JULY 16, 2021

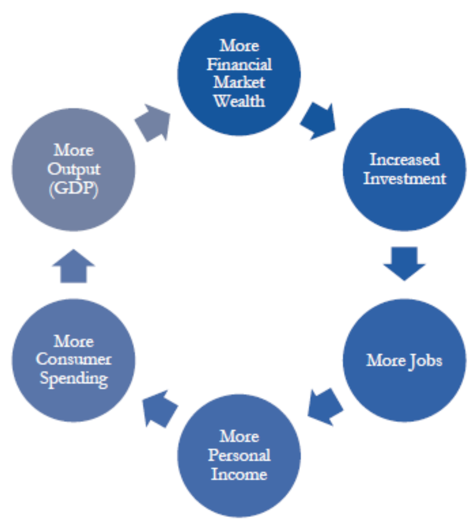
Mid-Year Market Update

City National Bank's investment team forecasts healthy U.S. economic growth for the next several years, fueled by a quick rebound in consumer activity and a recovering labor market as coronavirus vaccines allow a return to normal activity.

Pent-up consumer demand and higher savings will drive the expansion, bolstered by low interest rates that are igniting a self-sustaining "virtuous cycle" benefiting businesses, financial markets and individuals, the bank's investment leaders said during their July 14 mid-year market outlook.

Monetary Stimulus Kick-Starts a Virtuous Economic Cycle

- Accommodative monetary by the Fed is a foundation for more rapid growth
- Lower interest rates leads to real gains in production and incomes



For illustrative purposes.

While keeping a close eye on inflation, the team considers it a relatively short-term concern created by supply-and-demand imbalances that should take about 12 to 18 months to correct. Moreover, the investment leaders don't expect the surging coronavirus delta variant to significantly affect areas with high vaccination rates.

"We believe, despite the delta variant, that the U.S. is on a multi-year expansion, and that expansion will continue and will become more self-sustaining" due to a rapid recovery in consumer activity and a strong labor market, said Garrett D'Alessandro, CEO of City National Rochdale, the bank's investment advisory organization.

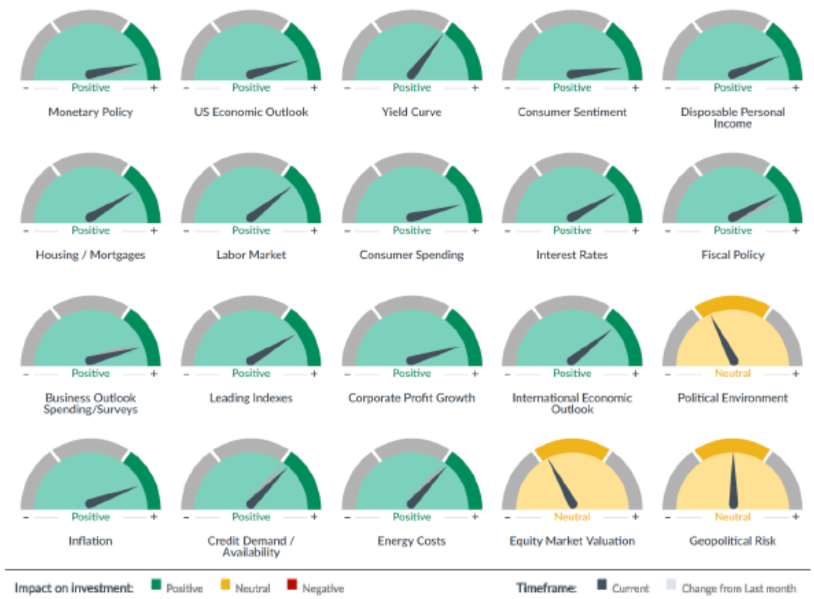
STRONG INDICATORS

Seventeen of the 20 economic and financial indicators that City National Rochdale uses to forecast growth for the next six to nine months now measure green, or positive, signaling a durable expansion through 2022 and beyond. No indicators measure negative factors and only three register as neutral.

Economic and Financial Indicators

Indicators Are Forward-Looking Six to Nine Months

Indicators support our multiyear economic expansion thesis. While growth rates are likely to slow, we see a durable expansion continuing into 2022 and beyond.



Source: City National Rochdale. As of July 2021.

"There are very few periods in our many decades of working where 17 of the 20 top indicators are fully green and trending positive, and that's a really powerful, strong justification for being invested," D'Alessandro said.

