CITY NATIONAL ROCHDALE

Economic Outlook and Investment Strategy
August 2020

IMPORTANT NOTIFICATION

The following material is provided by a third-party strategist unaffiliated with AssetMark. The strategist is solely responsible for its content. Please read the risks and disclosures section for additional important information. AssetMark has not verified the accuracy of the information contained in this material.

For financial advisor use only.

C20-16507 | 08/2020 | EXP 08/30/2021

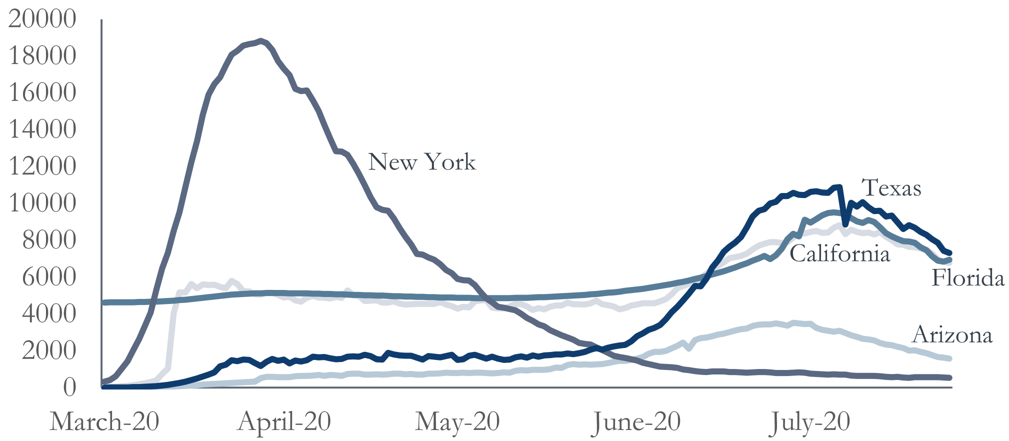
August 2020

Economic Outlook and Investment Strategy

U.S. is Better Prepared Now for COVID-19 Resurgence

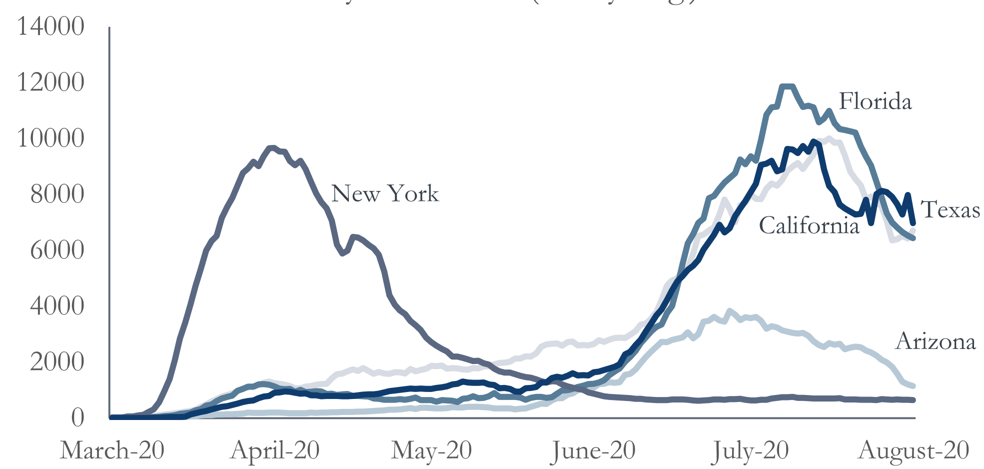
- New case growth in many of the recent "hot spot" states appears to be subsiding.
- Better hospital capacity and treatment progress improves mortality rate.

Hospitalizations



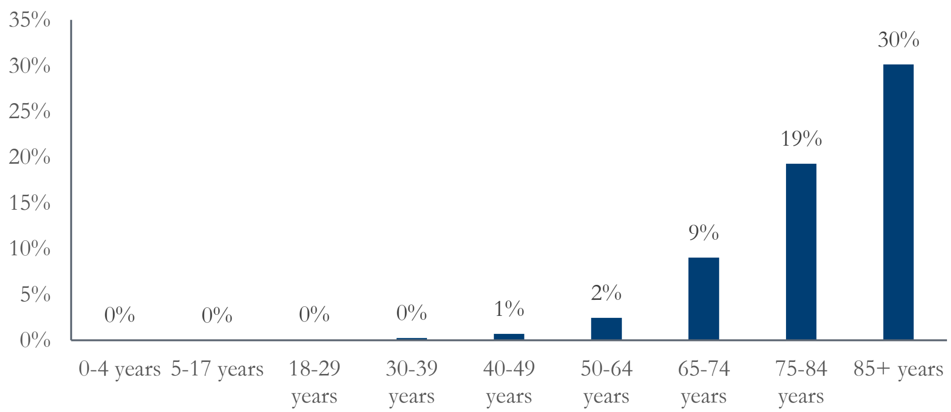
Source: The COVID Tracking Project, state health departments, covidactnow.org. State reported data supplemented by covidactnow.org estimates where actual data is unavailable.

Daily New Cases (7-Day Avg.)



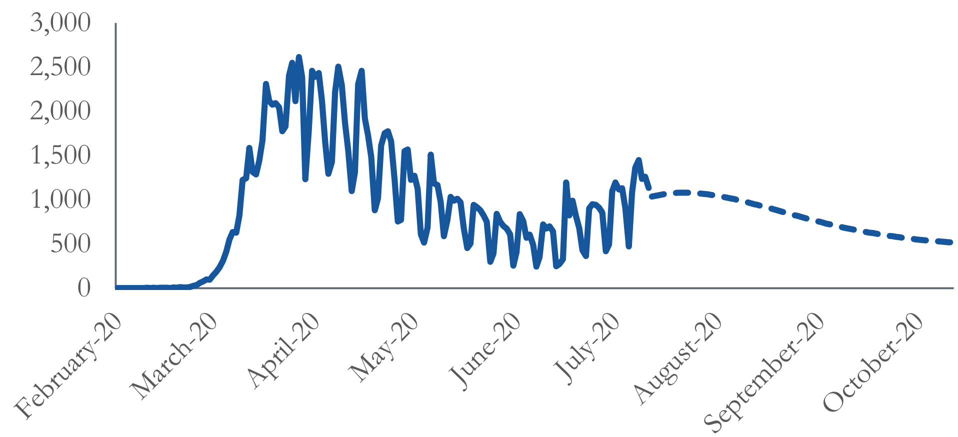
Source: The COVID Tracking Project.

Fatalities/Confirmed Cases by Age Group



Source: CDC, data as of 8/11/2020. Age data available for approximately 96% of cases and 99% of deaths.

U.S. Actual and Projected Daily Fatalities

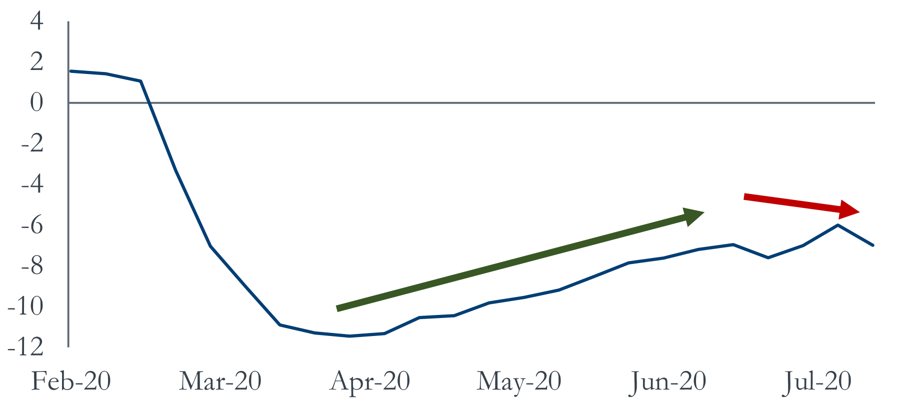


Source: covid19-projections.com, projections derived from YGG model, data as of 8/2/2020.

Resurgence Likely to Slow Recovery, Not Derail It

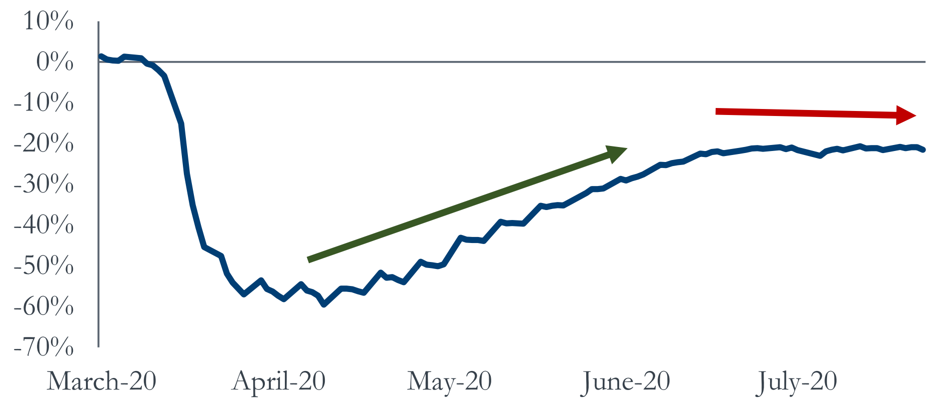
- High-frequency indicators suggest the economic recovery has slowed recently with the resurgence in virus infections and renewed restrictions.
- Pause in reopening means a lull in the upward economic recovery until new outbreaks are contained.

Weekly Economic Index



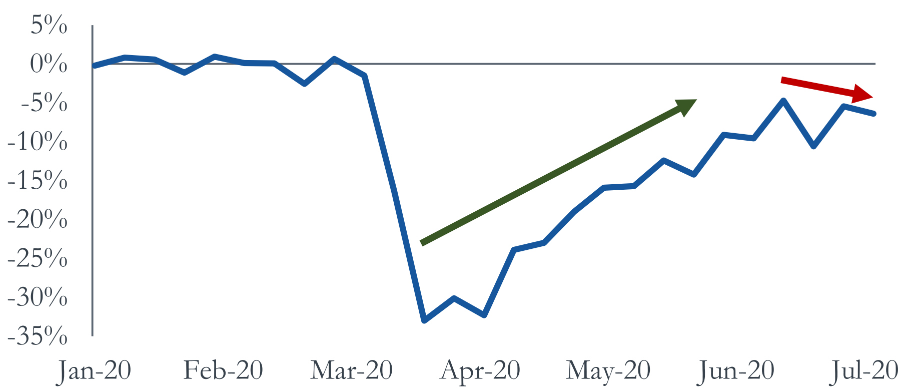
Source: Federal Reserve Bank.

Hourly Workers Working vs. Pre-Pandemic



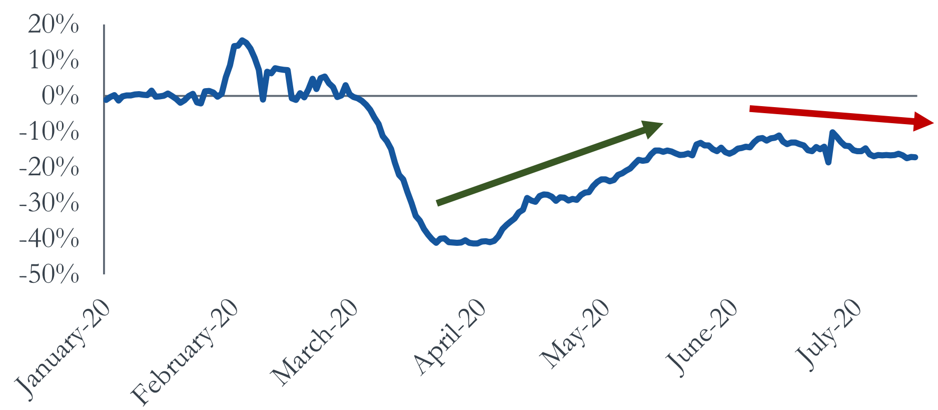
Source: Bloomberg, Homebase.

Credit/Debit Card Spending



Source: Opportunity Insights, Affinity.

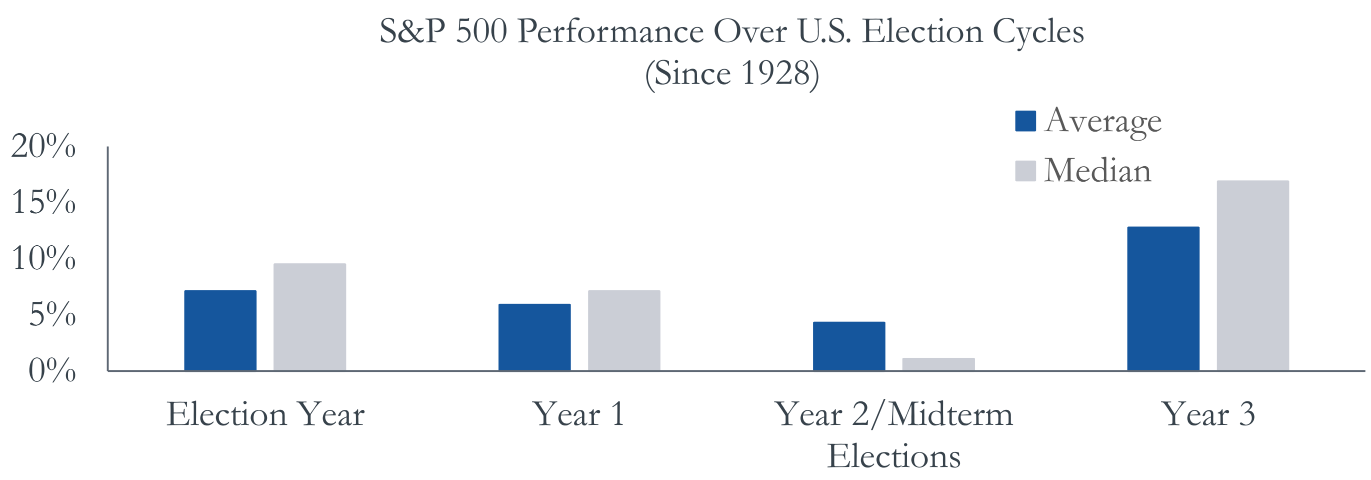
U.S. Small Business Revenues vs. Pre-Pandemic

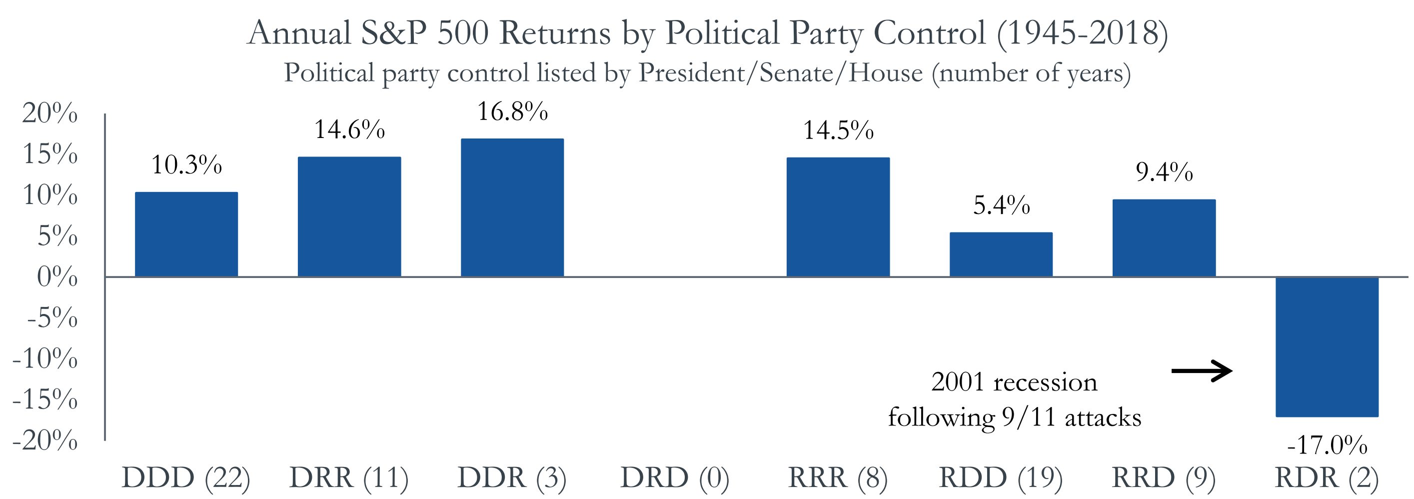


Source: Womply, Opportunity Insights.

Presidential Election Years Are Typically Good Ones

Over the long run, equities have historically performed well regardless of any particular combination of political party control of government.





Source: Factset, U.S. House of Representatives, U.S. Senate. As of December 2019.

