CITY NATIONAL ROCHDALE®
AN RBC/CITY NATIONAL COMPANY

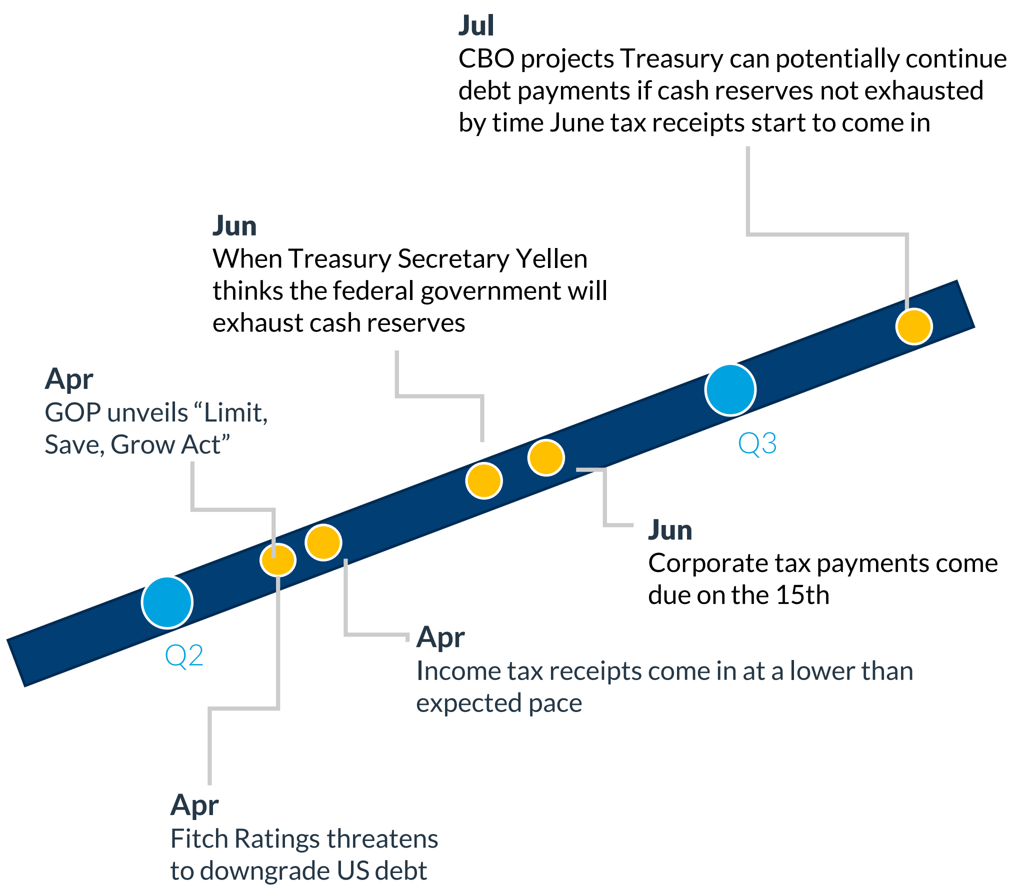
May 2023

Market Update

Q1: Debt Ceiling

All Eyes on Washington

- We continue to believe a US default is very unlikely and that a deal of some nature will be reached.
- Economic impact is expected to be minimal.
- But, delay in resolving the situation could be a significant source of market volatility as the deadline approaches.

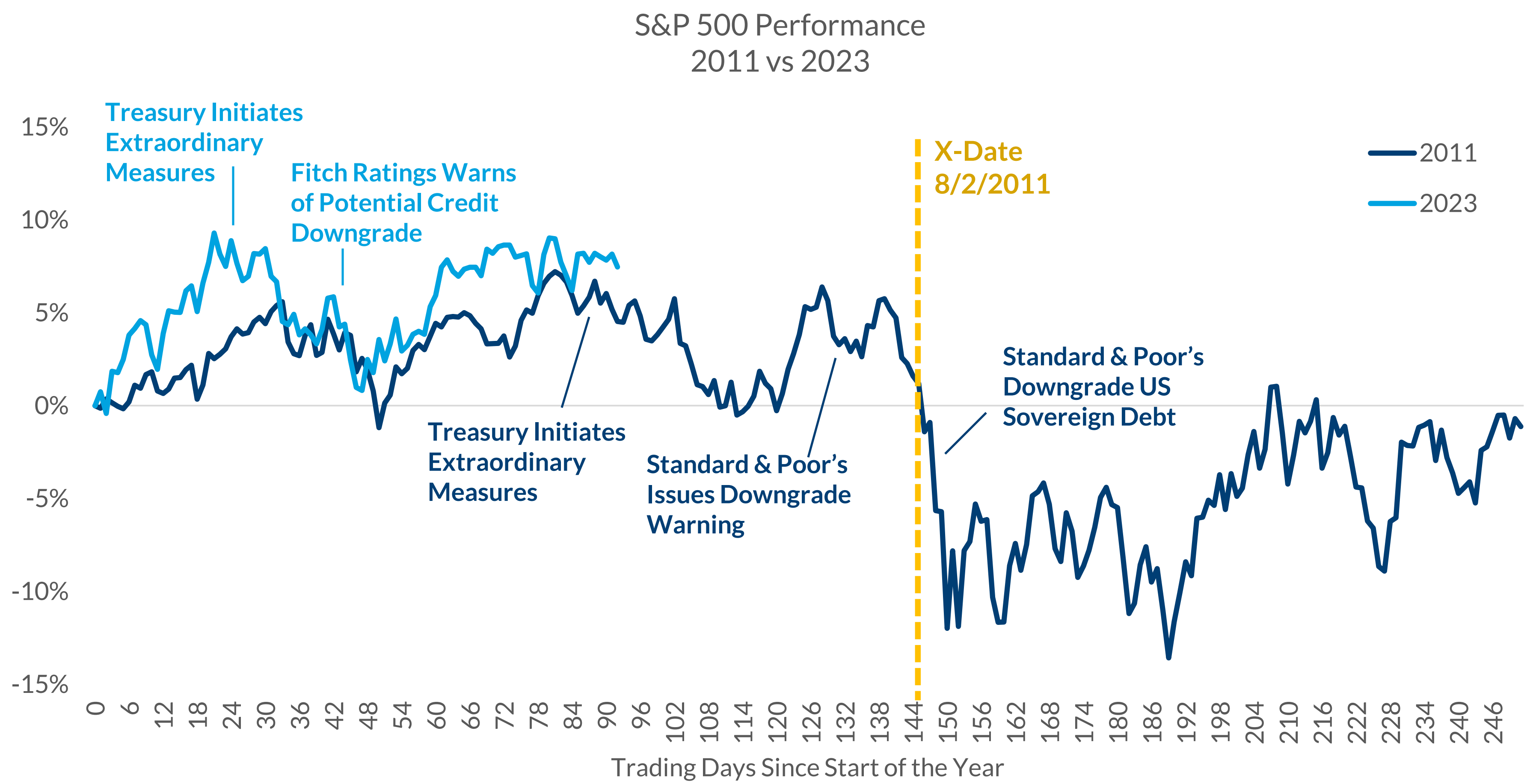


Probability Rank	Paths Forward
High	▪ Deal reached between Republicans and Democrats
Medium	▪ Short-term extension on debt ceiling
Low	▪ Bipartisan coalition issues discharge petition
Very Low	▪ Treasury ignores debt limit/resumes borrowing
Extraordinarily Low	▪ US Government defaults

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

Potential Source of Additional Market Volatility

- Historically, volatility increases as debt ceiling deadlines draw closer, but markets have recovered once the crises had passed.
- In 2011, default was narrowly avoided and volatility spiked particularly after S&P downgraded the country's debt.
- Another close call or potential downgrade, could be disruptive to financial markets.



Source: FactSet, as of May 2023
Information is subject to change and is not a guarantee of future results

Three Possible Default Scenarios

- The market reaction is difficult to project, but we are operating under three potential scenarios: a delay of principal payments, a delay of coupons or a combination of both, followed by no comment from the treasury.

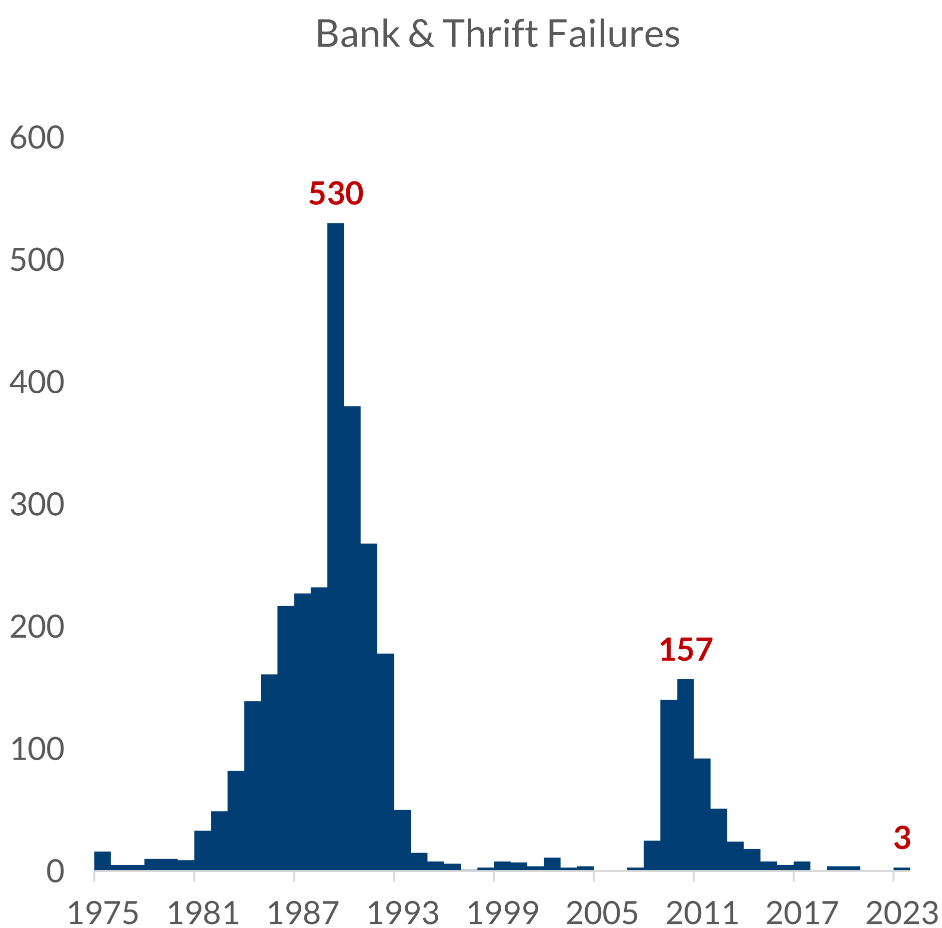
Scenario #1: Delayed Principal Payments	• Principal payment dates extended beyond legal maturity • Treasury securities will remain tradeable via Fedwire • Pricing services will continue to price • Market will not accrue interest on delayed payments
Scenario #2: Delayed Coupon Payments	• Securities with delayed coupons will remain tradeable • Treasuries will price as if the payment was made – a buyer would not be entitled to receive the missed coupon • No partial coupon payments will occur
Scenario #3: Delayed Principal or Interest With No Action from Treasury	• US Treasury provides no instruction to extend operational maturities or provide clarity on missed coupons • Affected treasury securities will cease to be tradeable and can only be redeemed by the US Treasury, timing unknown • Interest will not accrue

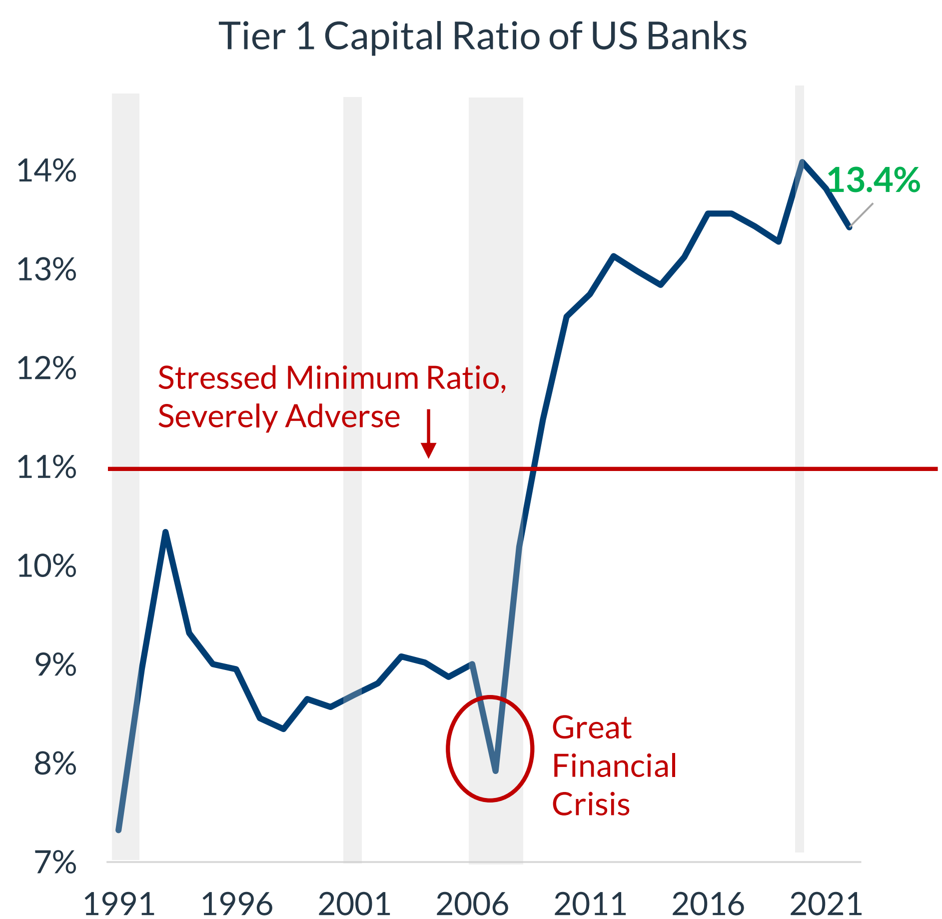
Source: SIFMA, CNR Research. As of 5/19/2023.
Information is subject to change and is not a guarantee of future results

Q2: Banking System

Overall US Banking System Appears Healthy

- Banks fail, in good times as well as bad – since 1975 there have been only 5 years with zero bank failures.
- US banks in general are well capitalized.
- We remain watchful but do not anticipate a Great Financial Crisis type event.

