CITY NATIONAL ROCHDALE®
AN RBC/CITY NATIONAL COMPANY

December 2022

2023 Outlook

Investment Strategy Committee Considerations

2023 Economic Outlook

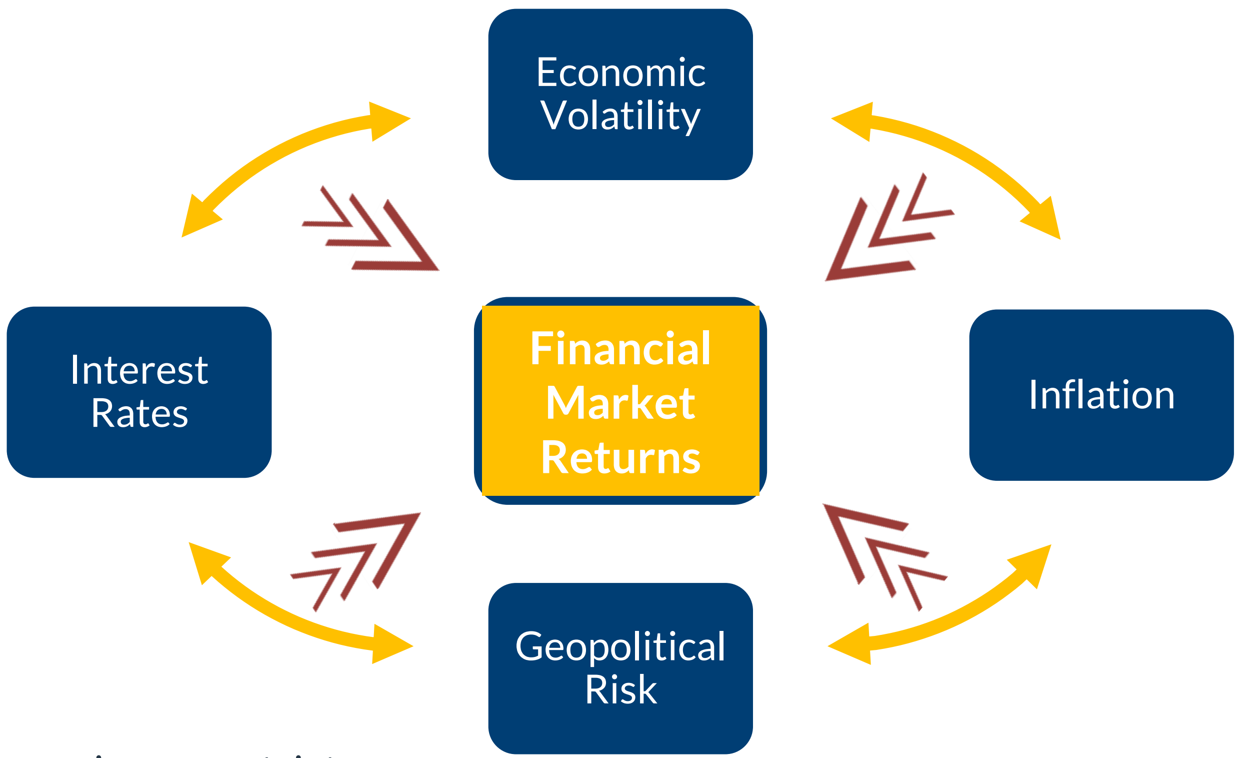
- Higher interest rates, inflation and volatility for longer
- Expect lower GDP, earnings, S&P fair value relative to consensus
- Expect Fed to remain tight throughout 2023
- Increased confidence in downward glidepath for inflation
- Reducing wage pressures will be challenging
- Increased recession risk to 75%, mild recession base case
- Job gains, wages, savings and net worth support consumer
- Labor shortages should prevent significant rise in unemployment
- Health banking system and strong corporate balance sheets moderate downside risks
- US economy more resilient than Europe/Asia.
- Geopolitical risk remains elevated

2023 Investment Strategy

- Portfolios defensively positioned for mild recession
- Staying cautious, Fed tightening, recession risk
- We expect that balanced portfolios should offer modestly positive returns
- Underweight equities, focus on high-quality US stocks, avoid Europe and Asia
- Bear market expected to continue until inflation subsides and earnings outlook improves
- Forecasting moderate equity returns in 2023, above average volatility
- Equity income attractive in a uncertain environment
- Fixed income returns expected to be mostly positive
- In our view, investment grade corporate and municipals offer attractive yields with lower volatility
- High yield corporates and municipals, while volatile, appear to offer attractive yield
- Excellent opportunities for liquidity management
- Alternatives may provide diversifying benefits and attractive opportunities

Sources: Bloomberg, CNR Research, as of December 2022.
Information is subject to change and is not a guarantee of future results.

Higher for Longer: Behind Our Non-Consensus Outlook



- Recession risk, earnings uncertainty
- Persistent inflation pressures
- Aggressive Fed, credibility at stake
- Elevated risk of additional geopolitical shock
- Higher for longer economic volatility means higher for longer financial market volatility

Source: CNR Research, as of December 2022.
Information is subject to change and is not a guarantee of future results.

2022: A Very Challenging Investment Environment

What We Got Right	What We Got Wrong
• Higher for longer	• Pace of interest rate and inflation increases
• Expected equity correction. De-risked portfolios, sold non-US equity holdings	• Underestimated Putin and initial Russian Invasion
• Emphasis on income and value U.S. equities	• Magnitude of negative fixed income returns
• Underweight U.S speculative tech, Avoided Bitcoin/Crypto	
• Focus on Alternative space	

Source: CNR Research. Information is subject to change and is not a guarantee of future results.

CNR Speedometers® – December 2022

Forward-Looking Economic & Financial Indicators over the next Six To Nine Months

- No green dials remain, uncertainty across indicators.
- Indicators have slowed as risk to the outlook increases.
- Recent slowing driven by higher inflation and more hawkish Fed policy.
- Monitoring geopolitical events with a heightened degree of concern.

Impact on Economy and Financial Markets

e: Estimates Impact on investment: Positive Neutral Negative Timeframe: Current Change from Last month

Source: Proprietary opinions based on CNR Research, as of December 2022. Information is subject to change and is not a guarantee of future results.

2023: Economic Momentum Slowing, Recession Risk Rising

- Household and business fundamentals still solid but slowing.
- Inflation pressures to remain elevated, but moderating.
- Fed remains tight to slow economy and wages.
- We have below-consensus expectations for GDP and earnings growth.
- We have consensus estimates for interest rates.

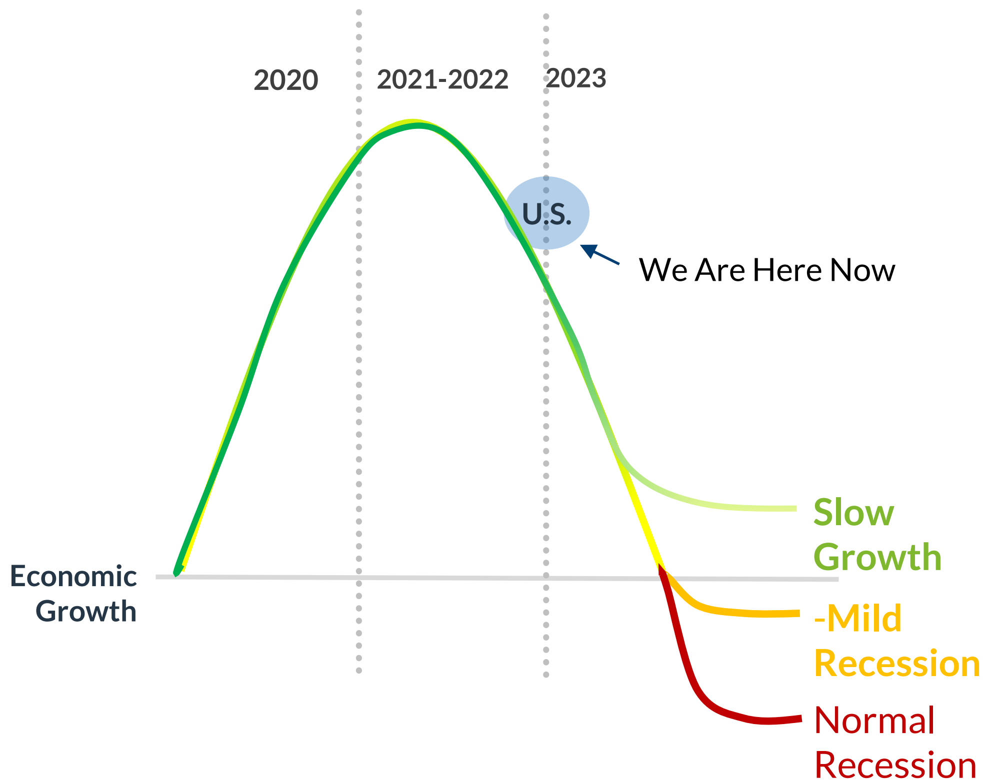
City National Rochdale Forecasts		2022e	2023e
Real Annual GDP Growth		1.0% to 2.0%	-1.25% to 0.75%
Corporate Profit Growth		5.0% to 6.0%	-6.5% to 1.5%
Headline CPI Year End		6.6%	2.6%
Core CPI Year End		5.6%	3.1%
Interest Rates	Fed Funds Rate	4.25% to 4.50%	5.00% to 5.25%
	Treasury Note, 10-Yr.	3.50% to 3.75%	3.5% to 4.25%

Sources: Bloomberg, CNR Research, as of December 2022. Information is subject to change and is not a guarantee of future results.

2023 Outlook

Probability of Mild Recession Increasing

- US recession risk increased to 75% in 1H 2023, but likely mild.
- Labor shortages should limit increases in unemployment as companies hoarded workers.
- Consumer retrenchment expected to be mild, supported by strong household balance sheets and real income.
- CNR 2023 GDP and EPS estimates are below market consensus.



Outlook	Probability	GDP Growth	Earnings Growth
Slow Growth	25%	1% to 1.5%	0% to 12%
Mild Recession	60%	0% to -1%	-10% to 0%
Normal Recession	15%	-1% to -2%	-10% to -20%

Sources: Bloomberg, CNR Research, as of November 2022.
Information is subject to change and is not a guarantee of future results.

US Economy Remains Best Positioned

US	• Offers the most favorable opportunity set • Strength in real income & household balance sheets • Favorable labor market dynamics • Corporate resilience, stronger productivity and competeveness • Health of banking system
Europe	• Recession underway amidst high unemployment, double digit inflation • Ukraine war, high energy and commodity costs • ECB tightening cycle lagging Fed • Weaker outlook for earnings growth • Long term structural challenges: aging population, declining productivity, and diminishing global competitiveness.
China	• Increasing state control, decrease in private sector independence. • Questionable corporate governance and lack of shareholder protection. • Return on equity and levels of profitability trending down • Reopening expected to be bumpy, stressing healthcare system. • Property sector bubble. Slowing global demand impacting exports.

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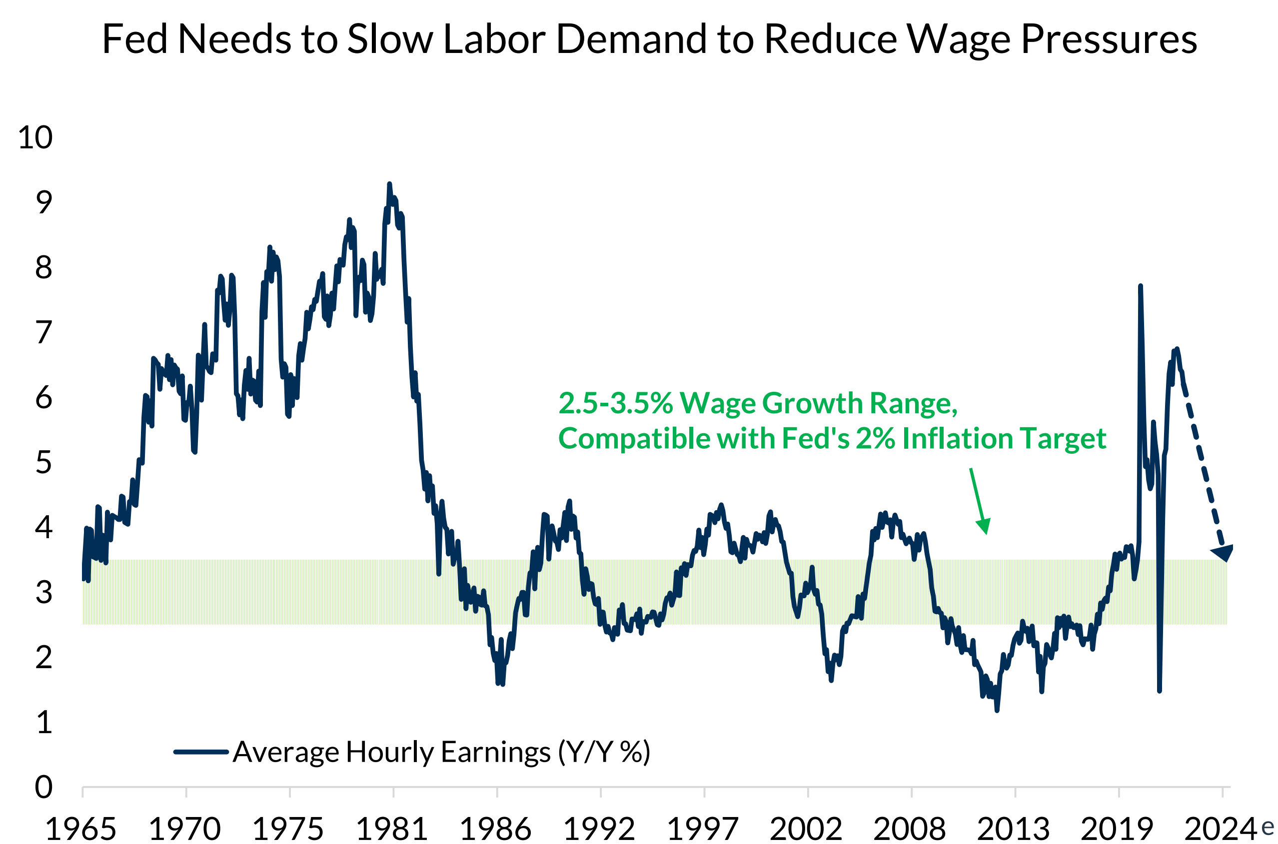
Top Reasons for Higher for Longer Fed Outlook

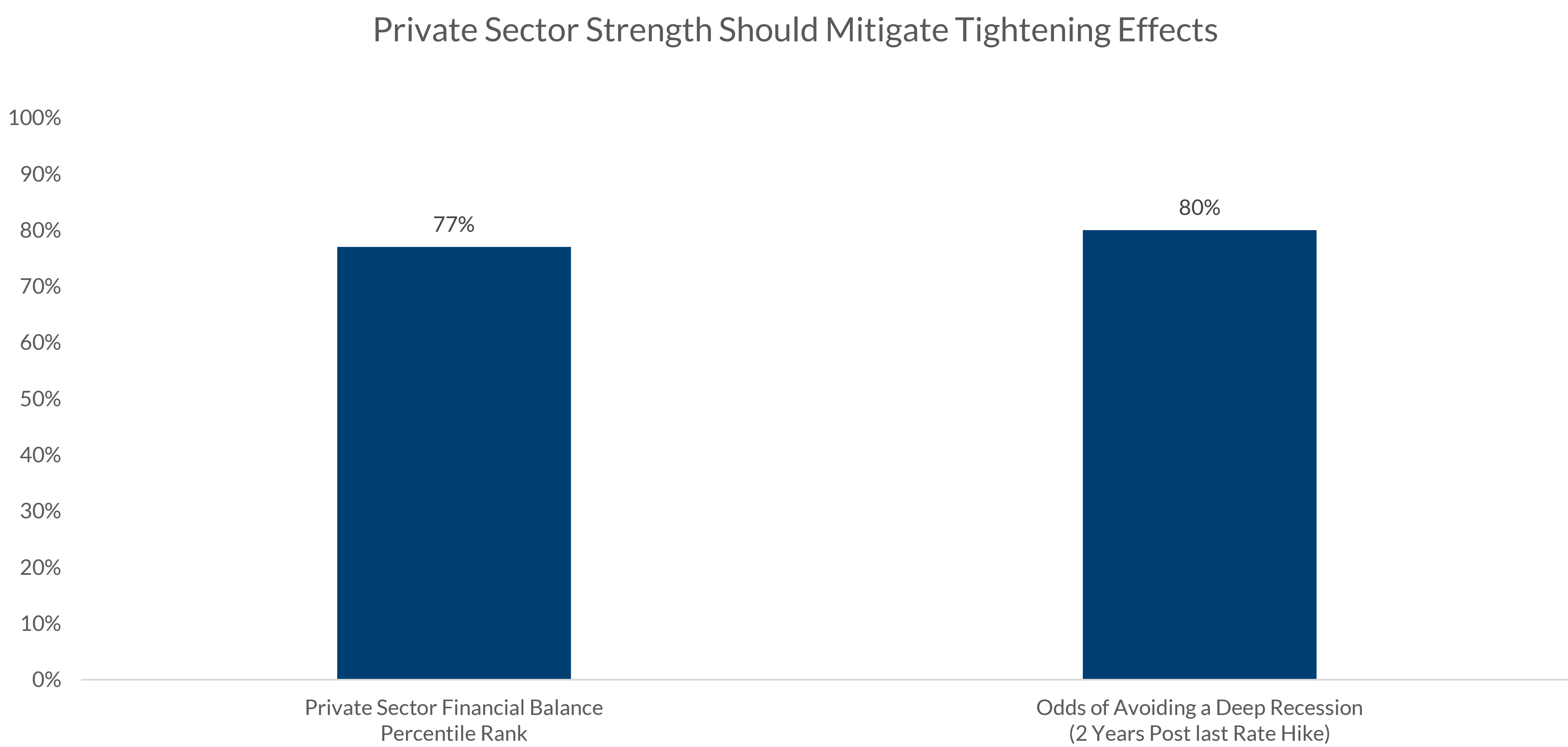
1. Wage inflation pressures
2. Sticky services
3. Fed credibility at stake



Sources: Bloomberg, CNR Research, as of December 2022. Information is subject to change and is not a guarantee of future results. e: Estimates

Case for Mild Recession
Reason #1: Healthy Private Sector

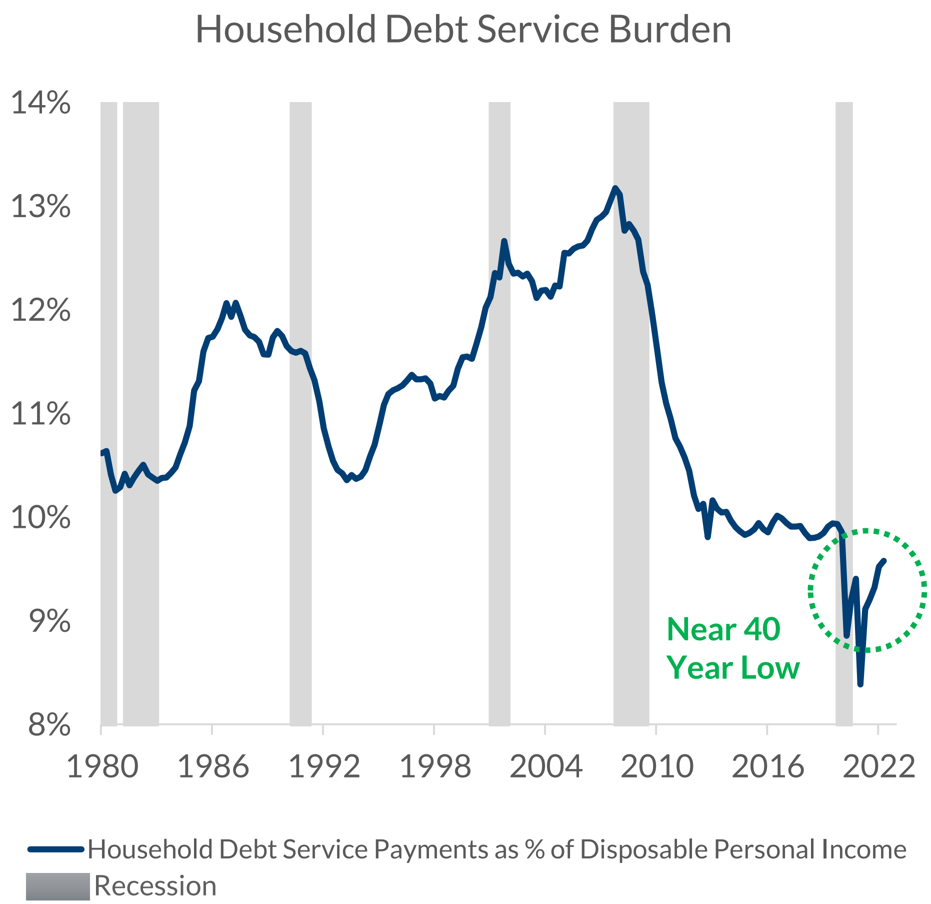
- Odds of avoiding a deep recession increase substantially when private-sector financial balance is healthier.
- Current business and household balance sheets are not overlevered.
- Strength can help offset the impact on spending and investment from higher borrowing costs .

