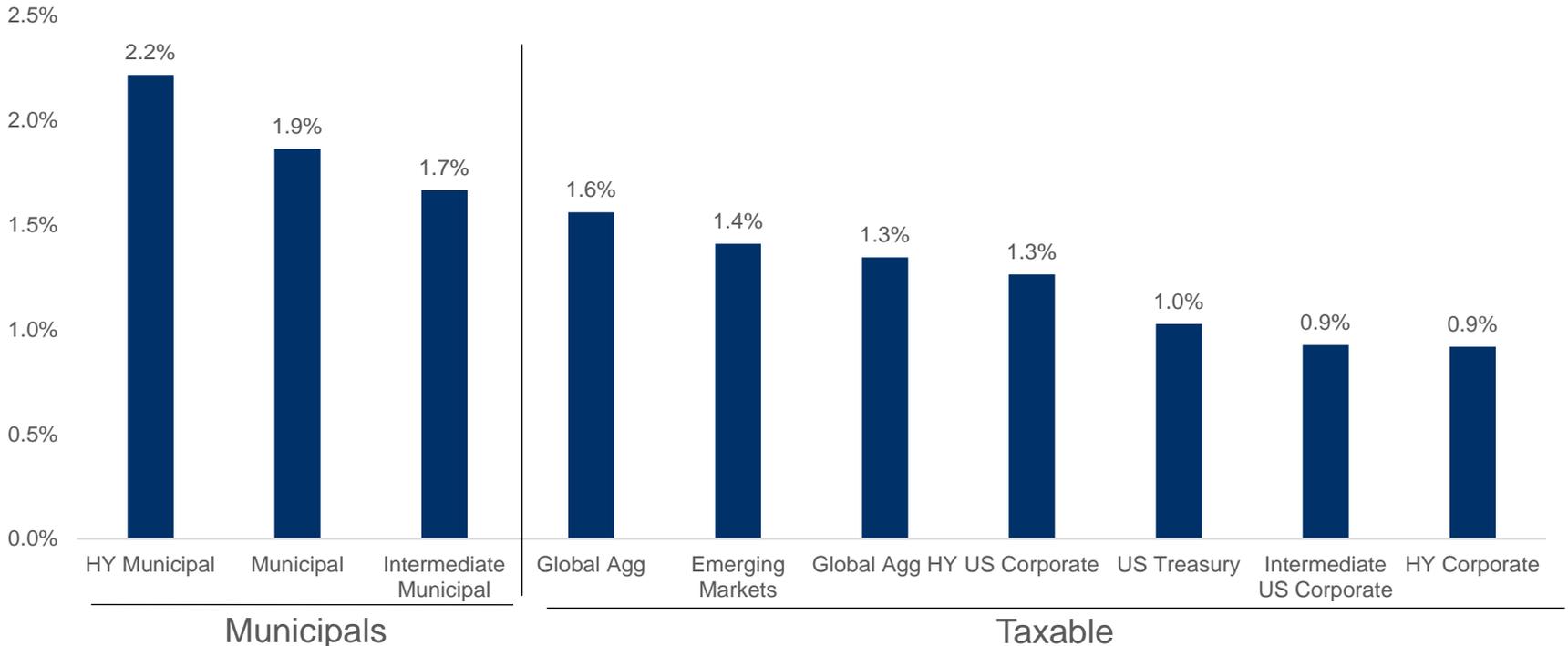
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# Fixed Income Asset Class Returns

- Positive returns across key fixed income asset classes with municipals leading from strong technical tailwinds.