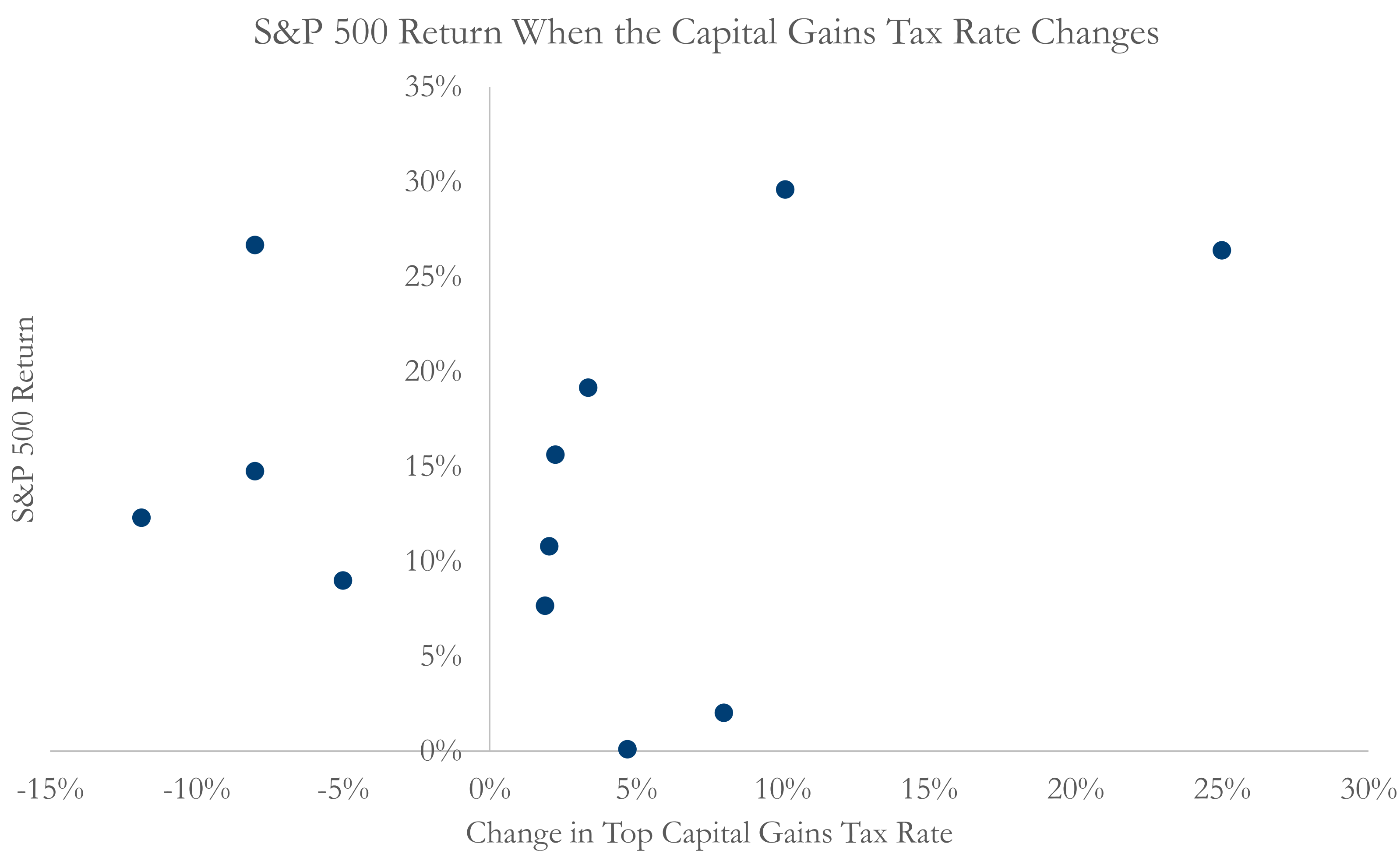
Key Election Issues: Democratic Proposals

- Markets will assess the impact of potential policy changes on corporate profits.
- Likelihood of proposals will depend on Congress/Senate election outcomes.

Issue	Potential Change	Impact on Markets
Corporate Tax	Increase rate from 21% to 28%	
Personal Tax	Increases for incomes above $400,000, top bracket (37% to 39.6%)	
Capital Gains Tax	Tax capital gains and qualified dividends for income over $1 million at ordinary rates	
Infrastructure	$1.3 trillion over 10 years	
Trade	More multilateral approach to China	

Source: CNR Research.

Changes in Capital Gains Taxes Haven't Impacted Returns



Source: CNR Research. Data reflects years after the top capital gains rate changed more than 1% since 1955.

Congress Negotiates a New Fiscal Package

Republican Plan	Elements	Democratic Plan
$200 a week through September, then 70% of wages	Unemployment	Continue $600 a week until January 2021
$1,200 per person, $2,400 per married couple, $500 per child	One-time stimulus checks	$1,000 per person, $2,400 per married couple, $1,200 per child (up to three)
$0	States and Cities	$1 trillion
$105 billion	Schools	$430 billion

Source: CNR Research.

CNR Progress Playbook

Investment Committee considering:

- Global monetary and fiscal spending support markets and economy.
- Additional fiscal stimulus required of $1 to $1.5 trillion.
- Economic momentum slowing with virus resurgence, but reopening will continue.
- Tensions between public health and economic health will shape recovery.
- Inflation is not a concern; very low Fed interest rates likely for two-plus years.

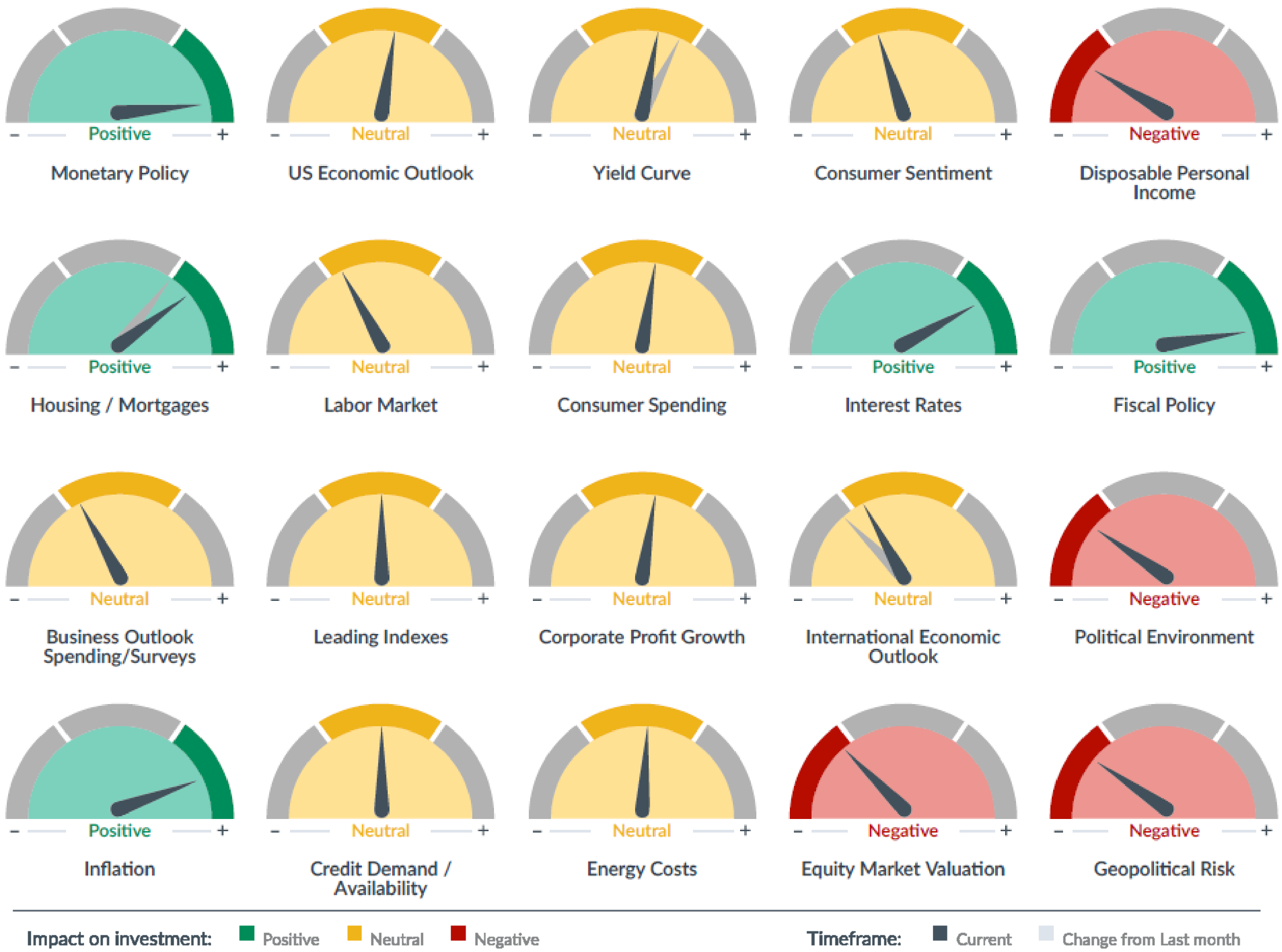
- Still high uncertainty as to S&P 500 earnings in 2021.
- Growth stocks fully valued on 2021 earnings.
- Companies' earnings are key to sustaining current equity levels and depend on reopening trends.
- Correction in equities possible if confidence in policy support, recovery or COVID-19 containment is eroded.
- Government financial market support via buying bonds and sustaining low interest rates.
- Attractive opportunities in high dividend yielding and high income opportunistic bonds.

Source: CNR Research.

Economic and Financial Indicators

Indicators Are Forward-Looking Three to Six Months

Indicators are signaling a recovery from the COVID-19 crisis is underway.



Source: City National Rochdale. As of August 2020.

Recovery Underway, but Full Recovery Will Take Time

- Phased reopening driven by states. Expect sizeable initial GDP gains in 2H 2020, before growth moderates.
- Recovery in demand expected to be constrained until virus fears fade and social distancing rules are reduced.
- Full normalcy not until 2021. Better therapeutic treatments and/or vaccine creation will be essential.
- Resurgence in infections is the leading downside risk, but a return to widespread lockdowns is unlikely.
- Policy responses from Washington/Fed have been massive and well targeted, but more are needed.

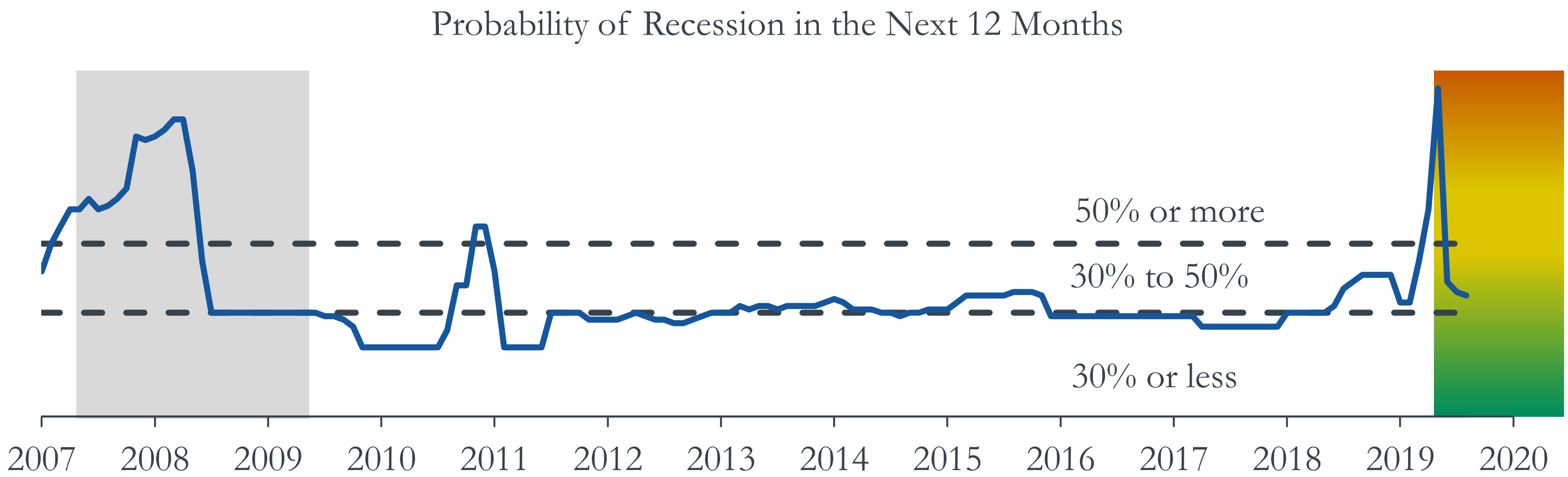
	GDP Q1	GDP Q2	GDP Q3	GDP Q4	2020 Full Year	2021 Full Year
Potential Range of GDP Growth	-5%	-33%	+20%	+12%	-4.8%	5.5%
			+10%	+7%	-6.9%	3.5%

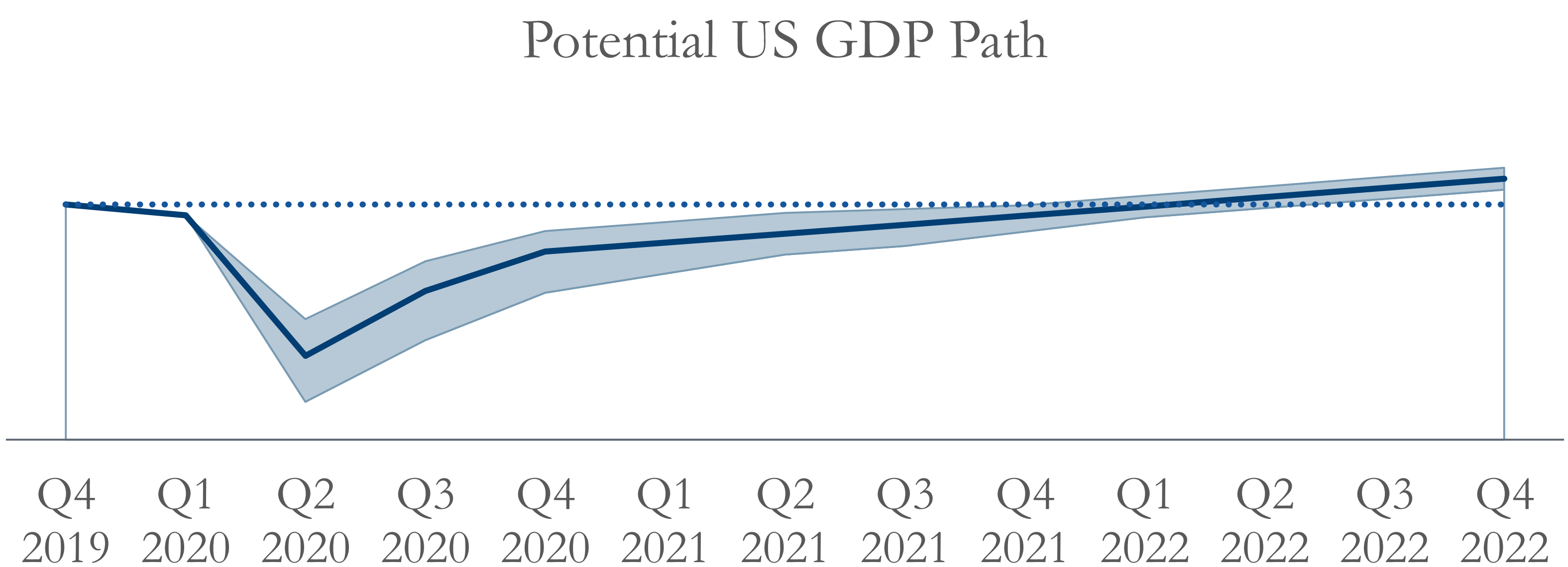
Percent Change From Preceding Period, Seasonally Adjusted at Annual Rates

City National Rochdale Forecasts		2018	2019	2020e	2021e
GDP Growth		2.9%	2.3%	(4.8%) - (6.9%)	3.5%-5.5%
Corporate Profit Growth		22%	1%	(20%) - (40%)	20%-40%
Interest Rates	Fed Funds Rate	2.375%	1.625%	0%	0%
	Treasury Note, 10-Yr.	2.69%	1.50%-2.00%	0.70%-1.20%	0.80%-1.30%

Sources: Bureau of Economic Analysis, Standard & Poor's, Bloomberg. As of July 2020.