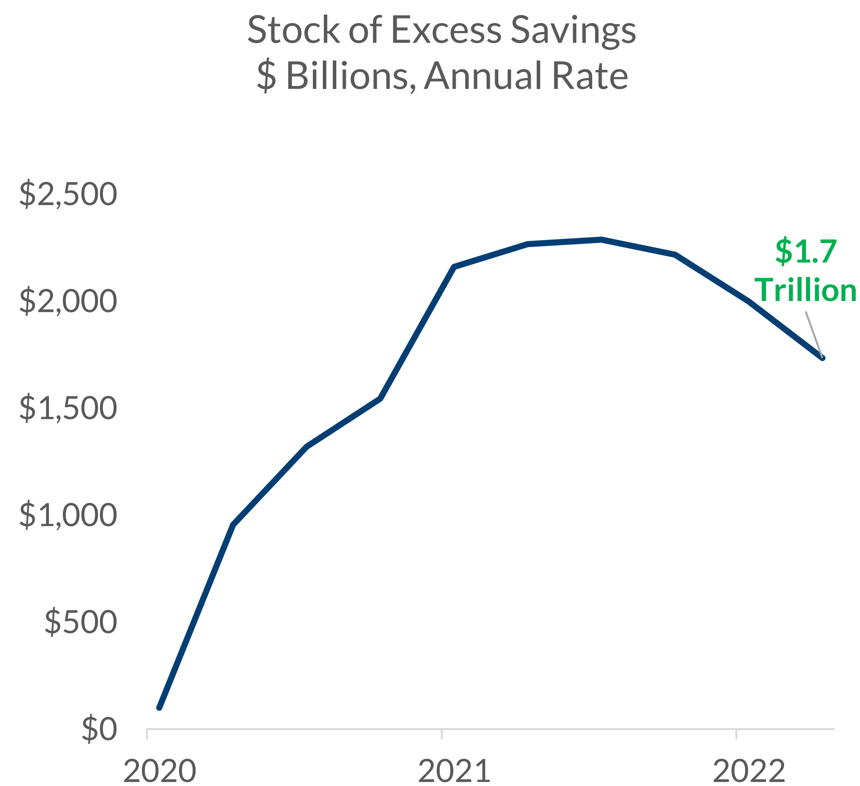


Source: Goldman Sachs, as of Q2 2022. Information is subject to change and is not a guarantee of future results. Percentile is defined by rank of the 12 month moving average private sector financial balance (as a %of GDP) relative to the historical average over tightening cycles.

Case for Mild Recession
Reason #1: Healthy Private Sector

- Odds of avoiding a deep recession increase substantially when the private-sector financial balance is higher.
- Current business and household balance sheets are healthy, not over-levered.
- Strength can help offset the impact on spending and investment from higher borrowing costs.

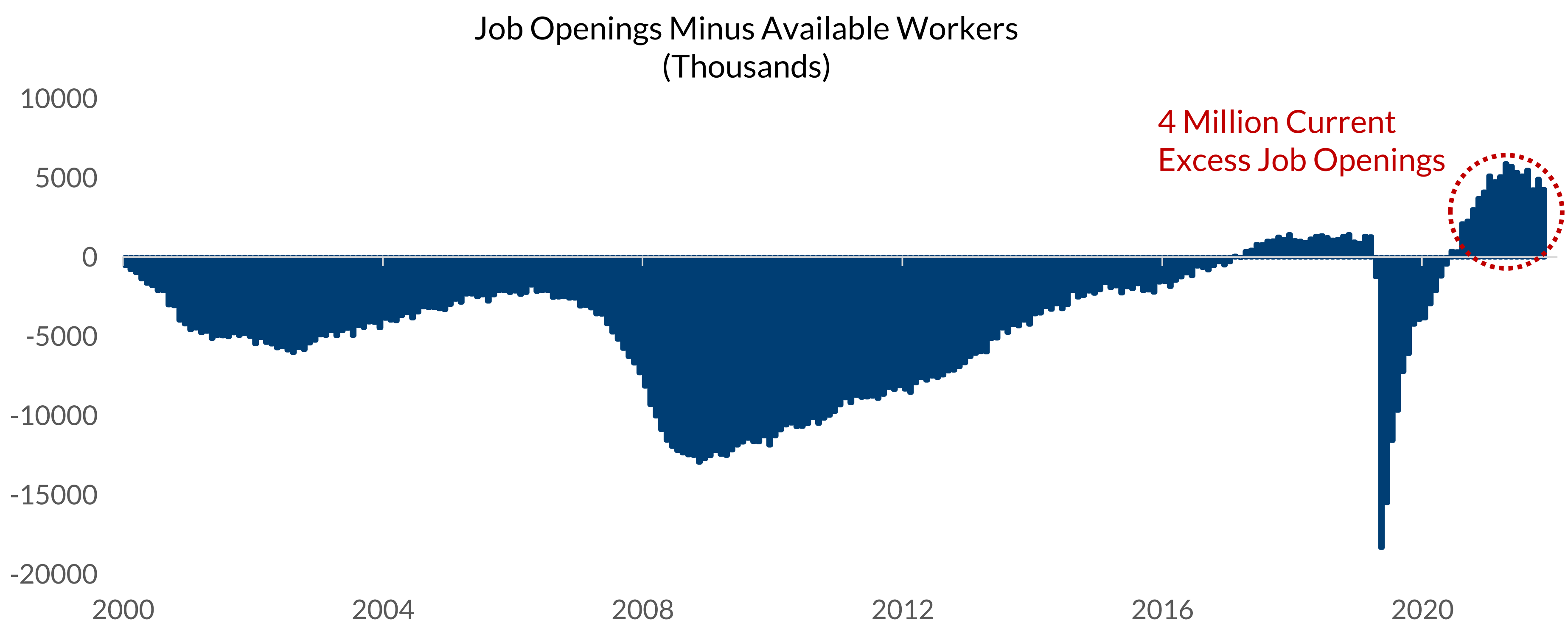




Source: St. Louis Fed, as of Q2 2022. Information is subject to change and is not a guarantee of future results.

Case for Mild Recession
Reason #2: Tight Labor Market

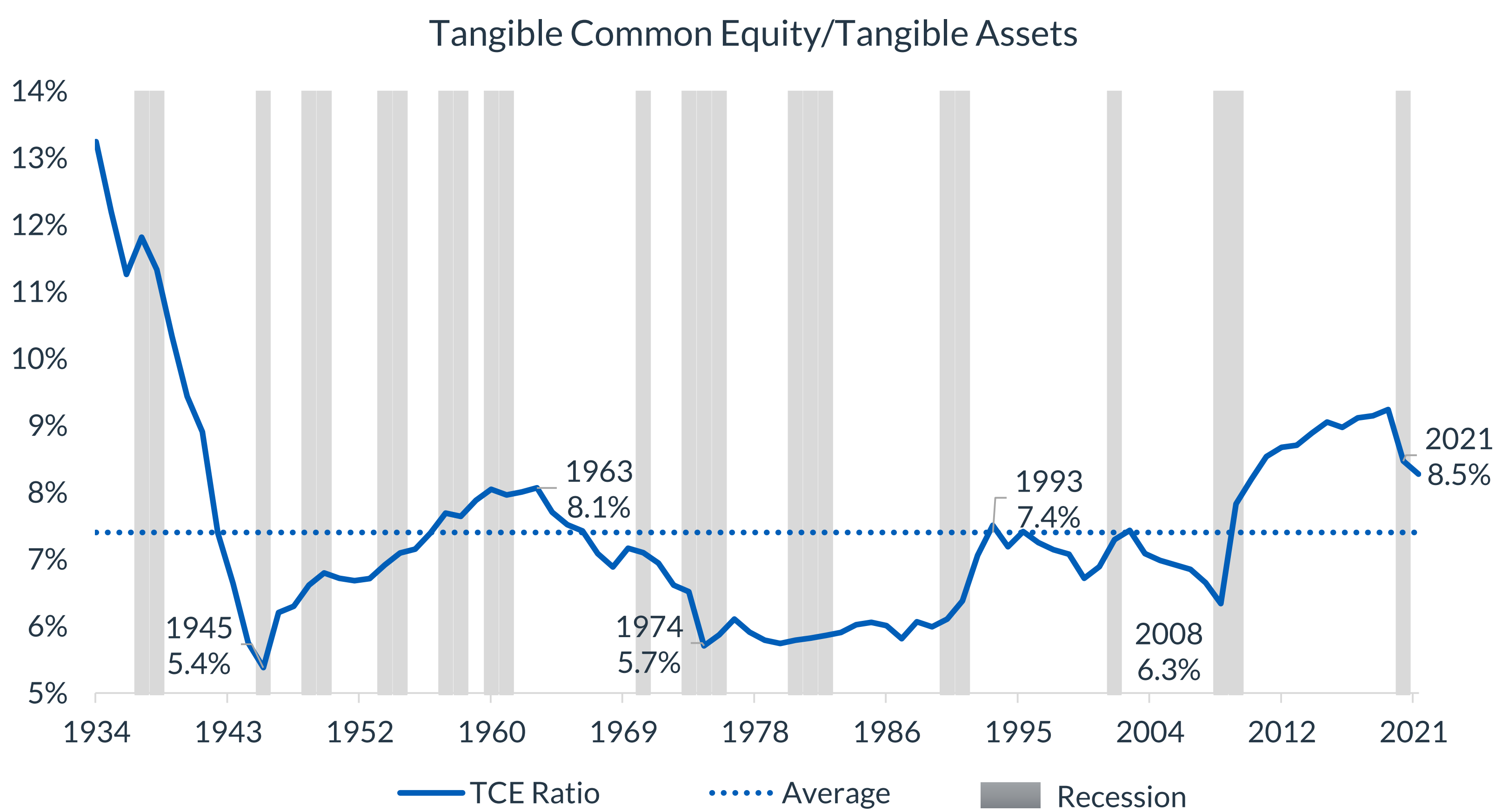
- Labor shortages remain extreme and expected to persist.
- Firms likely to reduce job openings and cut unnecessary costs, rather than layoff workers.
- Smaller increases in unemployment expected to reduce negative income impact on consumers.



Source: St. Louis Fed, as of October 2022. Information is subject to change and is not a guarantee of future results.

Case for Mild Recession
Reason #3: Healthy Banking System

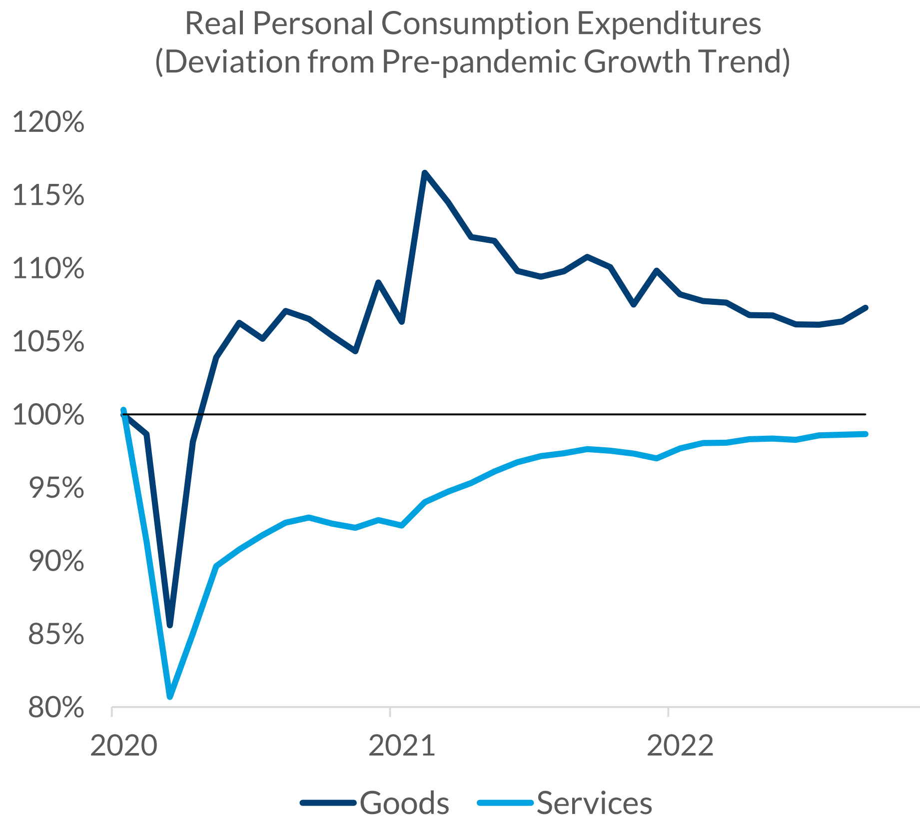
- Risk of financial crisis leading to more severe economic downturn is low.
- US banking system much better capitalized than a decade ago.

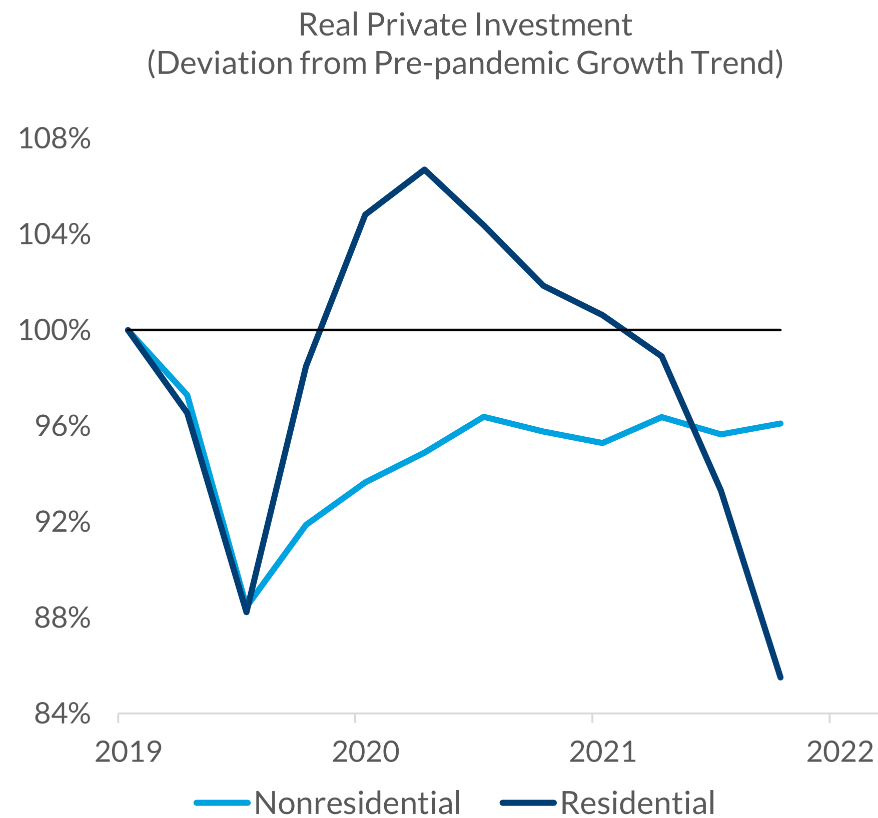


Source: FDIC, as of year end 2021. Information is subject to change and is not a guarantee of future results.

Case for Mild Recession
Reason #4: Room for Growth

- Important areas of the economy still have room to normalize post COVID-19.
- Service spending and nonresidential investment remain below pre-pandemic trends.
- Expected to reduce retrenchment in private sector over downturn.