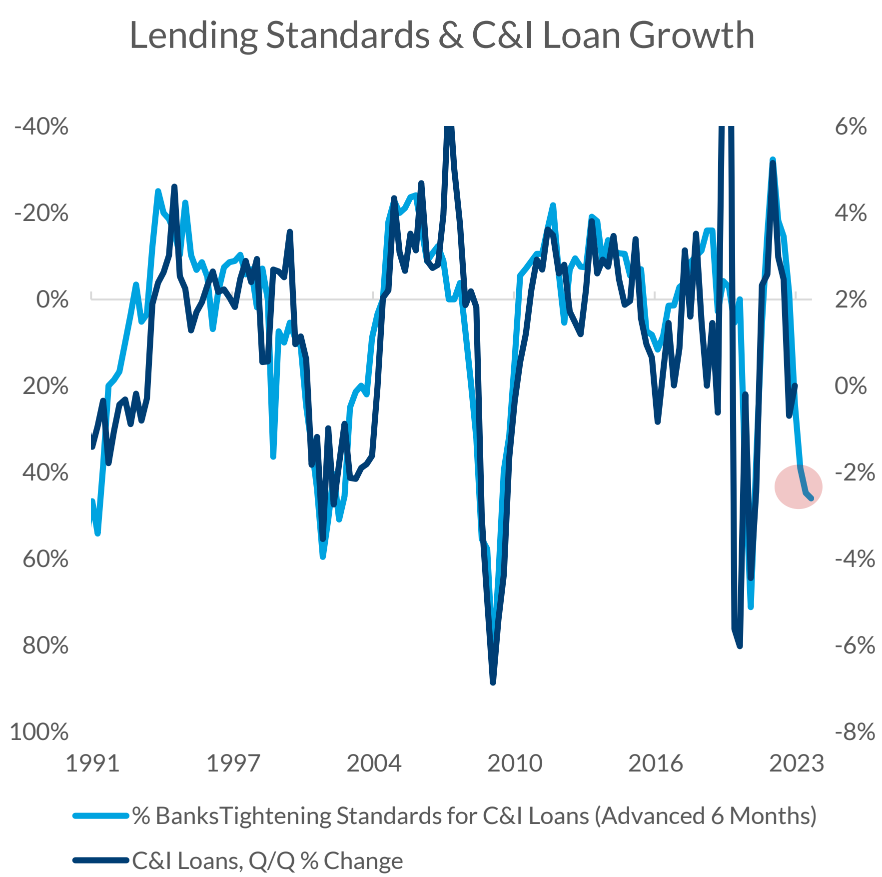


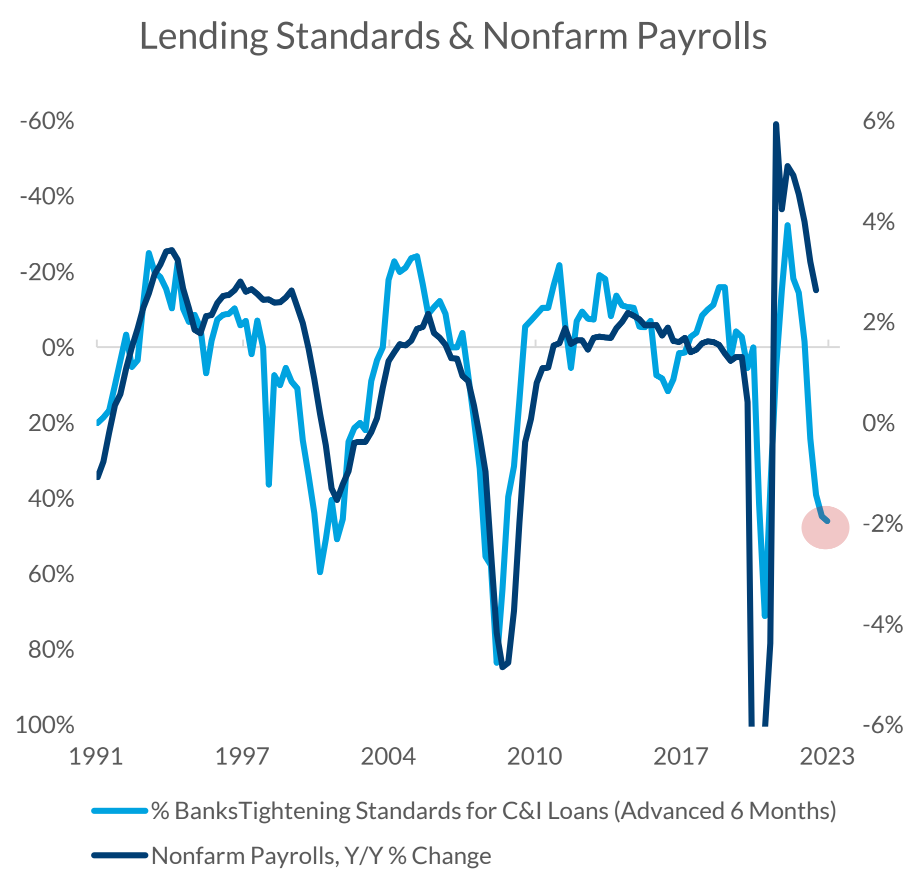


Source: (L) Bloomberg, as of May 2023; (R) Bloomberg, as of year end 2022.
Information is subject to change and is not a guarantee of future results.

Main Impact Likely To Be Tightening Credit Conditions

- Large numbers of banks plan to tighten standards further over the rest of the year.
- Squeeze on credit availability that will constrain borrowing-sensitive parts of the economy.
- Could set the stage for shifts in Federal Reserve (Fed) Policy.

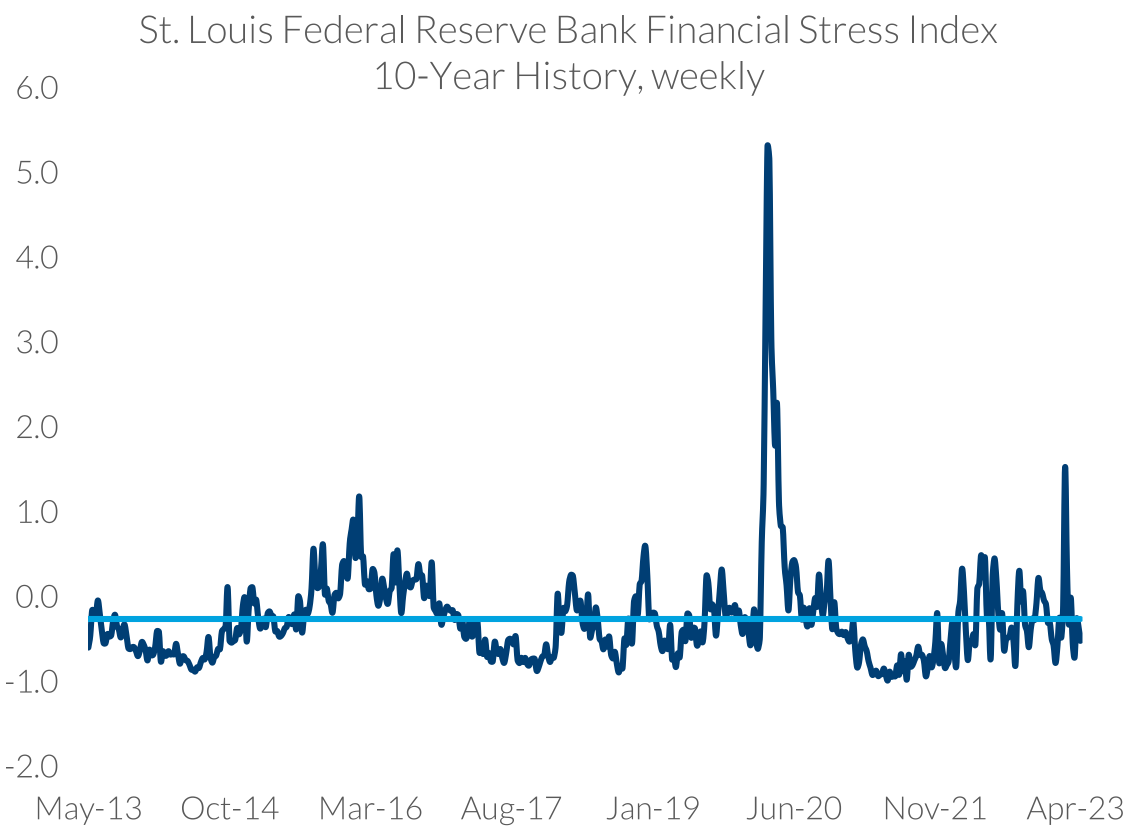




C&I Loan: A commercial and industrial loan. See index definitions for more information.
Sources: St. Louis Fed, as of May 2023.
Information is subject to change and is not a guarantee of future results.

Financial Stress Indicators Show Stability

- After spiking in March, a variety of indicators covering equity, fixed income and liquidity markets are returning to normal levels.



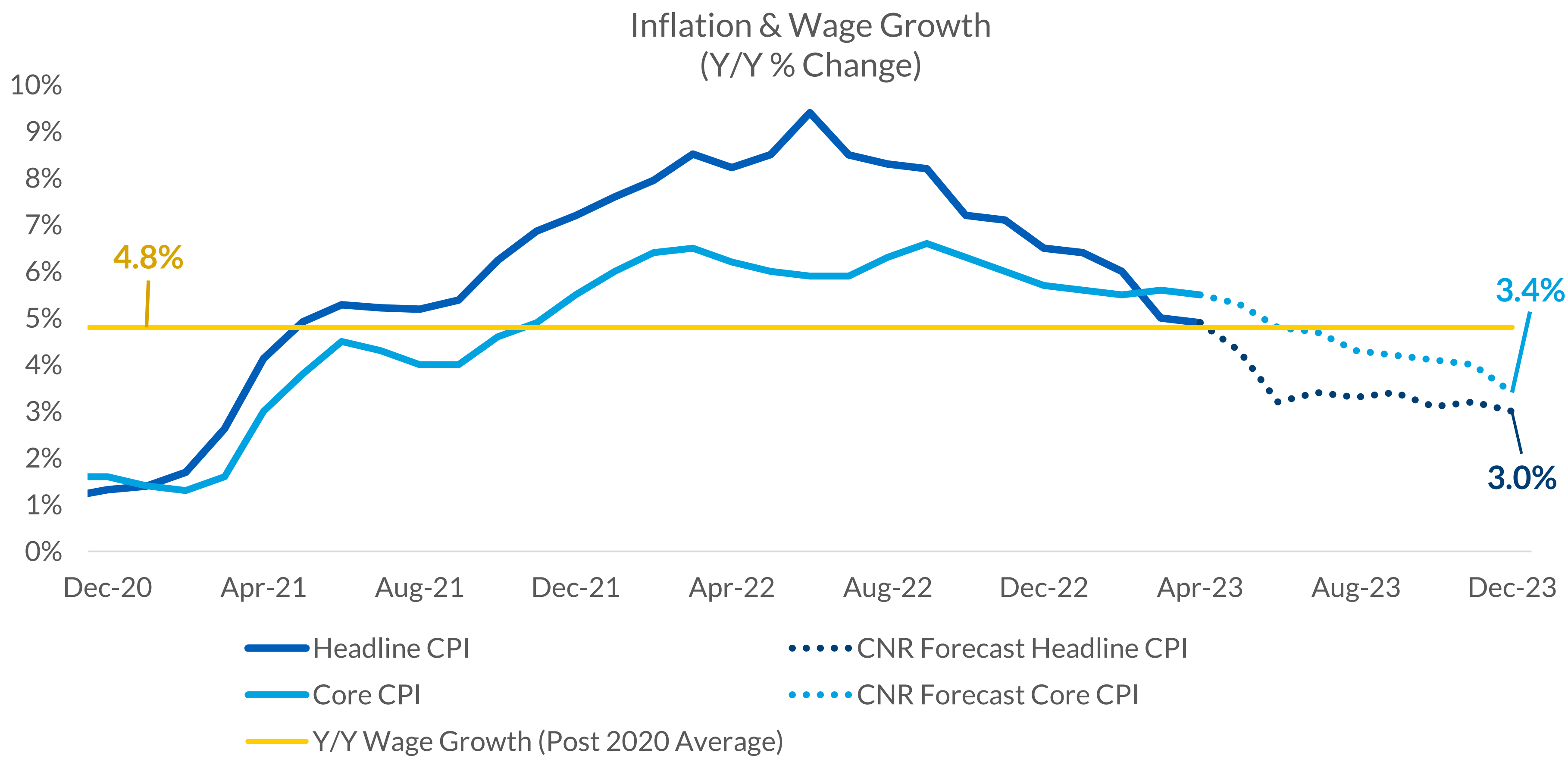
Indicator	Momentum
Rate Volatility	
Repo Markets	
Emergency Facilities	
Foreign Swap Lines	
Mortgage Pricing	

Source: St. Louis Federal Reserve, Bloomberg, CNR Research. As of 5/19/2023.
Information is subject to change and is not a guarantee of future results .