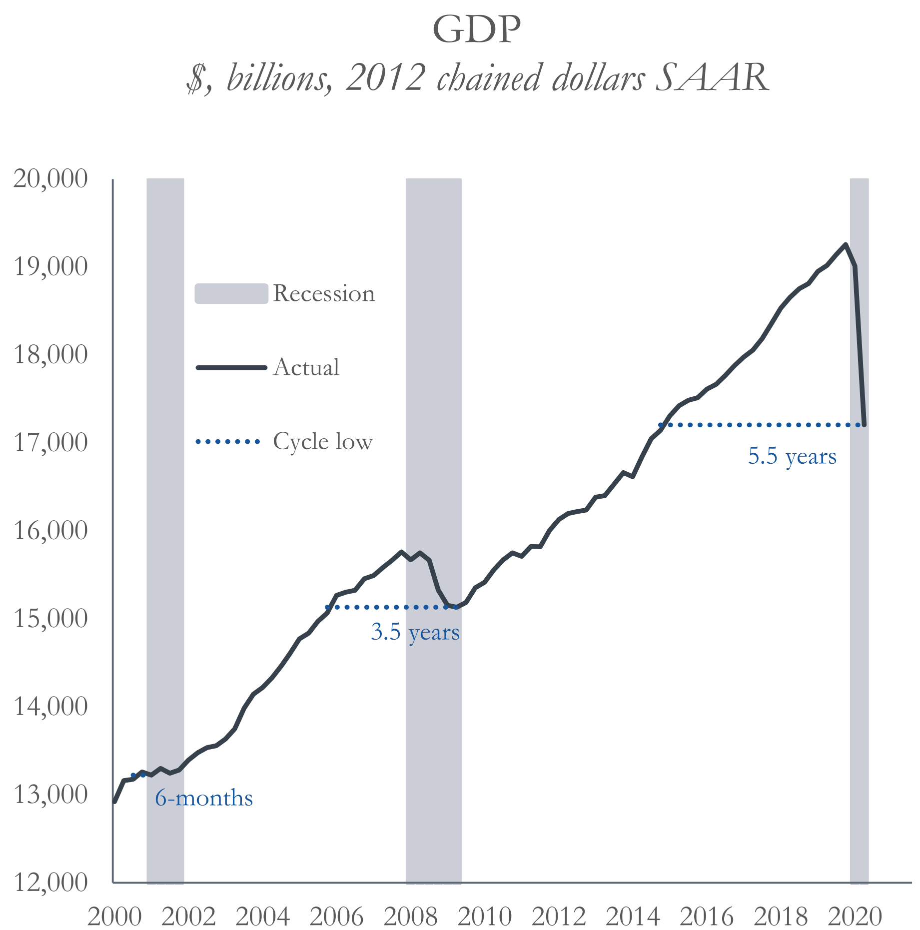
Raise Cash to Manage and Mitigate Risk



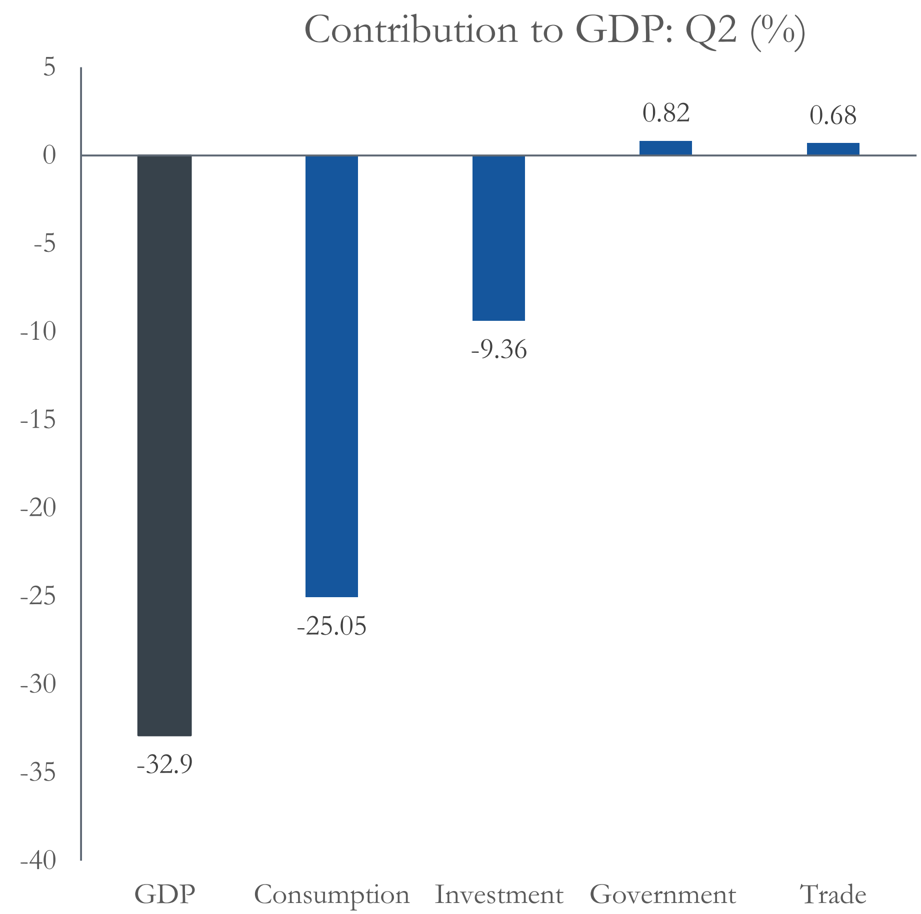


Source: City National Rochdale. As of July 2020.

COVID-19 Wreaks Havoc on the Economy; The Rebound has Begun

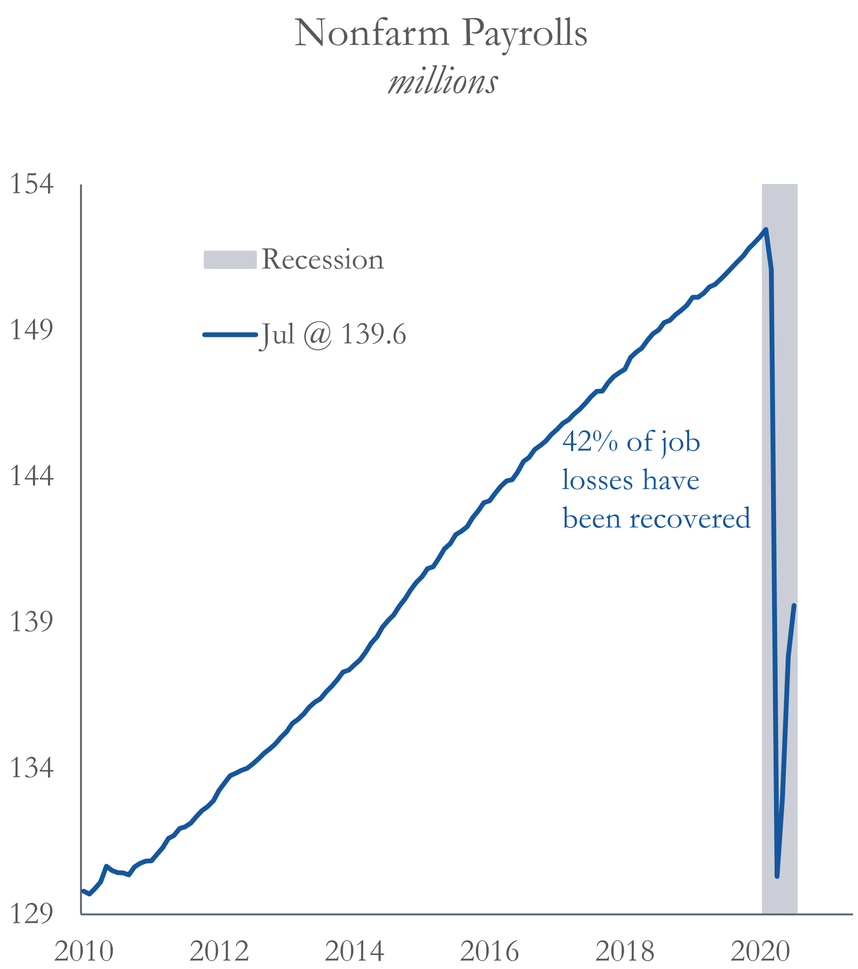


Source: U.S. Census Bureau as of July 2020.

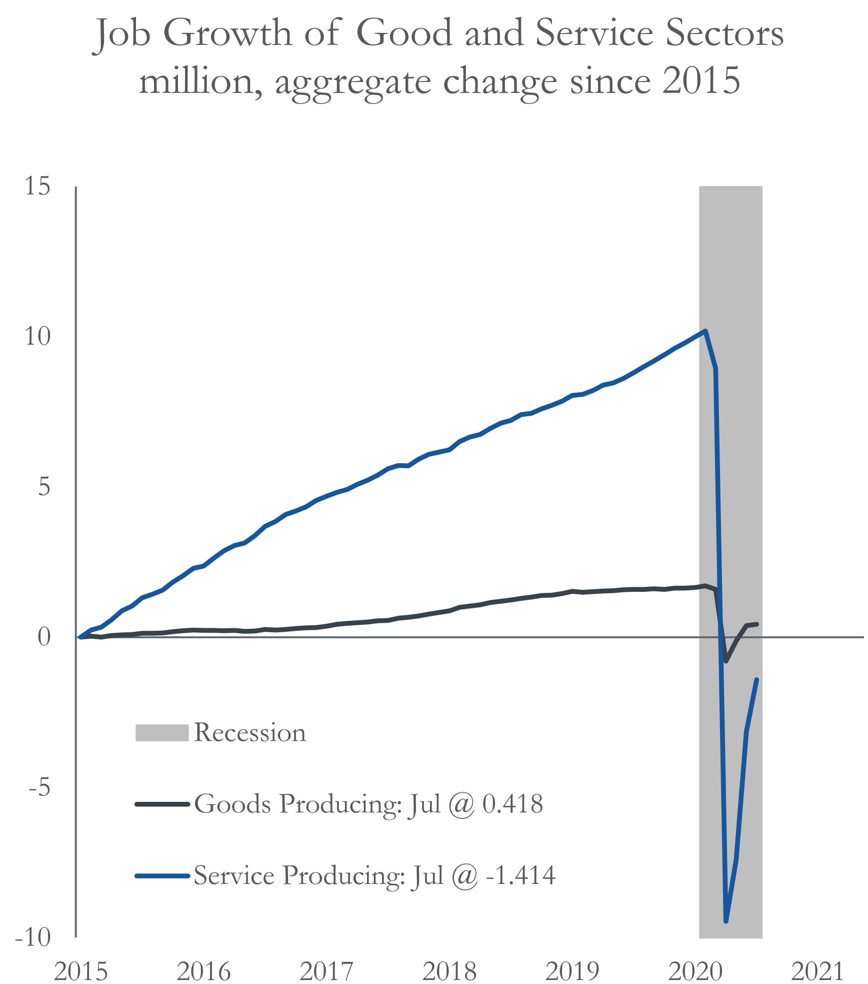


Source: Bureau of Economic Analysis as of June 2020.

The Recovery in Labor Continues, But at a Slower Pace



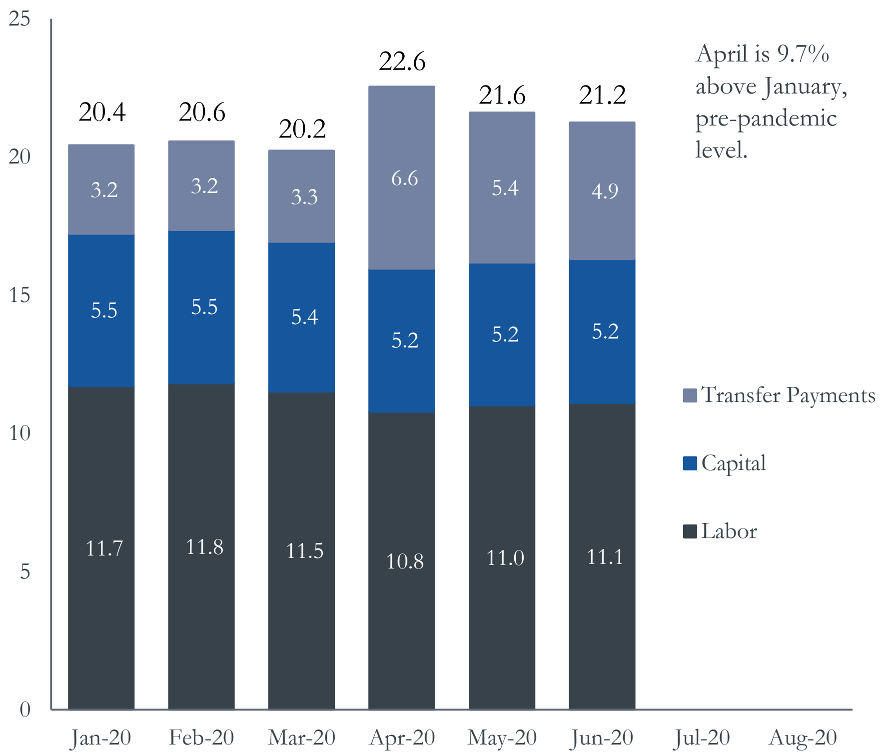
Source: Bureau of Labor Statistics as of July 2020.



Source: Bureau of Labor Statistics as of July 2020.

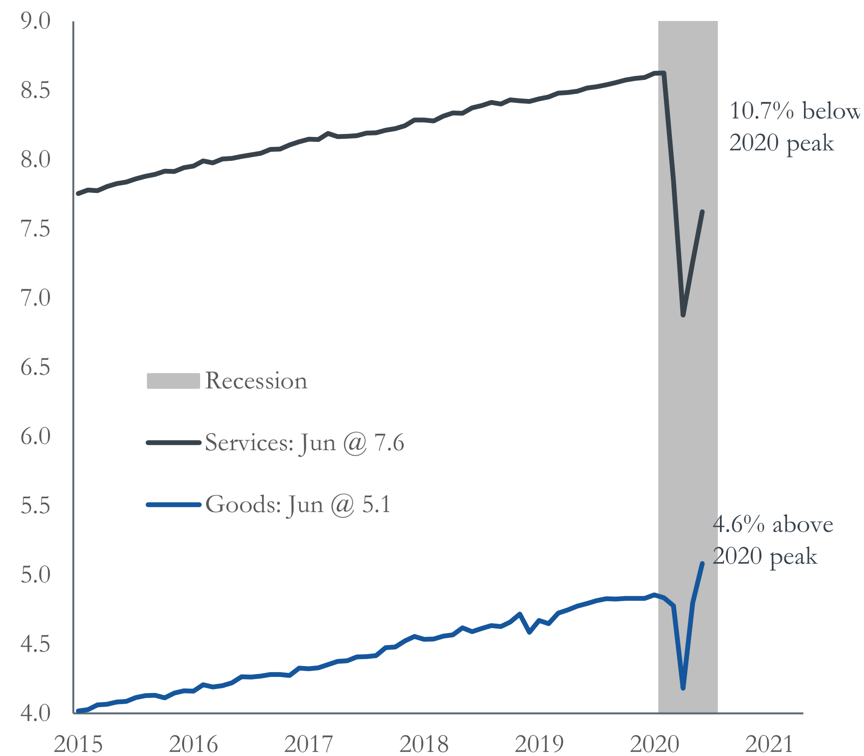
Income has Been Boosted By Government Programs, Should Aid Spending

Personal Income
$, trillions, seasonally adjusted annual rate



Source: Bureau of Economic Analysis as of June 2020.

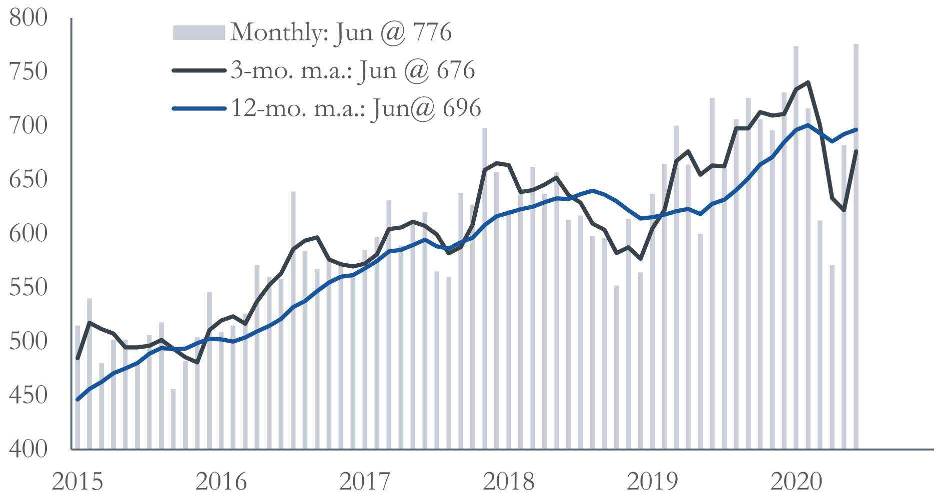
Personal Consumption
$, trillions, seasonally adjusted annual rate, chained 2012 dollars



Source: Bureau of Economic Analysis as of June 2020.