With valuations high across asset classes, however, investors can expect more moderate average returns longer term, he said. D'Alessandro also cited Bloomberg data indicating that investment-grade bond returns are expected to lag inflation in coming years.

Paul Single, City National Rochdale managing director and senior portfolio manager, added that, in the past, that much green in the economic indicators signaled periods of strong and sustainable economic growth and investment returns.

"This is why we're so excited about the future of the U.S. economy for the next several years," Single said.

GREAT 2021 GDP GROWTH

City National Rochdale forecasts 5.5% to 7% U.S. gross domestic product growth in 2021, compared to average increases just over 3%, he noted. "We're expecting great performance out of the economy this calendar year."

The investment managers estimate 2.5% to 4.5% GDP in 2022.

Expecting Multiyear Expansion Ahead

- Economy evolving from policy-supported to self-sustaining mode
- Slowing in expected growth rates is normal, will elongate cycle and moderate inflation pressures
- With visible profit outlook view volatility as opportunity

	Q2 2021	2021	2022
Potential GDP Growth Range	10%	7.0%	4.5%
	8%	5.5%	2.5%

Percent Change From Preceding Period, Seasonally Adjusted at Annual Rates

City National Rochdale Forecasts	2019	2020	2021e	2022e
GDP Growth	2.3%	(3.5%)	5.5%-7.0%	2.5%-4.5%
Corporate Profit Growth	1%	(14%)	27%-33%	10%-20%

Source: Bureau of Economic Analysis, Standard & Poor's, Bloomberg. As of July 2021.

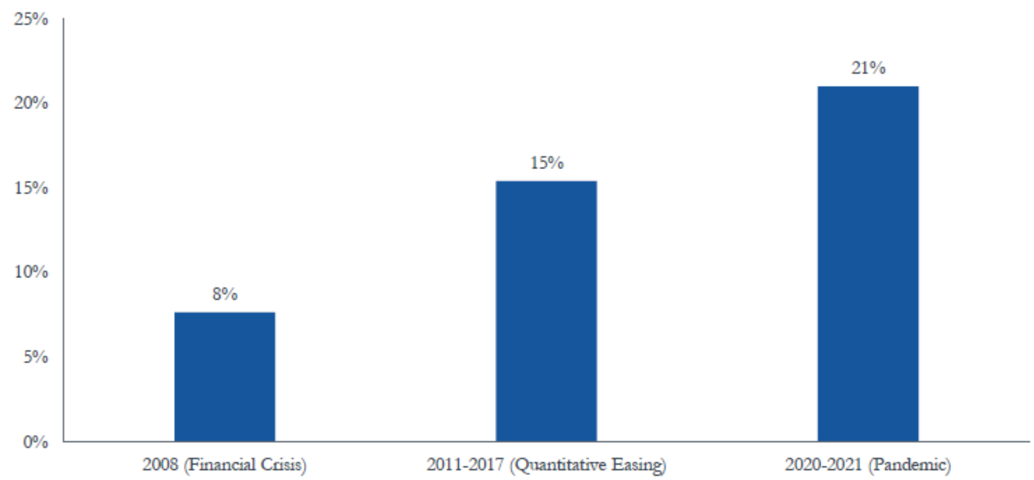
While the U.S. Federal Reserve and Congress have provided vital support during the pandemic, the economy is evolving into a self-sustaining mode, according to the Rochdale managers.

"The amount of fuel that the central banks have injected into the economy is at a record level," D'Alessandro said, citing statistics from various sources that show the Fed and European central banks have inserted trillions of dollars into the global economy.

Unprecedented Levels of Monetary Support

- Central banks have injected trillions into the global economy, continuing into 2021
- Impact of these flows will continue to be felt for some time going forward

Central Bank Balance Sheet Growth as % of GDP
U.S. and Eurozone



Source: Federal Reserve Bank of St. Louis, OECD, Bloomberg, CNR Research.