Fixed Income Broad Index Total Returns YTD



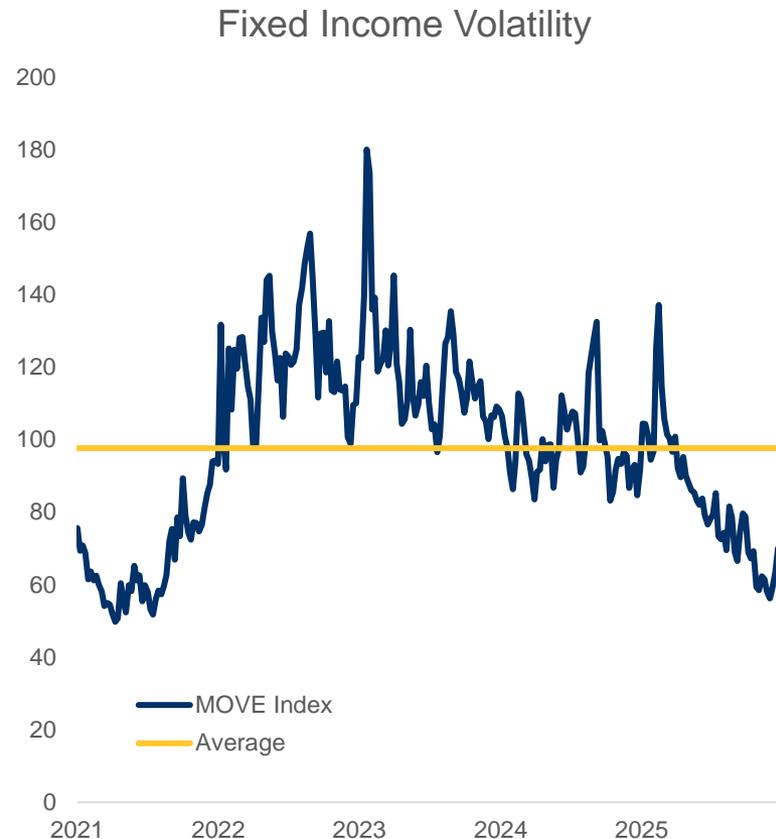
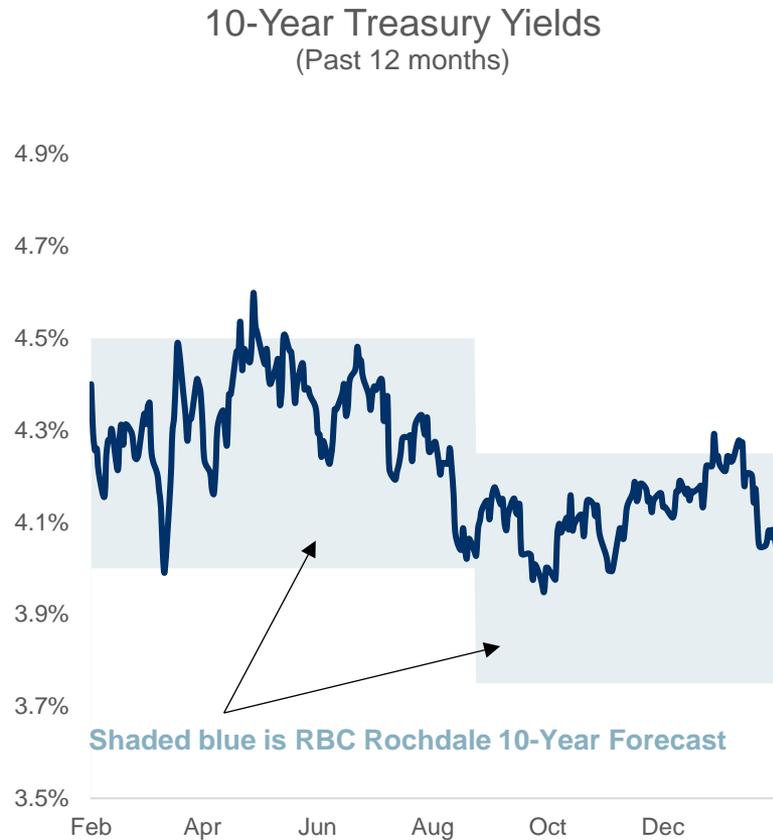
HY Municipal is the Bloomberg Municipal Bond: High Yield Index. Municipal is the Bloomberg Municipal Bond Index. Intermediate Municipal is the Bloomberg Municipal Bond Inter-Short 1-10Y TR Index. Global Agg is the Bloomberg Global-Aggregate Index. Emerging Markets is the Bloomberg EM USD Aggregate Index. Global Agg HY is the Bloomberg Global High Yield Index. US Corporate is the Bloomberg US Corporate Index. US Treasury is the Bloomberg US Treasury Index. Intermediate US Corporate is the Bloomberg Intermediate Corporate Index. HY Corporate is the Bloomberg US Corporate High Yield Index. Source: Bloomberg as of 2/20/2026. Past performance is no guarantee of future results.

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# Lower Volatility Has Supported Rangebound Rates

- US Treasuries have declined despite headline risk and mixed economic data.



Source: Bloomberg, RBC Rochdale Forecast. S Generic 10-Year Treasury Index and ICE BofA MOVE Index as of 2/23/2026. Information is subject to change and is not a guarantee of future results.