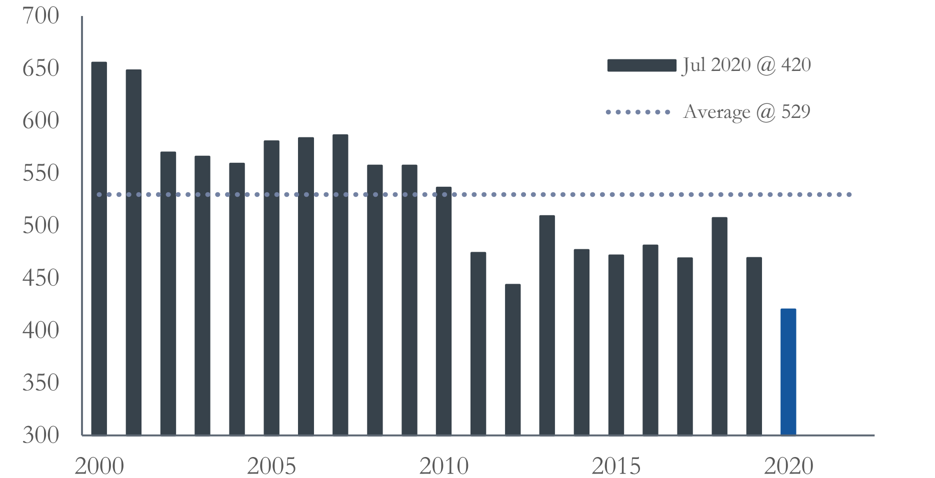
Housing Starts a Rebound, With Strong Fundamentals

New Home Sales
seasonally adjusted annual rate, '000



Source: U.S. Census Bureau as of July 2020.

Monthly Mortgage Payment ($)
Based Upon a $100,000 30-year Fixed Rate Mortgage

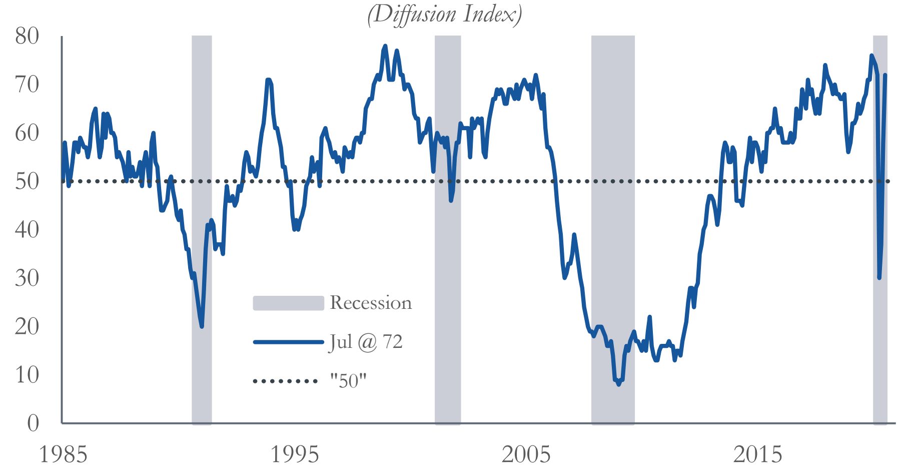


Source: National Association of Home Builders as of July 2020.

Lumber: Random Length Futures (Px)

Source: Chicago Mercantile Exchange as of August 10, 2020.

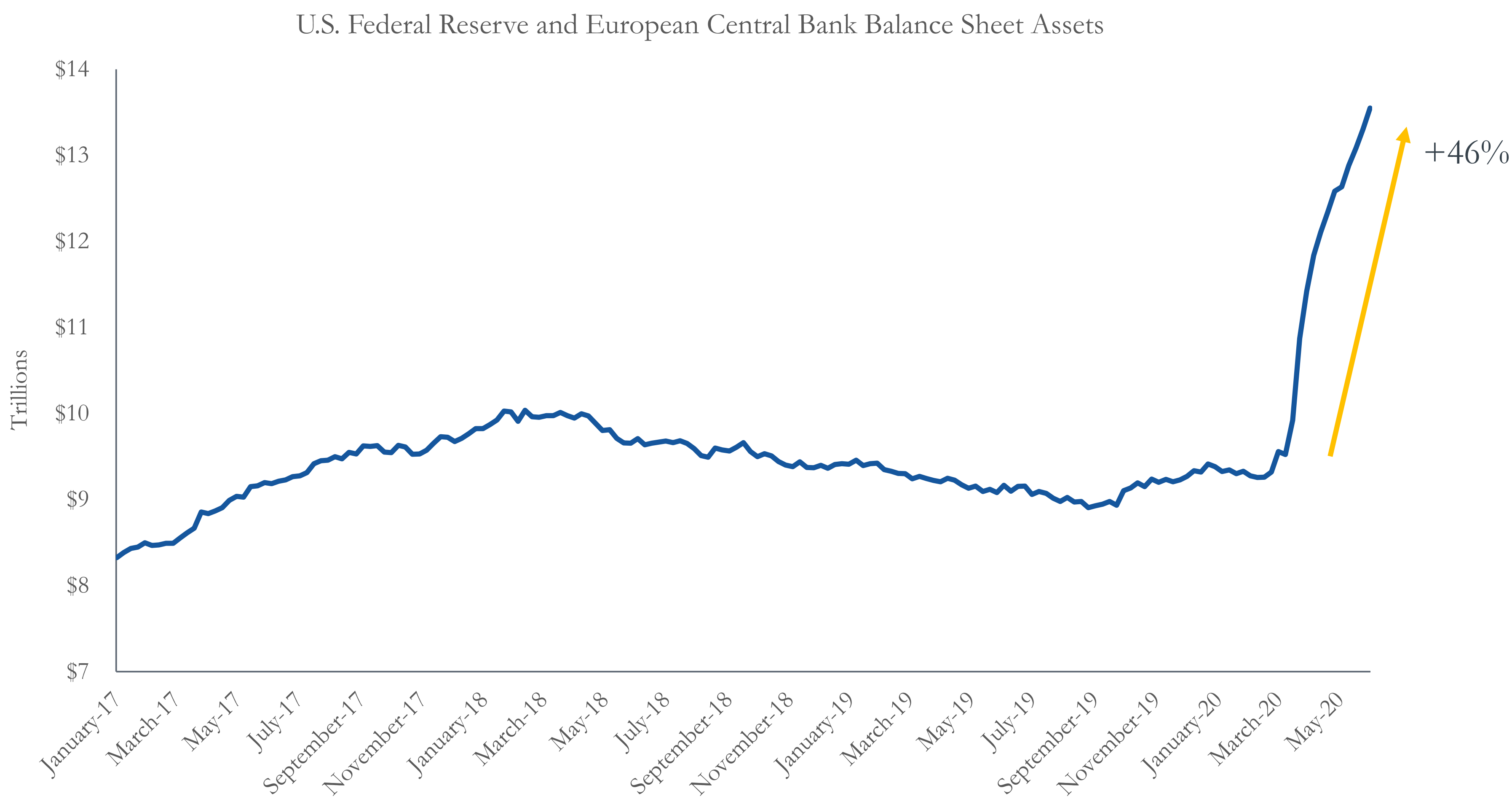
NAHB Home Builder Survey
(Diffusion Index)



Source: National Association of Home Builders as of July 2020.

Strong Policy Response Drives Recovery

- Monetary and fiscal policy actions have been effective.
- Bridge for companies to get through the shutdowns and rehire workers.

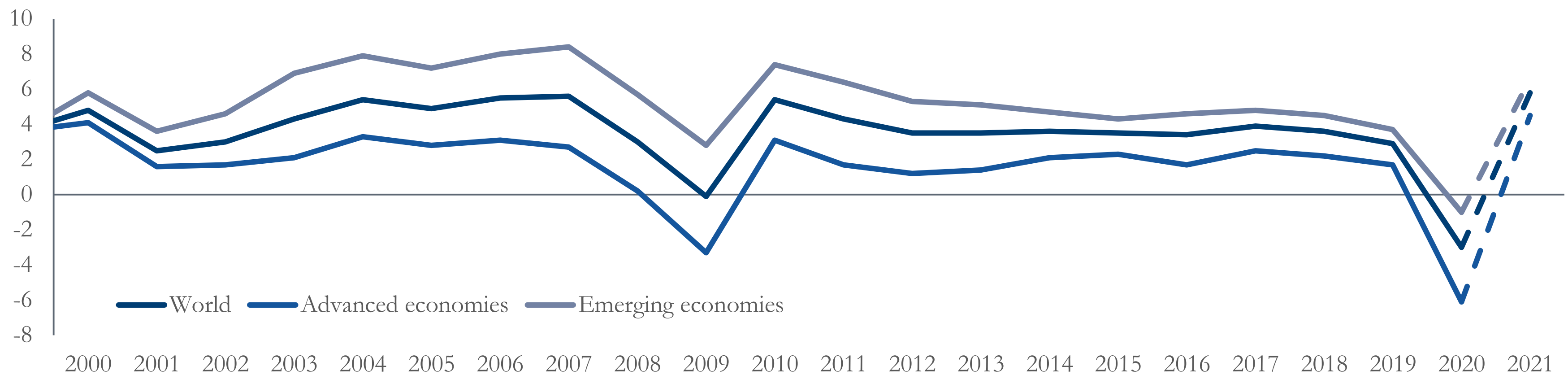


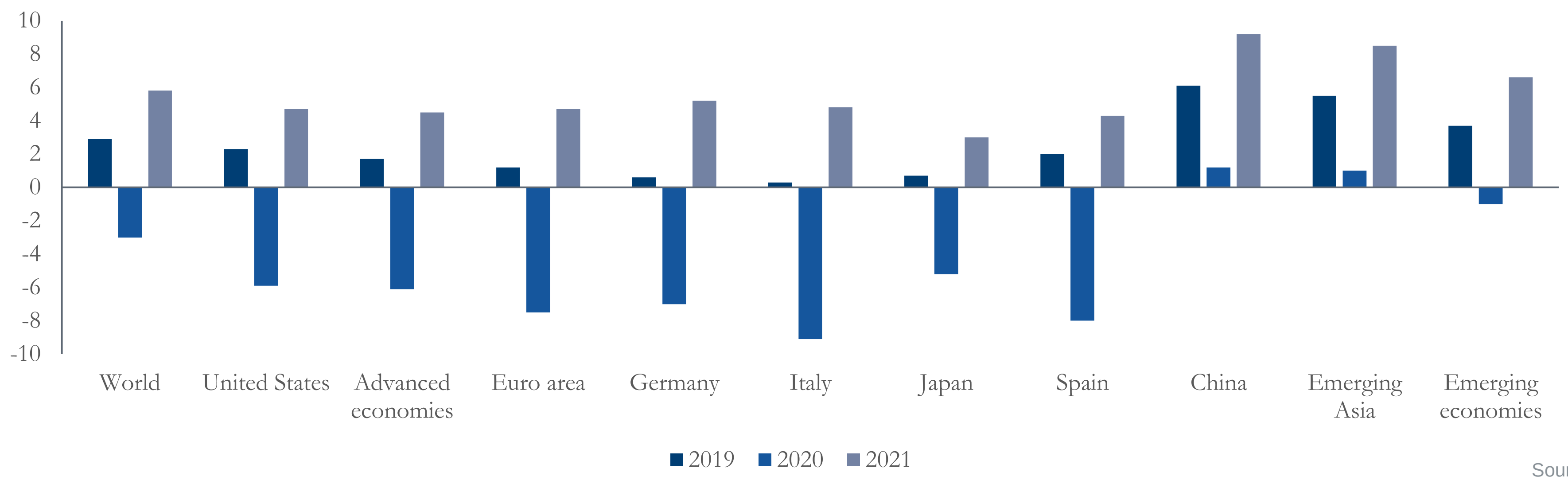
Source: Bloomberg.

Global Recovery Underway

- Indicators are signaling that the world economy is moving past the worst of COVID-19 contraction.
- Recoveries across economies will likely be slow-going and uneven.

IMF GDP Forecasts





Source: IMF.

Critical Conditions Scorecard

	Indicator	Score	AVG.
COVID-19	Spread/Mortality	7.5	6.3
	Testing	7.0	
	Masks/PPE	7.0	
	Vaccine	3.5	
Economy	Outlook/GDP	5.0	5.6
	Employment	4.0	
	Reopening Status	5.0	
	Fiscal Response	8.5	
Equity	Fear	3.5	5.4
	Financial Conditions	9.0	
	Valuation	3.5	
	EPS Outlook	5.5	
Bonds	Credit Spreads	6.5	7.4
	Monetary Response	9.0	
	Liquidity	6.0	
	Primary Market Demand	8.0	
	Weighted Score		6.2

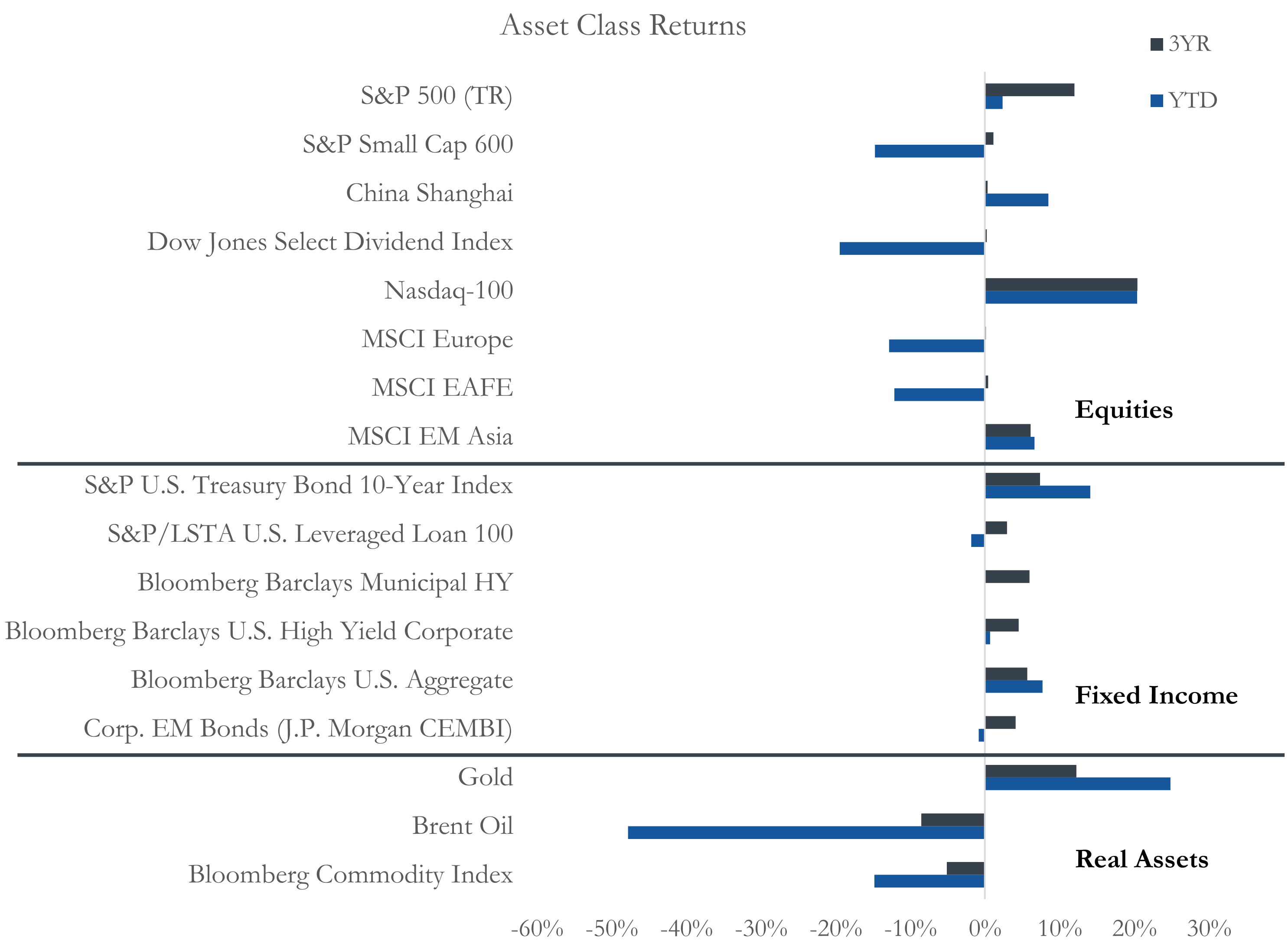
Negative	0-4
Neutral	4-6
Positive	6-10

- **Key talking points**
  - Cash deployment is a function of the COVID-19, Economic, Equity and Bond indicators and the confidence in the persistence of the score
- **Override examples**
  - Vaccine discovered today, buy the market, whatever level
  - If SPX at levels we might deploy cash and second wave is faster and more deadly, worst case probabilities increase keep cash

Source: CNR Research.

Asset Class Performance

We expect real returns to be moderate, with higher volatility over the next few quarters.



Source: FactSet. As of July 31, 2020. Total returns include dividends reinvested.