Q3: Inflation & the Fed

Inflation Trends Support Mild Recession Outlook

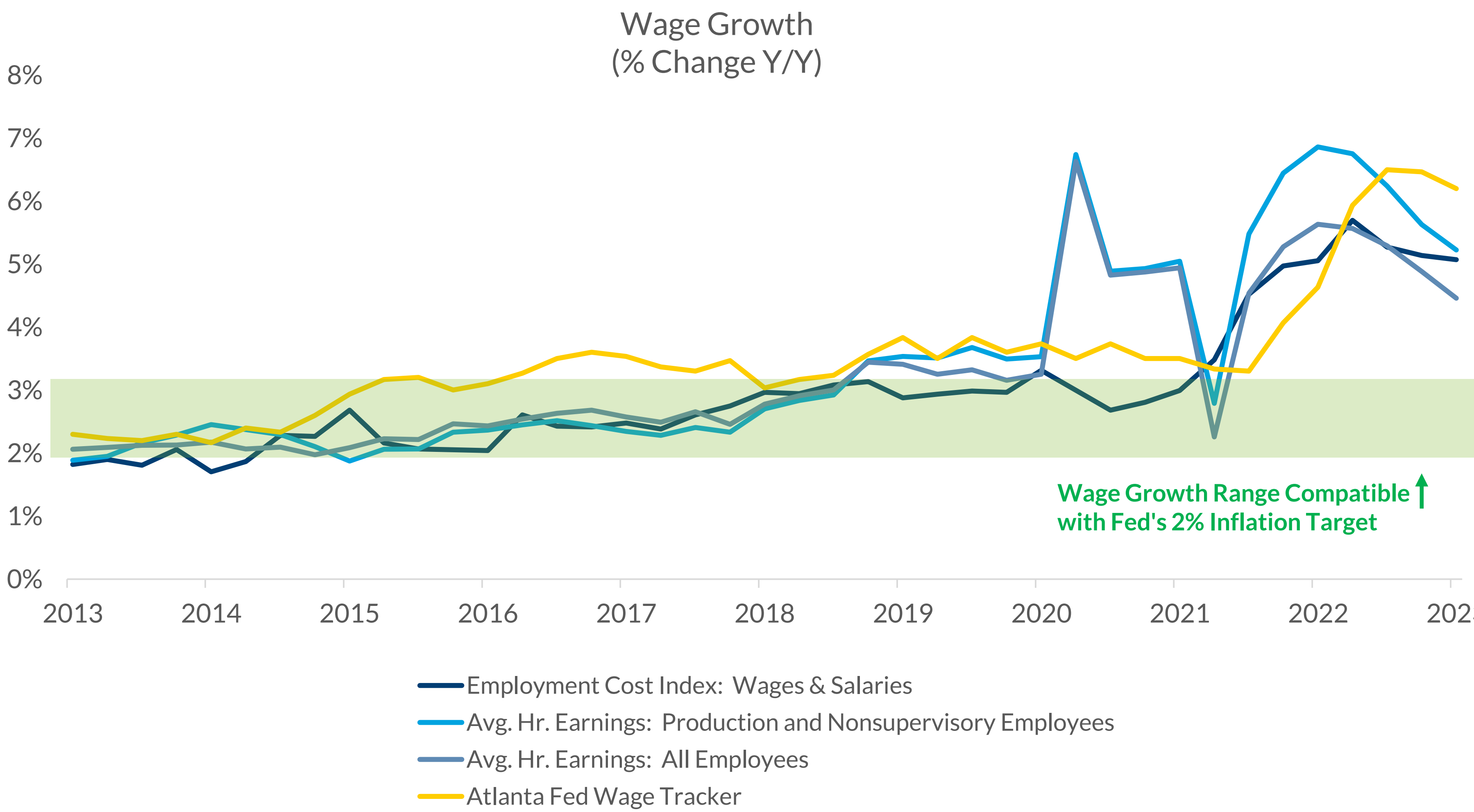
- Overall inflation continues to moderate, though core services pressures are proving more sticky.
- Slowing takes some pressure off the Fed to hike, reinforcing expectations for a pause.
- Moderating trend is allowing consumer wage growth to steadily catch up with higher prices.



Source: Bureau of Labor Statistics, as of March 2023. Wage Growth shown is average hourly earnings for all employees.
Information is subject to change and is not a guarantee of future results

Wage Strength Supports Higher for Longer Outlook

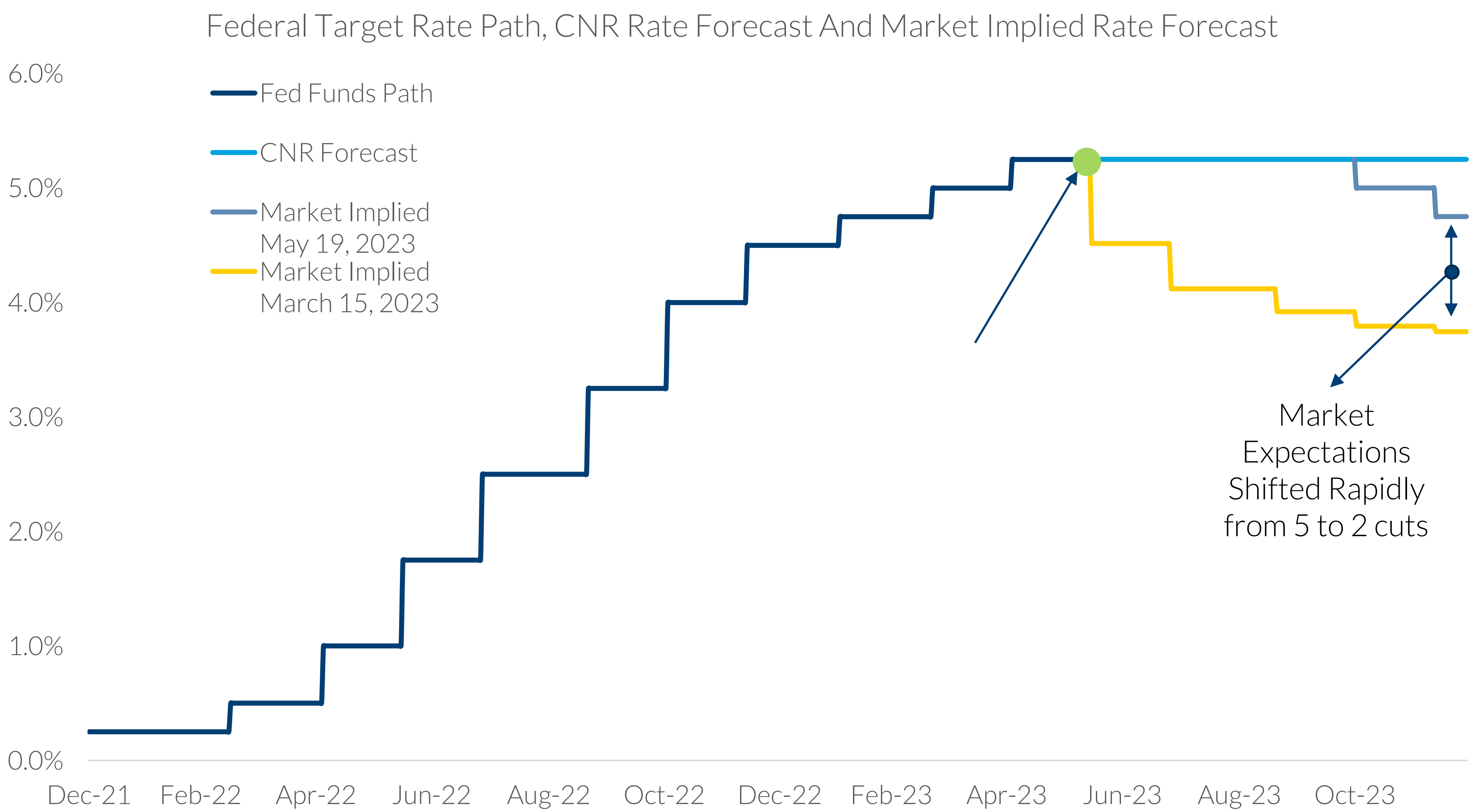
- Tamping down wage growth is considered essential to Fed's anti-inflation efforts.
- Recent easing in wage pressures due to cooling demand and improving labor supply.
- Fed expected to keep policy tight until more meaningful progress is made.



Source: Bureau of Labor Statistics, as of March 2023.
Information is subject to change and is not a guarantee of future results

The Federal Reserve Will Keep Rates High

- The Federal Reserve has been clear that it does not see rate cuts in 2023.
- The market has rapidly adjusted expectations since March, shifting from 5 to 2 cuts by the end of the year.
- If short term rates stay higher for longer, further market volatility ahead is likely.



Sources: Bloomberg, Federal Reserve Futures Market, CNR Research. As of 5/19/2023, unless otherwise indicated.
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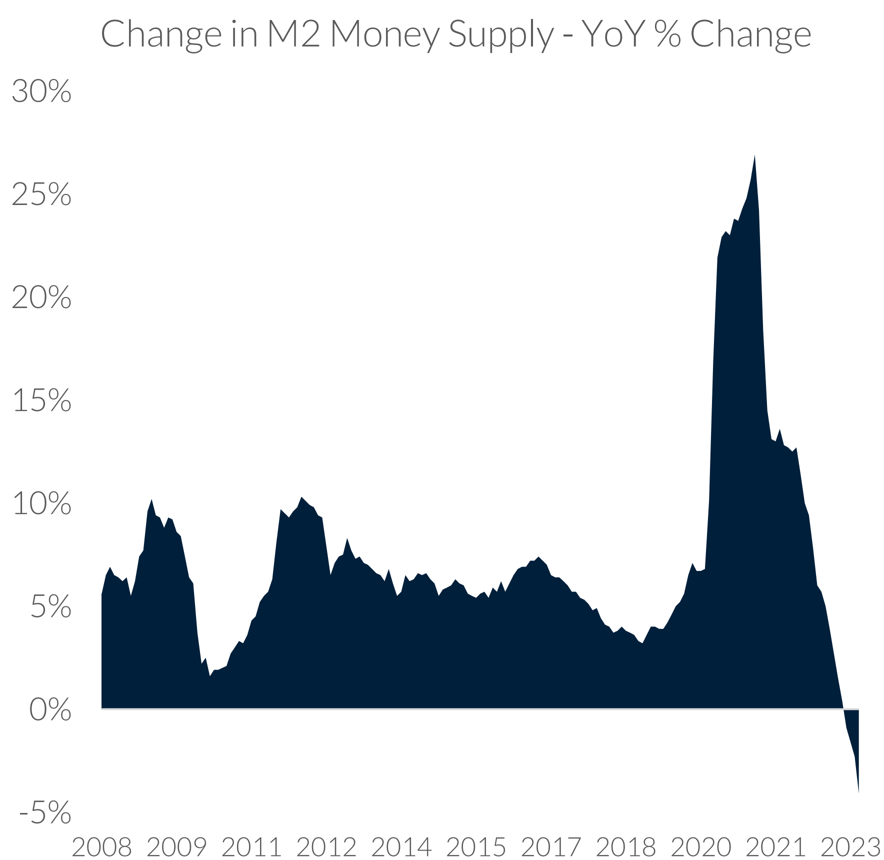
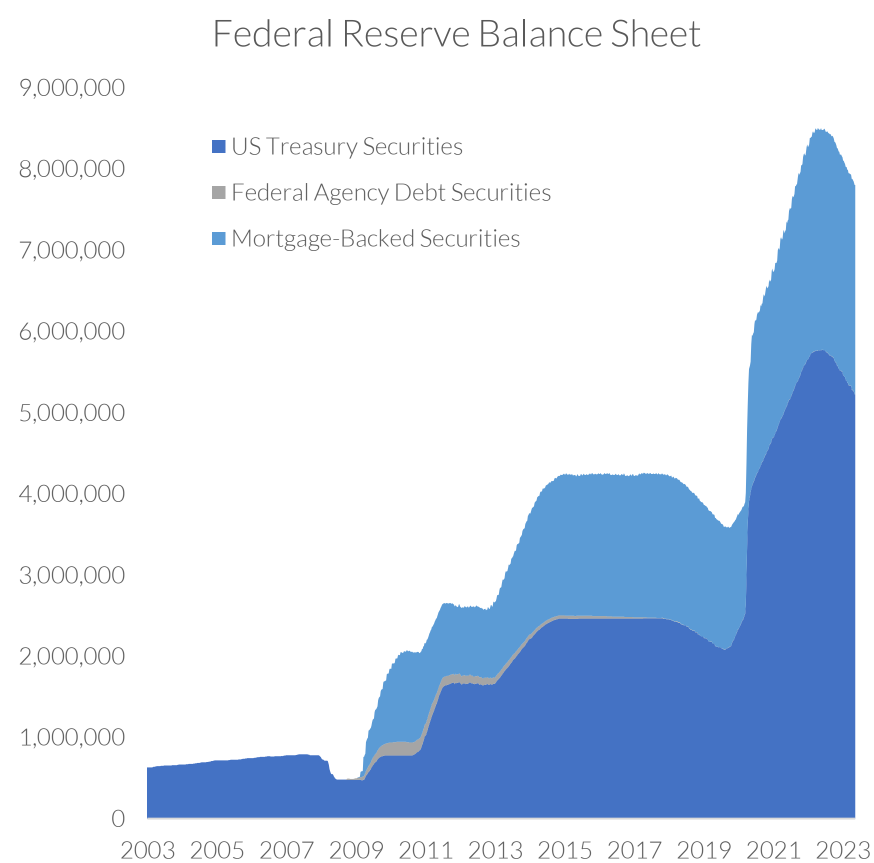
Money Supply and The Federal Reserve Balance Sheet