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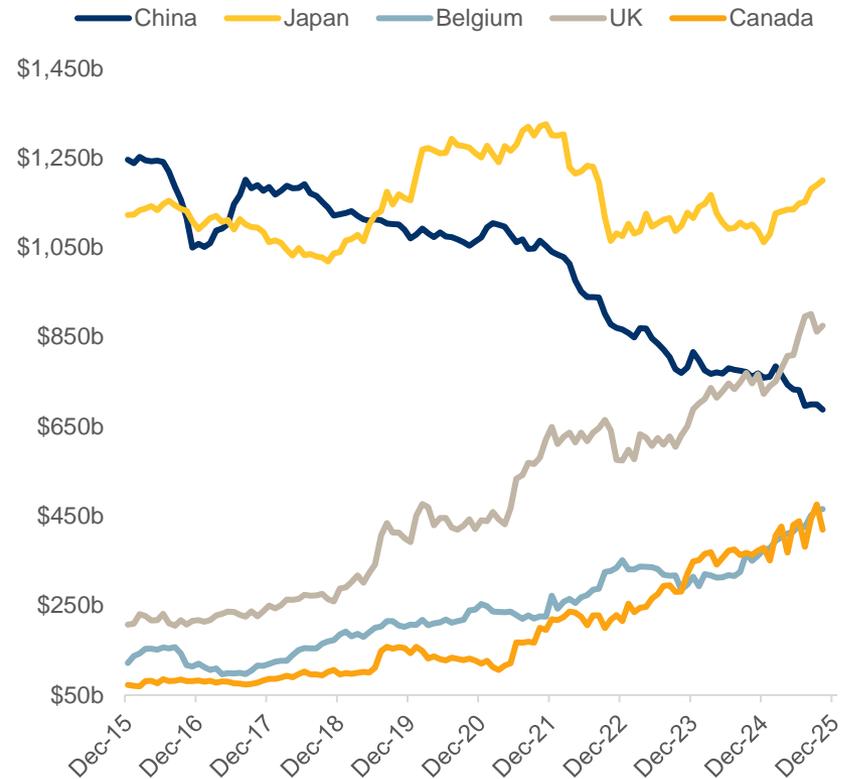
# Foreign Demand Remains A Structural Support

- Foreign ownership remains resilient limiting concerns of the “sell America trade.”

Foreign Holders of US Treasuries  
(in Trillions)



Holdings of US Treasuries by Country (in Billions)