Sector Performance

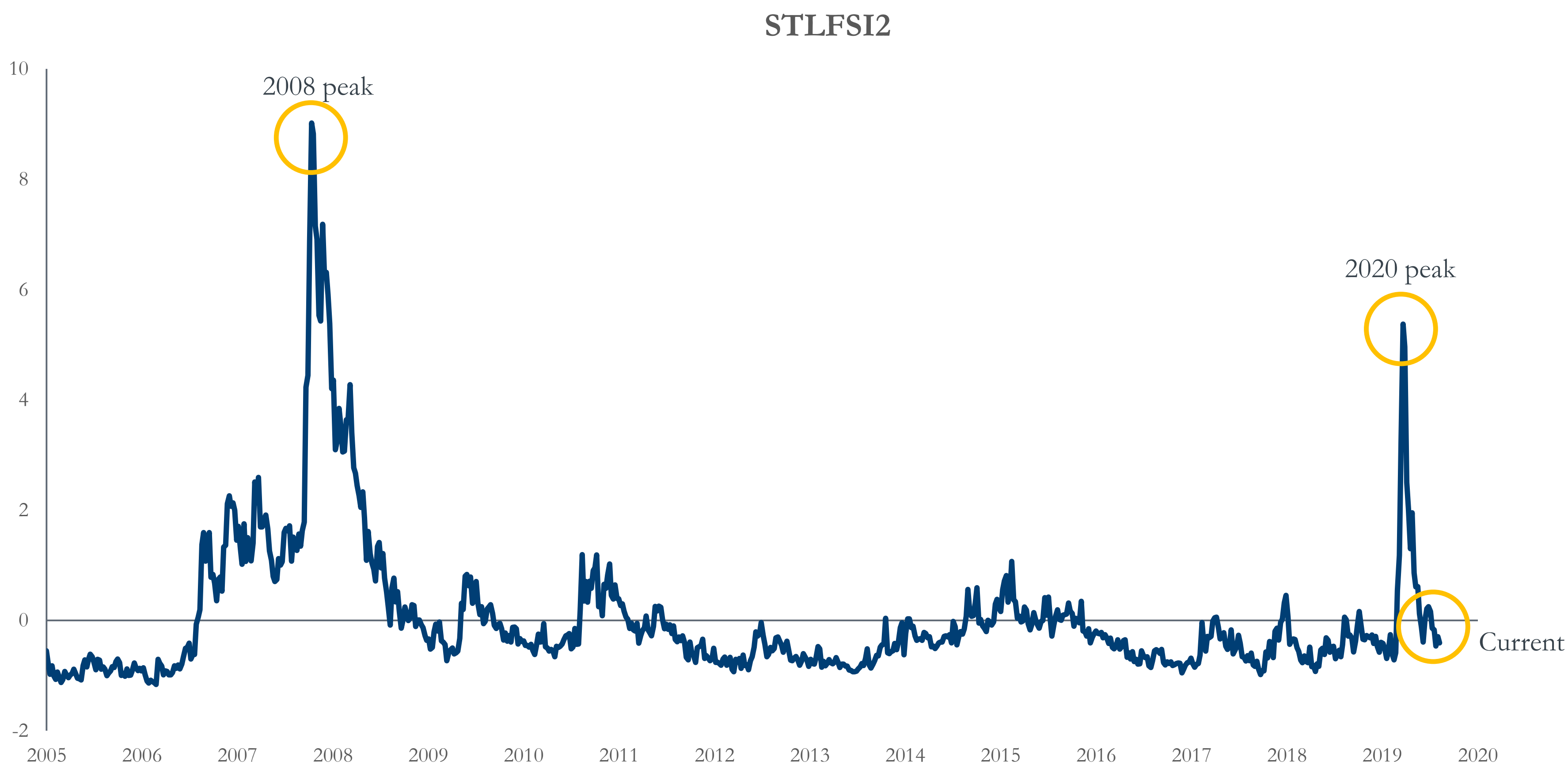
S&P 500 Sectors	YTD 3/31/20	YTD 6/30/20	YTD 7/31/20	S&P Weight 7/31/2020
Information Technology	-11.93%	14.95%	21.41%	27.48%
Consumer Discretionary	-19.29%	7.23%	16.88%	11.18%
Communication Services	-16.95%	-0.31%	6.47%	10.90%
Healthcare	-12.67%	-0.81%	4.54%	14.58%
Consumer Staples	-12.74%	-5.66%	0.91%	7.05%
Materials	-26.14%	-8.04%	-0.34%	2.55%
Utilities	-13.50%	-12.61%	-4.20%	3.13%
Real Estate	-19.21%	-9.96%	-4.88%	2.80%
Industrials	-27.05%	-14.64%	-10.93%	7.90%
Financials	-31.92%	-23.62%	-20.74%	9.89%
Energy	-50.45%	-35.34%	-38.65%	2.54%

Growth vs Value	YTD 3/31/20	YTD 6/30/20	YTD 7/31/20
S&P 500 Pure Growth	-20.7%	2.8%	9.5%
S&P 500 Pure Value	-41.8%	-29.8%	-28.2%

Source: S&P as of July 31, 2020.

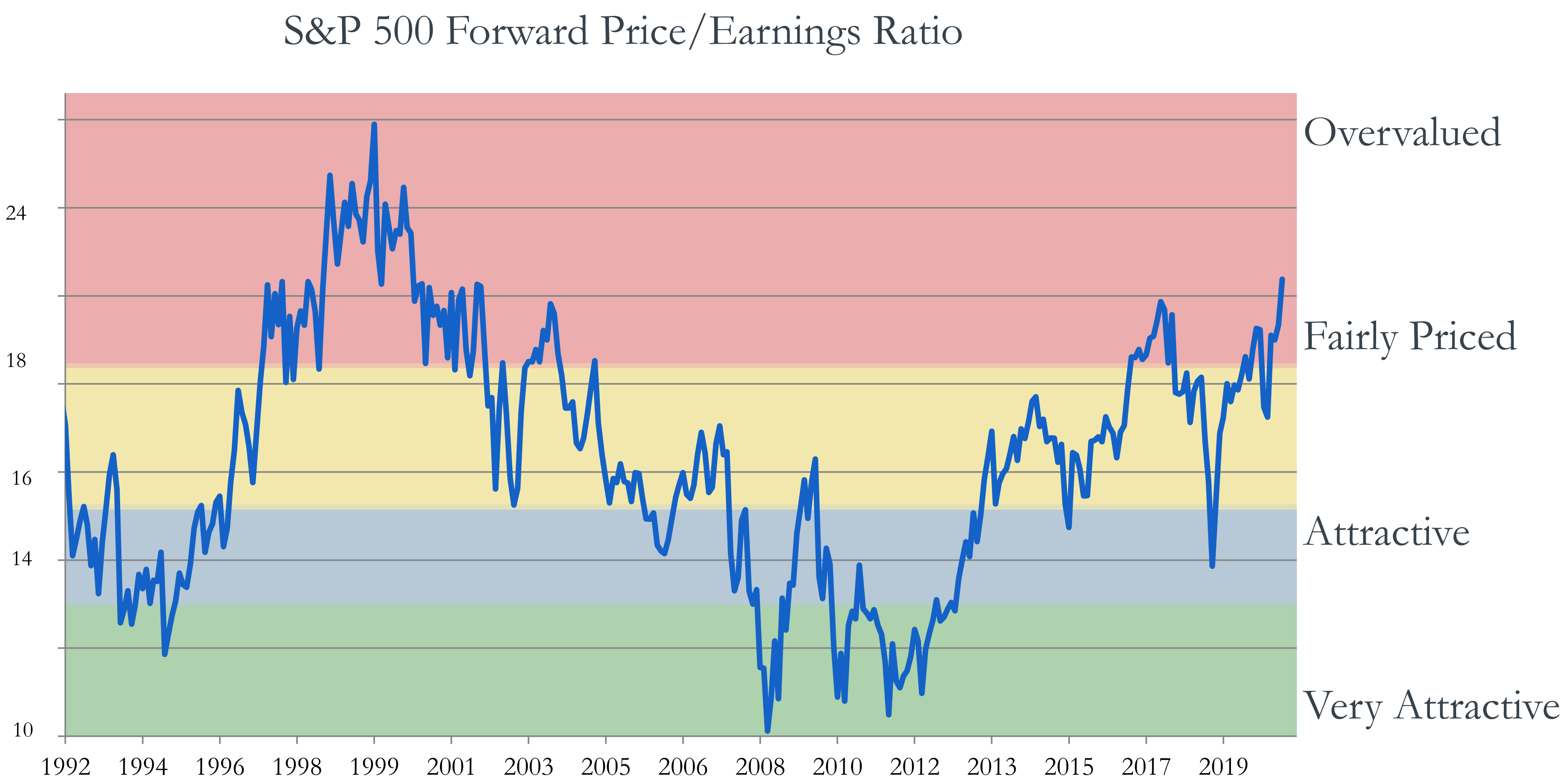
Financial Conditions Have Dramatically Recovered

- Monetary and fiscal policy impact clearly positive.
- Back to near pre-crisis levels.



Source: Bloomberg.

Stocks Appear Highly Valued After Recent Rally

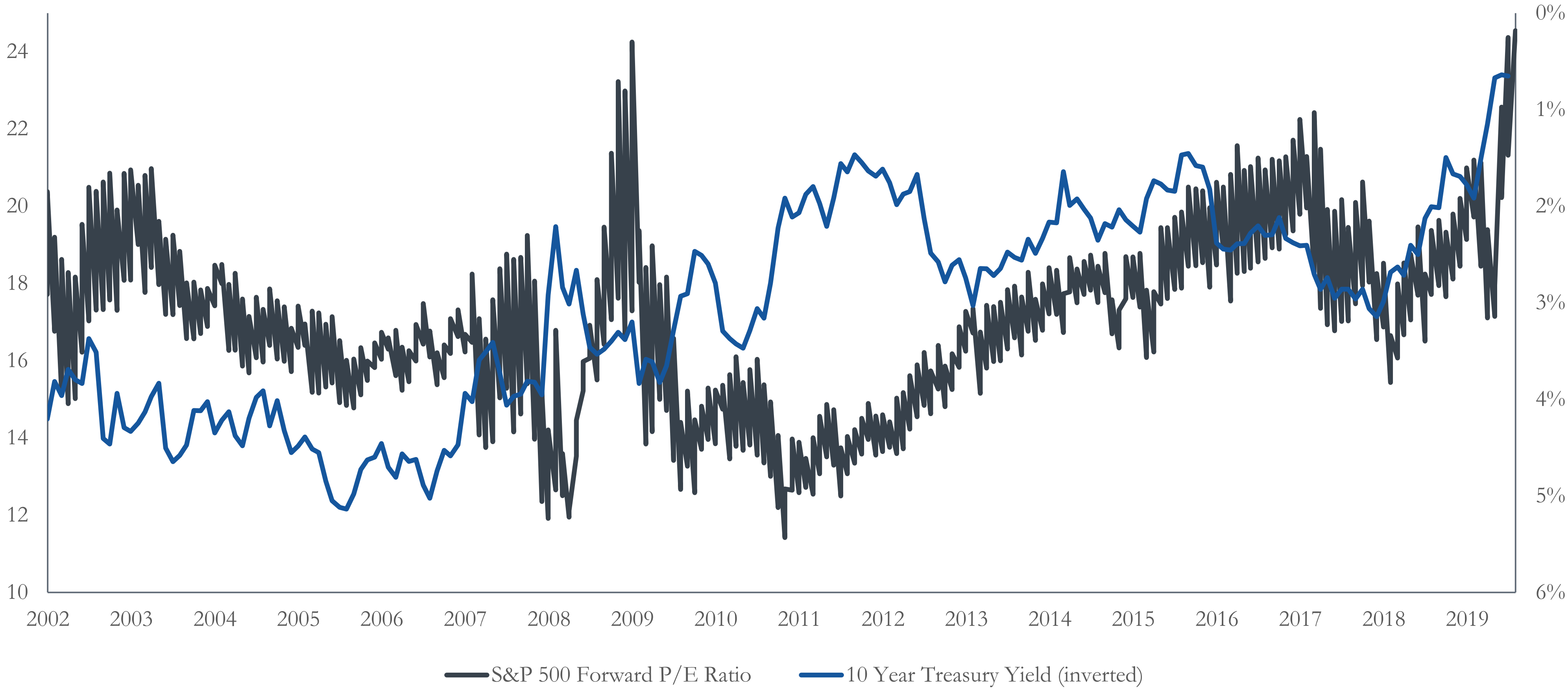


Source: FactSet, CNR Research.

Low Interest Rates Support Higher Stock Valuations

- Monetary policy has been supportive of stock valuations in recent years.
- Recent Federal Reserve actions are a major contributor to the recent stock market rally.

S&P 500 Price/Earnings Ratio vs. 10 Year Treasury Yield (inverted)



Source: Bloomberg.

Market is Looking Past 2020 Earnings

- Stock valuations are driven by future earnings.
- Market views 2020 as a temporary blip.
- 2021 earnings expected to be in line with 2019 (full recovery).

	S&P 500 Earnings per Share		Price/Earnings Multiple		Implied Value of S&P 500
2019 (actual)	163	x	20	=	3,231
2020 (estimate)	127	x	20	=	2,540
2021 (estimate)	161	x	20	=	3,210

Source: CNR Research, Bloomberg, FactSet. 2019 Earnings per Share figure reflects actual 2019 earnings data. Implied value of S&P 500 for 2019 reflects S&P 500 index level as of 12/31/2019. S&P 500 close on 6/30/2020 was 3,100.

CNR S&P 500 EPS Forecast

Considerable Uncertainty Remains

CNR S&P 500 EPS Forecasts			
Year	Worst Case	Base Case	Best Case
2020	-46%	-30%	-20%
2021	20%	30%	40%

Source: CNR Research. EPS estimates are based on CNR forecast earnings for the S&P 500 taking into consideration economic and profitability measures. Estimates are subject to revisions.

Near Term Equity Outlook

Market Appears Fully Valued; Expect More Modest Gains

With valuations elevated and markets now close to fully valued, equity gains ahead will likely be in line with modest earnings growth.

2021 S&P 500 EPS										
CNR Estimate	Y/Y Change	18	18.5	19	19.5	20	20.5	21	21.5	22
$147	19%	-20%	-18%	-15%	-13%	-11%	-9%	-7%	-5%	-2%
$161	30%	-13%	-10%	-8%	-5%	-3%	-1%	2%	4%	6%
$174	41%	-5%	-3%	0%	2%	5%	8%	10%	13%	15%

2021 S&P 500 EPS										
CNR Estimate	Y/Y Change	18	18.5	19	19.5	20	20.5	21	21.5	22
$147	19%	2,644	2,717	2,791	2,864	2,938	3,011	3,085	3,158	3,232
$161	30%	2,889	2,969	3,050	3,130	3,210	3,290	3,371	3,451	3,531
$174	41%	3,134	3,221	3,308	3,395	3,482	3,569	3,657	3,744	3,831

25%	Downside Risk
50%	Base Case
25%	Upside Potential

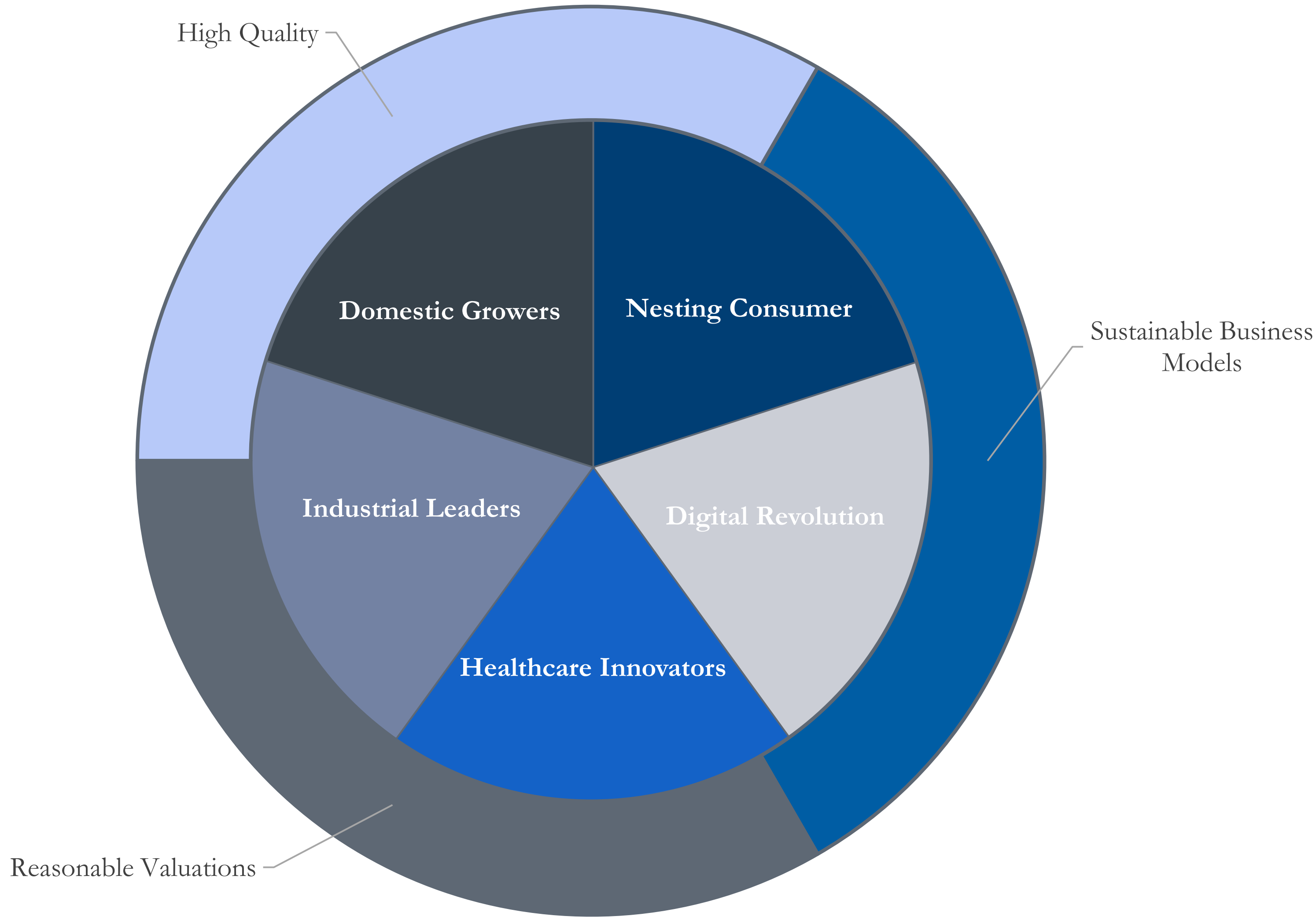
Source: City National Rochdale estimates. As of August 2020
Near-term indicates a 3 to 6-month view.