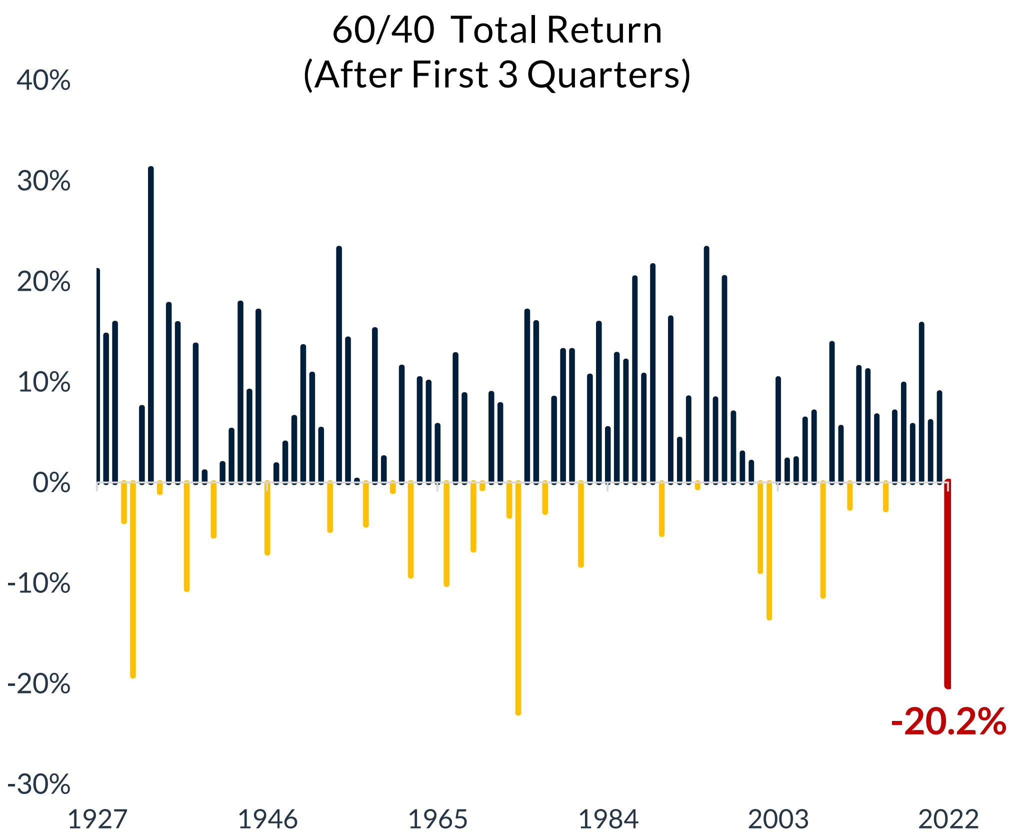


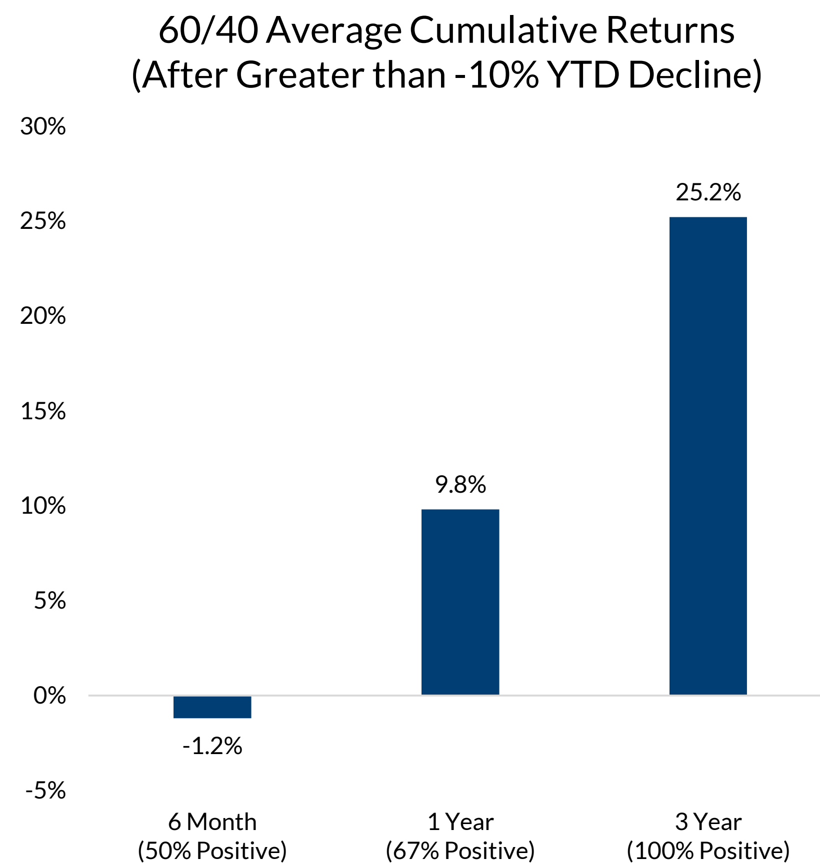


Source: St. Louis Fed, as of October 2022; St. Louis Fed, as of Q3 2022. Information is subject to change and is not a guarantee of future results.

Nowhere to Hide in 2022

- Traditional 60/40* portfolio has seen its worst YTD return in 50 years.
- It is highly unusual to see both stocks and bonds decline in tandem so dramatically.
- History suggests longer term returns will be positive, but further downside is possible near term.



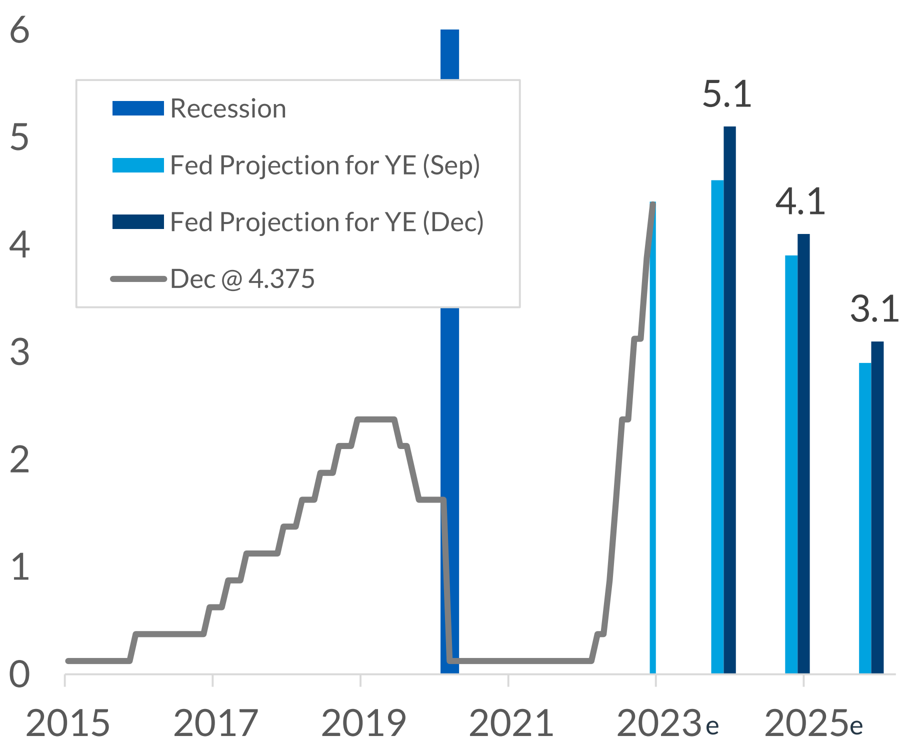


Source: Ibbotson Associates Index Data via Morningstar Direct. Factset
*60/40 split between Equities and Fixed Income. Equities index: S&P 500. Fixed Income index: Bloomberg US Aggregate Bond Index. Hypothetical value of assets held in untaxed portfolios invested in US stocks, and bonds. Stocks, and bond investments are represented by total returns of the S&P 500 and 50% IA SBBI US LT Government/50% IA SBBI US LT Corporate 1/1926-1/1976, Bloomberg US Aggregate 1/1976-present. Past performance is no guarantee of future results.

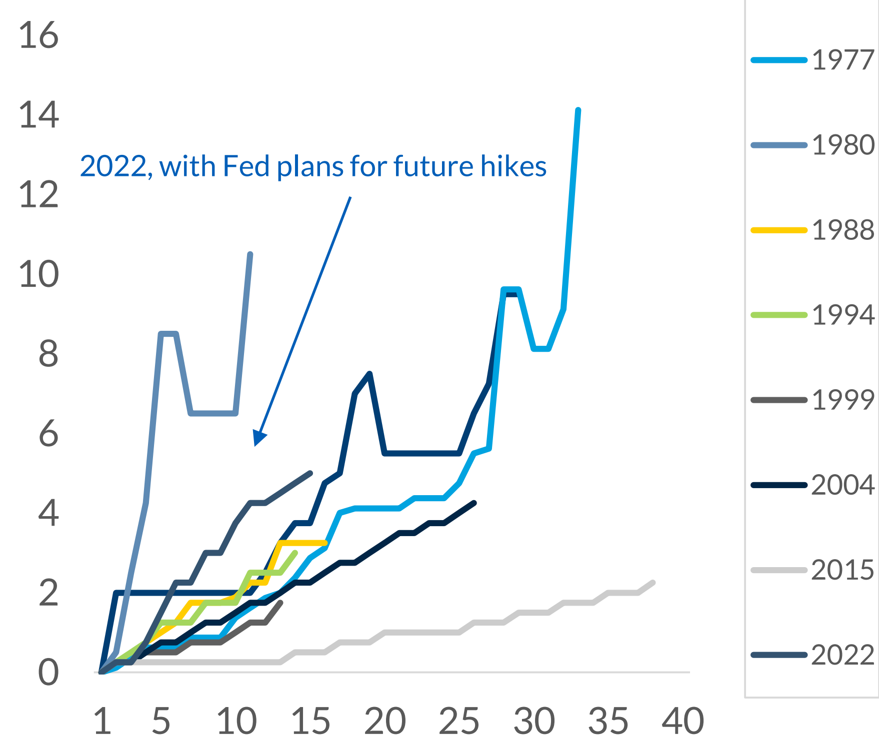
The Fed

- Has been raising interest rates at a near-record pace.
- They are raising rates higher than previously thought.
- The purpose is to prevent inflation being entrenched in the economy.

FOMC Projections - Federal Funds
%, mid-point



Federal Funds Rate Across Tightening Cycles
change in percentage points, months

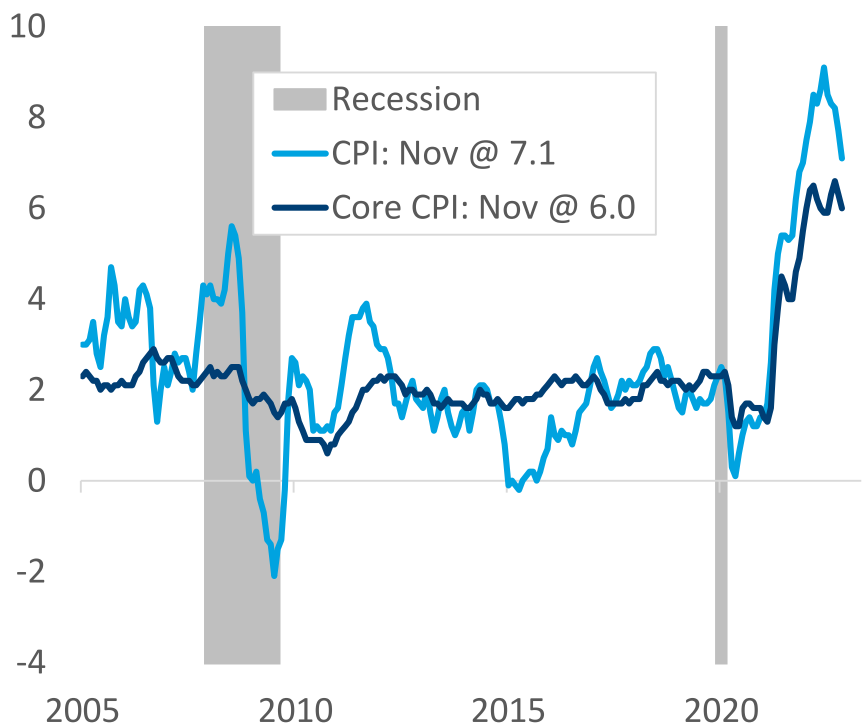


Source: Federal Reserve
Information is subject to change and is not a guarantee of future results. e: Estimates

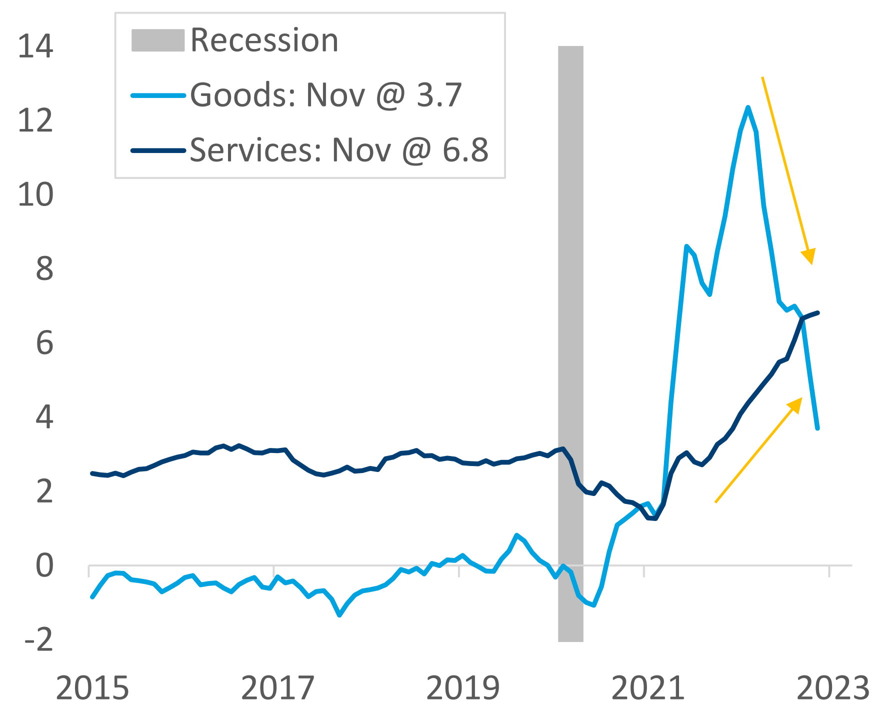
Inflation

- The higher interest rates are slowing the pace of inflation.
- But not fast enough for the Fed's liking.
- Goods inflation is declining due to resolution to many supply chain issues and reduced demand.
- Service inflation is an enormous concern for the Fed.

CPI & Core CPI
% chg., y-o-y, not seasonally adjusted



Core CPI: Goods and Services
% change, year-over-year, seasonally adjusted

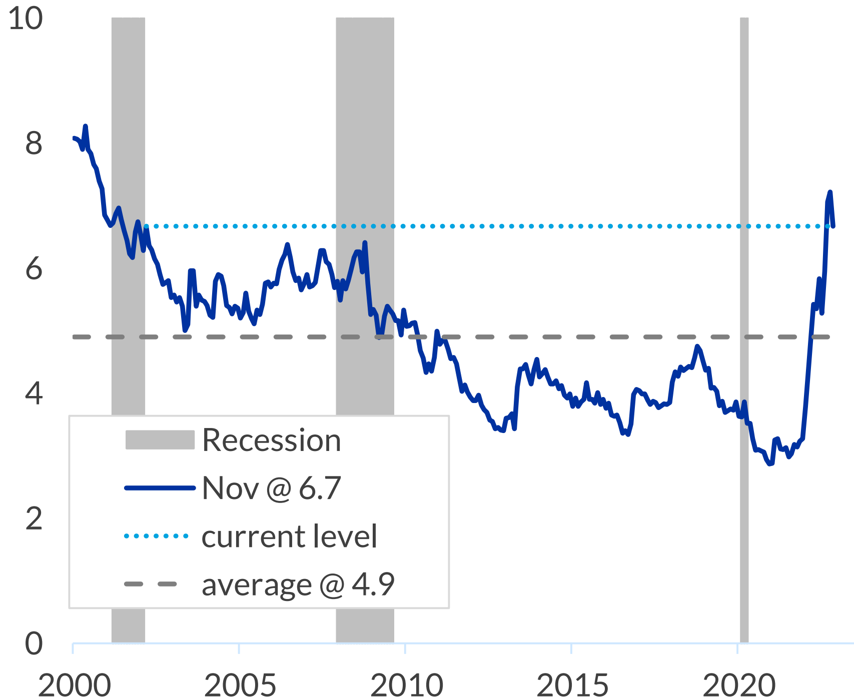


Source: Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results.

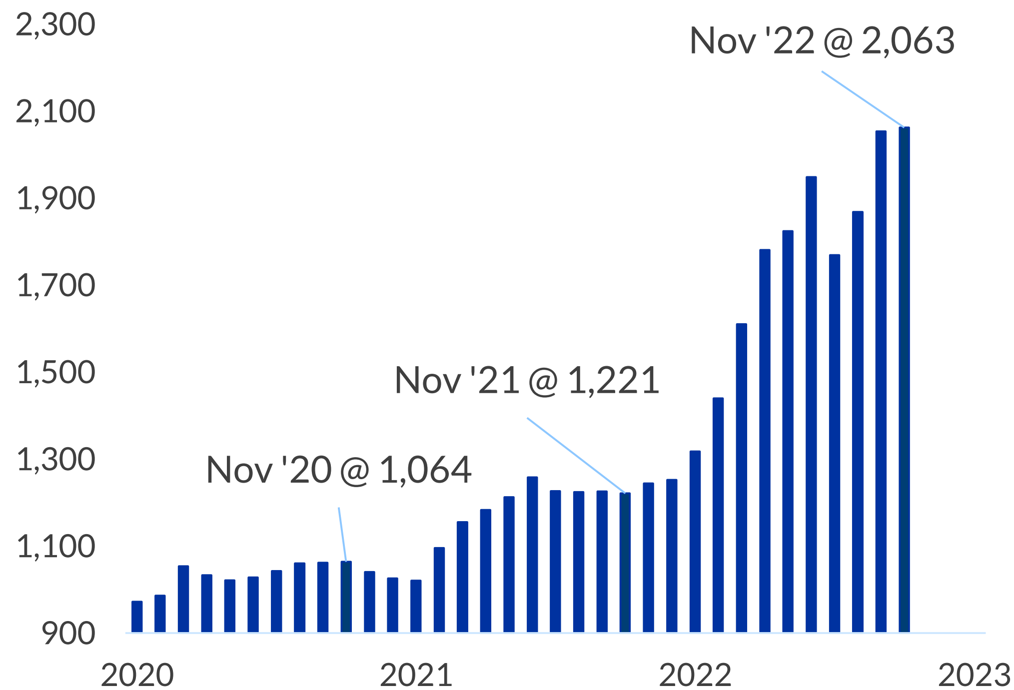
Inflation

- Parts of the service sector are responding to higher interest rates.
- This is most notable in interest rate sensitive sectors, like housing.

Mortgage Rates (%)
30-year Fixed Rate Mortgage



Monthly Mortgage Payment – Median Existing Home
$, 30-year fixed rate mortgage, 80% financing

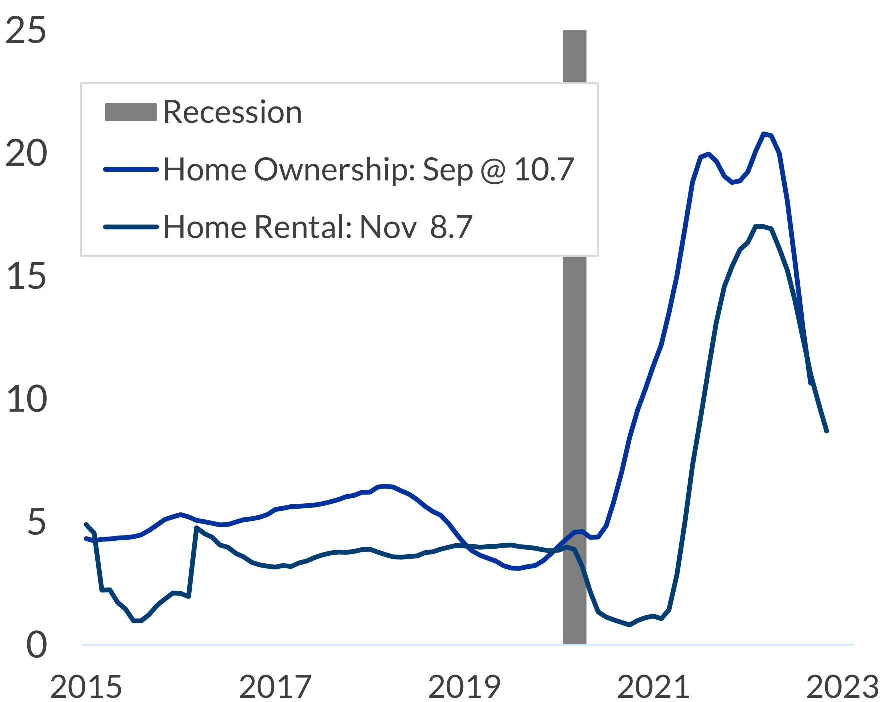


Current level is as of November 2022.
Source: Federal Reserve
Information is subject to change and is not a guarantee of future results.