- US Money Supply is contracting for the first time since quantitative easing commenced.
- It is reasonable to expect a contraction following heavy government stimulus, but it remains a significant development given Federal Reserve balance sheet reduction.
- Shrinking money supply typically follows a recession.





Source: Bloomberg, CNR Research. As of 5/19/2023.
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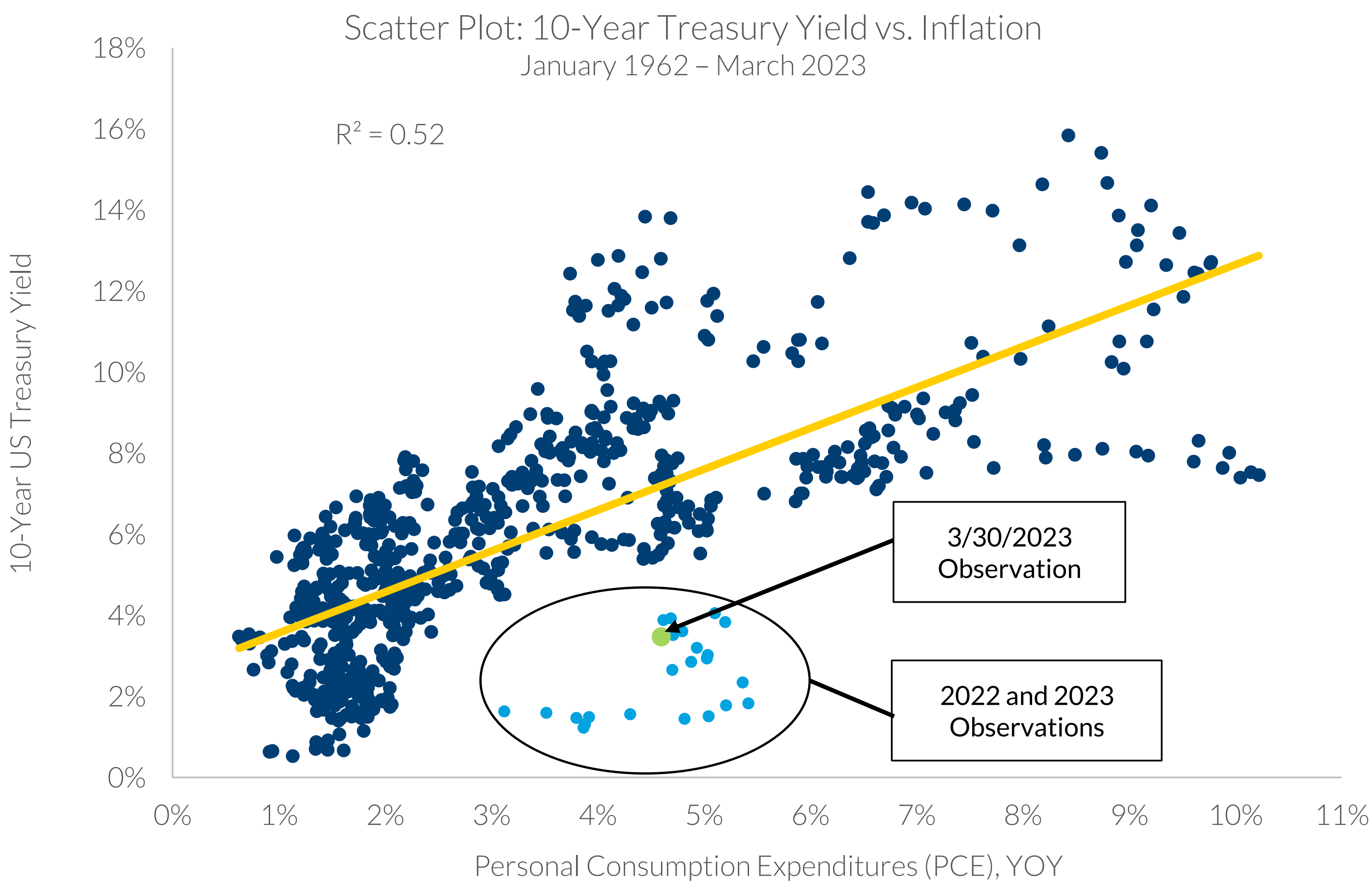
Q4: Interest Rate Outlook

The Relationship Between Interest Rates And Inflation

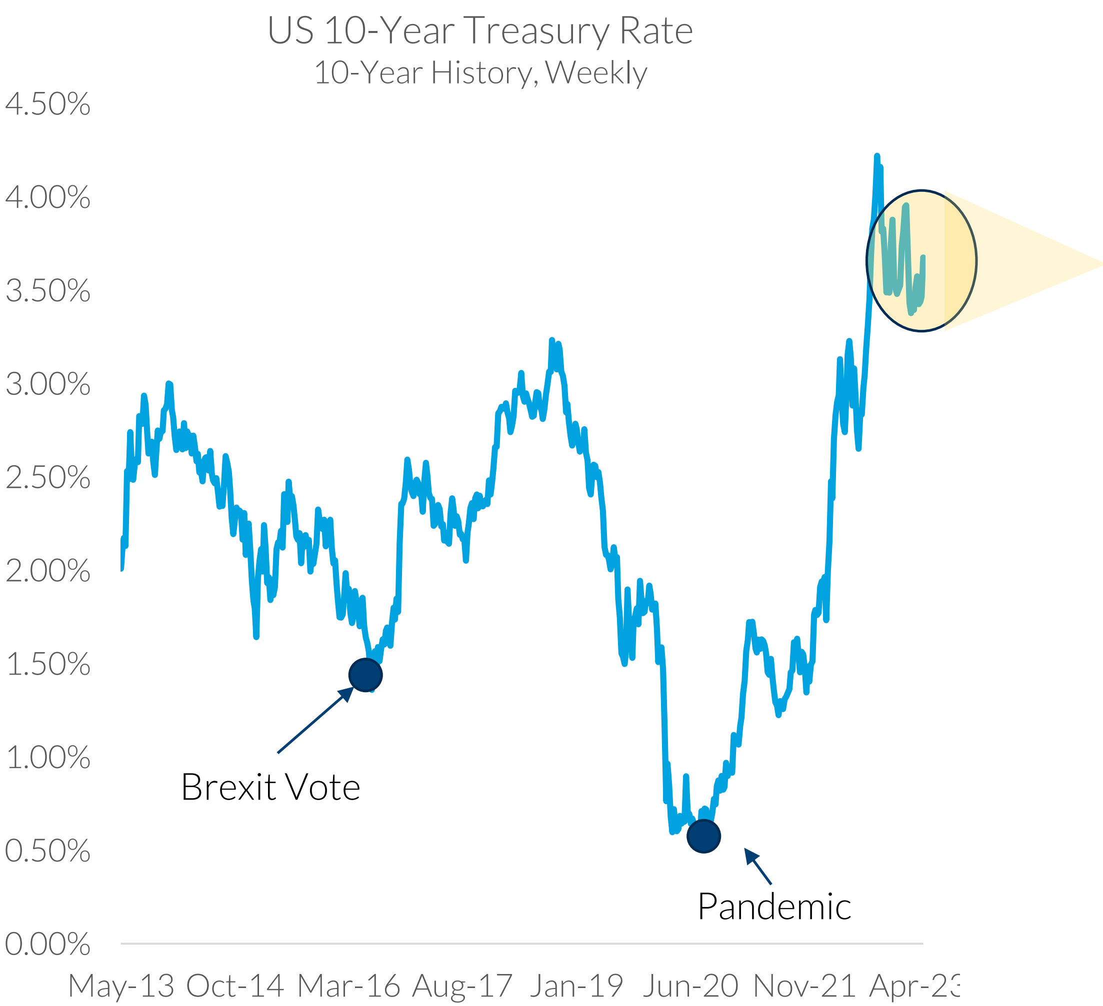
- Inflation can explain over 50% of the variation in interest rates.
- As rates rose in 2022, each monthly data point was an historical outlier.
- Data suggests that long-term interest rates may be too low balanced against new factors in today's environment like quantitative easing, globalization, technology and demographics.

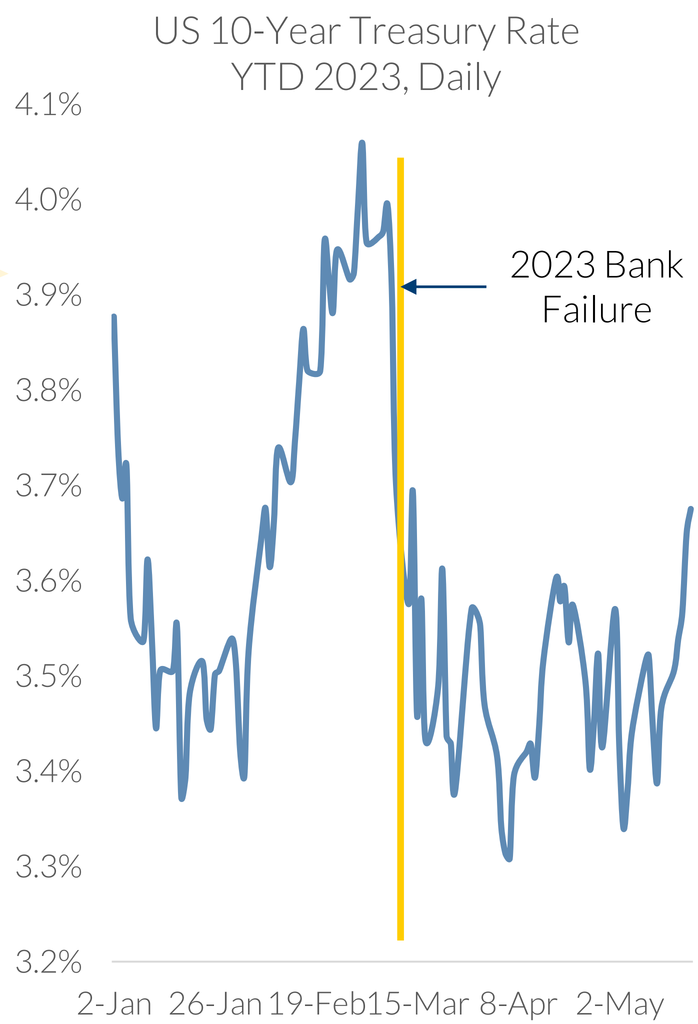


Source: Bloomberg, CNR Research. As of 3/30/2023.
Information is subject to change and is not a guarantee of future results.

The Power Of Liquidity

- Rates fall in times of stress as investors seeks safety and liquidity, increasing demand for treasury bonds.
- The US 10-Year Treasury was moving steadily higher, prior to challenges in banking industry.
- This demand is usually short-lived, creating the risk of a quick increase in interest rates.