Active Management: Core Equity Positioning for CV Crisis

Overweight	Underweight
Telecom Services	Energy
Software & Services	Hotels, Resorts & Cruise Lines
E-commerce	Airlines
HC Equipment & Pharma Biotech	Restaurants

Source: CNR Research.

Focusing on High Quality Stocks in Line with Five Key Themes



Source: CNR Research.

Interest Rates Near 0% After 40 Years of Declines

Source: Bloomberg as of August 2020.

Higher Return Asset Classes Preferable To Investment Grade Bonds

Where suitable, higher-return asset classes can help to achieve investment goals.

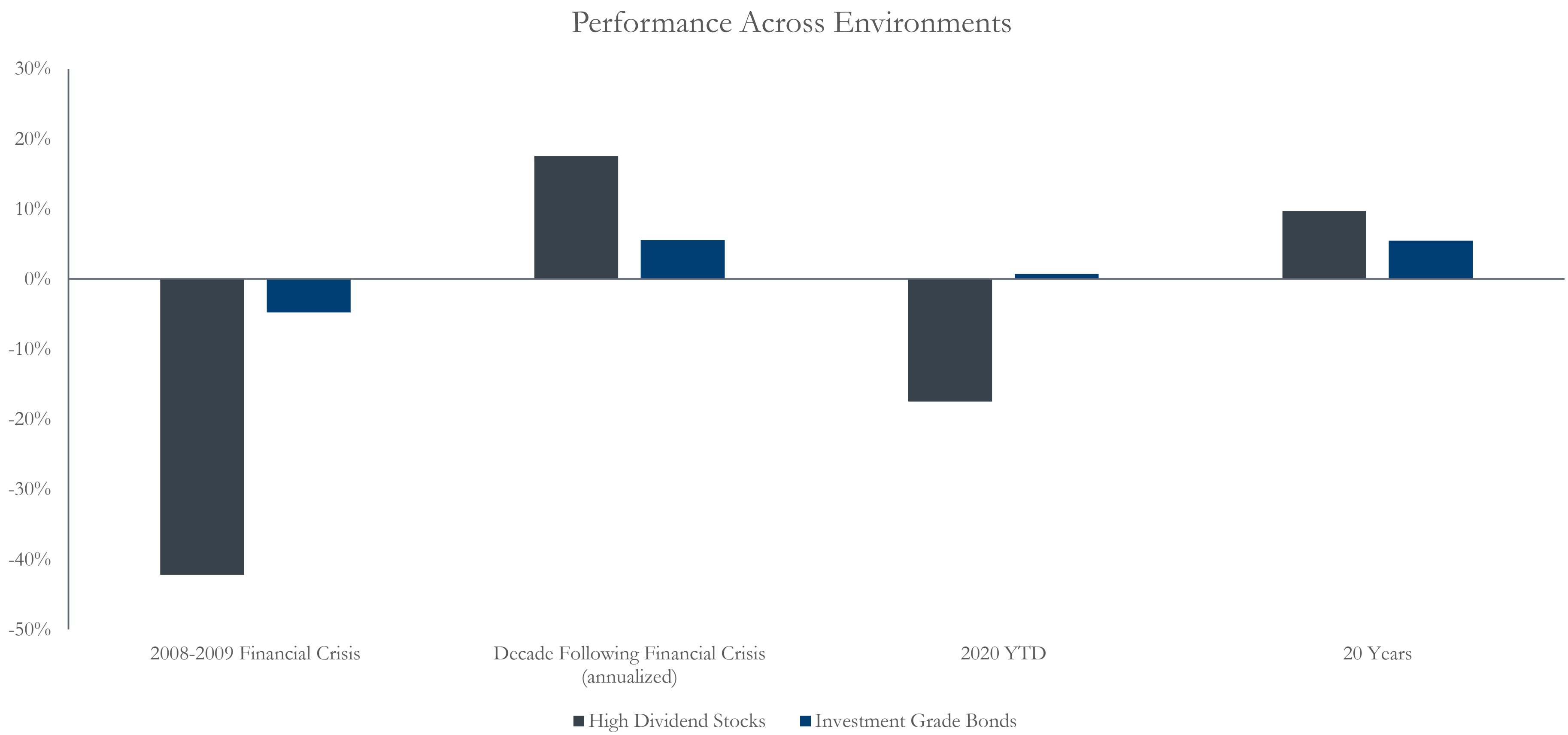
	2009-2019	Long-term Forecast
High Dividend Stocks	13%	7%
Emerging Markets Stocks	4%	8%
High Yield Bonds	8%	5%
Alternatives	10-15%	8-12%

Source: CNR Research, Bloomberg. High Dividend Stocks: Dow Jones U.S. Select Dividend Index. Emerging Markets Stocks: MSCI Emerging Markets Index. High Yield Bonds: Bloomberg Barclays US Corporate High Yield Index. Alternatives historical and projected returns reflect estimated performance across a range of alternative investment strategies and are intended for illustrative purposes only.

Past performance is not a guarantee of future results. The expected returns are net of any City National Rochdale management fees; however, other fees may apply. The expected returns do not include fees for trading costs (e.g., commissions) or any fees charged by your financial advisor. Please speak to your financial advisor for a complete understanding of all fees.

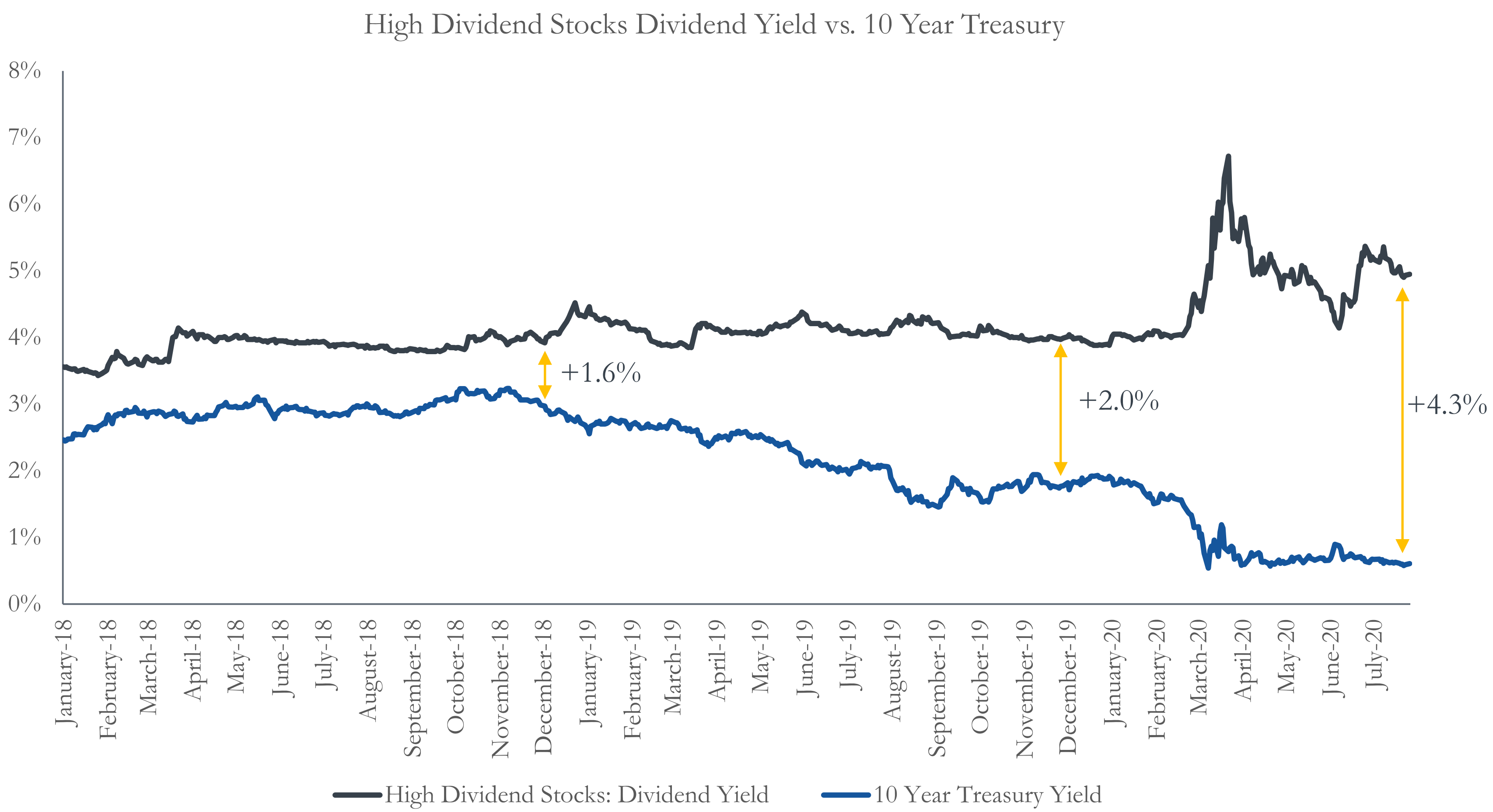
High Dividend Equities Provide Income and Return

Despite recent underperformance, high dividend stocks have provided higher total return



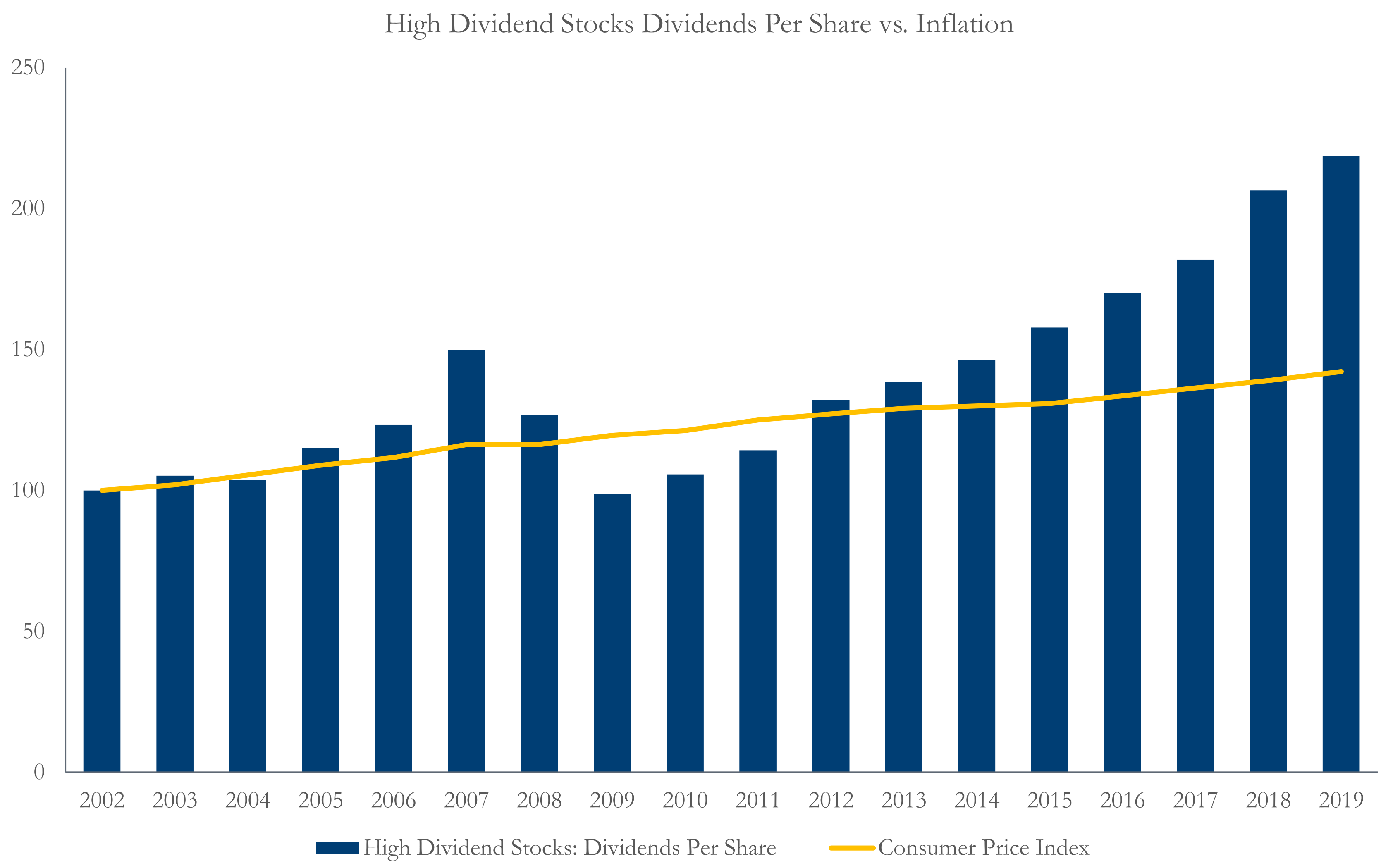
Source: Bloomberg. Data as of April 30, 2020. High dividend stocks represented by the S&P High Yield Dividend Aristocrats Index. Investment Grade Bonds represented by the Bloomberg Barclays Intermediate Corporate Bond Index.

High Dividend Stocks: Potential Yields at Attractive Levels



Source: CNR Research.

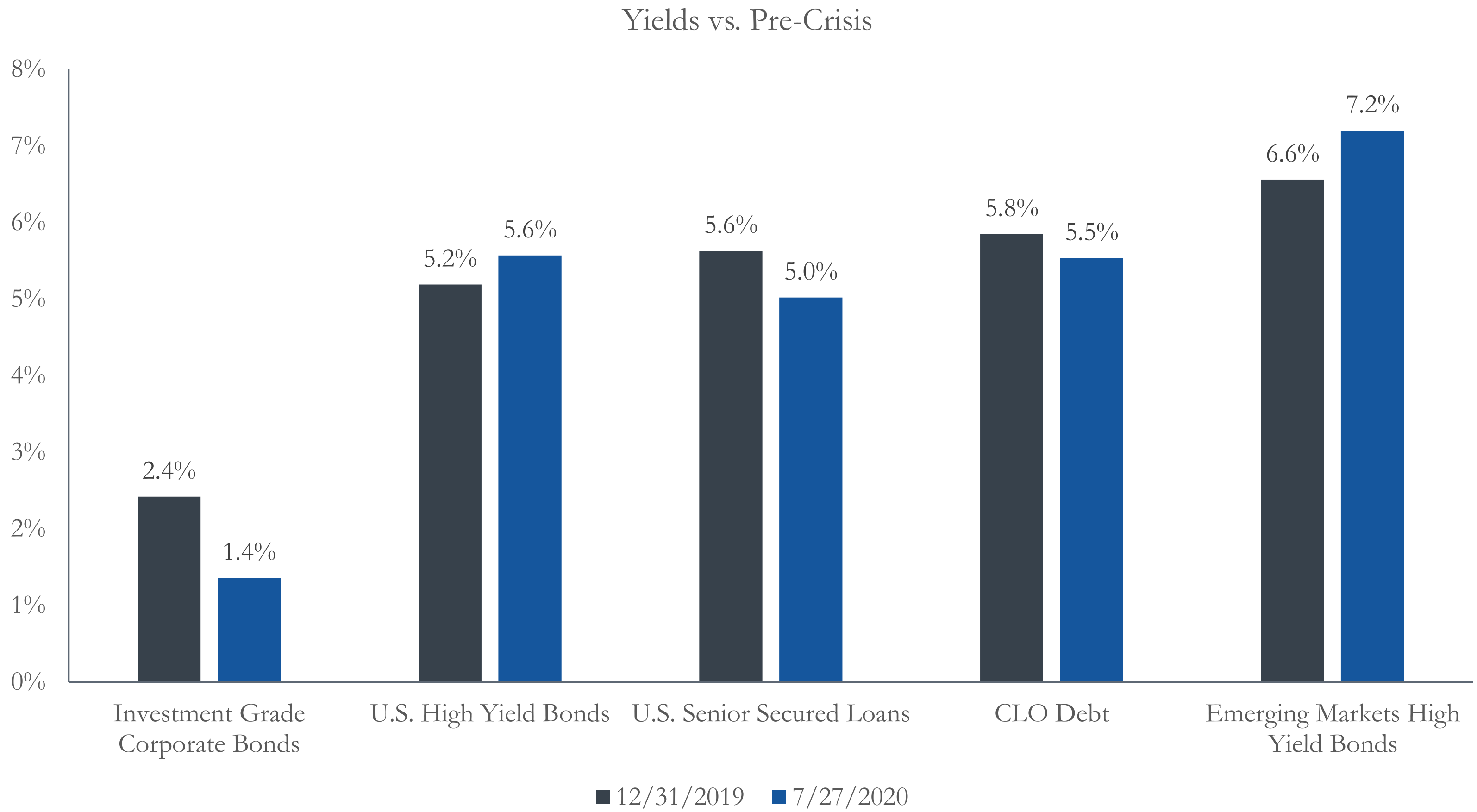
High Dividend Stocks: Potential for Real Income Growth



Source: Bloomberg. High Dividend Stocks: Dow Jones U.S. Select Dividend Index.