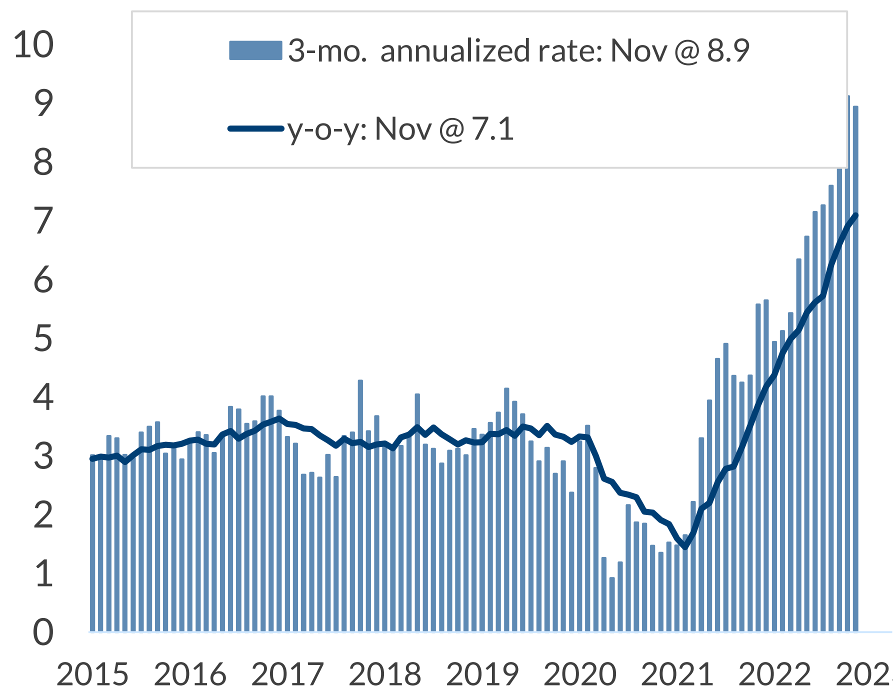
Inflation

- Housing price indicators are reacting negatively to the higher mortgage rates.
- But the CPI data takes time to adjust, lower rates of growth are not expected until next year.

Housing Costs
% change, y-o-y



CPI - Shelter
% change, seasonally adjusted

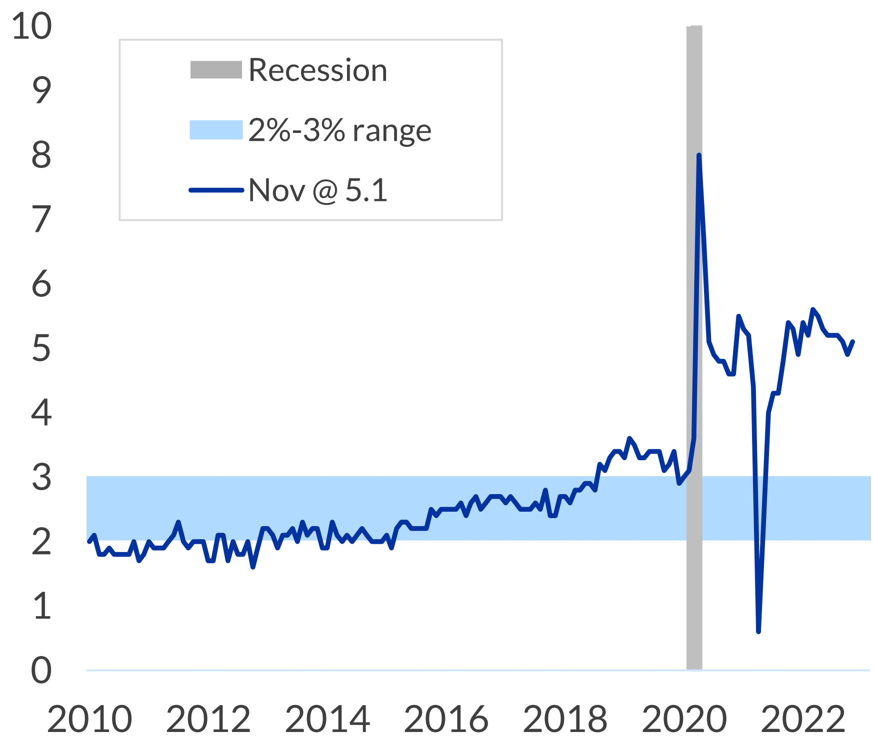


Source: Federal Reserve. Information is subject to change and is not a guarantee of future results.

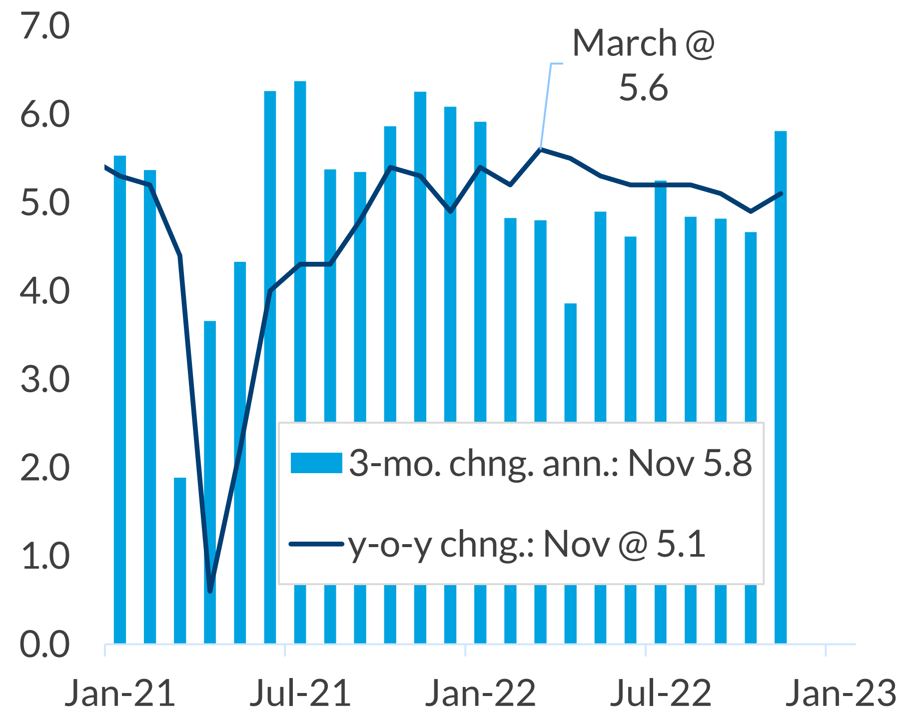
Inflation

- Other parts of service inflation are high due to elevated wage pressures.
- Wage pressure remains high and is now a focus for the Fed.
- They are raising interest rates to slow the demand for workers, which should reduce wage pressures.

Average Hourly Earnings
% change y-o-y, seasonally adjusted



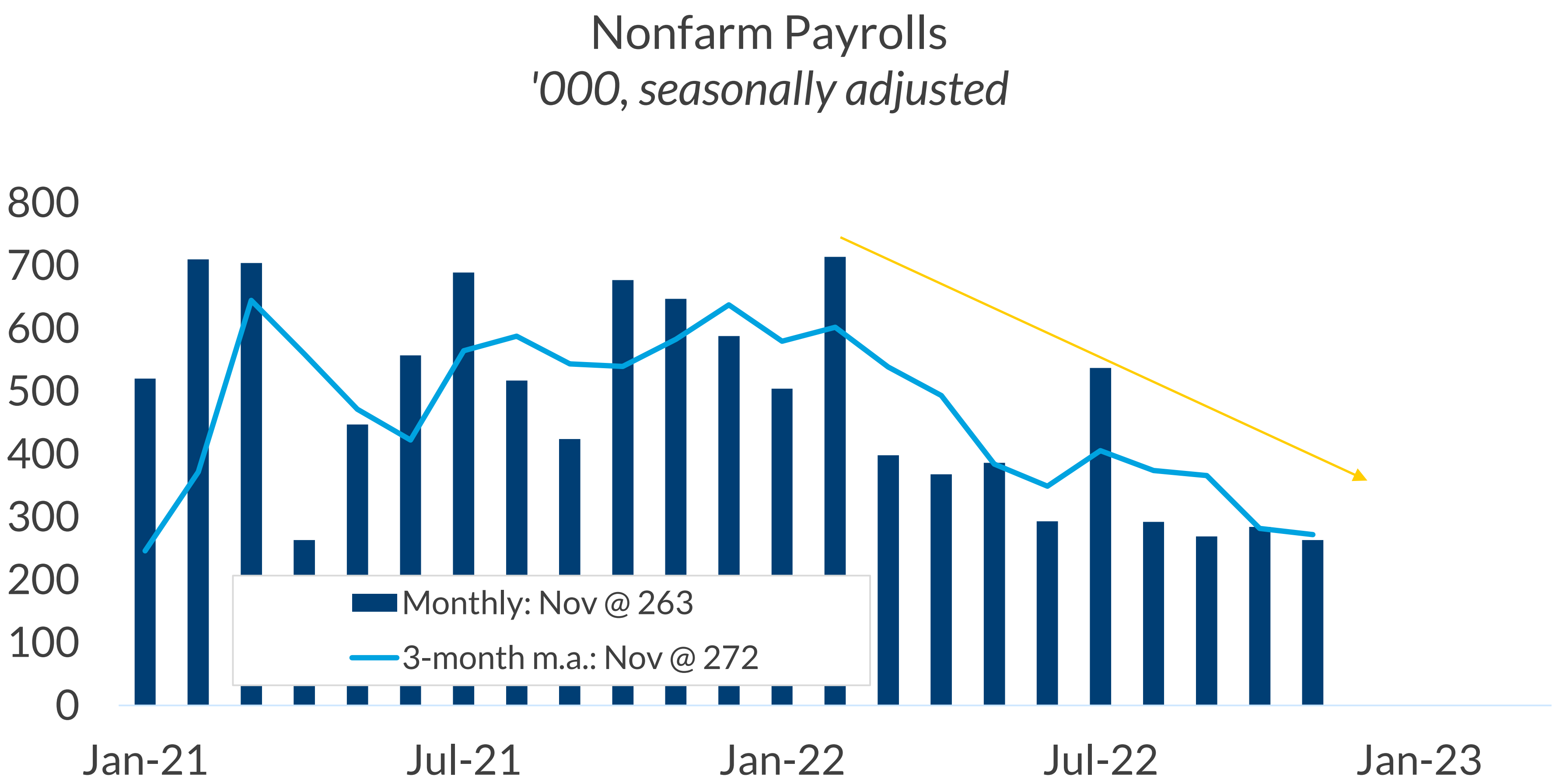
Average Hourly Earnings
% change, seasonally adjusted



Source: Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results.

Labor

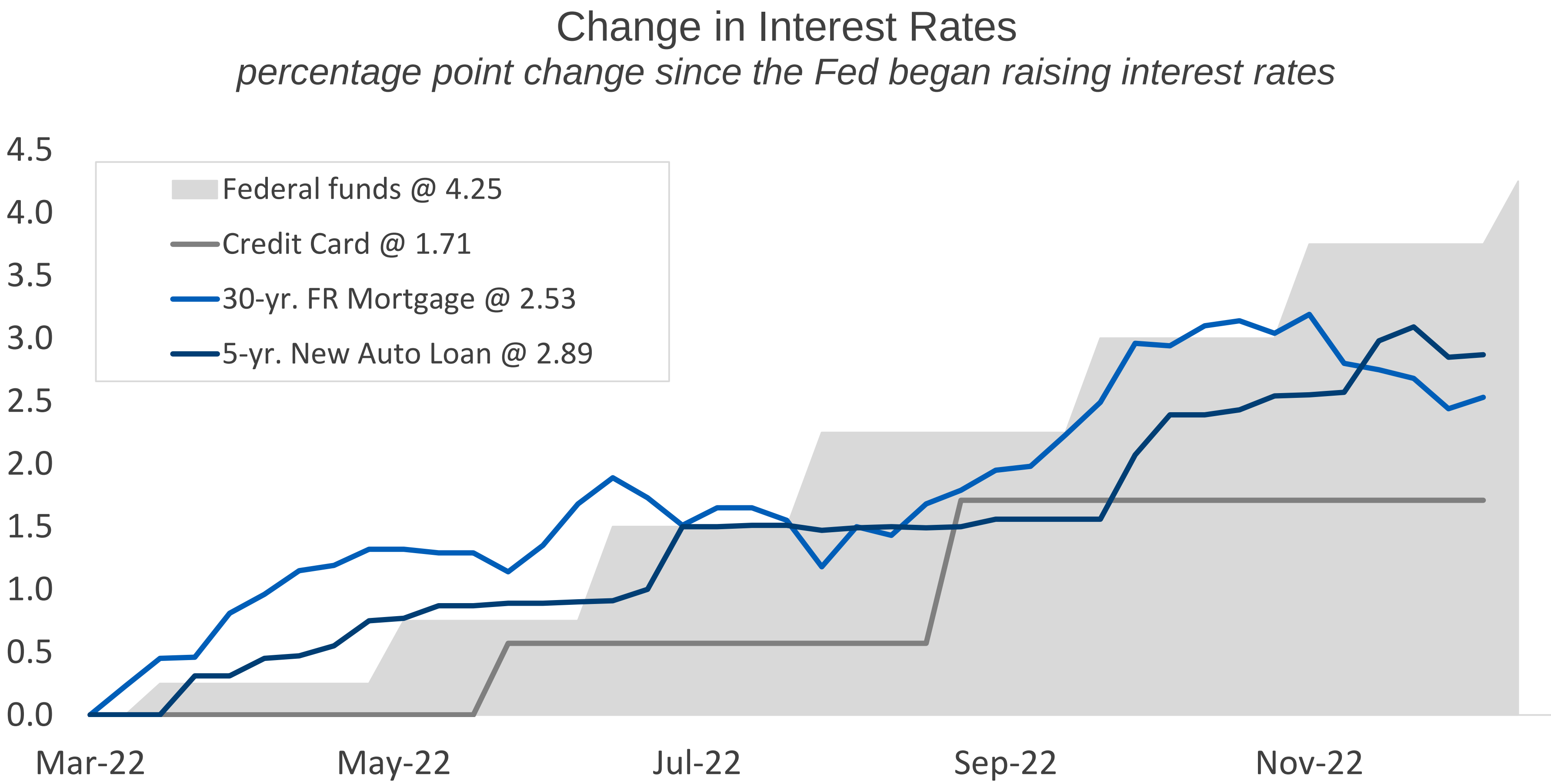
- Growth in the labor market is slowing, due in part to the higher interest rates.
- But the growth is not falling fast enough for the Fed's liking.



Source: Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results.

The Fed

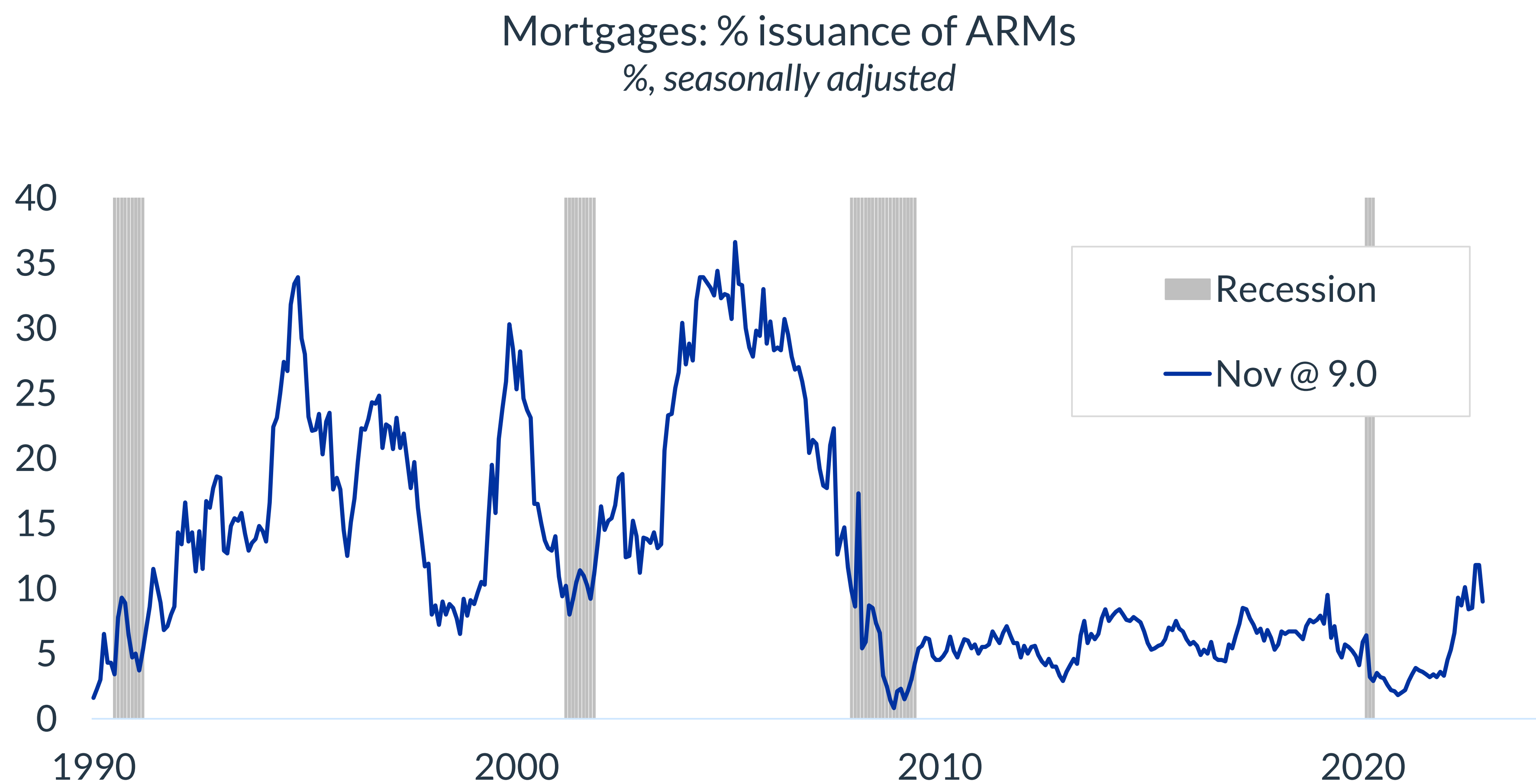
- Higher interest rates are occurring in many consumer loans.
- It should lead to declining demand in consumption and workers.



Source: Federal Reserve, as of December 2022.
Information is subject to change and is not a guarantee of future results.