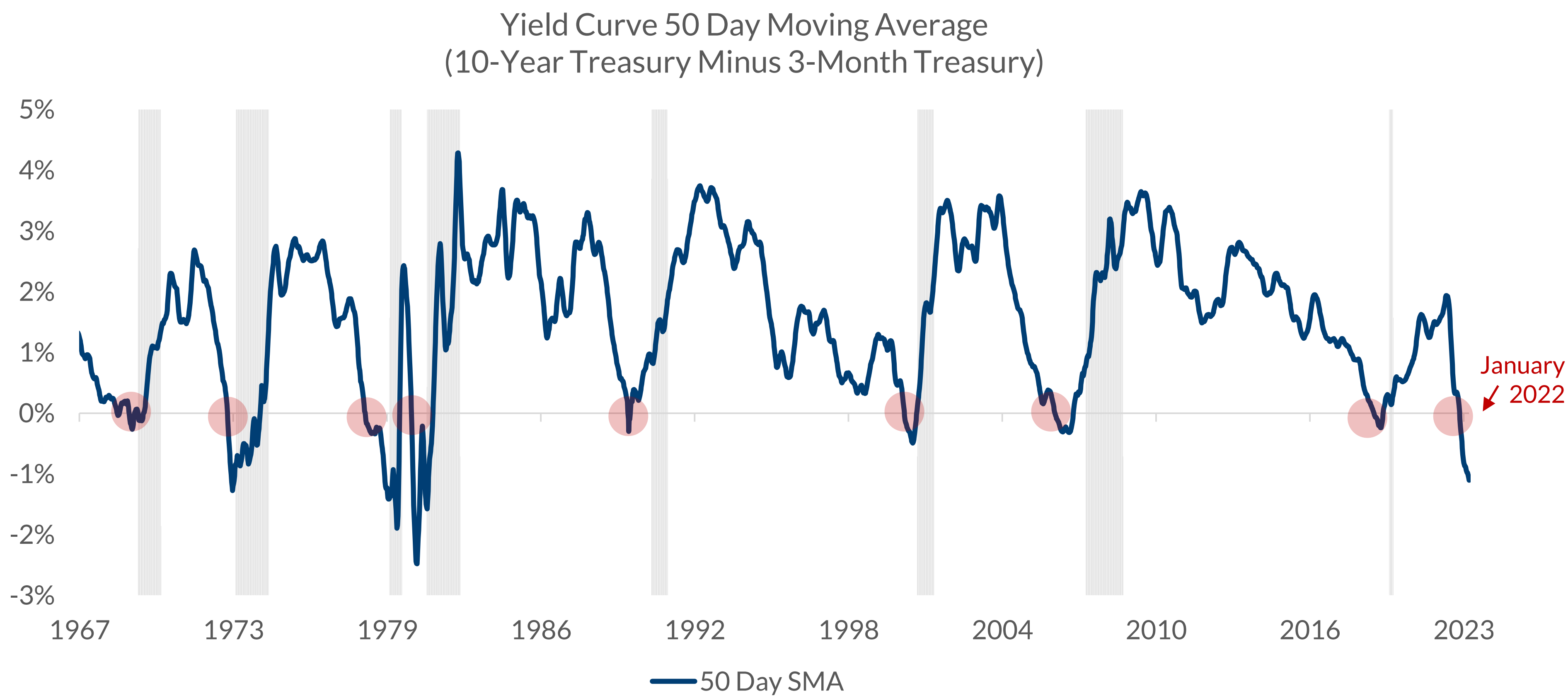




Source: Bloomberg, CNR Research. As of 5/19/2023.
Information is subject to change and is not a guarantee of future results

Yield Curve Signaling US Recession is Approaching

- Inversions of the 10Y/3M treasury yield curve have consistently preceded every US recession, with no false indicators.
- On average, recessions have begun within 12 months of the first day of inversion.

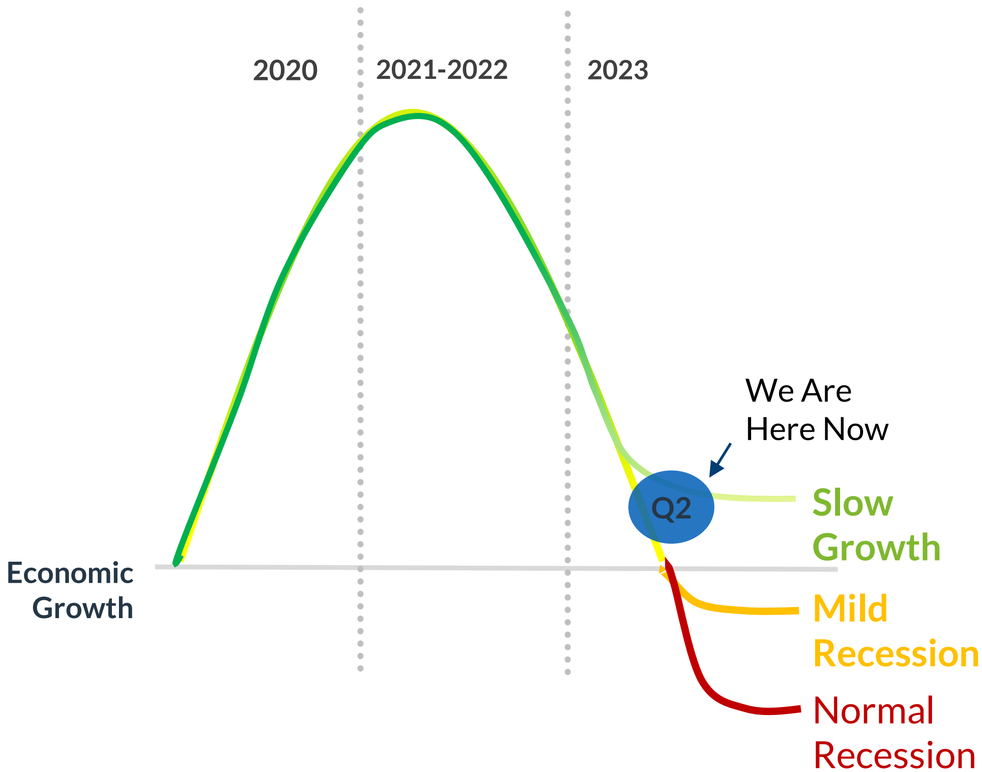


Sources: FactSet, CNR Research, as of March 2023.
Information is subject to change and is not a guarantee of future results.

Q5: Economic Outlook

2023 US Outlook

- Recession odds above consensus 78%, due to Fed tightening and constraints on consumer/business lending.
- Mild downturn still expected.
- Labor shortages should limit increases in unemployment, lowering risk of more normal recession.
- Consumer retrenchment is expected to be modest, supported by strong household balance sheets and real income.



Outlook	Probability	GDP Growth	Earnings Growth
Slow Growth	22%	0% to 2%	0% to 12%
Mild Recession	65%	-1% to 0%	-10% to 0%
Normal Recession	13%	-2% to -1%	-20% to -10%
Weighted Average		-0.3%	-4.00%

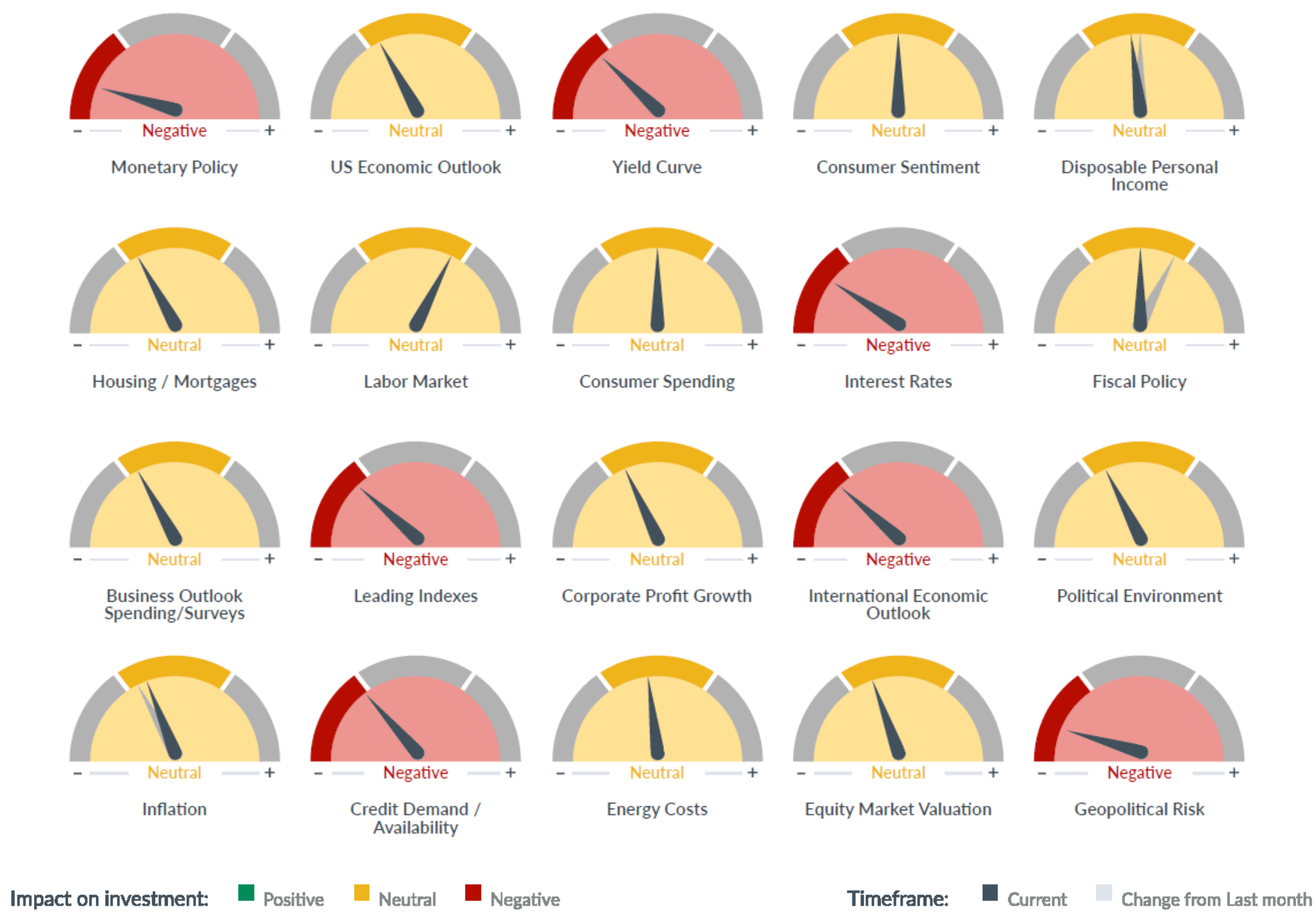
Sources: Bloomberg, CNR Research, as of April 2023.
Information is subject to change and is not a guarantee of future results.

CNR Speedometers® – May 2023

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

- Indicators have slowed as risk to the outlook increases.
- Recent slowing driven by higher inflation, higher interest rates and reduced credit availability.
- Consumers remain healthy, but resilience being tested.
- Indicators supportive of mild recession/slow growth outlook.