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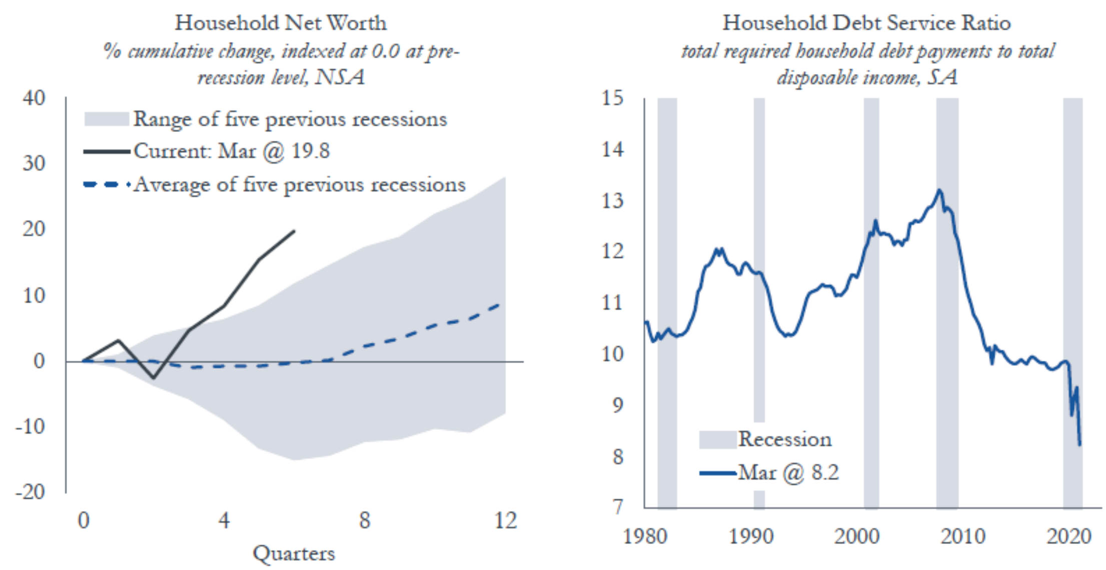
A Powerful Household Balance Will Drive the Economy



Source: Federal Reserve.

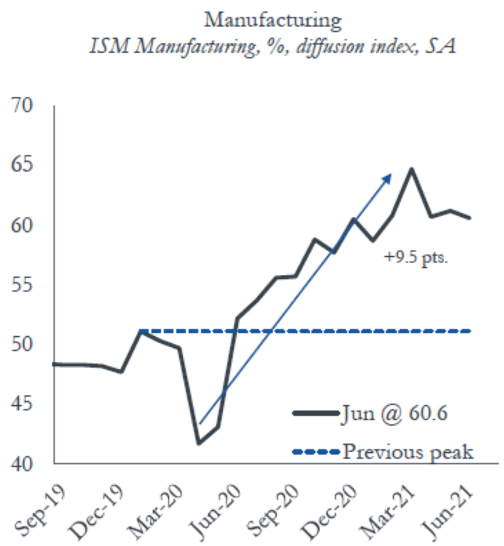
SHORTAGES TEMPERING GROWTH

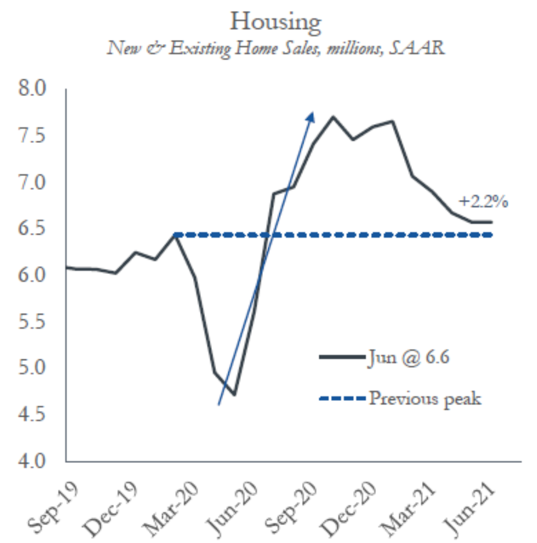
Earnings for S&P 500 companies are on track to reach record highs in 2021 and 2022, D’Alessandro noted. City National Rochdale forecasts 27% to 33% corporate profit growth in 2021 and 10% to 20% in 2022.

Manufacturing and housing remain quite strong, although a lack of supply is tempering growth, according to Single, who cited data from various sources and noted shortages in semiconductors, lumber, appliances and land for housing development.

Low mortgage rates, however, will keep housing “a very positive sector of the U.S. economy,” Single said.