The Fed

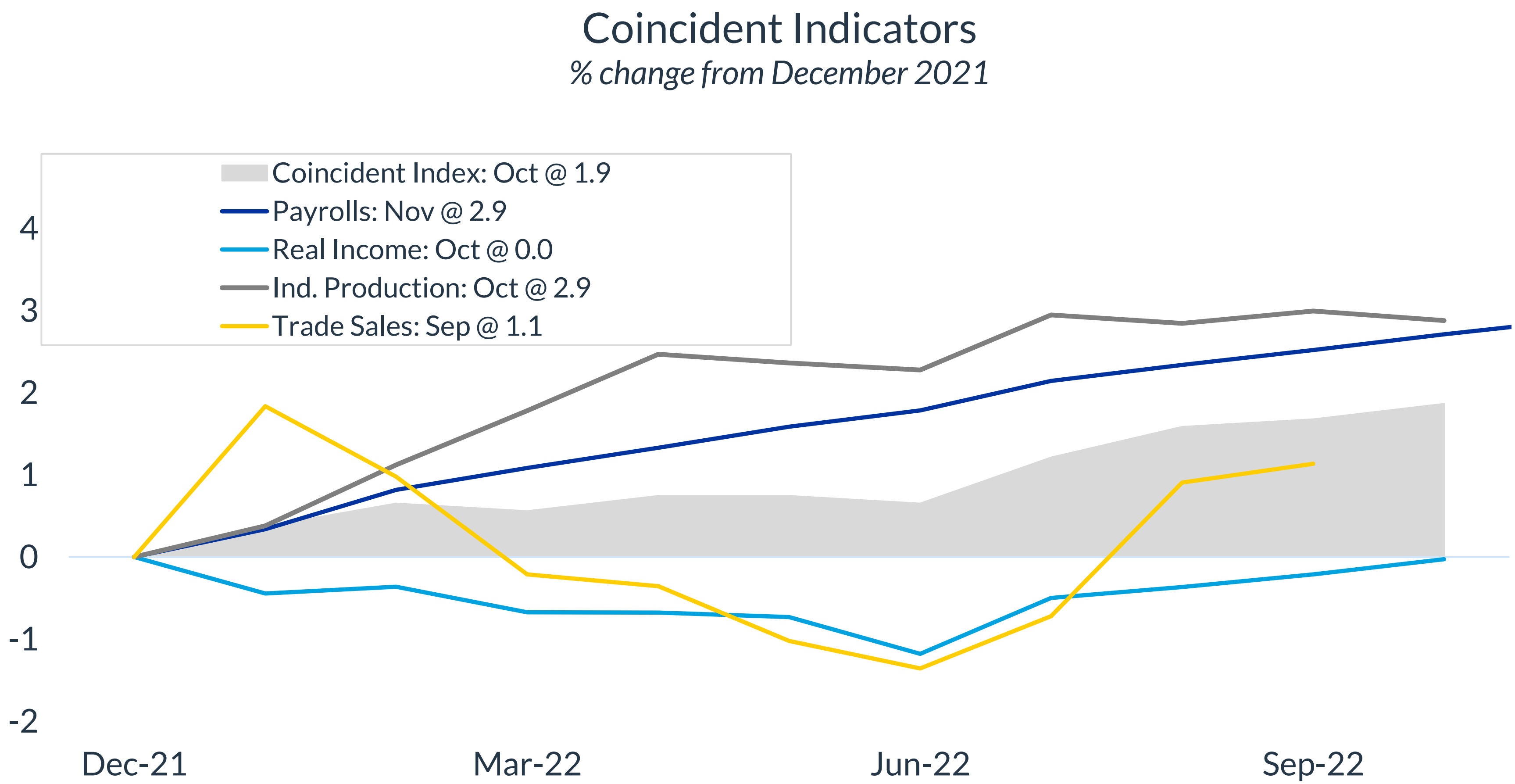
- But a problem for the Fed is the economy's insensitivity to higher interest rates.
- It makes it difficult for the Fed to understand the economic impact of the imposed interest rate hikes.



Source: Mortgage Banker Association
Information is subject to change and is not a guarantee of future results.

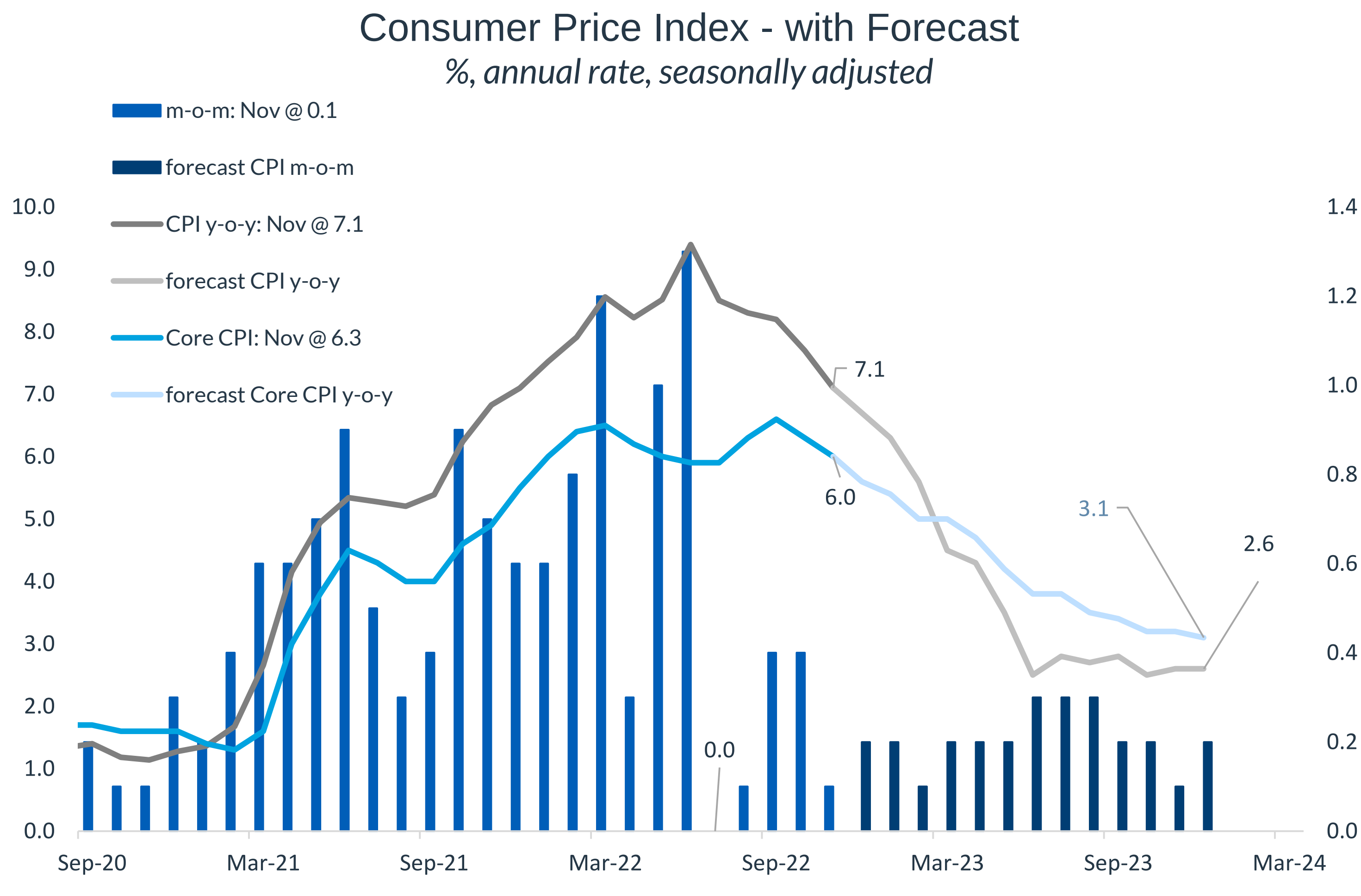
The Fed

- The economic response to the higher interest rates has been mixed.
- It is why the Fed has slowed the pace of interest rate hikes; it will make it easier to stop when needed.
- It also means that the federal funds rate is expected to stay higher for longer.



Source: Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results.

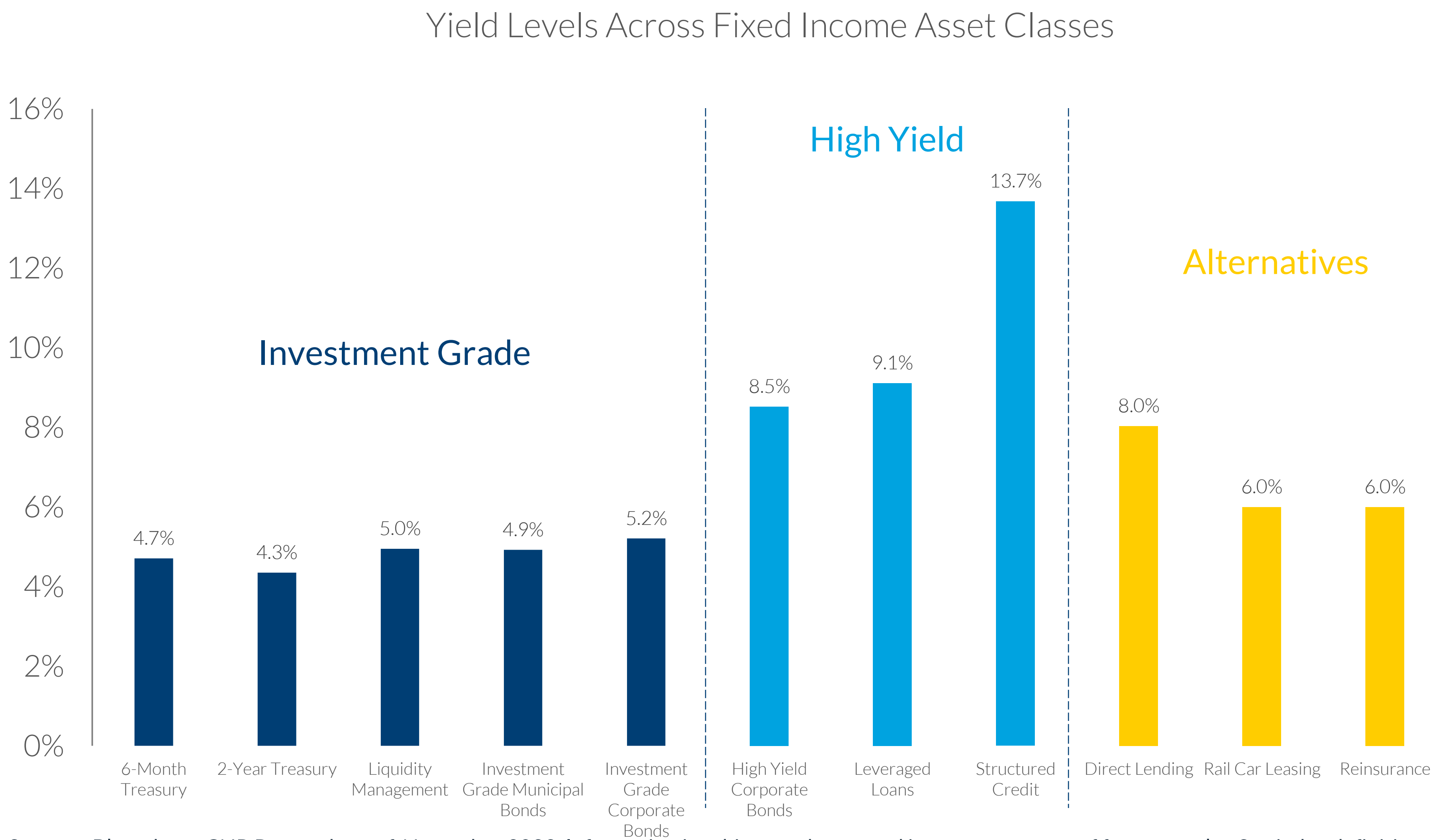
Inflation Pressures Expected to Moderate Over 2023



Source: Bureau of Labor Statistics, CNR Research, as of November 2022.
Information is subject to change and is not a guarantee of future results.

Yields Are Substantially Higher

- Higher yields have opened the door to a more diversified fixed income allocation.



Sources: Bloomberg, CNR Research, as of November 2022. Information is subject to change and is not a guarantee of future results. See index definitions for more information.

Should Investors Begin To Take More Interest Rate Exposure?

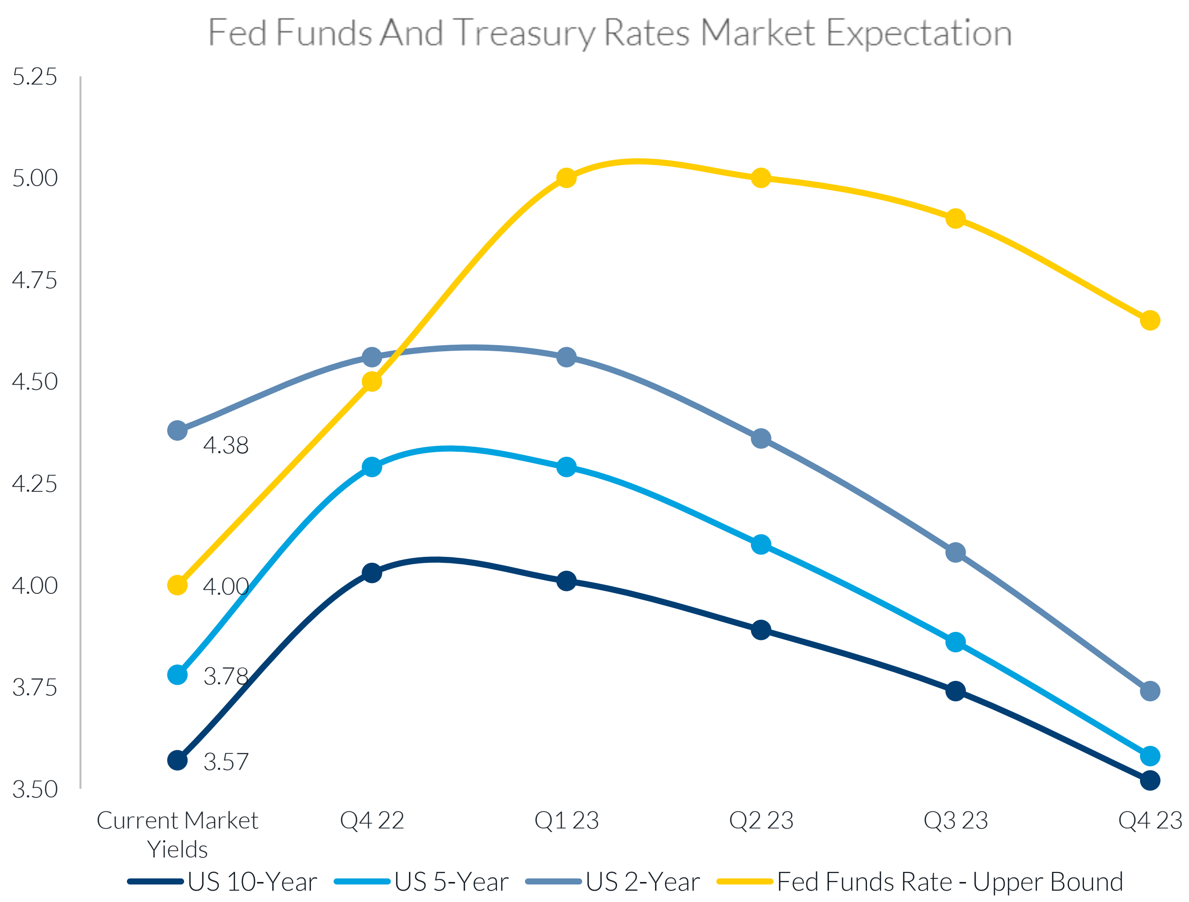
- The market expects a near term rise in interest rates followed by a steady decline.

› The Federal Reserve is expected to continue to raise rates.

› As growth slows, inflation is expected to ease, and rates may decline.

› A near term spike in rates may be an opportunity to "lock-in" higher yield.

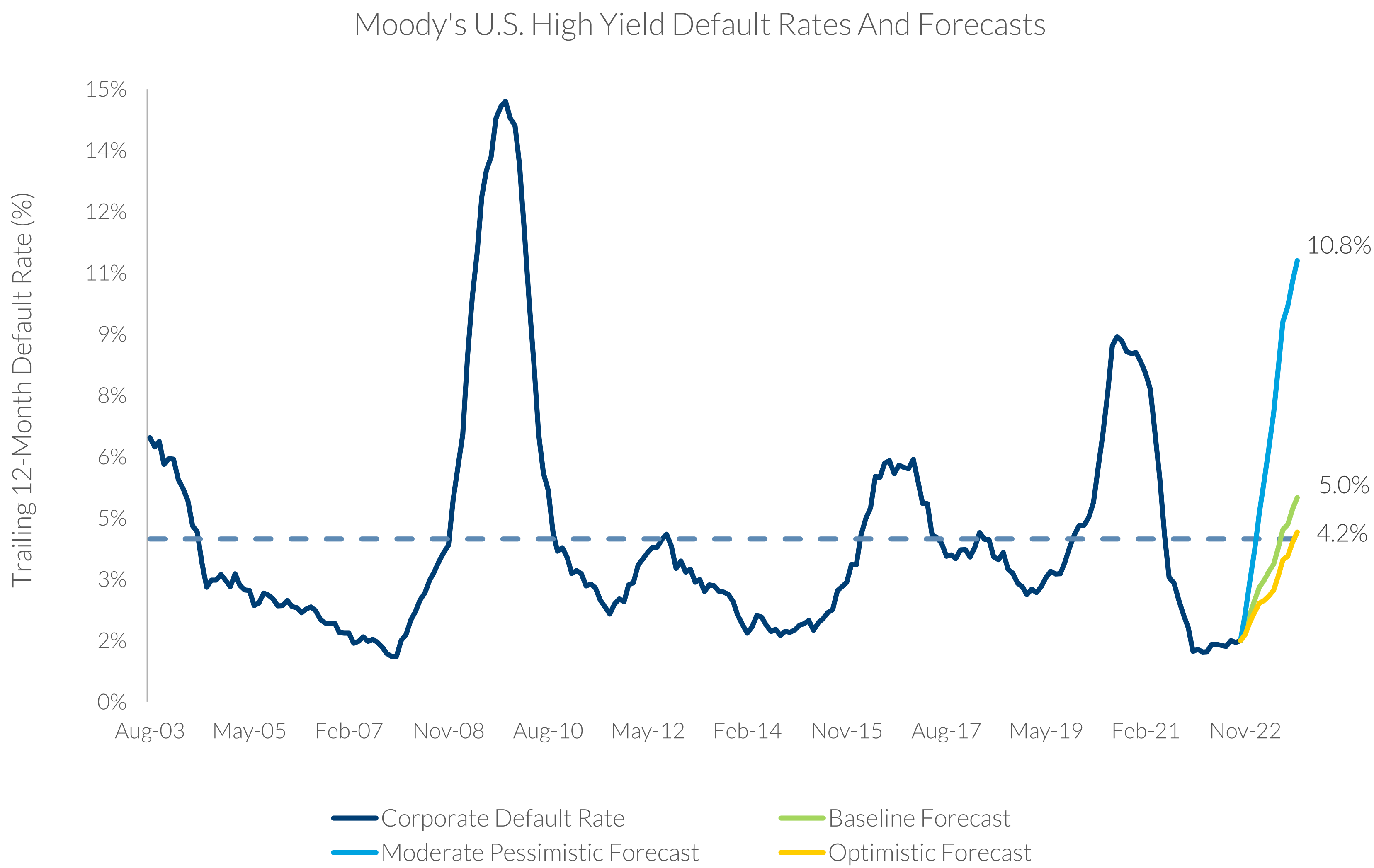
› Locking in higher yields will be key to generating returns.



Sources: Bloomberg, CNR Research, as of December 2022. Fed Funds Rate forecast based upon market prices of Fed Fund Futures Contracts. The 2,5 & 10 Treasury forecasts are based on Bloomberg's aggregation of analyst and economist monthly survey results.

Defaults Rates May Approach Historical Averages

- Higher interest rates will begin to erode credit quality, but we do not expect a deep default cycle.



Sources: Moody's Analytics, CNR Research, as of October 2022. Information is subject to change and is not a guarantee of future results.