Impact on Economy and Financial Markets

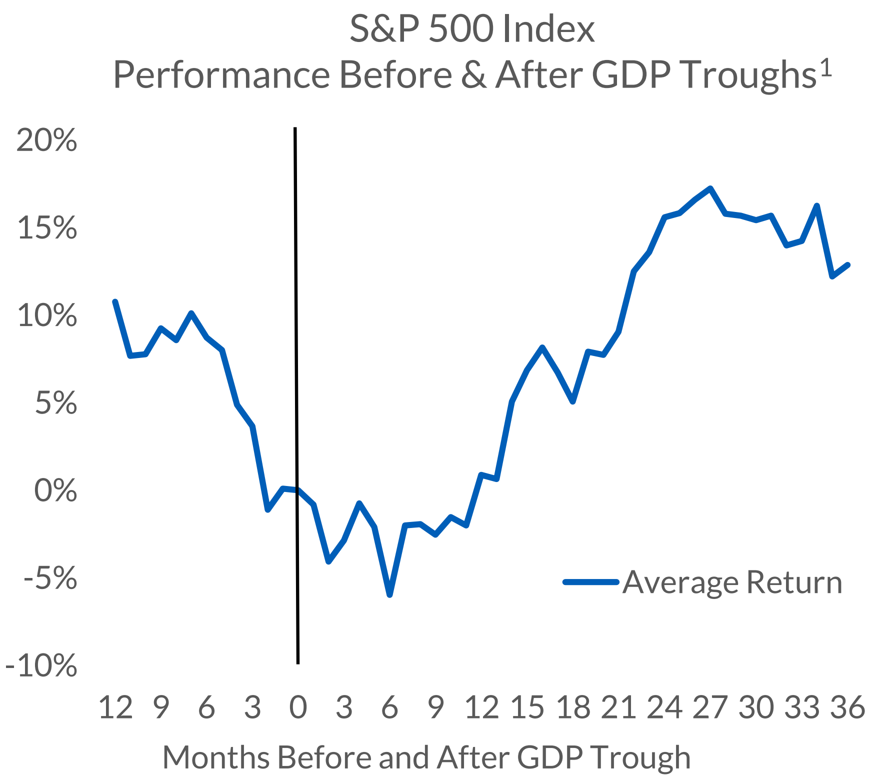


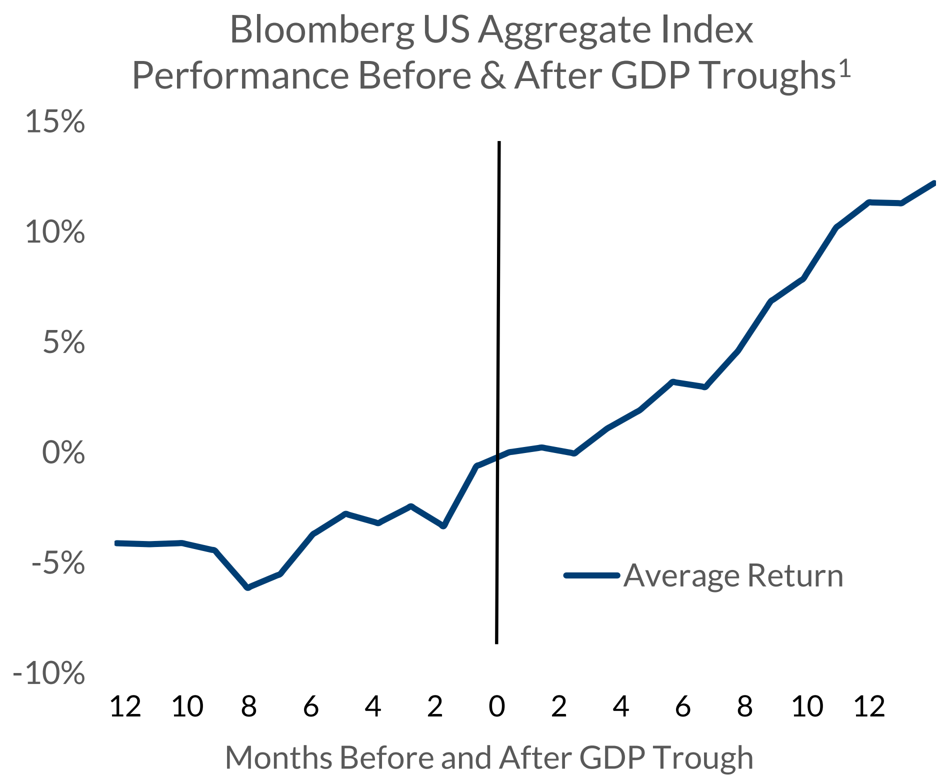
Source: Proprietary opinions based on CNR Research, as of May 2023. Information is subject to change and is not a guarantee of future results.

Q6: Investment Strategy & Portfolio Positioning

Macro Uncertainties Support Defensive Positioning

- Remain modestly underweight equities, modestly overweight fixed income.
- Focused on holding US quality stocks and bonds.

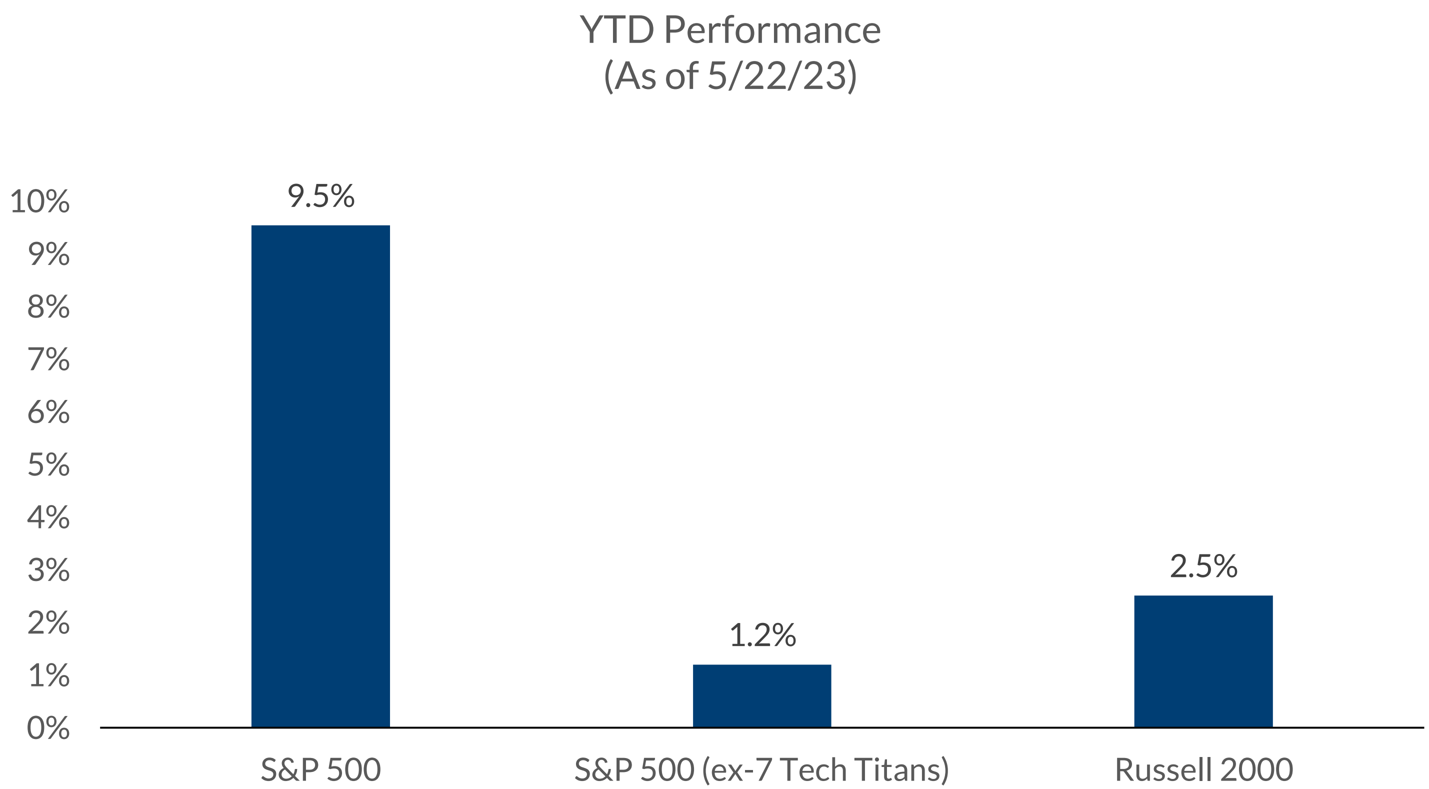




Sources: Bloomberg, CNR Research, as of February, 2023. Information is subject to change and is not a guarantee of future results.
[1] Covers performance periods with GDP troughs in 1970, 1973, 1981, 1990, 2001 and 2008

Narrow Breadth Casts Doubt on Rally's Sustainability

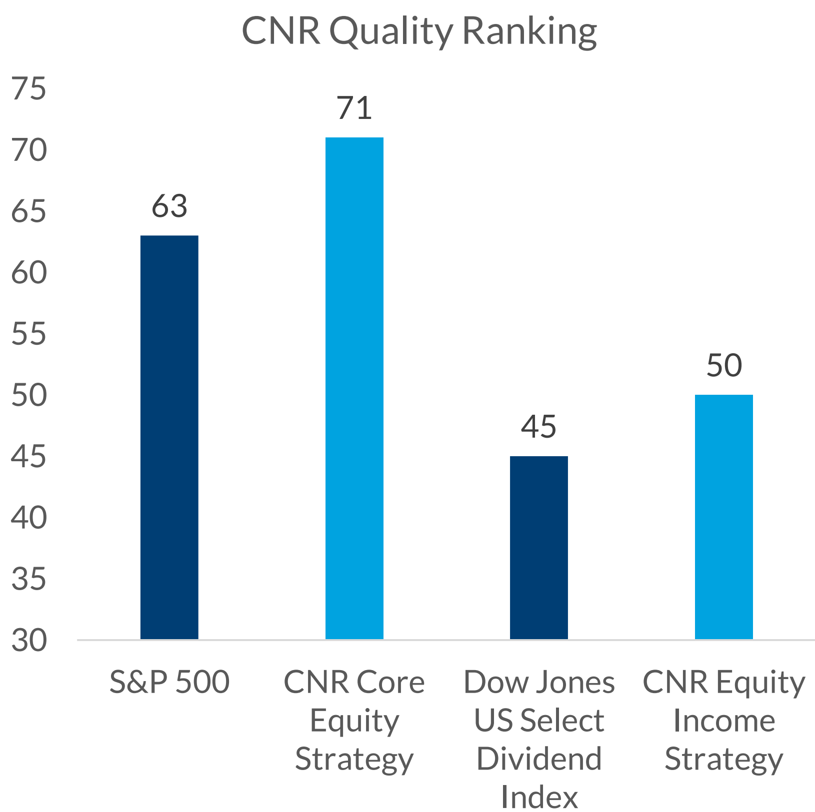
- Strong 2023 returns have been narrowly driven by a handful of mega cap stocks, mostly tech.
- Smaller cap companies have significantly lagged.
- New bull markets have traditionally seen greater participation, and outperformance from smaller companies.

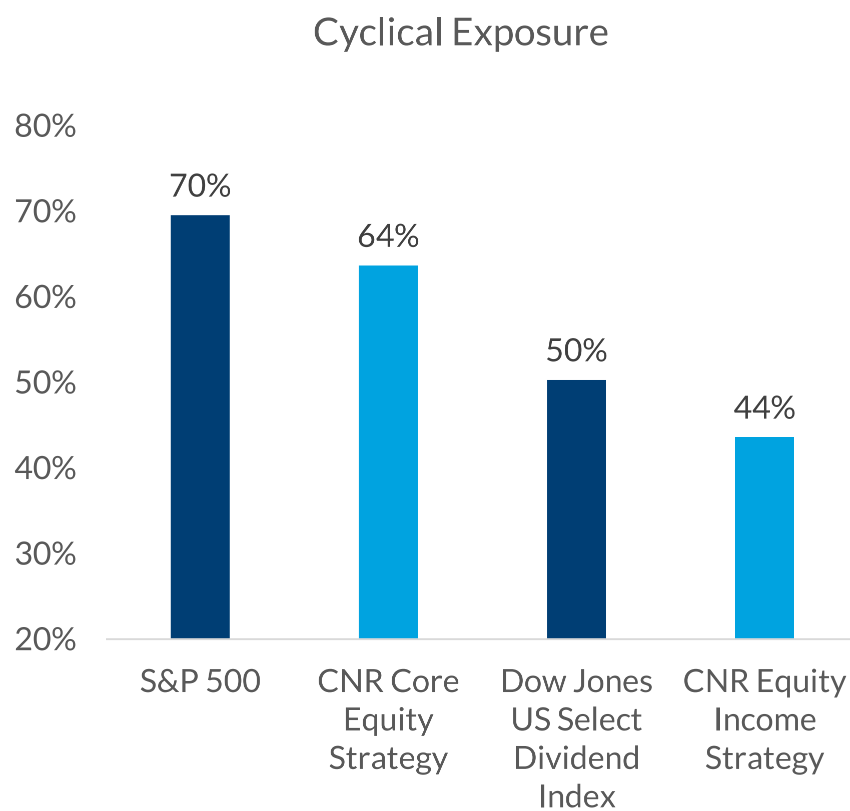


Source: FactSet, as of May 2023.
7 Tech Titans are: Alphabet, Amazon, Apple, Meta Platforms, Microsoft Nvidia, Tesla.
Past performance is no guarantee of future results.

Maintaining Our Defensive Positioning For Now

- Focus on high quality companies that we believe are selling at reasonable prices with right blend of defense and offense.
- Lower exposure to cyclical industries more at risk to negative earnings revisions.
- Higher exposure to companies and industries that have more stability in revenue and earnings.