Despite Recovery, Non-investment Grade Yields are Currently Favorable

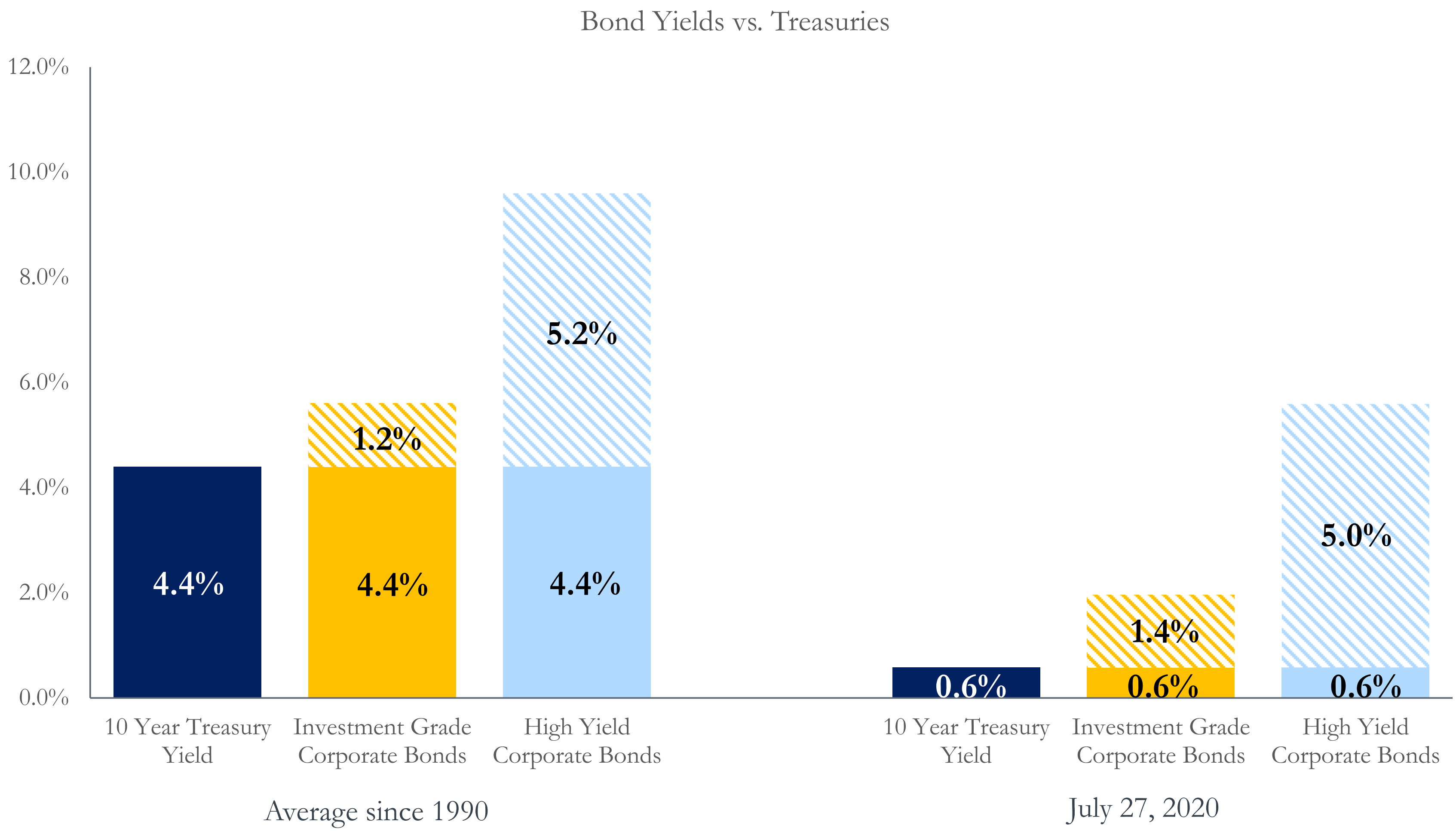
- Significant recovery in non-investment grade prices.
- We believe yields continue to look attractive relative to investment grade bonds.



Source: Bloomberg. US High Yield Corporate Bonds: Bloomberg Barclays US Corporate High Yield Index, Emerging Market Corporate Bonds: ICE BofA Emerging Market High Yield Corporate Bond Plus Index, US Investment Grade Corporate Bonds: Bloomberg Barclays US Intermediate Corporate Index, US Senior Secured Loans: S&P/LSTA Leveraged Loan 100 Index. US CLOs: Palmer Square CLO Debt Index.

High Yield Bonds Attractive Relative To Investment Grade

While interest rates have fallen to record lows, high yield bond spreads remain elevated.



Source: RBC Global Asset Management, Bloomberg. Investment Grade Corporate Bonds: ICE BofA US Corporate Index.
High Yield Corporate Bonds: ICE BofA U.S. High Yield Index.

Opportunistic Income Recovers Most of Lost Value

	2/19 – 3/23	3/23 – 7/27	Current Yield
U.S. Investment Grade Bonds	-9%	14%	1.4%
U.S. High Yield Bonds	-21%	25%	5.6%
U.S. Leveraged Loans	-23%	25%	5.0%
CLO Debt	-24%	28%	5.5%
Emerging Markets Corporate Bonds	-21%	25%	7.2%

Source: Bloomberg. U.S. Investment Grade Bonds: Bloomberg Barclays U.S. Intermediate Corporate Bond Index. U.S. High Yield Bonds: Bloomberg Barclays U.S. Corporate High Yield Index. U.S. Leveraged Loans: S&P LSTA Leveraged Loan 100 Index. CLO Debt: Palmer Square CLO Debt Index. Emerging Markets Corporate Bonds: ICE BofA High Yield Emerging Corporate Plus Index.

Opportunities and Risks in the Municipal Markets

Investment Grade Muni

What we like:

- High quality state governments
- Essential service revenue bonds
- Cities supported by CARES Act

What we don't like:

- States with severely underfunded pensions
- Higher education reliant on foreign students
- Bonds backed by user fees (e.g. dorms, parking facilities, stadiums, toll roads)

High Yield Muni

What we like:

- Regional hospital systems deemed "essential"
- Tobacco settlement bonds
- Certain community development districts

What we don't like:

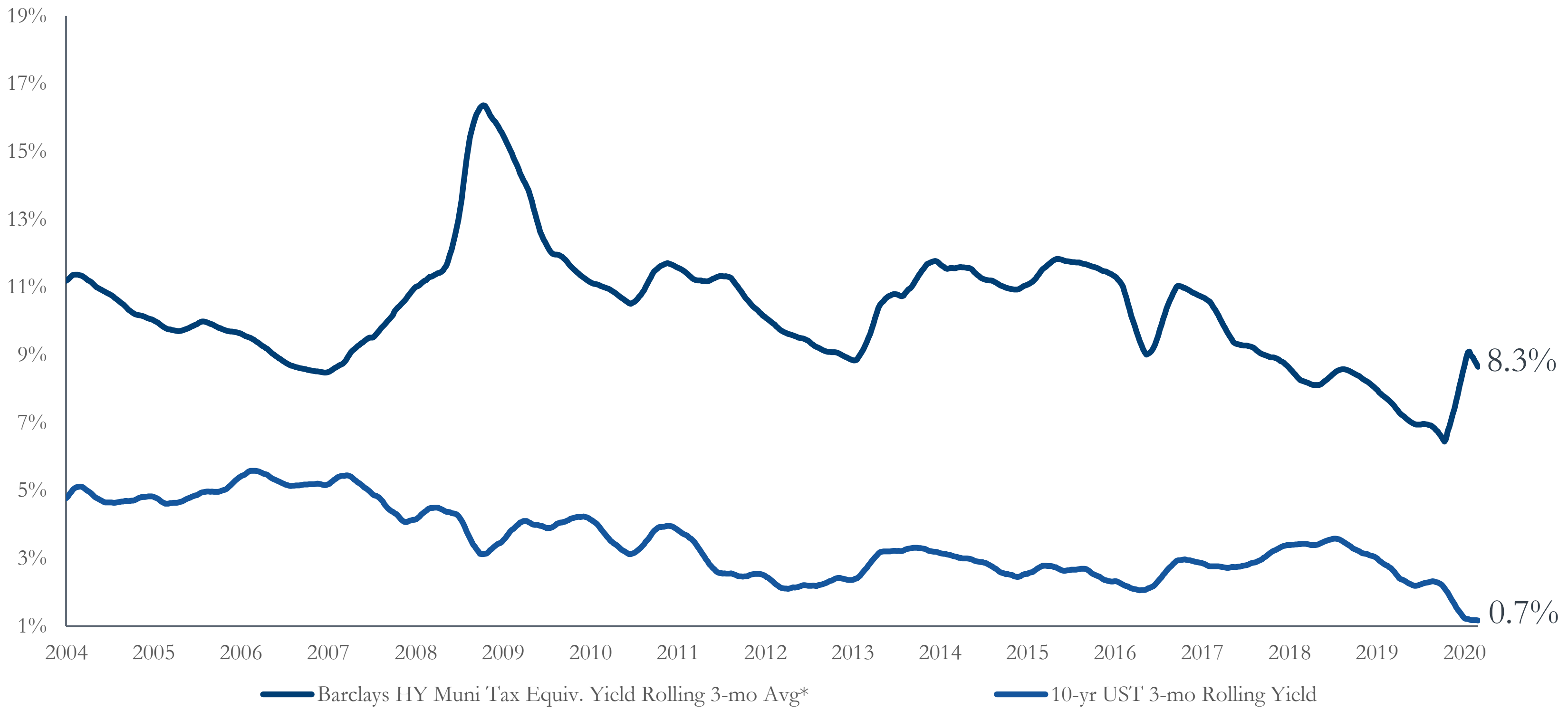
- Certain senior living facilities
- Small private higher education
- Alternative energy

Source: CNR Research.

High tax-free income in a low yield world

- Central Bank rate repression creates tailwinds for higher-yielding alternatives.
- While US Treasury yields hit all-time lows, HY taxable-equivalent municipal yields are above average.

HY Muni Yields Remain Favorable vs. High Quality Bonds



*Assumes a federal tax rate of 35%

Source: Bloomberg, CNR.

Income Alternatives

Focus is on differentiated strategies that provide uniquely high income and diversification

What we look for	What we avoid
✓ Unique, differentiated and uncorrelated	✘ Can be easily replicated
✓ Tax efficiencies	✘ Unrewarded illiquidity
✓ Income generation	✘ Unjustified fees
✓ Capital preservation	✘ Limited downside protection

Source: CNR Research.

Examples of Attractive Alternative Investments

Where suitable, CNR seeks out unique strategies that can help clients achieve goals

	Potential Income	Diversification Benefits	Tax Efficiency	Liquidity
Rail Car Leasing	7%-10%	●	●	●
CLO Equity	8%-12%	●	●	●
Reinsurance	5%-7%	●	●	●
Healthcare Royalties	10%-15%	●	●	●

Source: CNR Research.

Alternative investment potential income reflects estimated performance across a sample of alternative investment strategies. The expected returns are net of any City National Rochdale management fees; however, other fees may apply. The expected returns do not include fees for trading costs (e.g., commissions) or any fees charged by your financial advisor. Please speak to your financial advisor for a complete understanding of all fees.

Our Asset Allocation Positioning

EQUITIES

- Prefer U.S. to international markets
- Europe and Japan have significant structural issues
- Emerging markets: Favor Asia

CORE FIXED INCOME

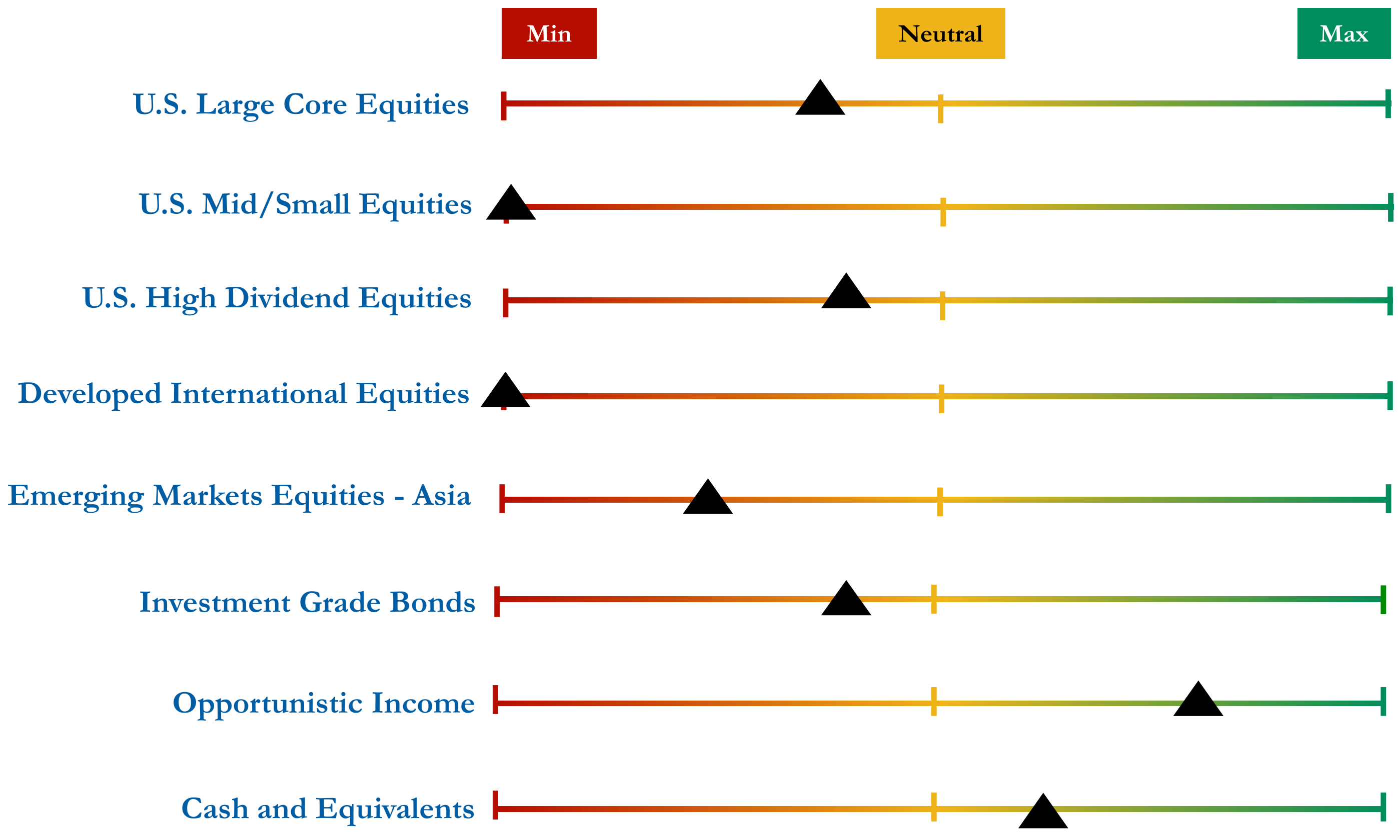
- Low return potential
- Prefer corporate credit over government bonds
- Municipals attractive for high-bracket investors