A Lack of Supply is Tempering Some Growth

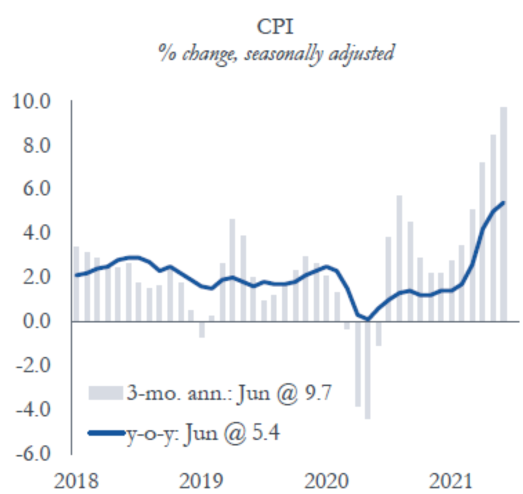


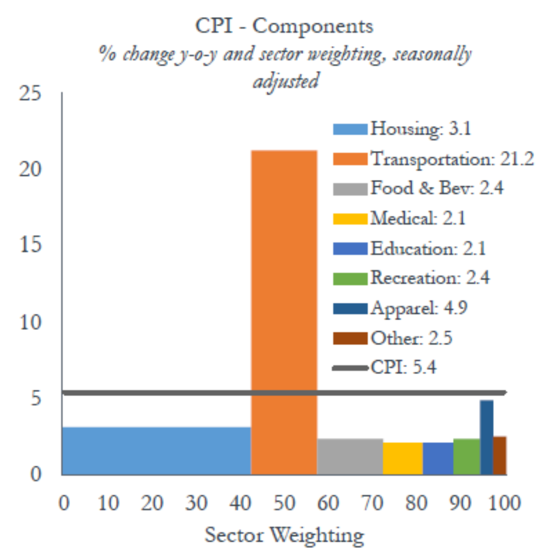


Source: Institute of Supply Management, National Association of Realtors, U.S. Census Bureau,

Shortages, many involving port activity, also are driving inflation now, Single said. The lack of semiconductors have hurt new car sales, prompting a spike in used car demand. Transportation and apparel are propelling inflation, he said, citing U.S. Bureau of Labor Statistics data, and adding that inflation should subside over this year.

Inflationary Pressures We Believe are Temporary





Source: Bureau of Labor Statistics.

U.S. EQUITIES REMAIN ATTRACTIVE

Despite high equity valuations, stocks remain attractive compared to bonds, with the anticipated multi-year economic expansion driving their relative appeal, City National Rochdale Chief Investment Officer Tom Galvin said, citing FactSet and Bloomberg data.

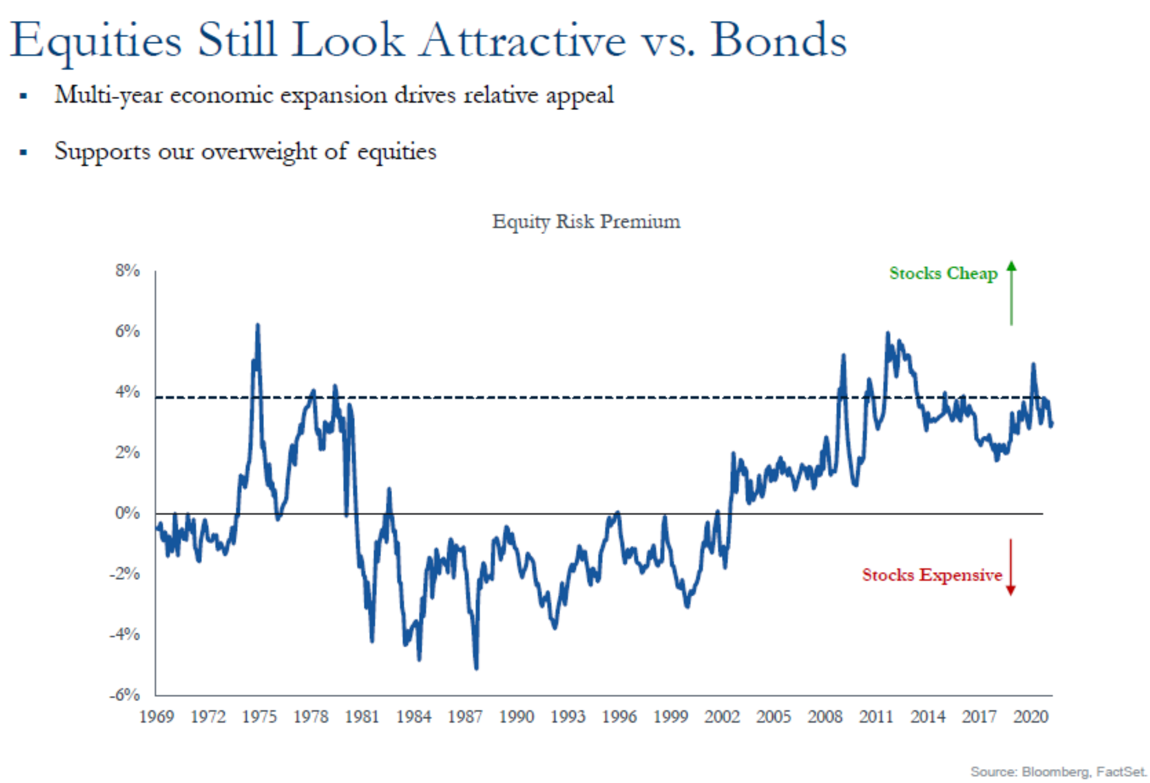
Rochdale managers have moved away from the traditional 60% stock-40% bond portfolio based on their expectation that it's unlikely to achieve historical average returns in coming years.