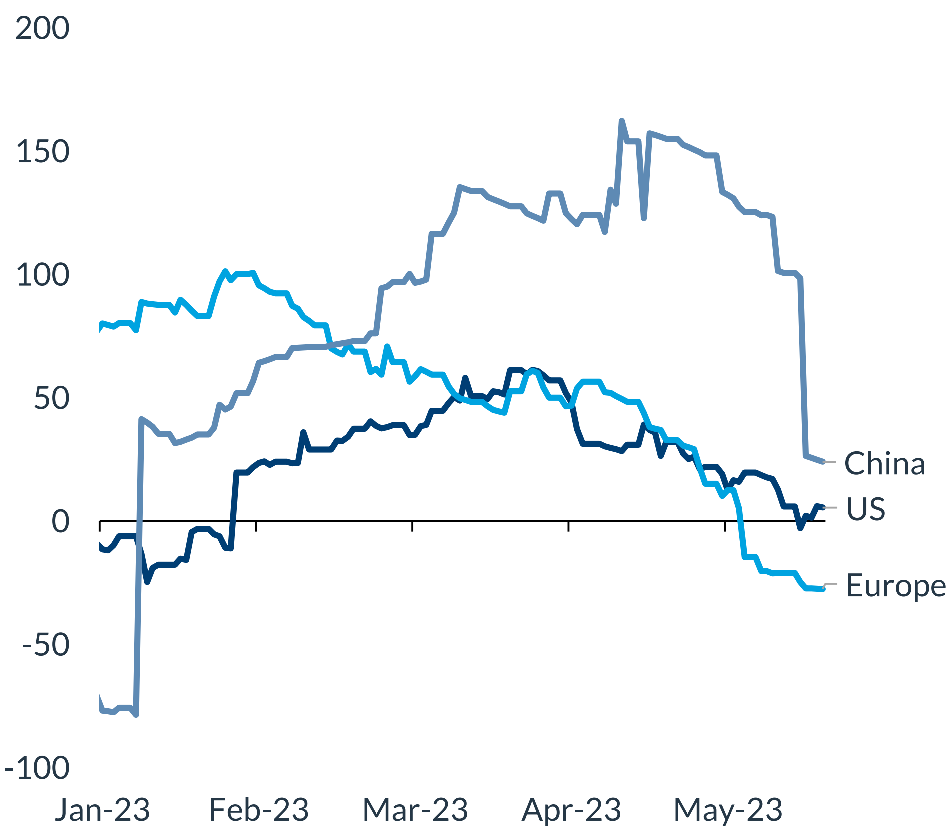


Sources: FactSet, CNR Research as of May 2023.
Information is subject to change and is not a guarantee of future results. City National Rochdale Proprietary Quality Ranking is the weighted average sum of securities held in the strategy versus the S&P500 at the sector level using the formula described on slide 37.

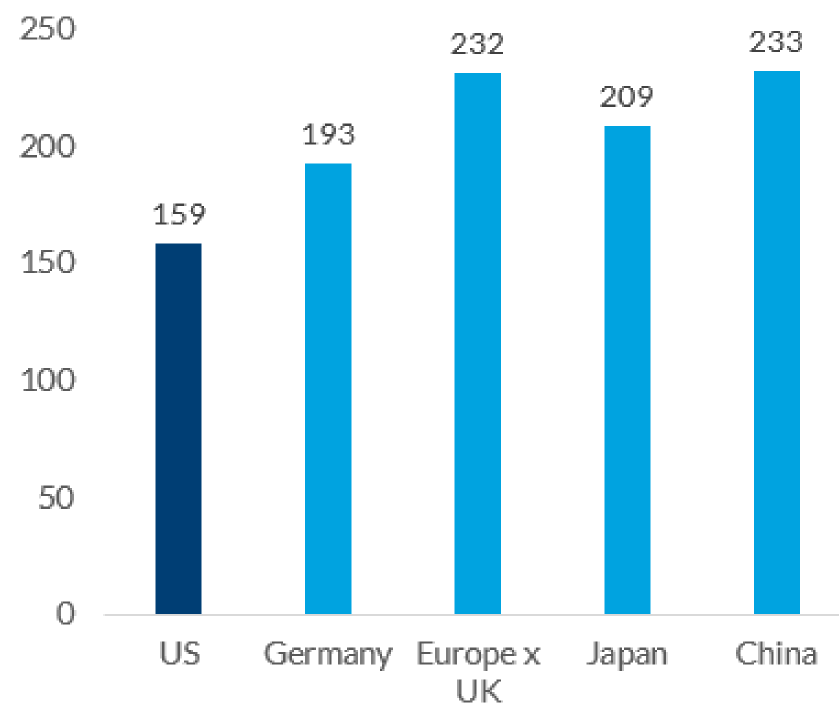
Signs of Global Growth Slowing - US Outlook Most Resilient

- Europe: More exposed to global trade; ECB is behind the Fed in battle against inflation.
- China: Reopening boost largely behind us; credit impulse slowing, policy uncertainty high.
- US consumer financials remain healthy, which should help mitigate against a coming downturn in economic activity.
- US ranks best in CNR 4Ps; continues to be best positioned for long term growth among major economies.

Citi Economic Surprise Index



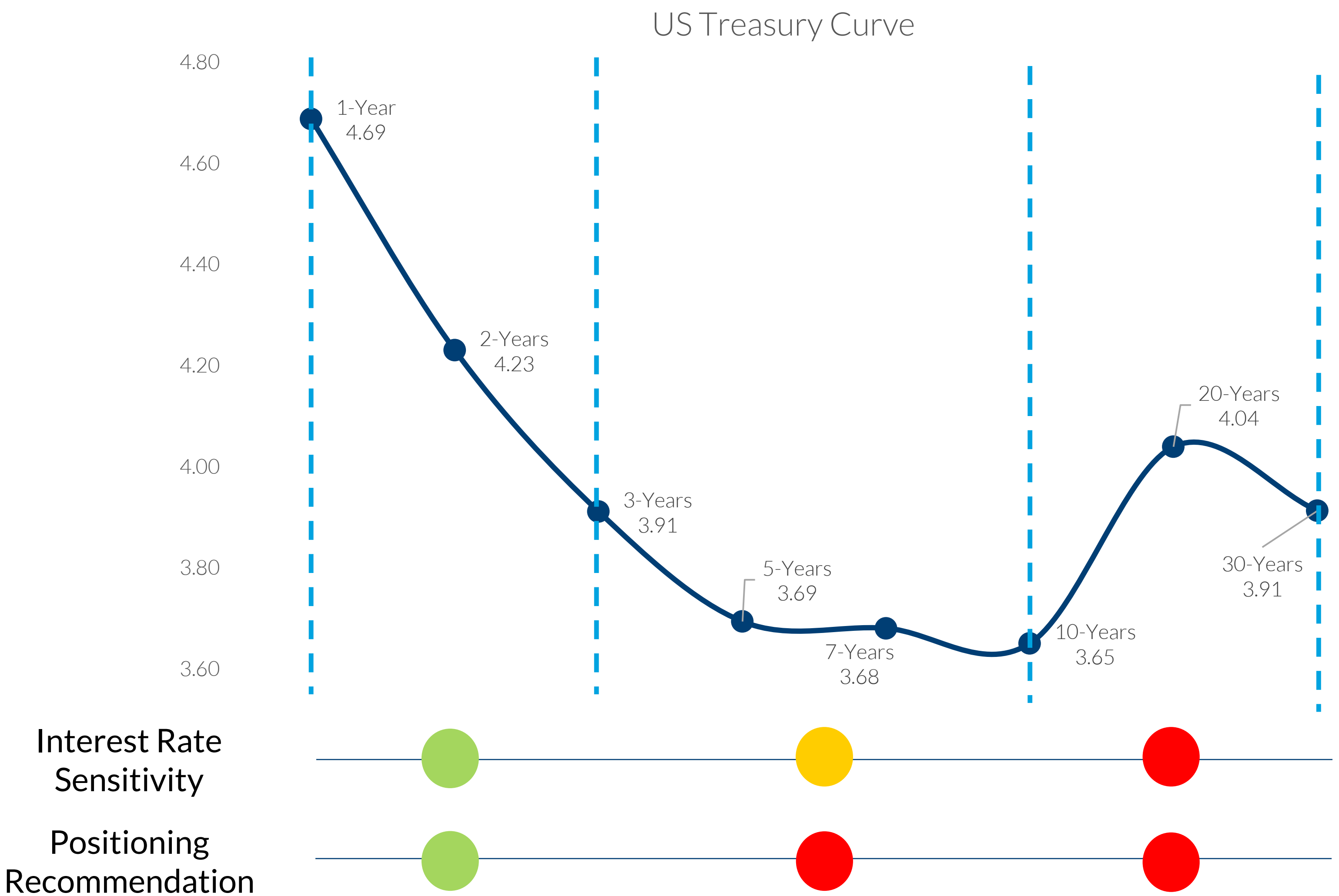
CNR Proprietary 4Ps Framework
Global Equity Markets Summary Score Analysis
(Lower=Better)



Source: Bloomberg, as May 2023. CNR Research as of May 2023.
Information is subject to change and is not a guarantee of future results. See index definitions in the appendix for more information.

Short Maturity Exposure Remains Attractive

- We do not believe it is time to add exposure to longer maturity bonds, but it is getting closer.
- Short maturity bonds provide ample income and will benefit from high the high Fed Funds rate.
- Longer maturity bonds will remain volatile, and we believe will trend higher in the back half of 2023.



Source: Bloomberg, as of 5.19.2023.
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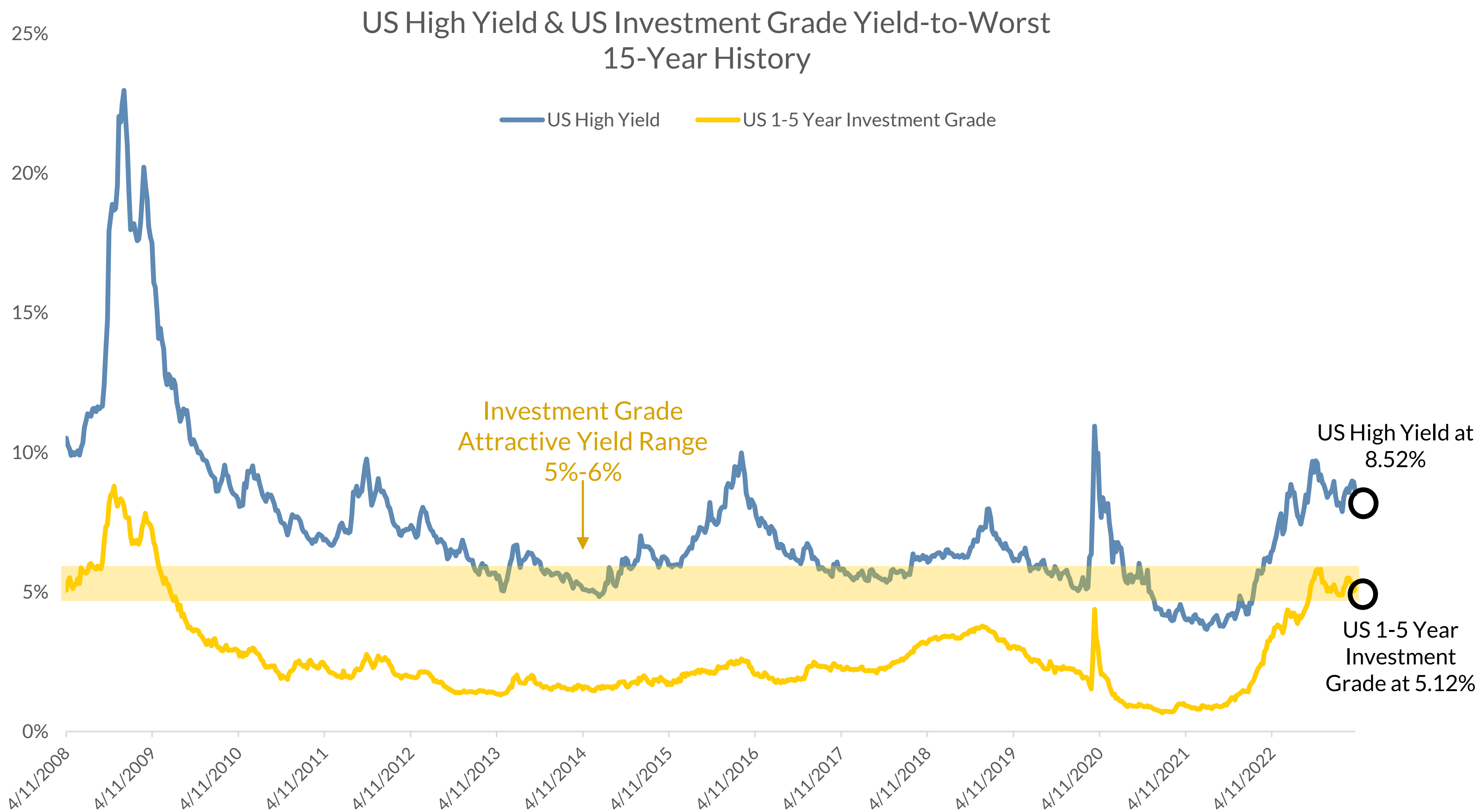
Attractive Investment Grade Yield