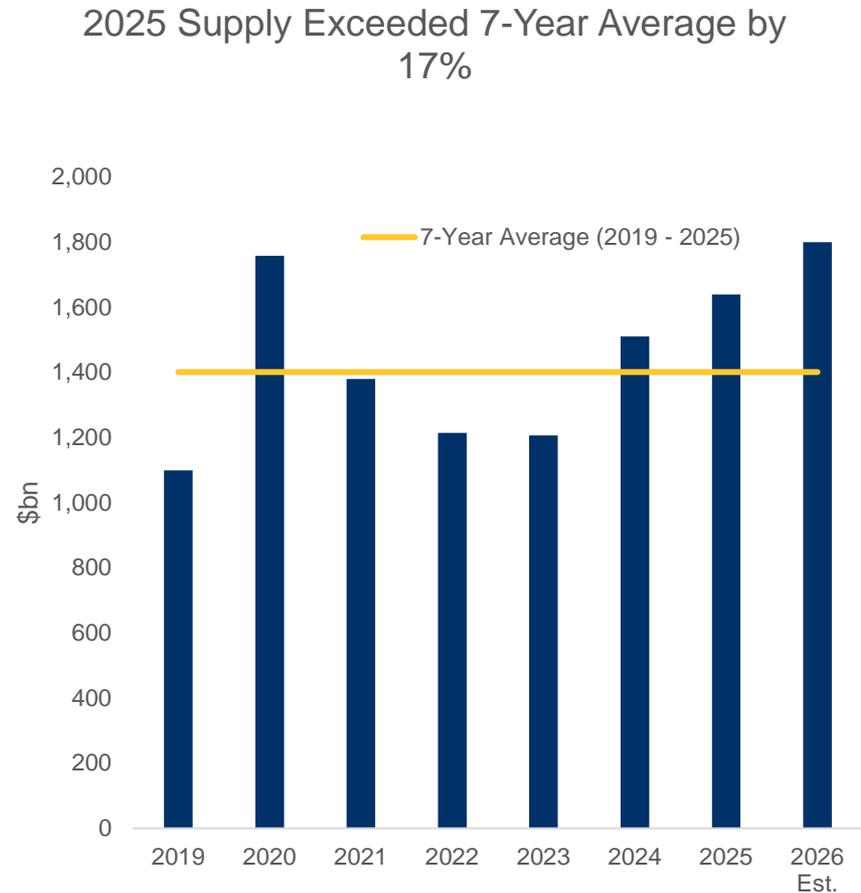
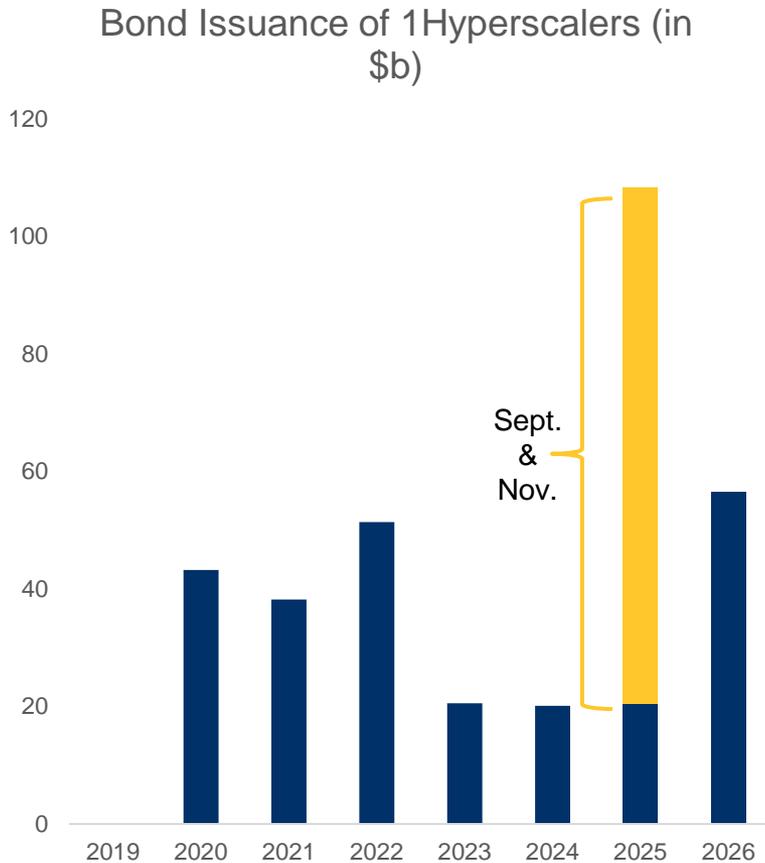
Sources: Bloomberg World Economic Statistics, Government Finance and Debt, TIC, as of 12/31/2025. Information is subject to change and is not a guarantee of future results.



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# Corporate Supply Elevated, Demand Holding Firm

- Issuance remains elevated with notable uptick in <sup>1</sup>hyperscaler supply.