OPPORTUNISTIC INCOME

- Opportunities in structured/distressed credit, emerging market high yield

REAL ASSETS

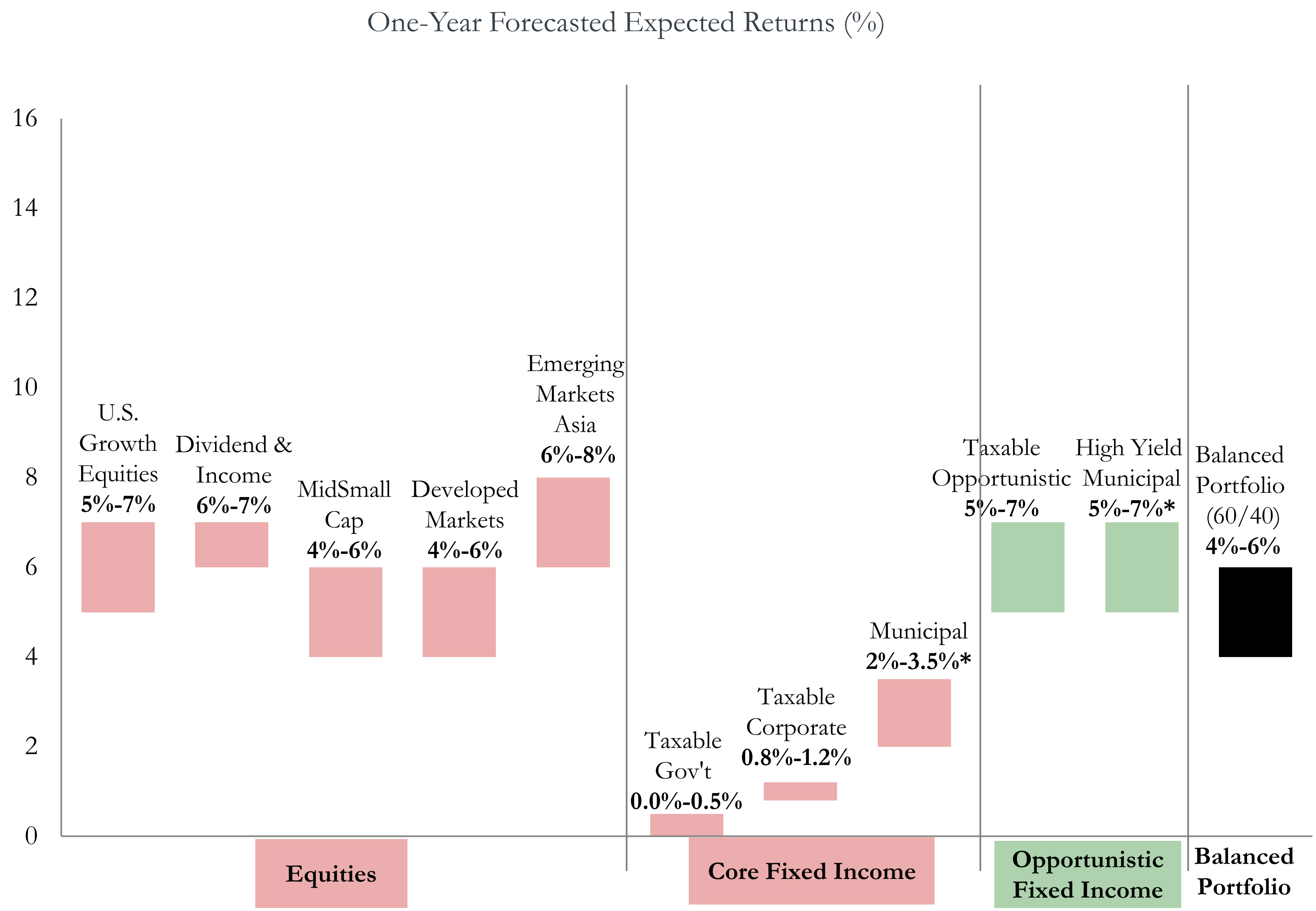
- Modest exposure for diversification benefits
- Underweight due to low-inflation environment



Source: City National Rochdale. As of July 2020.
An asset allocation program cannot guarantee profits. Loss of principal is possible.

Moderate Late-Cycle Portfolio Returns Expected

At this stage of the business cycle, we expect real returns to be moderate, with higher volatility.



Source: City National Rochdale. As of August 2020. Forecasted expected returns represent City National Rochdale's opinion for these asset classes, are for illustrative purposes only, and do not represent client returns. The expected returns presented for these asset classes do not reflect any deductions for City National Rochdale fees or expenses. Actual client portfolio and investment returns will vary.

***Forecasted expected returns for HY Municipal and Municipal FI represent the taxable equivalent return at a 43.4% tax rate.**

Capital Market Assumptions

Asset Class		Near-Term Return Estimate*	Long-Term Annual Return Estimate	Historical Annual Return**	Long-Term Annual Risk Estimate	Historical Annual Risk	Max Historic Drawdown***
Equities	**Domestic**						
	Large Cap Core	6.0	7.3	9.3	14.0	15.5	-50.0
	Mid/Small Cap	5.0	7.0	10.7	16.0	17.0	-58.0
	Dividend Income	6.5	6.5	8.1	13.0	13.5	-40.0
	International						
	Developed Markets	5.0	6.8	5.6	16.5	17.0	-57.0
	Emerging Markets	7.0	8.2	9.5	20.0	22.5	-60.0
Core Fixed Income/Cash	Government/Agency	0.25	0.75	5.7	2.5	3.5	-4.0
	Investment-Grade Corporate	1.0	1.8	6.8	5.0	5.0	-9.0
	Tax-Exempt	0.89	1.2	5.1	2.5	2.8	-2.0
	Cash and Equivalents	0.0	0.5	3.0	0.0	0.0	0.0
Opportunistic Income	Global Bonds	1.0	1.1	5.6	5.5	5.5	-10.0
	Global High Yield	3.8	7.3	8.2	9.0	10.0	-34.0
	Bank Loans	5.2	4.3	7.1	7.0	7.0	-30.0
	Preferred Stock	5.5	6.0	5.7	12.5	13.0	-55.0
	High-Yield – Taxable	5.4	4.2	7.2	7.5	8.0	-34.0
	High-Yield – Tax-Exempt	3.4	4.0	5.9	7.5	8.0	-30.0
Alternative Investments	Reinsurance	7.0	7.0	9.0	13.0	16.0	-20.0
	Collateralized Loan Obligations	10.0	9.0	8.4	14.0	15.0	-75.0
	Railcar Leasing	7.0	7.0	10.0	12.0	13.0	-15.0
	Healthcare Royalties	8.0	9.0	11.0	10.0	12.0	-8.0
	Aviation Leasing	6.0	8.0	10.0	12.0	13.0	-15.0
	Private Equity Secondaries	9.5	10.0	13.0	16.0	18.0	-34.0
Real Assets	U.S. Real Estate	5.0	6.0	8.9	23.0	23.0	-70.0
	Diversified Commodities	2.0	4.5	5.9	14.5	14.5	-66.0
	Precious Metals	3.0	4.5	4.7	20.0	17.5	-68.0
	Inflation-Protected Fixed Income	0.3	1.0	5.0	5.0	5.5	-13.0

Sources: Morningstar Direct, Bloomberg, City National Rochdale. As of August 2020. Past performance is not a guarantee of future results. The expected returns are net of any City National Rochdale management fees; however, other fees may apply. The expected returns do not include fees for trading costs (e.g., commissions) or any fees charged by your financial advisor. Please speak to your financial advisor for a complete understanding of all fees. Drawdown: The measure of decline from a historical peak.
*Current 5-year YTW is used to estimate near-term expectations for Core Fixed Income, Fixed Income segments of Opportunistic Income, and Inflation Protected Fixed Income. Near-term return expectation indicates a 12- to 24-month view. **Historical returns begin in January 1989. If an asset class index was not in existence during that time, a similar proxy was used.
***Max drawdown not illustrated for 1928-1932 for U.S. High Yield (-57%), Large Cap (-83%), and Small Cap (-90%).

Economy Recovery Underway, but Headwinds Remain

City National Rochdale U.S. Economic Monitor

Incoming data has been better than expected, but the recent resurgence of virus infections is a reminder that the road to recovery will be long and bumpy.

Indicator	Status	Level
Leading Indicators	Leading indexes suggesting the U.S. economy is already beginning to recover from COVID-19 recession.	5.5
Labor Market	As state economies reopen, we expect the unemployment rate to drop back faster than it would in a normal recovery, since many workers will be recalled from temporary layoffs, but a full recovery of job losses may take several years.	5.0
Consumer Spending	Although spending should rebound quickly as economies reopen due to pent-up demand and higher savings, it could take a long time to return to its previous trend due to lingering uncertainty and social distancing restrictions.	5.5
Global Economic Growth	Amid massive policy response and an easing of COVID-19 lockdowns, the global economy is showing nascent signs that the worst of the COVID-19 shock is behind us. However, recovery is likely to be slow and uneven across regions.	4.0
Monetary Policy	Swift and decisive action by the Fed has been unprecedented in scale, helping to improve liquidity and stabilize markets.	9.0
Fiscal Policy	Policy response has been massive and well targeted, but more is needed. Total stimulus passed this year could rise to $4tn or 20% of GDP.	8.0
Consumer Sentiment	Confidence measures of current conditions posting record declines, but improvements expected. Full recovery in confidence unlikely until health and safety concerns can be fully addressed.	5.0
Credit Availability/Demand	Despite lower interest rates and policy intervention, economic uncertainty is reducing both the willingness and ability to lend and borrow.	5.5
Geopolitical Risks/Contagion	Coronavirus pandemic is adding to a long list of worries, including trade policy missteps, European political/financial system stability, energy production disputes and other unforeseen circumstances have the potential to disrupt markets and shake confidence.	3.5
Business Investment	Already weak capex spending set for further sluggishness in face of uncertain economic backdrop, lower demand, business closures and declining capacity utilization.	3.5
Service Sector	Survey measures are pointing to a snap back in activity as state economies reopen, but lingering social distancing measures, continuing uncertainty/fear surrounding COVID-19, and recent infection resurgence will slow recovery for extended period.	5.0
Manufacturing Sector	Sector showing beginning signs of stabilization/improvement, but recovery will be sluggish in face of reduced global demand and stronger dollar, as well as continued trade uncertainty.	4.0
Housing	Sector has been one of the bright spots recently supported by strong fundamentals, including low mortgage rates. . Activity should improve as lockdowns ease and rising household financial uncertainty begins to abate, but lenders are battling economic uncertainty by raising standards and even eliminating certain loan types.	6.5
Inflation	Core inflation is likely to remain muted for the next several years, although we think the risk of a slide into a widespread deflation remains low.	7.5
Energy	Damage in energy sector from the collapse in oil prices starting to increasingly offset positive tailwind to households.	5.5
Total Score		5.5

Positive 6.0 to 10	Improving outlook, confluence of positive indicators, recession probability low	**Neutral** 4.0 to 5.9	Steady but sluggish growth, mixed economic signals	**Negative** 0 to 3.9	Weak economic growth, decelerating trends, recession a distinct possibility

Source: City National Rochdale. As of July 2020.

Index Definitions

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

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 (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. As of June 2007, the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The MSCI Europe Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. As of September 2002, the MSCI Europe Index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

The MSCI World is a market cap weighted stock market index of 1,655[1] stocks from companies throughout the world. The components can be found here.[2] It is maintained by MSCI, formerly Morgan Stanley Capital International, and is used as a common benchmark for 'world' or 'global' stock funds intended to represent a broad cross-section of global markets.

The Michigan Consumer Sentiment Index (MCSI) is a monthly survey of U.S. consumer confidence levels conducted by the University of Michigan. It is based on telephone surveys that gather information on consumer expectations regarding the overall economy.

The Barclays Aggregate Bond Index is composed of U.S. government, mortgage-backed, asset-backed, and corporate fixed income securities with maturities of one year or more.

The Barclays High Yield Municipal Index covers the high yield portion of the U.S.-dollar-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

The Bloomberg Barclays U.S. Treasury Index is an unmanaged index of prices of U.S. Treasury bonds with maturities of one to 30 years.

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.

The Bloomberg Barclays U.S. Corporate High Yield Index is an unmanaged, U.S.-dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of $150 million.

The Bloomberg Barclays Emerging Markets USD Aggregate Index tracks total returns for external-currency-denominated debt instruments of the emerging markets. Countries covered are Argentina, Brazil, Bulgaria, Ecuador, Mexico, Morocco, Nigeria, Panama, Peru, the Philippines, Poland, Russia, and Venezuela.

The Bloomberg Barclays U.S. Agency Bond Index is a rules-based, market-value-weighted index engineered to measure investment-grade agency securities publicly issued by U.S. government agencies. Mortgage-backed securities are excluded.

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.

Index Definitions (continued)

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 Commodity Total Return Index, formerly known as Dow Jones-UBS Commodity Index Total Return (DJUBSTR), is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13-week (three-month) U.S. Treasury Bills.

The Corporate Emerging Market Bond Index (CEMBI) is J.P. Morgan's index of U.S.-dollar-denominated debt issued by emerging market corporations.

The Standard & Poor's Small Cap 600 Index (S&P 600) measures the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

Nasdaq 100 Index is an index composed of the 100 largest, most actively traded U.S. companies listed on the Nasdaq stock exchange.

The U.S. Treasury 10-year Note is a debt obligation issued by the United States government that matures in 10 years. A 10-year Treasury Note pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

The Shanghai Stock Exchange (SSE) composite is a market composite made up of all the A shares and B shares that trade on the Shanghai Stock Exchange.

Brent Crude is a major trading classification of sweet light crude oil that serves as a major benchmark price for purchases of oil worldwide. This grade is described as light because of its relatively low density, and sweet because of its sulfur content.

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

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" PCE price index is defined as personal consumption expenditures (PCE), 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.

The S&P/Case-Shiller Home Price Indexes are a group of indexes that track changes in home prices throughout the United States. The indexes are based on a constant level of data on properties that have undergone at least two arm's length transactions.

The ISM Manufacturing Index is based on surveys of more than 300 manufacturing firms by the Institute for Supply Management (ISM). The ISM Manufacturing Index monitors employment, production, inventories, new orders and supplier deliveries. A composite diffusion index monitors conditions in national manufacturing and is based on the data from these surveys.

The ISM Non-Manufacturing Index is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys, that monitors economic conditions of the nation.

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

Important Disclosures

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.

The material contains forward-looking statements regarding intent, beliefs, or current expectations which are used for informational purposes only and do not reflect actual results. These statements are based primarily upon a hypothetical set of assumptions applied to certain historical financial information that has been provided by third-party sources and, although believed to be reliable, the information has not been independently verified and its accuracy or completeness cannot be guaranteed. The opinions, projections, forecasts, and forward-looking statements expressed are also valid as on the date of this document and are subject to change based on market and other conditions

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.

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.

Investing in international markets carries 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. Emerging markets can have greater custodial and operational risks, and less developed legal and accounting systems than developed markets.

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.

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.

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.

Yield to Worst – 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.

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 more developed foreign markets. Emerging markets bonds can have greater custodial and operational risks, and less developed legal and accounting systems than developed markets.

Important Disclosures (continued)

Investments in commodities can be very volatile, and direct investment in these markets can be very risky, especially for inexperienced investors.

Returns include the reinvestment of interest and dividends.

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.

Please see the Offering Memorandum for more complete information regarding the Fund's investment objectives, risks, fees and other expenses.

Alternative investments are speculative, entail substantial risks, offer limited or no liquidity and are not suitable for all investors. These investments have limited transparency to the funds' investments and may involve leverage which magnifies both losses and gains, including the risk of loss of the entire investment. Alternative investments have varying, and lengthy lockup provisions.

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.

Estimated returns are based on multiple sources of historical market index data input into proprietary quantitative models specific to each asset class (e.g., equity, fixed income, etc.), then adjusted for fundamental inputs such as yield, earnings growth, risk premiums, valuation, historical reversion, and market implied expectations. Finally, we further adjust the estimated returns with our economic forecasts on market conditions and long-term expectations (which include economic growth, inflation, interest rates, among other important inputs).

Performance does not represent the results of actual trading, but was achieved by means of retroactive application of a model designed with the benefit of hindsight. Results may not reflect the impact that material economic and market factors might have on the adviser's decision-making if adviser were actually managing client assets.

This document may contain forward-looking statements relating to the objectives, opportunities, and the future performance of the U.S. market generally. Forward-looking statements may be identified by the use of such words as; "expect," "estimated," "potential" and other similar terms. Examples of forward-looking statements include, but are not limited to, estimates with respect to financial condition, results of operations, and success or lack of success of any particular investment strategy. All are subject to various factors, including, but not limited to general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting a portfolio's operations that could cause actual results to differ materially from projected results. Such statements are forward-looking in nature and involve a number of known and unknown risks, uncertainties and other factors, and accordingly, actual results may differ materially from those reflected or contemplated in such forward-looking statements. Prospective investors are cautioned not to place undue reliance on any forward-looking statements or examples. None of City National Rochdale or any of its affiliates or principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.

Important Disclosures (continued)

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.

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.

For More Information

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

info@cnr.com
www.cnr.com