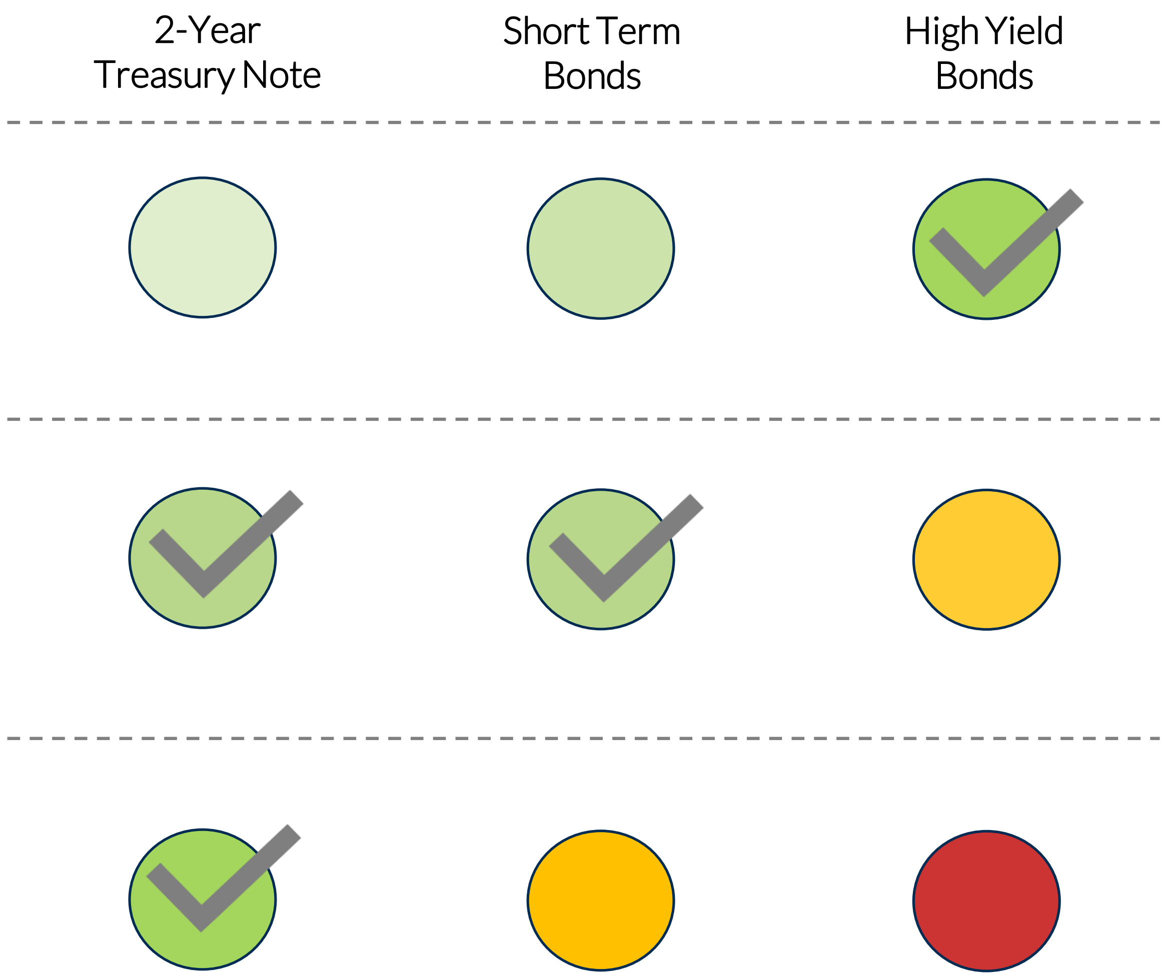
Investment Grade Is Now A More Compelling Allocation

- High yield debt remains attractive long-term, but we recommend reducing our overweight.

Slow Growth (25%)
- Stable Rates
- Resilient Growth
- Healthy Corporate Environment

Mild Recession (60%)
- Lower/Stable Rates
- Negative Growth
- Moderate Corporate Defaults

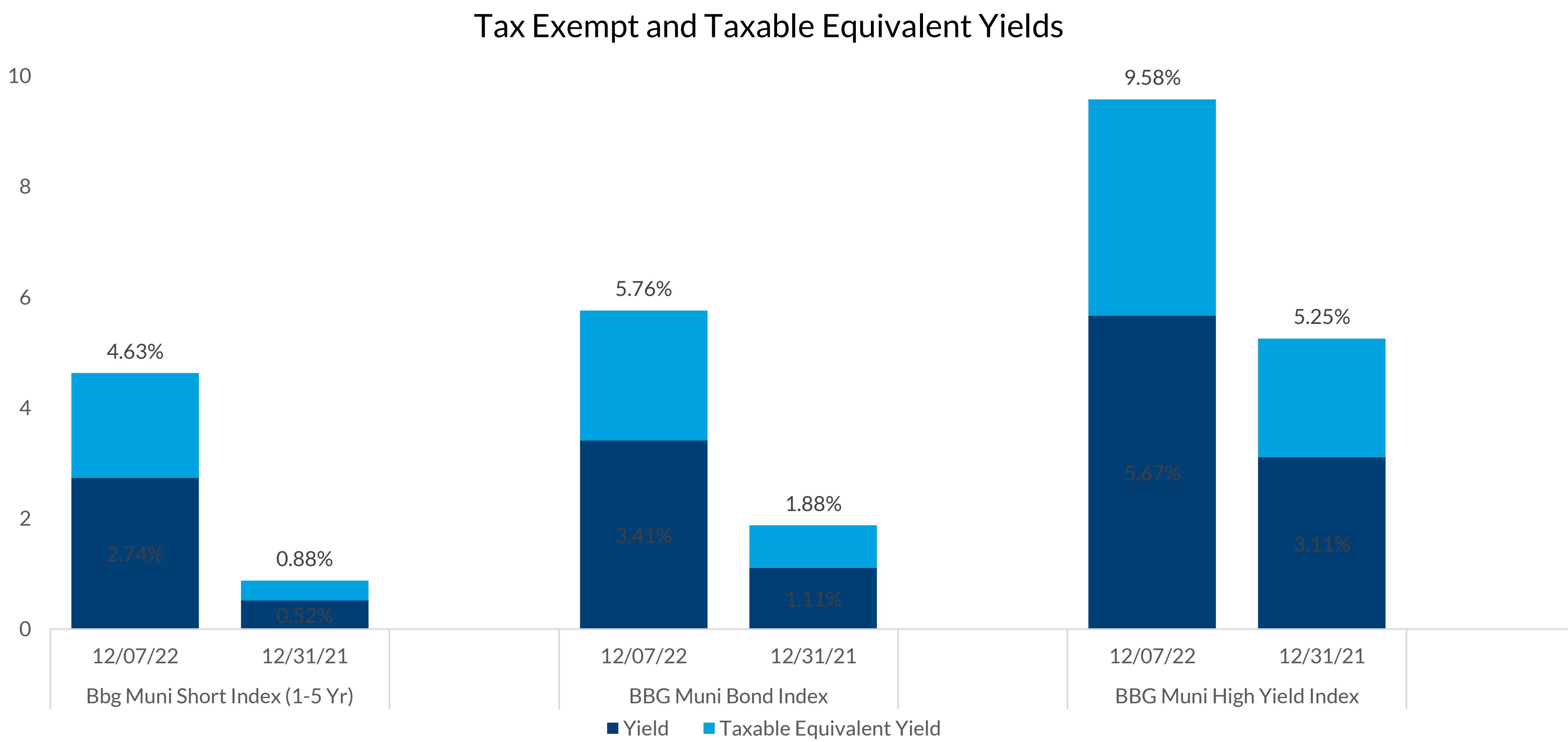
Normal Recession (15%)
- Flight to Safety
- Significant GDP decline
- High default rates



Sources: Bloomberg, CNR Research, as of December 2022. Information is subject to change and is not a guarantee of future results.

Appealing Yield Opportunities In Municipals

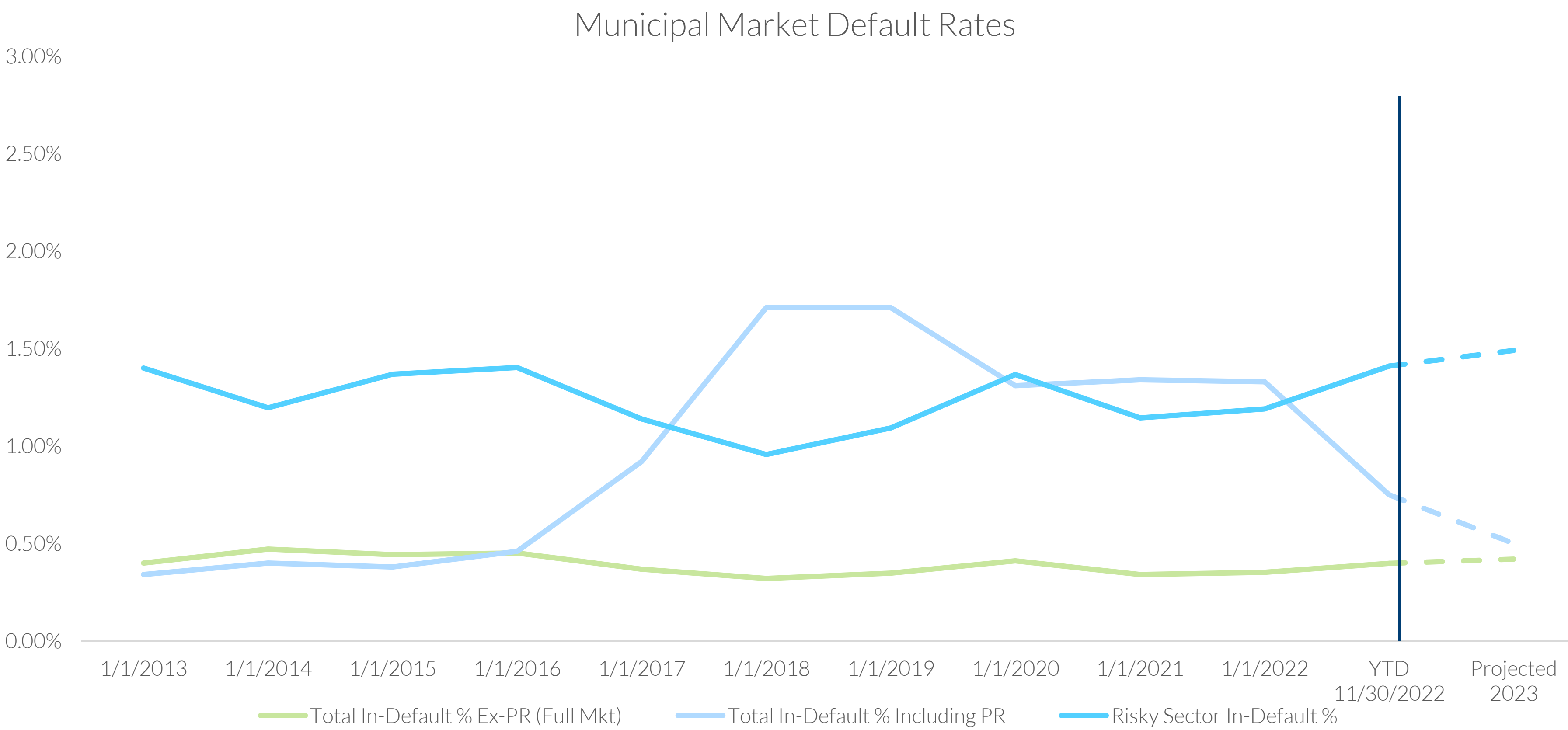
- Higher average yields improve forward-return potential while providing investors with the ability to earn attractive tax-exempt income.



Source: Bloomberg, as of December 7, 2022.
Indexes: Bloomberg Municipal Bond: Muni Short (1-5) Index, Bloomberg Municipal Bond Inter-Short 1-10Y Index, Bloomberg Municipal Bond Index, Bloomberg Municipal Bond: High Yield (non-Investment Grade) Index
Taxable Equivalent Yield calculation uses a 40.8% tax rate based on the 37% top marginal rate and the 3.8% Medicare tax
Information is subject to change and is not a guarantee of future results.

Municipal Credit Stress Should Remain Very Low

- Base case municipal default rates will remain small should the economy weaken and contract in the coming months as the asset class demonstrates resiliency.



Data sourced from Municipal Market Analytics; market default rates include rated and non-rated borrowers; PR = Puerto Rico; risky sector is used as a proxy for high yield municipal bonds with the following sectors within the peer group – tobacco, charter school, land-secured, senior living, industrial development, hospital, jail, parking, student housing and higher education; projections assume moderate economic decline and the continued resolution of Puerto Rico bonds in default over the next 12 months
As of 11/30/2022
Information is subject to change and is not a guarantee of future results.

Alternative Strategies Can Help Stabilize Portfolios

- We recommend investing in alternative investments with low correlation to public markets

More Liquid ↑ / Less Liquid ↓

All High Net Worth Investors With No Minimums

Asset Class	Income Focus	Volatility	Structure	Liquidity
Reinsurance	Low (Periodic)	Low	Interval Fund	Quarterly
Collateralized Loan Obligations ("CLOs")	High (7-9%)	High		
Direct Lending	High (5-8%)	Medium		

Eligible for Qualified Purchasers With $250k or More

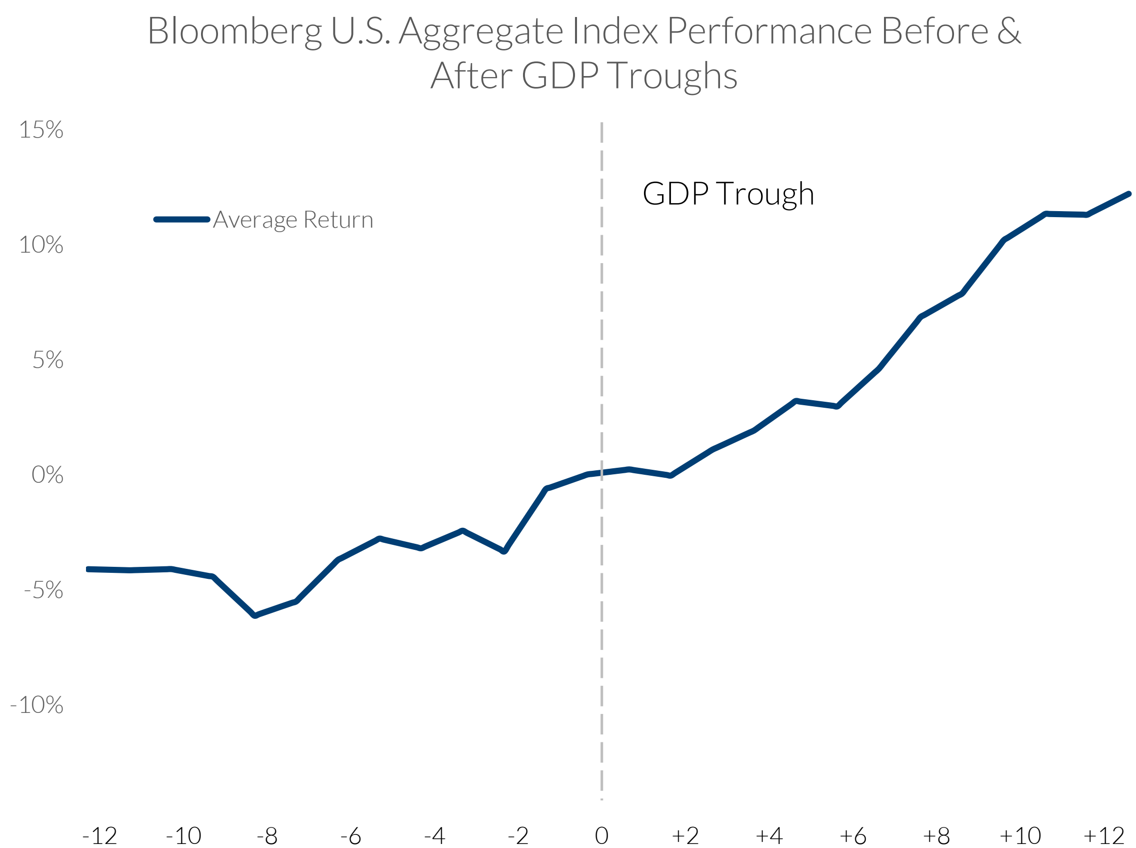
Asset Class	Income Focus	Volatility	Structure	Liquidity
Private Equity Co-Invest/Secondaries	Low (Periodic)	Medium	Tender Offer Interval Fund	1-year lock-up
Capital Leasing Rail Cars	Medium (9%+)	Low	Open Ended Partnership	2-year lock-up
Event Driven Legal Catalyst	Low (No Distributions)	High	Evergreen Hedge Fund	1-year lock-up
Capital Leasing Marine Transport	High (10%+)	Low	Open Ended Partnership	2-year lock-up

Sources: Bloomberg, CNR Research, as of December 2022. Information is subject to change and is not a guarantee of future results.

Fixed Income Returns Are Likely To Improve

- At higher interest rates, fixed income investments will earn more income, offsetting the effects of volatility.

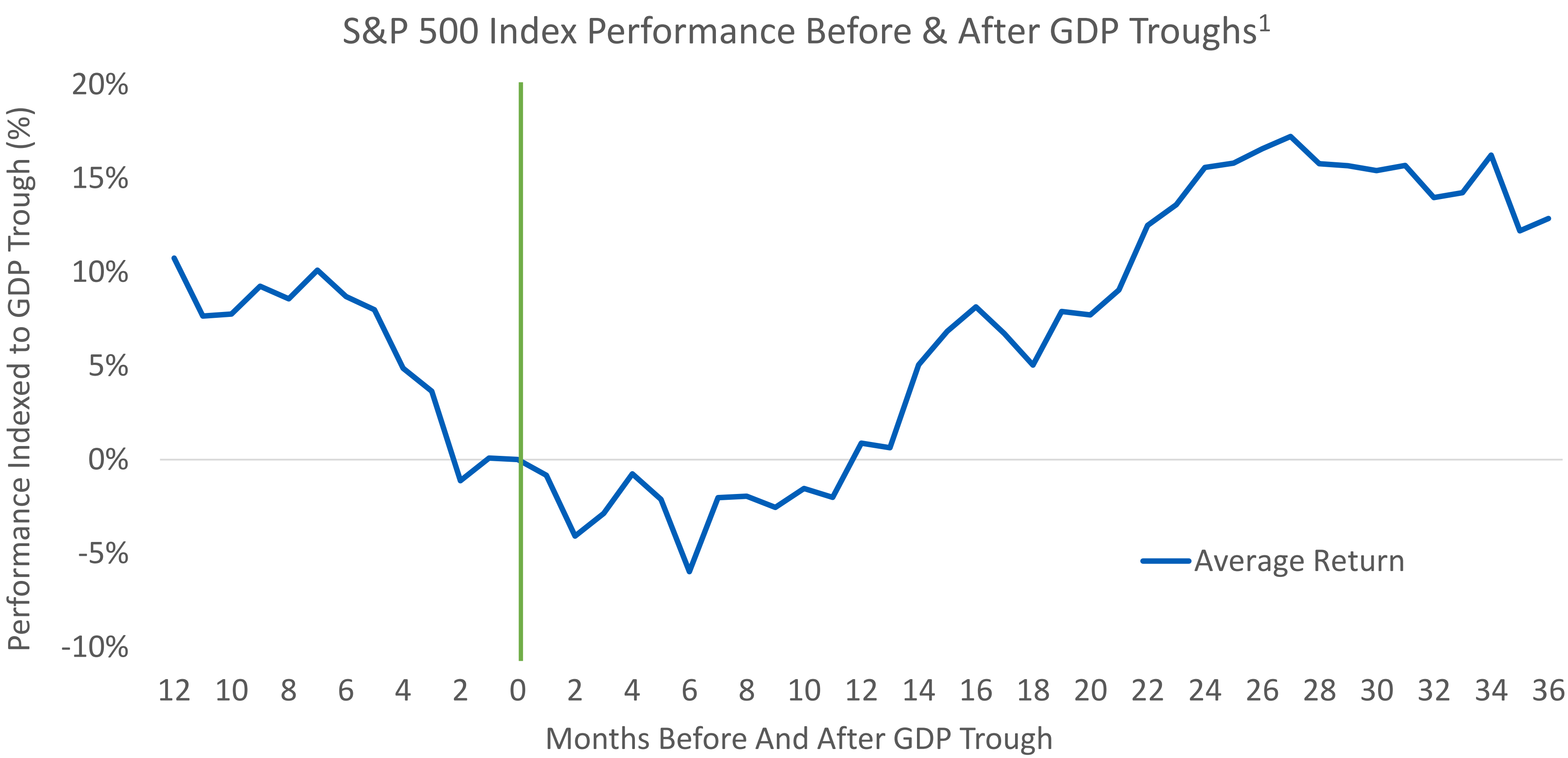
- Fixed Income investments have generally moved higher as growth bottoms
- Yields in previous periods were higher, explaining the performance gap vs. today
- At higher yields, Fixed Income markets will perform above the 10-year average if interest rates are more stable
- Rates are 2.7% higher and interest rate exposure is lower vs. YE 2021



[1] Covers performance periods with GDP troughs in 1970, 1973, 1981, 1990, 2001 and 2008
Sources: Bloomberg, CNR Research, as of December 2022.