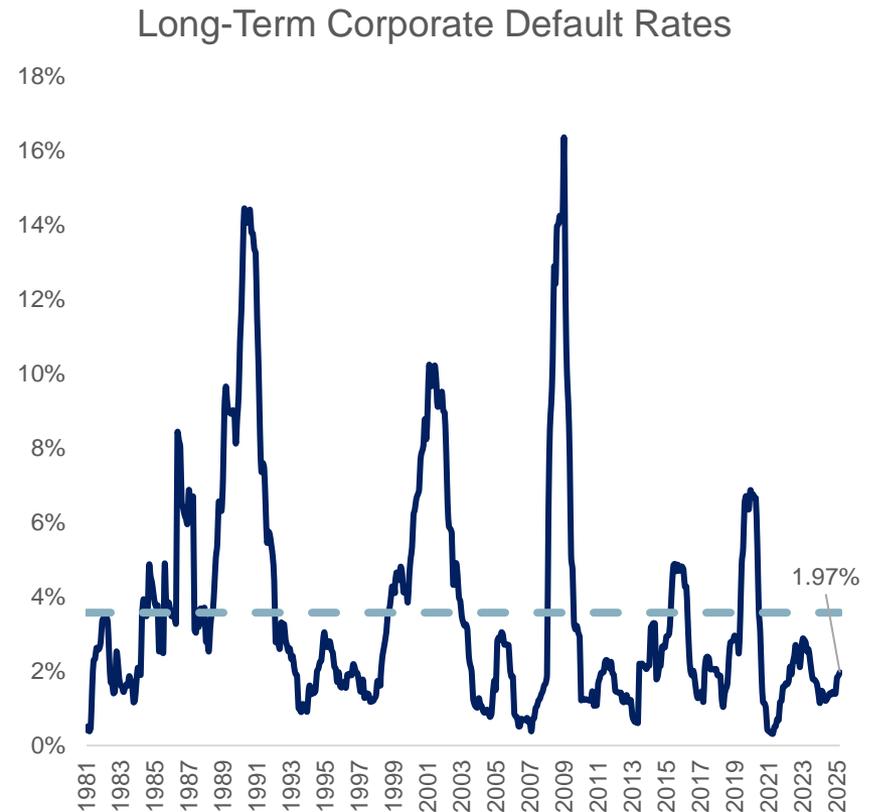
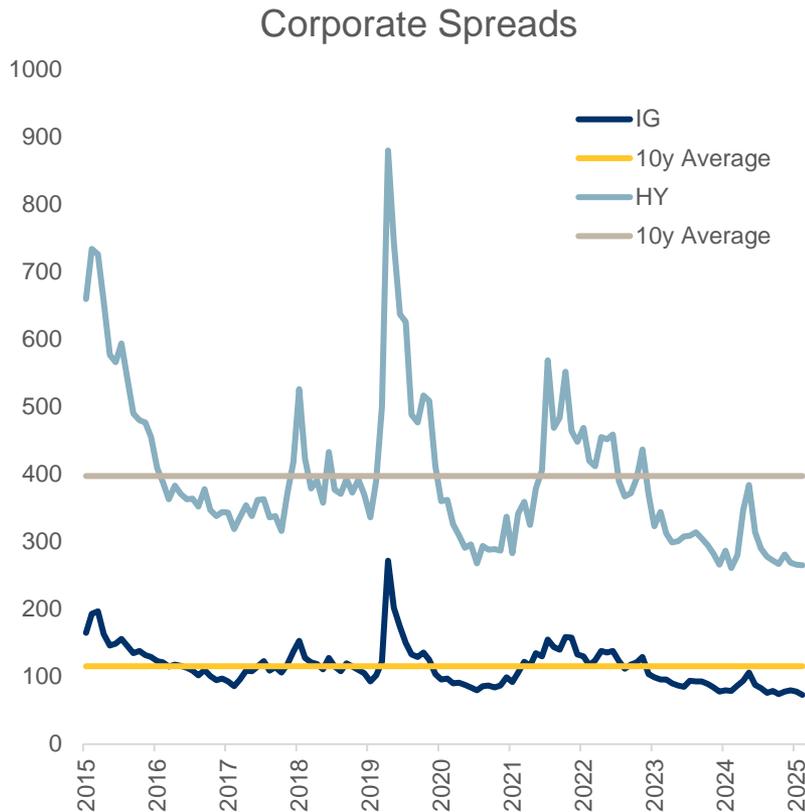


Sources: Bloomberg as of 1/30/2026. <sup>1</sup>Hyperscaler companies includes Amazon, Google, Meta, Oracle and Microsoft. Information is subject to change and is not a guarantee of future results.



# Credit Markets Reflect Stable Underlying Fundamentals

- Default rates remain below long-term averages, reinforcing tight spread levels, despite elevated issuance.