The team continues to favor U.S. and emerging market Asia stocks as best positioned for the economic recovery, and also remain overweight in "opportunistic" income-producing assets such as high-yield municipal and corporate debt.

The investment leaders don't anticipate U.S. stock performance will match the past five years, Galvin said, "but we do strongly believe the U.S. will outperform."

They see valuations more attractive now for U.S. small- and mid-cap stocks as well as dividend-generating equities, and a buying opportunity in EM Asia stocks given recent underperformance.

Asia is more resilient and less cyclical than other emerging markets, and the U.S., boosted by its strong policy response to the pandemic, enjoys a better short- and long-term outlook than other developed nations, according to Galvin. He cited various market data sources to illustrate the value added by Rochdale's regional stock allocation strategy in the past five years.

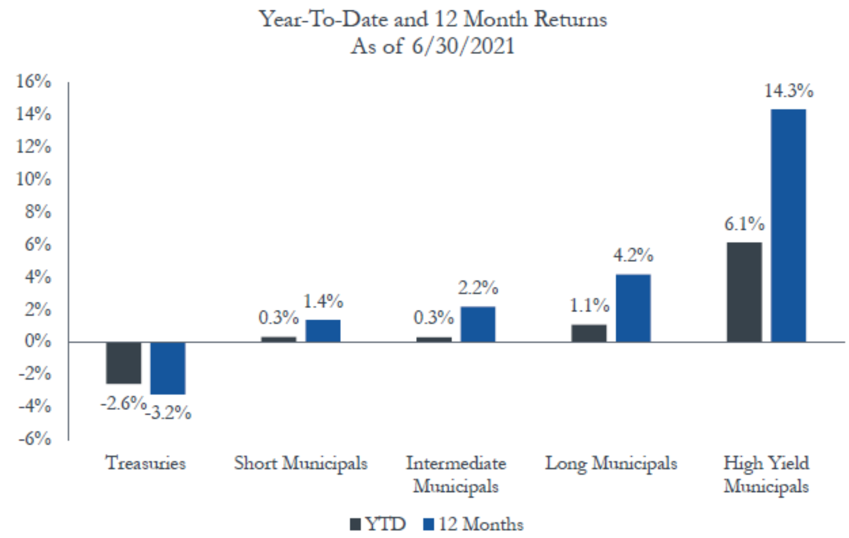


Various tailwinds should help lift equity returns, including high confidence in the economic outlook, ongoing upward earnings trends, more fiscal stimulus and supportive Fed monetary policy, Galvin said. Potential headwinds include high valuations, rising interest rates, potential tax increases and pockets of market speculation, he said.

HY BONDS STRONG

Meanwhile, the municipal bond market has been resilient this year, outperforming Treasuries year-to-date and over the past 12 months, with high-yield munis one of the best-performing sectors in the muni market, said Michael Taila, Rochdale co-director for fixed income, citing market sources.