2023 Equity Market Outlook: Near Term Caution

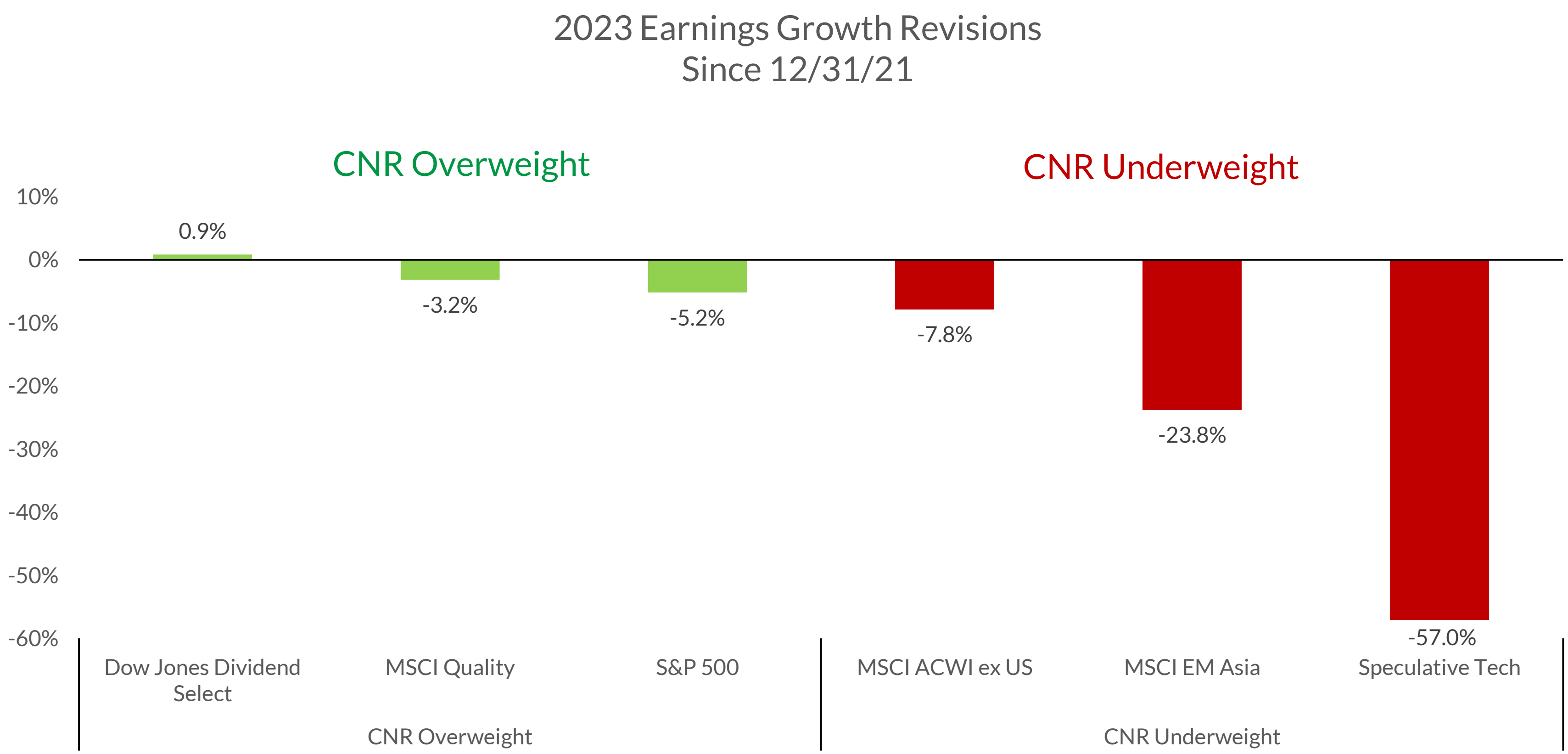
- Mild recession outlook implies further downside risk.
- Equities remain vulnerable until economic growth bottoms.
- Negative earning revision trend likely in our view.
- Durable market bottom unlikely until more clarity on path of Fed tightening and inflation.



[1] Covers performance periods with GDP troughs in 1970, 1973, 1981, 1990, 2001 and 2008
Sources: Bloomberg, CNR Research, as of December 2022.
Past performance is not a guarantee of future results.

2023 Equity Positioning

- Sought to de-risk equity exposure for mild recession.
- Focused on high quality US stocks.
- Revision trends supportive of this view.

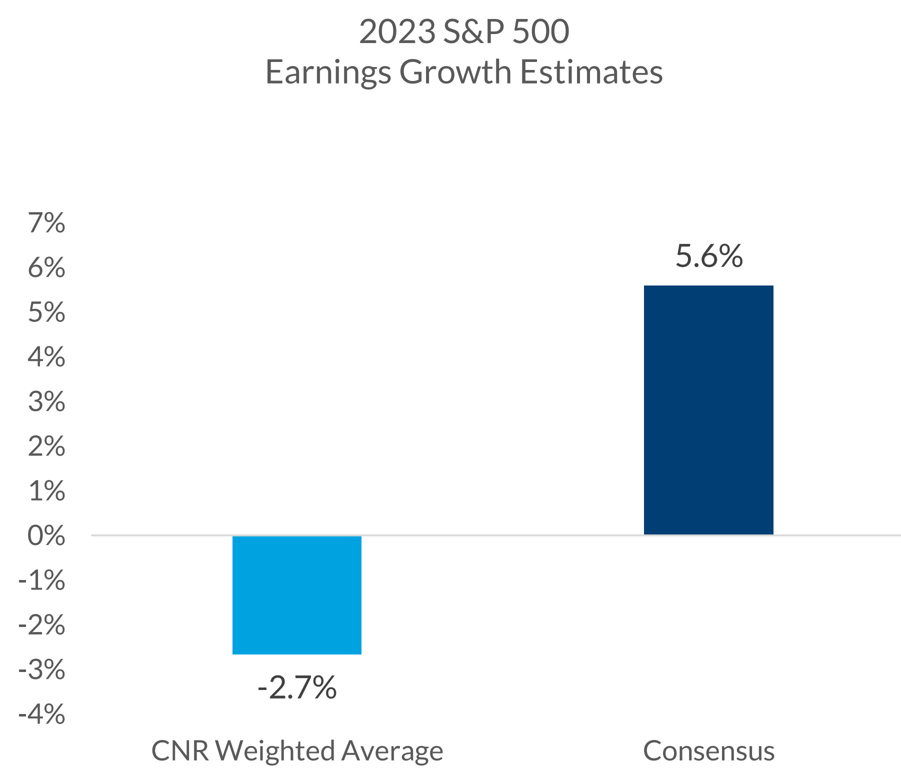


Source: FactSet, CNR Research, as of December 2022.
Information is subject to change and is not a guarantee of future results. See index definitions for more information.

2023 Earnings Outlook: An Unusually Wide Range

- The multitude of uncertainties around the outlook implies a wider range of potential earnings outcomes.
- Consensus estimates remain too high and have not yet discounted the increasing risks of an economic downturn.
- Lower margins from higher input costs, stronger dollar and expected weakness in Europe.
- Further negative earnings revisions in the coming months could be a source of further market declines.

Economic Outcome	Slow Growth	Mild Recession	Normal Recession
Probability	25%	60%	15%
Real GDP	1.25%	-0.50%	-1.50%
Inflation	4%	3%	3%
Stronger Dollar	-1%	-1%	-1%
Europe Weakness	-3%	-3%	-3%
Other	5%	-3%	-10%
Total Margins	3%	-5%	-14%
Buybacks	1%	0%	0%
15% Corporate Minimum Tax	-1%	-1%	-1%
Total EPS Growth	**8.3%**	**-3.5%**	**-13.5%**

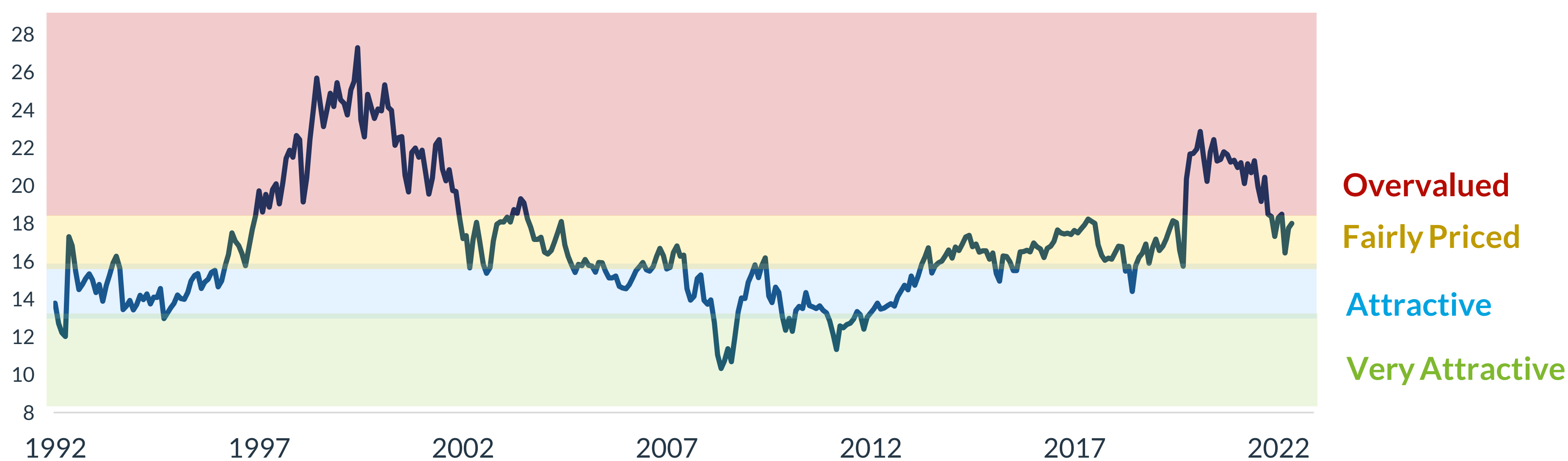


Sources: CNR Research, FactSet, as of October 2022. Information is subject to change and is not a guarantee of future results.

2023 Critical Issues to Watch

	Earnings	P/E Multiple
Positive	• Inflation moderation	• Valuation correction
	• Dollar headwind abating	• Earnings yield favorable vs. Fixed Income
	• Mild recession	
Negative	• Margins still elevated	• Absolute PEs still not attractive
	• Consensus earnings estimates too high	• Downside risk if real rates go higher
	• Risk of exogenous shocks remain	• Risk of exogenous shocks remain

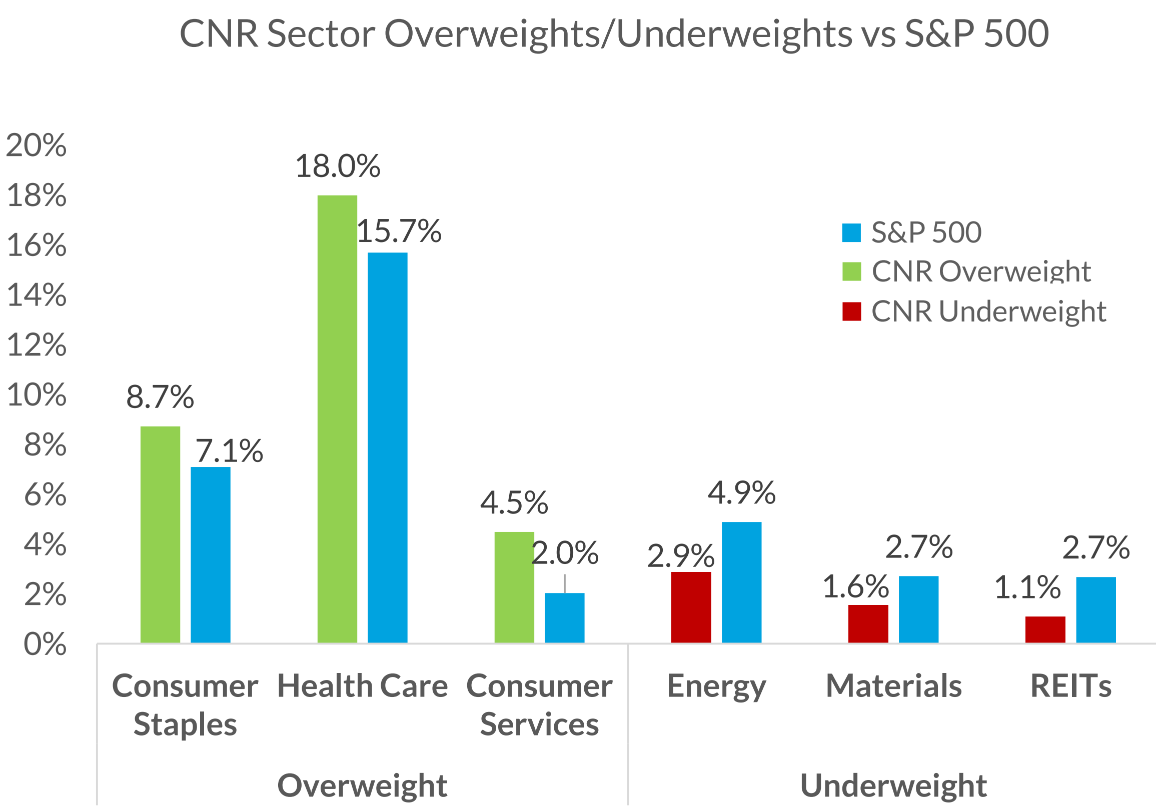
S&P 500 Forward Price/Earnings Ratio

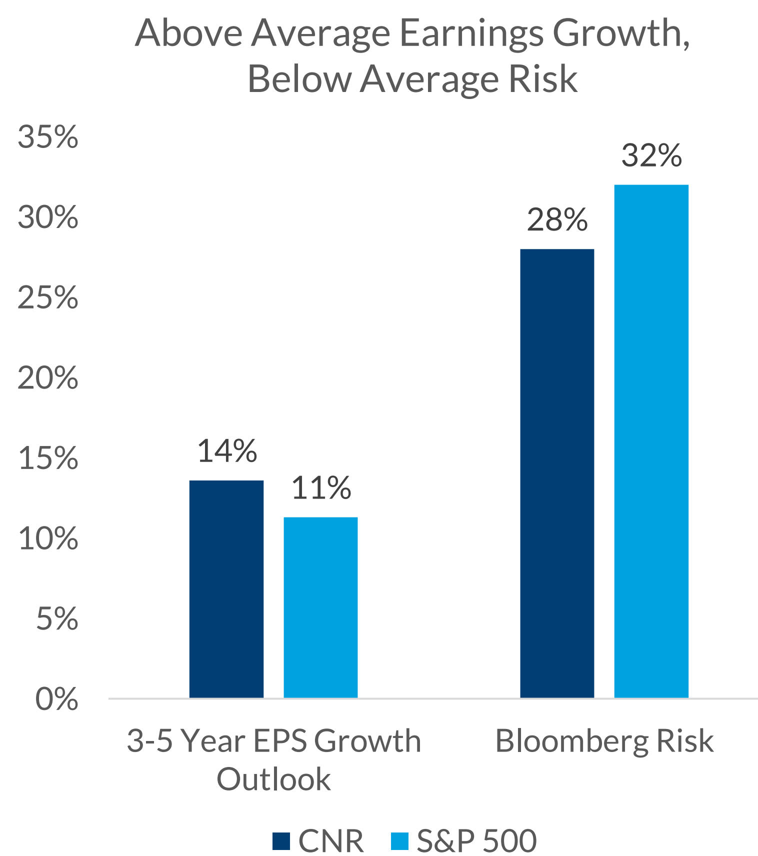


Sources: FactSet, CNR Research, as of November 30, 2022. Information is subject to change and is not a guarantee of future results.

Core Equity Positioned for Mild Recession

- Proactively lowered exposure to cyclical industries.
- Increased exposure to stable growers.
- Above average earnings growth, below average risk.

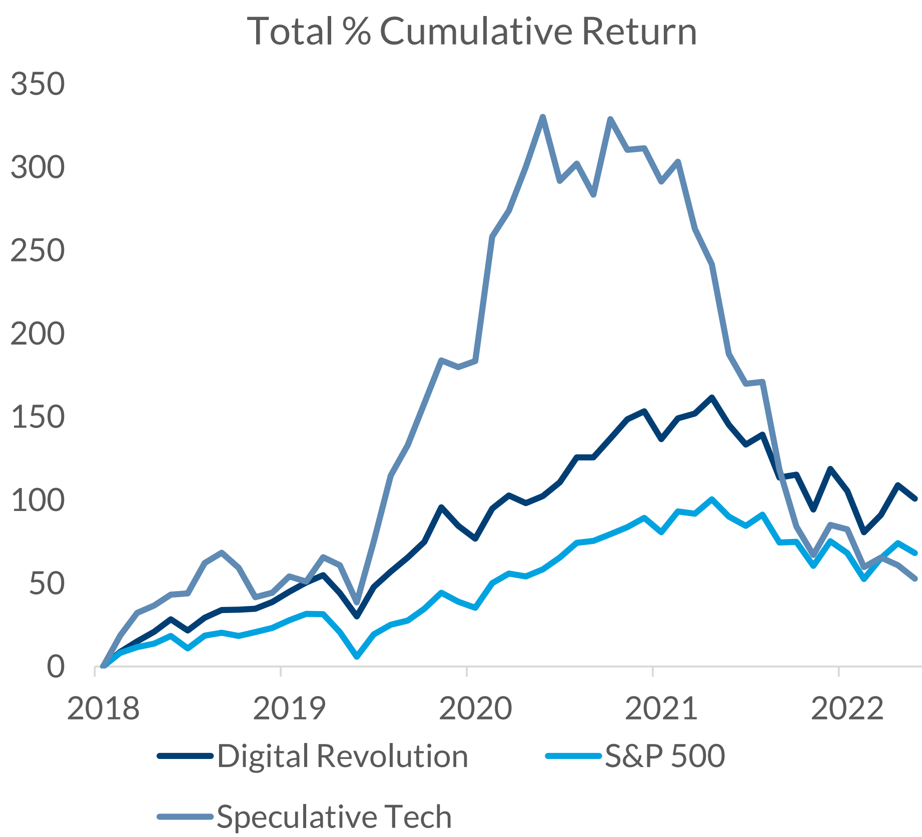




Sources: FactSet, Bloomberg, CNR Research, as of December 2022. Information is subject to change and is not a guarantee of future results.