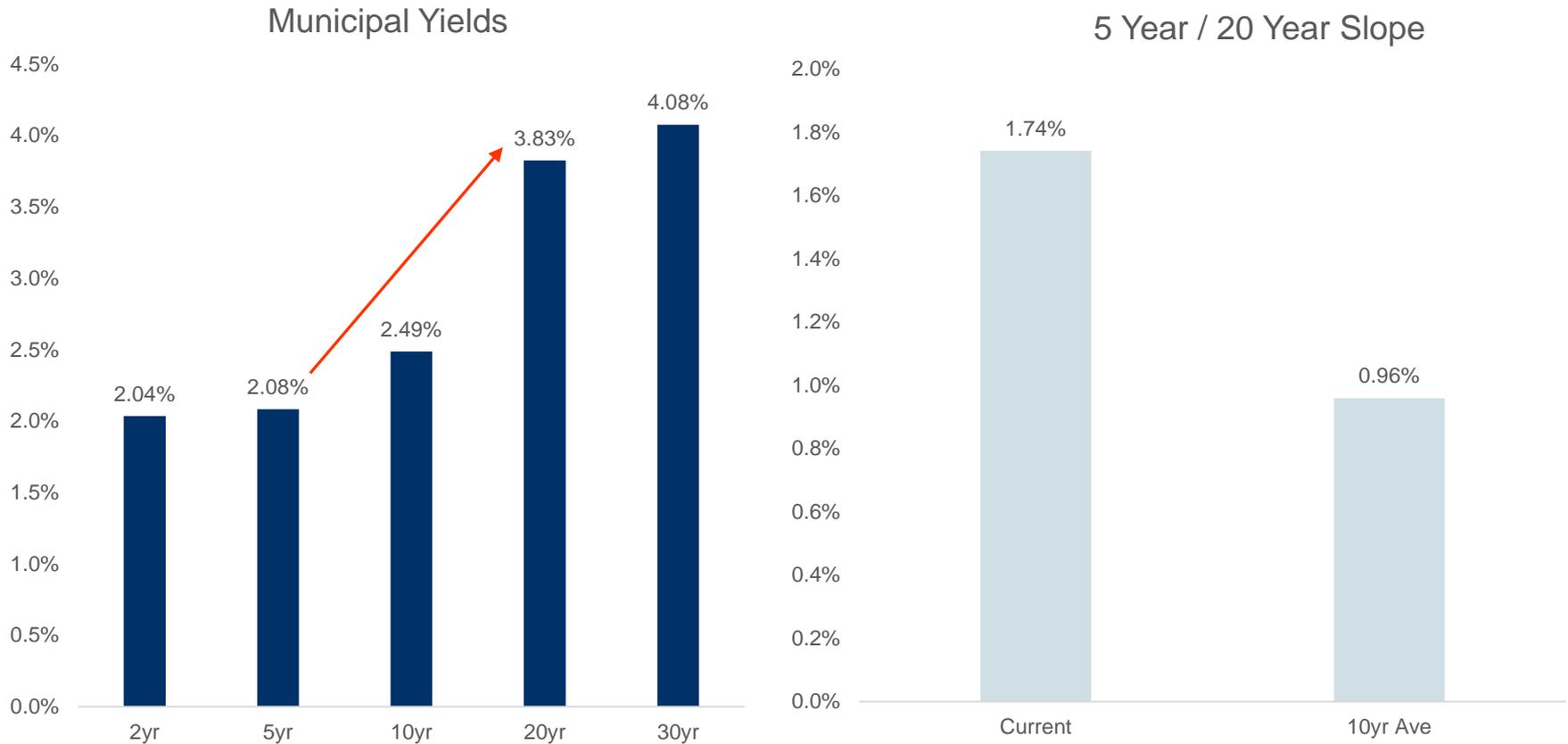
Sources: Left Chart - Bloomberg US IG Corporate Option Adjusted Spread Index Bloomberg US HY Corporate Option Adjusted Spread Index as of 1/30/2026. Right Chart - JPMorgan Research Default Monitor 2/2/2026

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# Municipal Yield Pick-Up Provides Value

- Historically high curve steepness providing compelling yield opportunities.



Source: Bloomberg as of 2/20/2026. Past performance is no guarantee of future results.