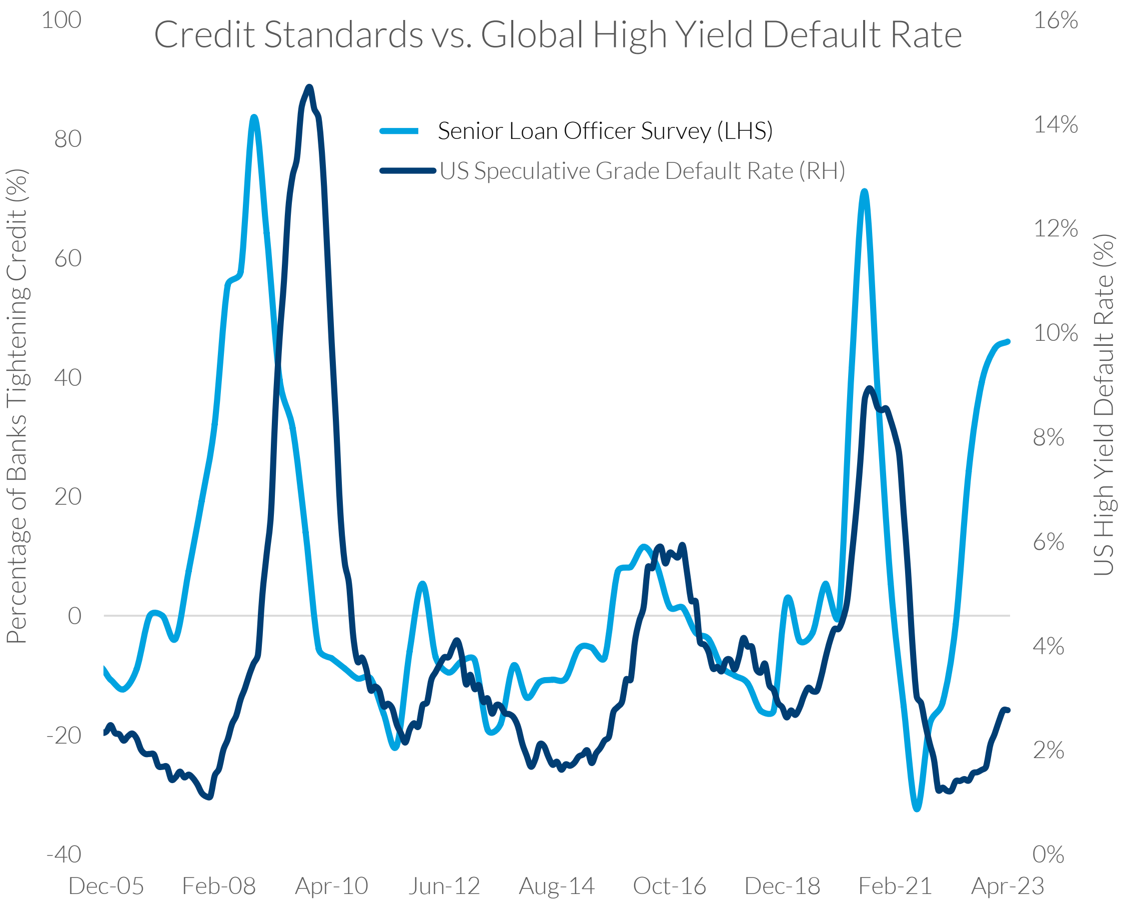
The First Time in 15 Years

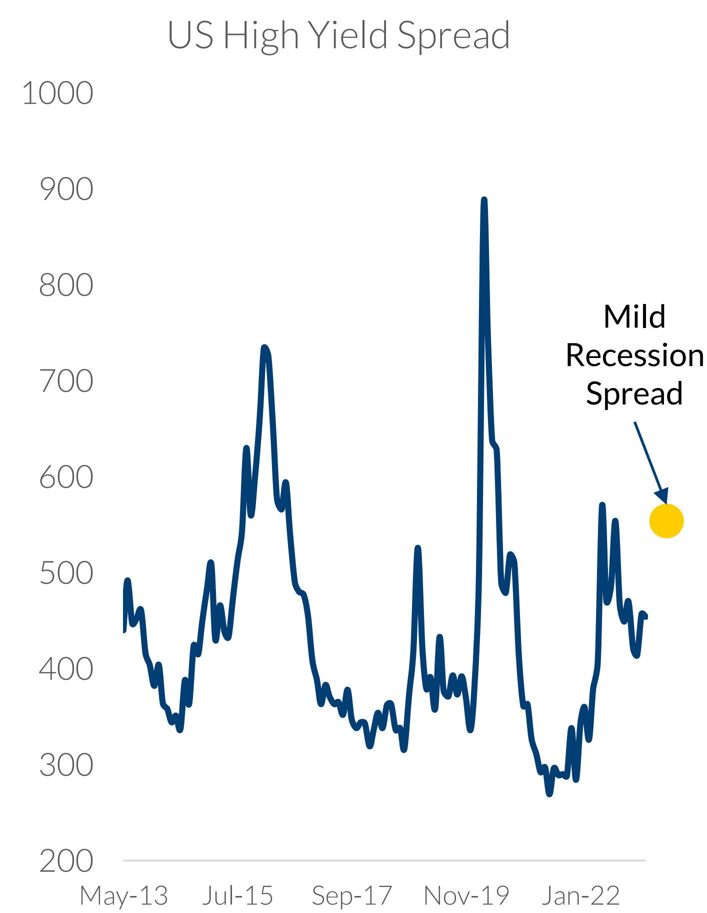


Sources: Bloomberg, CNR Research, as of April 30, 2023.
Past performance is no guarantee of future results.
Indices used: HY: Bloomberg US Corporate High Yield Total Return Index Value Unhedged USD 1-5y IG: Bloomberg US Corporate 1-5 years Total Return Index Value Unhedged USD. Refer to the index definitions for more information.

US High Yield Default Rates Will Increase

- Tightening lending standards historically leads an increase in default rates.
- Yields above 8% have driven returns and limited volatility, supporting our overweight recommendation.
- We project high yield bond interest rates to peak around 10%, a level 5.8% above US Treasuries.
- Despite the potential for increased defaults, yield levels will offset negative price moves.





SLOOS: The Senior Loan Officer Opinion Survey on Bank Lending Practices (SLOOS) is a quarterly survey of up to 80 large domestic banks and 24 branches of international banks.
Source: SIFMA, as of April 2023.
Information is subject to change and is not a guarantee of future results.

Municipal Bond Valuations Are Becoming More Attractive

- A metric for valuing tax-exempt bonds vs. taxable bonds is dividing municipal yields by treasury yields.
- Higher numbers indicate that municipal bonds, adjusted for taxes, yield more than taxable bonds.
- Since peaking over last Summer, municipal bond ratios are improving across the curve.

Ratio	2021 Low	2023 Low	May 2023
5-Year	37%	55%	70%
10-Year	54%	60%	69%
30-Year	69%	86%	92%

Source: Bloomberg, as of 5.8.2023.
Information is subject to change and is not a guarantee of future result.

Conclusion

2023 Outlook
Economic Momentum to Slow, Recession Risk High

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

City National Rochdale Forecasts		2022	2023e
Real Annual GDP Growth		2.1%	-1.0% to 1.0%
Corporate Profit Growth		4.0% to 6.0%e	-7.5% to 0.5%
Headline CPI Year End		6.5%	2.8% to 3.2%
Core CPI Year End		5.7%	3.2% to 3.6%
Interest Rates	Fed Funds Rate	4.25% to 4.50%	5.0% to 5.25%
	Treasury Note, 10-Yr.	3.88%	4.0% to 4.50%

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
The Consumer Price Index (CPI) measures the monthly change in prices paid by US consumers.
e: estimate.
Sources: Bloomberg, Proprietary opinions based on CNR Research, as of April 2023.
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Investment Strategy Committee Considerations

2023 Economic Outlook

- Higher for longer thesis intact as we continue to see Fed policy remaining tight through 2023
- Expect eventual debt ceiling deal, with limited economic impact but potential market volatility
- The overall US banking system is on solid footing, watchful of impact on lending
- Downward inflation glide path remains intact with core services proving more sticky
- Overall recession risk at an above consensus 78%, mild downturn base case
- Leading indexes, inverted yield curve, tightening lending standards and declining manufacturing supports recession view
- Job gains, wages, savings and net worth support consumer
- Maintaining below consensus GDP. Earnings forecast revised downward.
- US economy more resilient relative to Europe/Asia
- Geopolitical risk elevated

2023 Investment Strategy

- Global macro uncertainty remains high
- Portfolios defensively positioned – inflation, higher fed-funds rate, recession risk, geopolitical tensions
- Modestly underweight equities - focused on high-quality US stocks, avoid Europe and Asia
- Modestly overweight fixed income with returns expected to be moderately positive
- History suggests cyclical bear market in later phases; recessionary bear markets never end before recession begins
- Forecasting moderate equity returns in 2023, above average volatility
- Equity income strategy attractive in an uncertain environment
- Investment grade corporate and municipals offer healthy yields with lower volatility
- High yield corporates and municipals, while volatile, offer reasonable reward for risk
- Excellent opportunities for liquidity management
- Alternatives may provide benefits of diversification as well as attractive opportunities

Sources: Bloomberg, CNR Research, as of April 2023. Information is subject to change and is not a guarantee of future results.

Q&A

Important Information

Equity investing strategies & products. There are inherent risks with equity investing. These risks include, but are not limited to stock market, manager or investment style. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Fixed Income investing strategies & products. There are inherent risks with fixed income investing. These risks include, but are not limited to, interest rate, call, credit, market, inflation, government policy, liquidity or junk bond risks. When interest rates rise, bond prices fall.This risk is heightened with investments in longer-duration fixed income securities and during periods when prevailing interest rates are low or negative.

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

High yield securities. Investments in below-investment-grade debt securities, which are usually called "high yield" or "junk bonds," are typically in weaker financial health. Such securities can be harder to value and sell, and their prices can be more volatile than more highly rated securities. While these securities generally have higher rates of interest, they also involve greater risk of default than do securities of a higher-quality rating.

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

Municipal securities. The yields and market values of municipal securities may be more affected by changes in tax rates and policies than similar income-bearing taxable securities. Certain investors' incomes may be subject to the Federal Alternative Minimum Tax (AMT), and taxable gains are also possible.

Investments in the municipal securities of a particular state or territory may be subject to the risk that changes in the economic conditions of that state or territory will negatively impact performance. These events may include severe financial difficulties and continued budget deficits, economic or political policy changes, tax base erosion, state constitutional limits on tax increases and changes in the credit ratings.

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

Returns include the reinvestment of interest and dividends.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

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.

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This information is not intended as a recommendation to invest in a particular asset class, strategy or product.

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

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

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country’s borders in a specific time period.

The Consumer Price Index (CPI) measures the monthly change in prices paid by US consumers.

Yield to Worst (YTW) is the lower of the yield to maturity or the yield to call. It is essentially the lowest potential rate of return for a bond, excluding delinquency or default.

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

City National Rochdale, LLC, is a SEC-registered investment adviser and wholly owned subsidiary of City National Bank. Registration as an investment adviser does not imply any level of skill or expertise. City National Bank and City National Rochdale are subsidiaries of Royal Bank of Canada. City National Bank provides investment management services through its subadvisory relationship with City National Rochdale, LLC.

Index Definitions

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

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

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

MSCI EAFE Index. The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization weighted index that is designed to measure developed equity market results, excluding the US and Canada.

MSCI EM Index. The MSCI Emerging Markets Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market results in the global emerging markets, consisting of more than 20 emerging market country indexes.

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

Bloomberg US Investment Grade Corporate Bond Index. The Bloomberg US Investment Grade Corporate Bond Index measures the performance of investment grade, corporate, fixed-rate bonds with maturities of one year or more.

Bloomberg US Corporate High Yield Index. The Bloomberg US Corporate High Yield Index measures the performance of non-investment grade, US dollar-denominated, fixed-rate, taxable corporate bonds.

Bloomberg Municipal Bond Index. The Bloomberg US Municipal Bond Index measures the performance of investment grade, US dollar-denominated, long-term tax-exempt bonds.

Bloomberg Municipal High Yield Bond Index. The Bloomberg Municipal High Yield Bond Index measures the performance of non-investment grade, US dollar-denominated, and non-rated, tax-exempt bonds.

Commercial and Industrial (C&I) Loan: A commercial and industrial (C&I) loan is a loan made to a business or corporation.

Bloomberg US Corporate 1-5 years Total Return Index Value Unhedged USD: The Bloomberg Corporate 1-5 Year Index measures the investment grade, fixed rate, taxable corporate bond market between one and five years. It includes USD denominated securities publically issued by US and Non-U.S. industrial, utility and financial issuers.

Quality Ranking: City National Rochdale Proprietary Quality Ranking is the weighted average sum of securities held in the strategy versus the S&P 500 at the sector level using the below formula.

City National Rochdale Proprietary Quality Ranking formula: 40% Dupont Quality (return on equity adjusted by debt levels), 15% Earnings Stability (volatility of earnings), 15% Revenue Stability (volatility of revenue), 15% Cash Earnings Quality (cash flow vs. net income of company) 15% Balance Sheet Quality (fundamental strength of balance sheet). *Source: City National Rochdale proprietary ranking system utilizing MSCI and FactSet data. **Rank is a percentile ranking approach whereby 100 is the highest possible score and 1 is the lowest. The City National Rochdale Core compares the weighted average holdings of the strategy to the companies in the S&P 500 on a sector basis. As of September 30, 2022. City National Rochdale proprietary ranking system utilizing MSCI and FactSet data.

4P analysis: The 4P analysis is a proprietary framework for global equity allocation. Country rankings are derived from a subjective metrics system that combines the economic data for such countries with other factors including fiscal policies, demographics, innovative growth and corporate growth. These rankings are subjective and may be derived from data that contain inherent limitations.

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

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

CITY NATIONAL ROCHDALE

AN RBC/CITY NATIONAL COMPANY

New York Headquarters
400 Park Avenue
New York, NY 10022
212-702-3500

Beverly Hills Headquarters
400 North Roxbury Drive
Beverly Hills, CA 90210
310-888-6000

www.cnr.com