Core Equity Emphasis on Quality

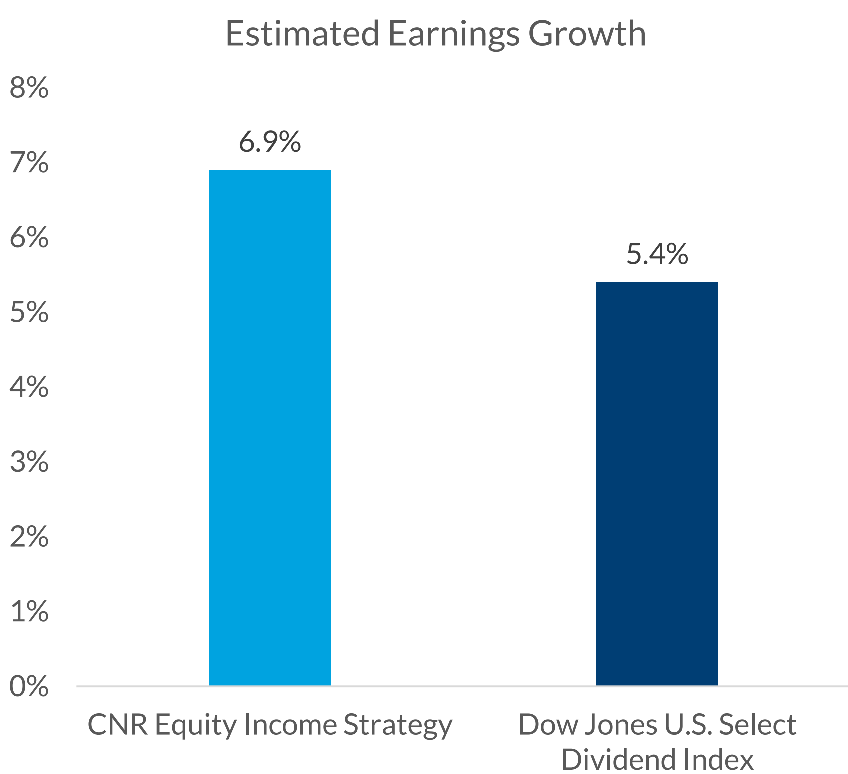
- Focused on high-quality companies, selling what we believe are at reasonable valuations.
- Companies in key themes, with durable long term business models.
- Continue to avoid speculative technology stocks.

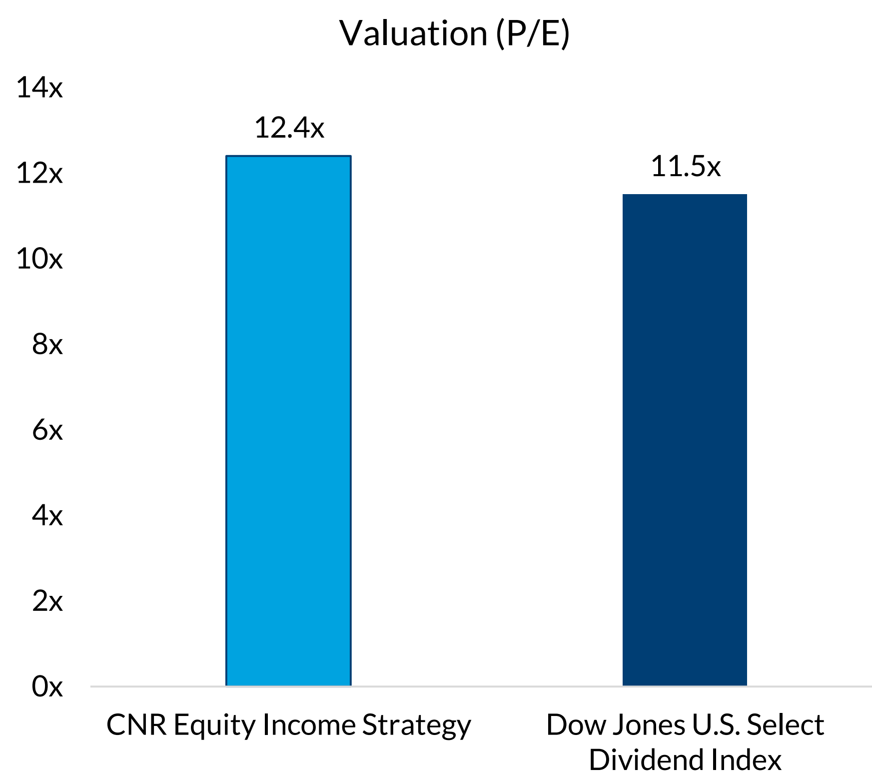


Sources: FactSet, CNR Research, as of December 2022. Past performance is not a guarantee of future results.
See Important Disclosures for a description of CNR's proprietary ranking and quality ranking and for risks associated with Equity Investing.
The illustrated securities represent holdings within the core equity portfolio with both high quality rankings in overweight sectors and key themes (e.g., digital revolution, speculative technology, etc.) as determined by CNR proprietary ranking analysis. These selections are subject to change. See index definitions for more information.
The mention of a specific security is not a recommendation to buy, or solicitation to sell such security.

Equity Income Positioned for Mild Recession

- Lowered exposure to cyclical companies.
- Increased exposure to high quality dividend growers.
- Above average earnings growth, comparable P/E.

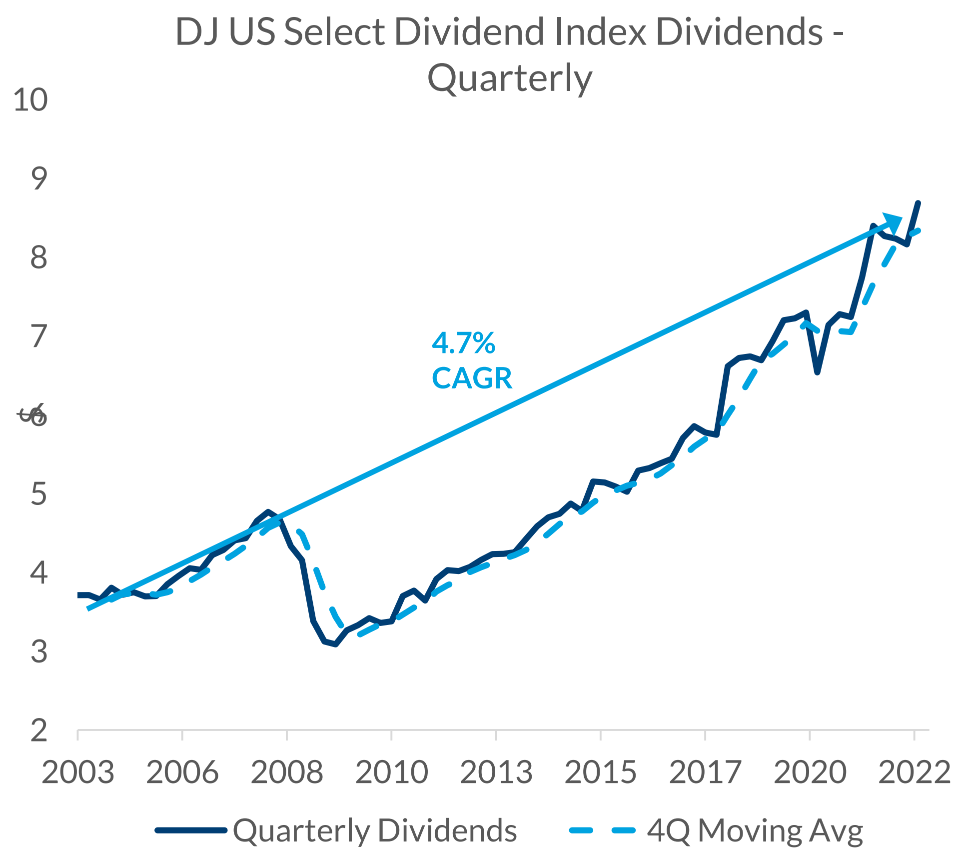




Sources: FactSet as of December 2022. Information is subject to change and is not a guarantee of future results.

Confidence in Dividend Outlook

- Focused on quality companies with resilient growth outlooks.
- Strong cash flows and reasonable payout ratios.
- Expect dividend growth higher than earnings growth into recession.



Sources: FactSet, CNR Research, as of December 2022. Information is subject to change and is not a guarantee of future results.
See Important Disclosures for a description of CNR's proprietary ranking and quality ranking and for risks associated with Equity Investing.
The illustrated securities represent holdings within the equity income portfolio with both high quality and dividend quality rankings as determined by CNR proprietary analysis.
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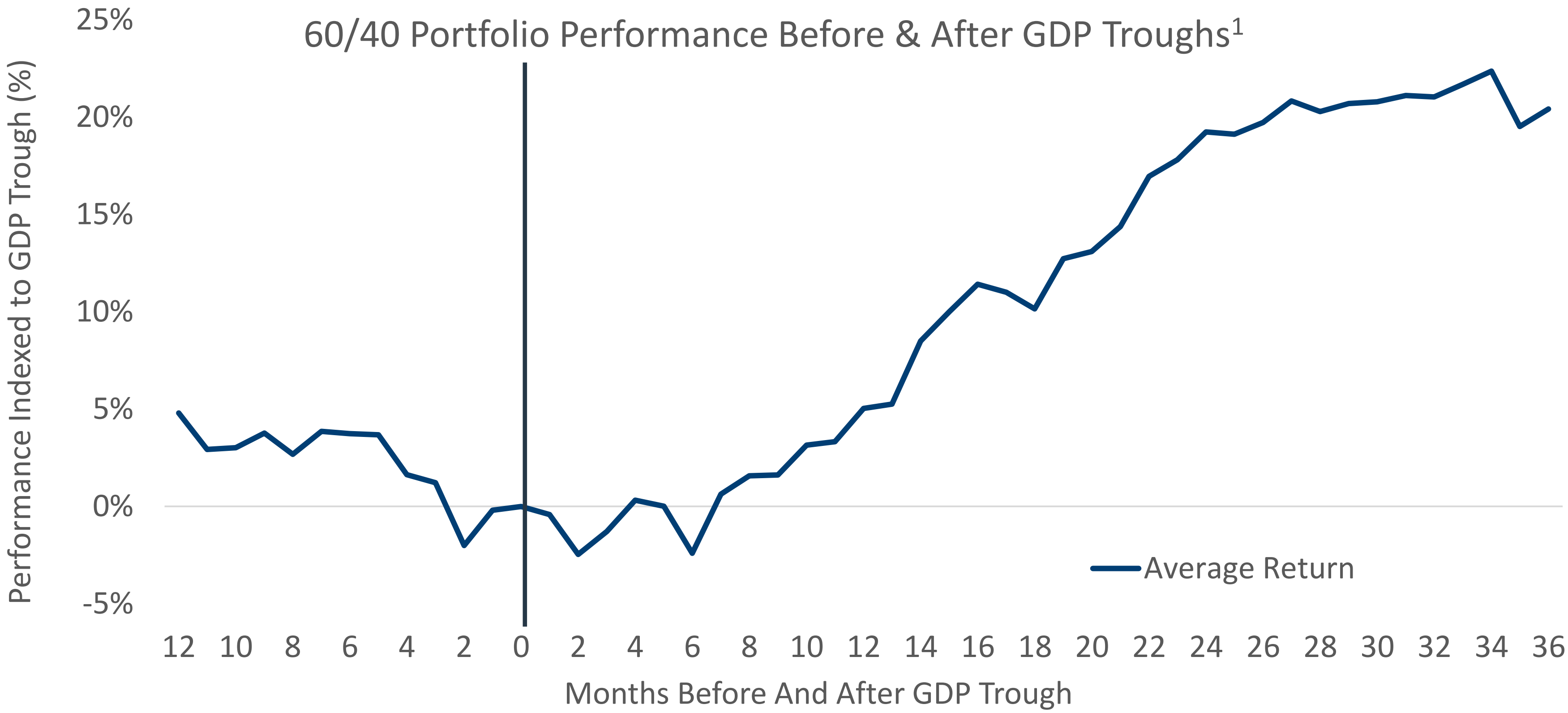
2023 Outlook Potential Scenarios

	Slow Growth	Mild Recession	Normal Recession
Probability	25%	60%	15%
Economy	Below trend	Contract-to-flat	Contract
Consumption	Moderate	Weak-to-moderate	Weak
Labor	Pace of hiring slows, "Job gap" narrows	Moderate job losses	Significant increase in unemployment
Inflation	Remains elevated	Gradually eases	Falls faster
Interest Rates	Elevated but range bound	Lower	Curve inversion persists, Long-end meaningfully lower
Fed Policy	Tightening continues well into 2023	Pause	Potential rate cut 2H of 2023
Geopolitical Risk	China reopens successfully, Ukraine resolution	Slow progress in China, Ukraine stalemate continues	China COVID setbacks, Ukraine War escalates

Source: CNR Research. Information is subject to change and is not a guarantee of future results.

Near Term Caution, Longer Term Optimism

- History suggests longer term returns will be positive, but further downside is possible near term.
- Fixed income returns likely to lead, supports CNR overweight.
- Equity returns likely to lag, supports CNR underweight.



[1] Covers performance periods with GDP troughs in 1970, 1973, 1981, 1990, 2001 and 2008
Sources: Bloomberg, CNR Research, as of June 2022. Past performance is not a guarantee of future results.
*60/40 split between Equities and Fixed Income. Equities index: S&P 500. Fixed Income index: Bloomberg US Aggregate Bond Index. Hypothetical value of assets held in untaxed portfolios invested in US stocks, and bonds. Stocks, and bond investments are represented by total returns of the S&P 500 and 50% IA SBBI US LT Government/50% IA SBBI US LT Corporate 1/1926-1/1976, Bloomberg US Aggregate 1/1976-present. Past performance is no guarantee of future results.

Q&A

Important Information

The information presented does not involve the rendering of personalized investment, financial, legal, or tax advice. This presentation is not an offer to buy or sell, or a solicitation of any offer to buy or sell any of the securities mentioned herein.

Certain statements contained herein may constitute projections, forecasts and other forward looking statements, which do not reflect actual results and are based primarily upon a hypothetical set of assumptions applied to certain historical financial information.

Certain information has been provided by third-party sources and, although believed to be reliable, it has not been independently verified and its accuracy or completeness cannot be guaranteed.

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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.

As with any investment strategy, there is no guarantee that investment objectives will be met and investors may lose money.
Diversification does not ensure a profit or protect against a loss in a declining market. All investing is subject to risk, including the possible loss of the money you invest.

Returns include the reinvestment of interest and dividends.

Indexes are unmanaged and investors are not able to invest directly into any index.

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Quality ranking: City National Rochdale Proprietary Quality Ranking is the weighted average sum of securities held in the strategy versus the S&P 500 at the sector level using the below footnoted formula. City National Rochdale Proprietary Quality Ranking formula: 40% Dupont Quality (return on equity adjusted by debt levels), 15% Earnings Stability (volatility of earnings),15% Revenue Stability (volatility of revenue), 15% Cash Earnings Quality (cash flow vs. net income of company) 15% Balance Sheet Quality (fundamental strength of balance sheet).

Dividend Quality ranking: City National Rochdale Proprietary Dividend Quality Ranking is the weighted average sum of securities held in the strategy versus the S&P 500 at the sector level using the below footnoted formula. City National Rochdale Proprietary Dividend Quality Ranking formula: 15% Free Cash Flow Yield, 15% Free Cash Flow Margin, 10% Free Cash Flow Growth, 10% Dividend Growth (1-year and 5-year), 20% Dividend Payout Ratio, 15% Leverage (debt to equity ratio), 15% Return on Equity.

Index Definitions

S&P 500 Index: The S&P 500 Index, or Standard & Poor's 500 Index, is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S. It is not an exact list of the top 500 U.S. companies by market cap because there are other criteria that the index includes.

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.

Bloomberg Barclays U.S. Corporate High Yield Bond Index: measures the USD denominated, high-yield, fixed-rate corporate bond market.

Dow Jones Select Dividend Index: The Dow Jones U.S. Select Dividend Index looks to target 100 dividend-paying stocks screened for factors that include the dividend growth rate, the dividend payout ratio and the trading volume. The components are then weighted by the dividend yield.

The Intercontinental Exchange (ICE): The Intercontinental Exchange (ICE) is an American company that owns and operates financial and commodity marketplaces and exchanges.

The Bloomberg Aggregate Bond Index: "the Agg" is a broad-based fixed-income index used by bond traders and the managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance.

U.S. Treasury Yield Curve: refers to a line chart that depicts the yields of short-term Treasury bills compared to the yields of long-term Treasury notes and bonds.

Consumer Price Index (CPI): is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care.

Bloomberg Barclays US Aggregate Bond Index: The Bloomberg Aggregate Bond Index or "the Agg" is a broad-based fixed-income index used by bond traders and the managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance.

MSCI Emerging Asia PE: The MSCI Emerging Markets Index is a selection of stocks that is designed to track the financial performance of key companies in fast-growing nations. It is one of a number of indexes created by MSCI Inc., formerly Morgan Stanley Capital International.

Global Equity Markets: a global market in which shares of companies are issued and traded, either through exchanges or over-the-counter markets.

Index Definitions

6M T-Bills: The 6 Month Treasury Bill Rate is the yield received for investing in a US government issued treasury bill that has a maturity of 6 months.

2-Year Treasury Notes: negotiable debt obligations issued by the U.S. Treasury Department (other than a Stripped Treasury Security) having a remaining maturity of more than one year but not more than two years.

Liquidity Management: The liquidity index calculates the days required to convert a company's trade receivables and inventory into cash.

Investment Grade Municipal Bonds: Investment-Grade Municipal Bond 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.

High Yield Corporate Bonds: "U.S. High Yield Corporate" is represented using the U.S. High Yield Index.

High Yield Municipal Bonds: Bloomberg 60% Tax-Exempt HY / 40% LB Municipal Investment Grade Total Return Index.

Leveraged Loans: S&P LSTA Leveraged Loan Index, 6m T-Bills – ICE BofA 6-Month Treasury Bill Index, U.S. High Yield Corporate: 1-3 Years – ICE BofA U.S. High Yield 1-3 Year Index, Intermediate Municipal – Bloomberg 1-15 Yr Municipal Index, U.S. High Yield Corporate – Bloomberg U.S. High Yield Corporate Index, Intermediate IG Corporate – Bloomberg Intermediate Corporate Index, High Yield Municipal – Bloomberg 60% Tax-Exempt HY/40% LB Municipal Index.

Speculative Technology: Companies in early stages of business development with negative net income that provide technology products or services.

Digital Revolution: Companies that provide technology products or services, and/or use technology products and services in a manner that enhances their business.

Important Disclosures

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References to indexes and benchmarks in hypothetical illustrations of aggregate returns do not reflect the performance of any actual investment. Investors cannot invest in an index, and such returns do not reflect the deduction of the advisor's fees or other trading expenses. There can be no assurance that current investments will be profitable. Actual realized returns will depend on, among other factors, the value of assets and market conditions at the time of disposition, any related transaction costs and the timing of the purchase. Indexes and benchmarks may not directly correlate or only partially relate to portfolios, as they have different underlying investments and may use different strategies or have different objectives than our strategies or funds.

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