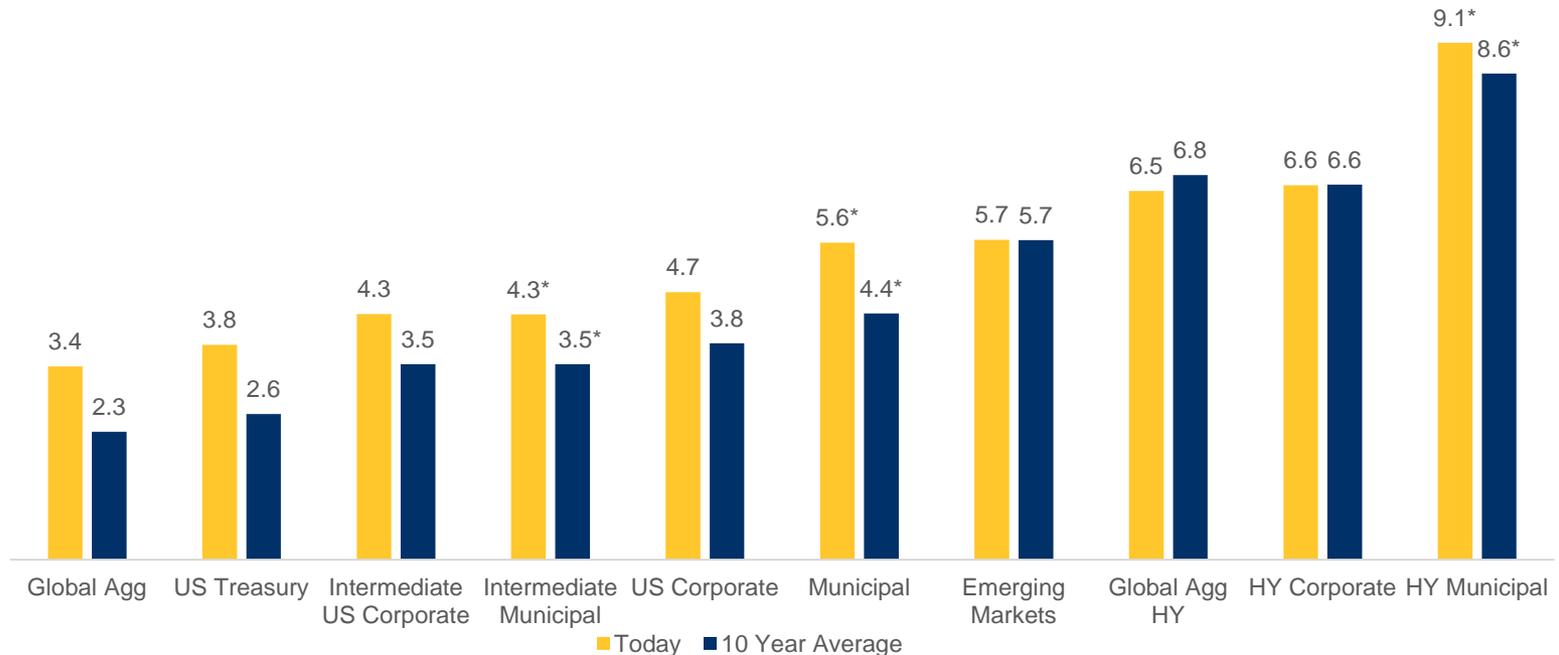
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# Attractive Yields Bolster Portfolios

- Yields continue offering elevated income opportunities, cushion against volatility, and strengthened forward return potential.

Yields: Today vs. 10-Year Average (as a %)



Global Agg is the Bloomberg Global-Aggregate Index. US Treasury is the Bloomberg US Treasury Index. Intermediate US Corporate is the Bloomberg Intermediate Corporate Index. Intermediate Municipal is the Bloomberg Municipal Bond Inter-Short 1-10Y TR Index. US Corporate is the Bloomberg US Corporate Index. Municipal is the Bloomberg Municipal Bond Index. Emerging Markets is the Bloomberg EM USD Aggregate Index. Global Agg HY is the Bloomberg Global High Yield Index. HY Corporate is the Bloomberg US Corporate High Yield Index USD. HY Municipal is the Bloomberg Municipal Bond: High Yield Index. Sources: Bloomberg, RBC Rochdale as of February 24, 2026. \*TEY: Assumes 37% Federal Tax and 3.8% Medicare surcharge. Information is subject to change and is not a guarantee of future results.

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# Key Takeaways

- Fed on hold over the near term while longer term rates should remain range bound.
- Despite increasing supply, core fixed income should continue to benefit from solid demand and stable fundamentals.
- Historically steep municipal yield curve strengthens the case to extend duration and pick up tax-efficient cash flow.
- Attractive yields seeks to act as a hedge against volatility and enhance forward return potential.

Sources: RBC Rochdale as of February 24, 2026; Information is subject to change and is not a guarantee of future results.