Positive Returns Across Municipals with High Yield Outperforming



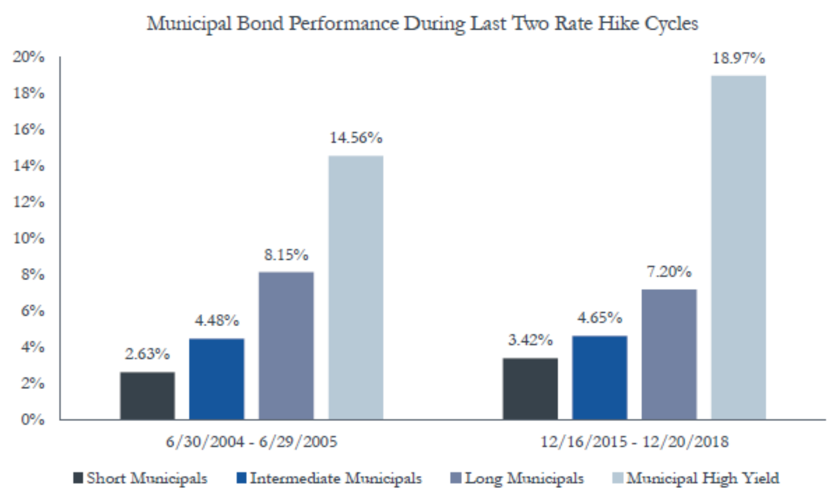
Treasuries: Bloomberg Barclays US Treasury Index, Short Municipals: Bloomberg Barclays Municipal Short Index, Intermediate Municipals: Bloomberg Barclays Municipal Inter-Short Index, Long Municipals: Bloomberg Barclays Municipal Bond Index, High Yield Municipals: Bloomberg Barclays Municipal Bond: High Yield. Returns are gross of fees and expenses. It is not possible to invest directly in an index.

State revenues overall have recovered from pandemic losses, and they support positive credit quality trends, he said. With short-term credit fears having abated, Rochdale has seen impressive investor demand for munis, Taila said.

Rochdale's fixed-income directors described concern over potential Fed interest-rate increases as being overstated, citing Bloomberg and other data showing that municipal and corporate bonds - both high-yield and investment grade — have performed well over previous rate-hike cycles.

Concern over Fed Tightening is overstated

- Municipals remained stable performers over rate hike cycles

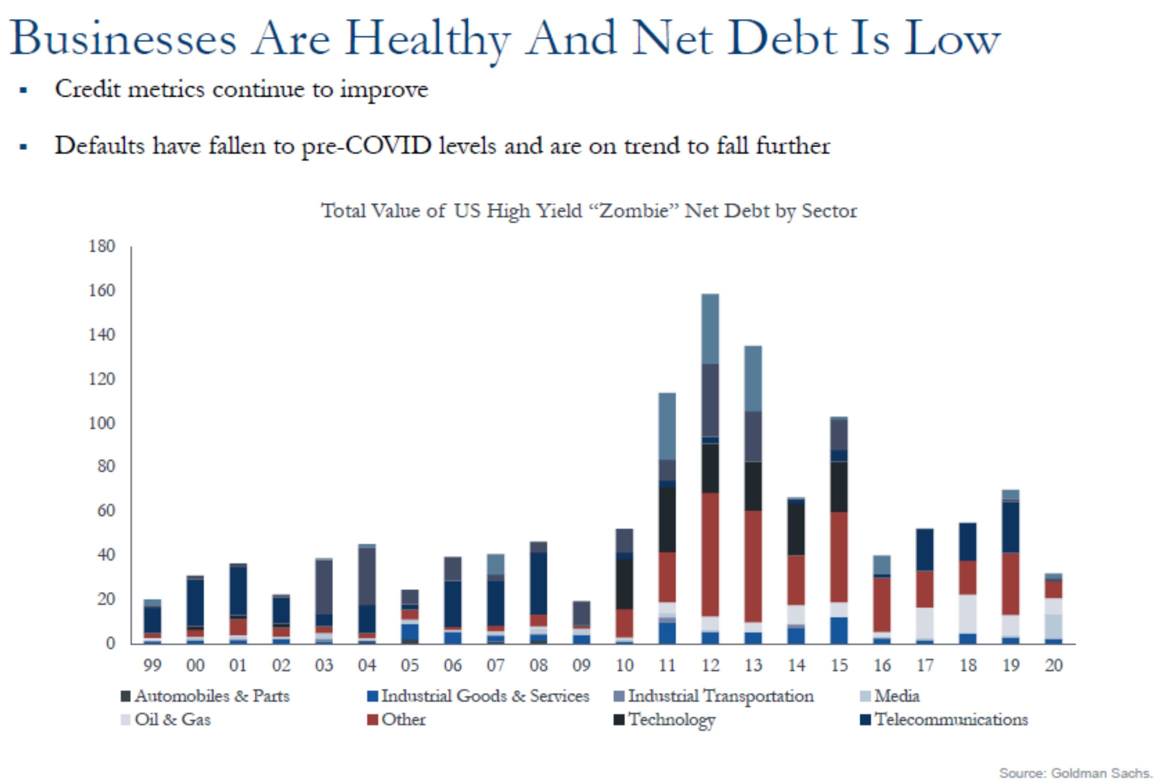


Change in Fed Funds Rate	+4.25%	+2.25%

Treasuries: Bloomberg Barclays US Treasury Index, Short Municipals: Bloomberg Barclays Municipal Short Index, Intermediate Municipals: Bloomberg Barclays Municipal Inter-Short Index, Long Municpals: Bloomberg Barclays Municipal Bond Index, High Yield Municipals: Bloomberg Barclays Municipal Bond: High Yield

The potential for further U.S. high-yield bond returns exceeds the potential for U.S. investment-grade bonds, according to Charles Luke, Rochdale co-director for fixed income.

High-yield credit metrics continue to improve, with companies extremely healthy, net debt low and defaults now below pre-pandemic levels and expected to decline further, he said, citing data from Goldman Sachs.



Economic expansion is key to healthy bond markets, Luke said. While fixed-income returns will likely be lower, several factors, including Fed intervention and low interest rates, should lower volatility as well, he said, citing Bloomberg data.

"We expect these markets to continue to do very well even if rates rise a little bit," Luke said.

In these turbulent times, City National encourages you to review your investment portfolio with your advisor. Get in touch with a City National advisor today to ask questions and receive help with your wealth planning needs.

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The S&P 500 Growth Index is a market capitalization weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed betweenthe value & growth indices. Prior to 12/19/2005 this index represented the S&P 500/Barra Growth Index.

The Dow Jones Select Dividend Index seeks to represent the top 100 U.S. stocks by dividend yield. The index is derived from the Dow Jones U.S. Index and generally consists of 100 dividend-paying stocks that have five-year non-negative Dividend Growth, five-year Dividend Payout Ratio of 60% or less, and three-month average daily trading volume of at least 200,000 shares.

The Bloomberg Barclays Pan-European Aggregate Index tracks fixed-rate, investment-grade securities issued in the following European currencies: EUR, GBP, NOK, DKK, SEK, CHF, CZK, HUF, PLN, RUB, and SKK.

The Bloomberg Barclays U.S. Corporate Bond Index is an unmanaged market-value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more.

Bloomberg Barclays U.S. Corporate High Yield Index is an unmanaged index that is comprised of issues that meet the following criteria: at least $150 million par value outstanding, maximum credit rating of Ba1 (including defaulted issues), and at least 1 year to maturity.

ICE BofAML High Yield US Emerging Markets Corporate Plus Index tracks the performance of US dollar denominated below investment grade emerging markets corporate debt publicly issued in the US domestic or eurobond market.

The Palmer Square CLO Debt Index is designed to reflect the investable universe of US CLO mezzanine original rated A, BBB and BB debt issued after Jan 1, 2011.

S&P Leveraged Loan Indexes (S&P LL indexes) are capitalization-weighted syndicated loan indexes based upon market weightings, spreads, and interest payments. The S&P/LSTA Leveraged Loan 100 Index (LL100) dates back to 2002 and is a daily tradable index for the U.S. market that seeks to mirror the market-weighted performance of the largest institutional leveraged loans, as determined by criteria. Its ticker on Bloomberg is SPBDLLB.

The Consumer Price Index measures the average change in prices over time that consumers pay for a basket of goods and services.

The MSCI Emerging Markets Asia Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Asian emerging markets.

The MSCI EAFE Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada.

The S&P MidCap 400 Index tracks the performance of companies considered to be in the mid-range of market capitalization of $3.3 billion and $11.8 billion.

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.

The Bloomberg Barclays U.S. Treasury Bond Index includes public obligations of the US Treasury, ie US government bonds.

The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax exempt bond market.

The Bloomberg Barclays Municipal Short Index is a subset of the Bloomberg Barclays Capital Municipal Bond Index that measures the performance of investment-grade issues with maturities of one to five years.

The Bloomberg Barclays Municipal Bond Index is a market-value-weighted index for the long-term tax-exempt bond market.

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