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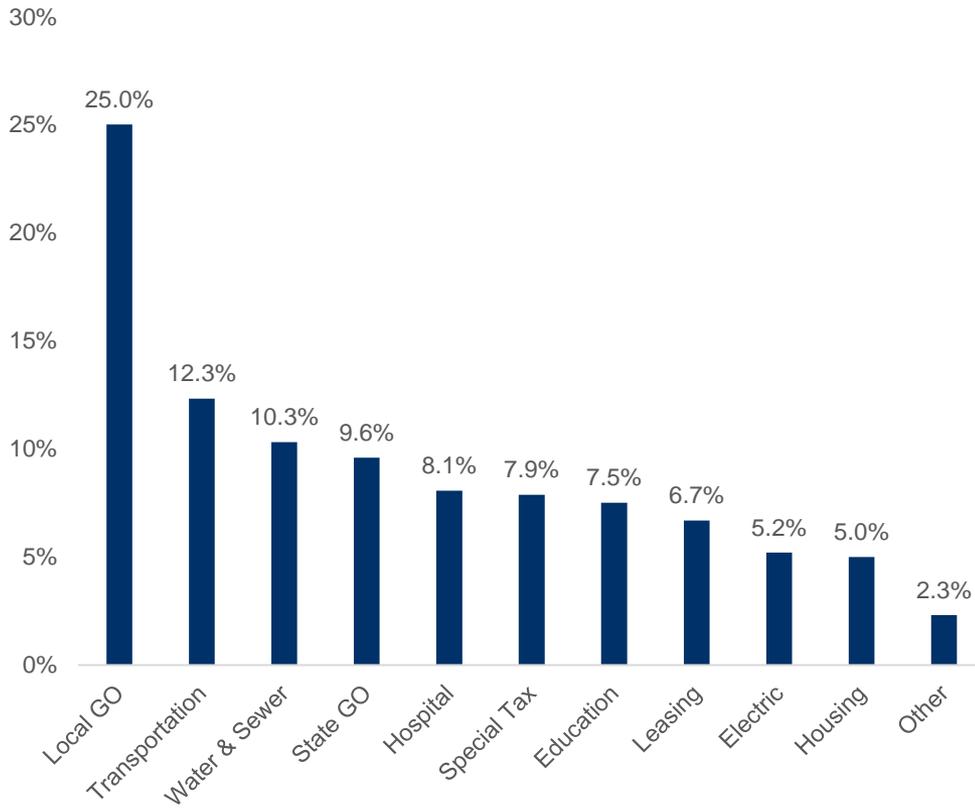
# Q&A

# Appendix

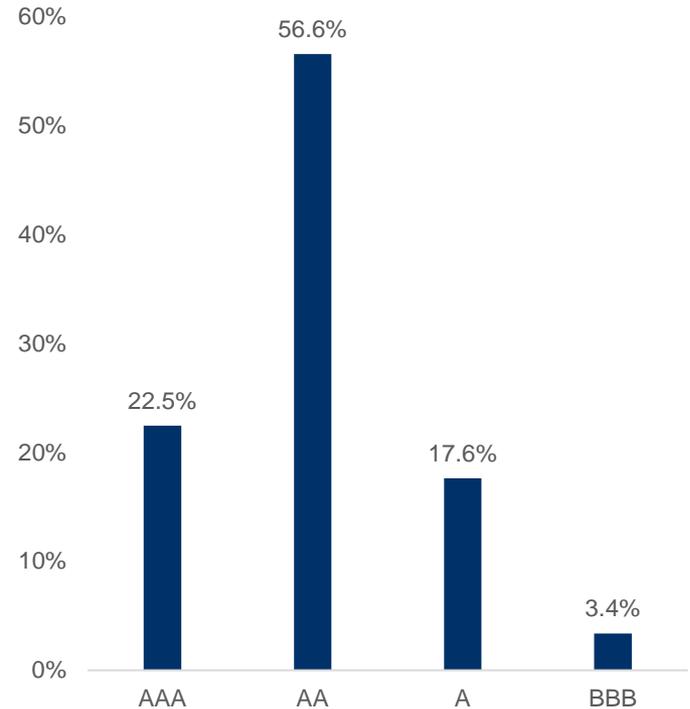
# Municipals Offer Sector, Issuer and Quality Diversity

- Low historical default rates and resilient credit quality underpin asset class stability.

Sector Weightings



Quality Weightings



Source: Bloomberg Municipal Bond Index as of 2/20/2026.; Information is subject to change and is not a guarantee of future results.

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# Definitions

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.

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.

PPI: The Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output.

MOVE Index: The MOVE Index measures U.S. bond market volatility by tracking a basket of OTC options on U.S. interest rate swaps. The Index tracks implied normal yield volatility of a yield curve weighted basket of at-the-money one month options on the 2-year, 5-year, 10-year, and 30-year constant maturity interest rate swaps.

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.

FOMC: Federal Reserve's monetary policymaking body that sets interest rates and steers U.S. monetary policy to promote stable prices and maximum employment. Comprised of 12 members (Board of Governors and Reserve Bank presidents), it holds eight meetings annually to determine the federal funds rate.

NATO: The North Atlantic Treaty Organization (NATO) is an intergovernmental military alliance between 32 member states—30 in Europe and 2 in North America. Founded in the aftermath of World War II, NATO was established with the signing of the North Atlantic Treaty in 1949.

Rochdale Speedometers<sup>SM</sup> 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 toward the (+) sign represent a positive view, which in turn makes it green. Arrows directed toward the (-) sign represent 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.

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There are inherent risks with fixed income investing. These risks may include interest rate, call, credit, market, inflation, government policy, liquidity, or junk bond. 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.

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.

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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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