City National Rochdale®
AN RBC/CITY NATIONAL COMPANY

April 2019

Economic Outlook and Investment Strategy

Economic Outlook: Slowing, but Still Growing

The global economy continues to show signs of sustainable but moderating growth.

- Strong U.S. economic fundamentals include jobs, confidence, corporate profits, and stable inflation.
- Consumers, businesses, and the government all contributing to driving domestic growth.
- Fiscal policy giving a boost to GDP, but impact expected to slowly fade in coming quarters.
- Fed policy is now close to neutral, and we expect policymakers to remain on hold in 2019.
- Global outlook has moderated and become more divergent.

City National Rochdale Forecasts		2017	2018	2019e
GDP Growth		2.30%	2.9%	2.00%-2.50%
Corporate Profit Growth		11.30%	22%	4%
Interest Rates	Fed Funds Rate	1.50%	2.375%	2.375%
	Treasury Note, 10-Yr.	2.40%	2.69%	2.50%-3.00%

Sources: BEA, Standard & Poor's, Bloomberg. As of April 2019.

Economic and Financial Indicators

Indicators Are Forward-Looking Three to Six Months

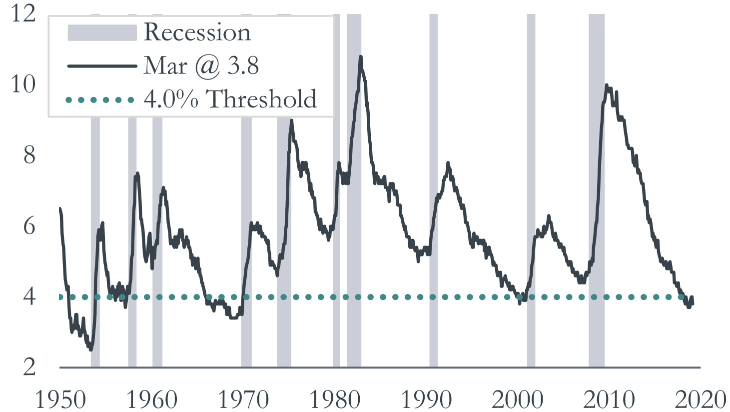
City National Rochdale indicators show widespread strength and continue to signal moderating but still healthy U.S. economic growth ahead.

Source: City National Rochdale. As of April 2019.

Economic Fundamentals Strong, Recession Risk Low

The U.S. economy has strong fundamentals, with low unemployment, high confidence, modest inflation, and low recession risk.

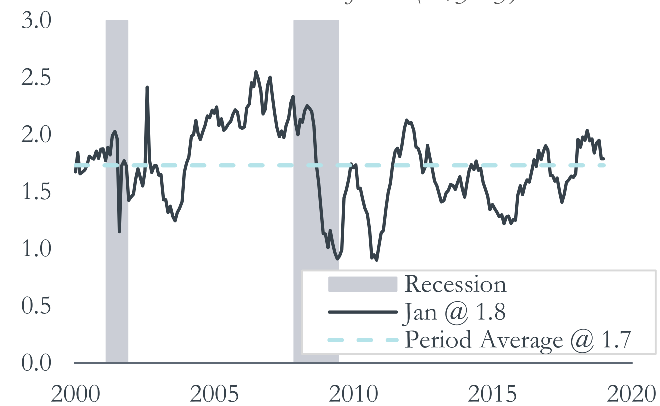
Unemployment at Levels Not Sustained Since the Late 1960s



Source: Bureau of Labor Statistics. As of March 2019.

Inflation Remains Low

Core PCE Price Deflator (%, y-o-y)



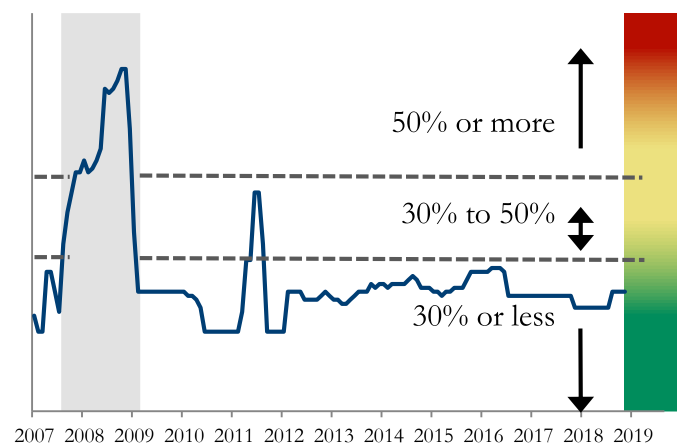
Source: Bureau of Labor Statistics. As of January 2019.

Confidence on an Upward Trend

University of Michigan Consumer Sentiment Index

Source: Federal Reserve Bank. As of March 2019.

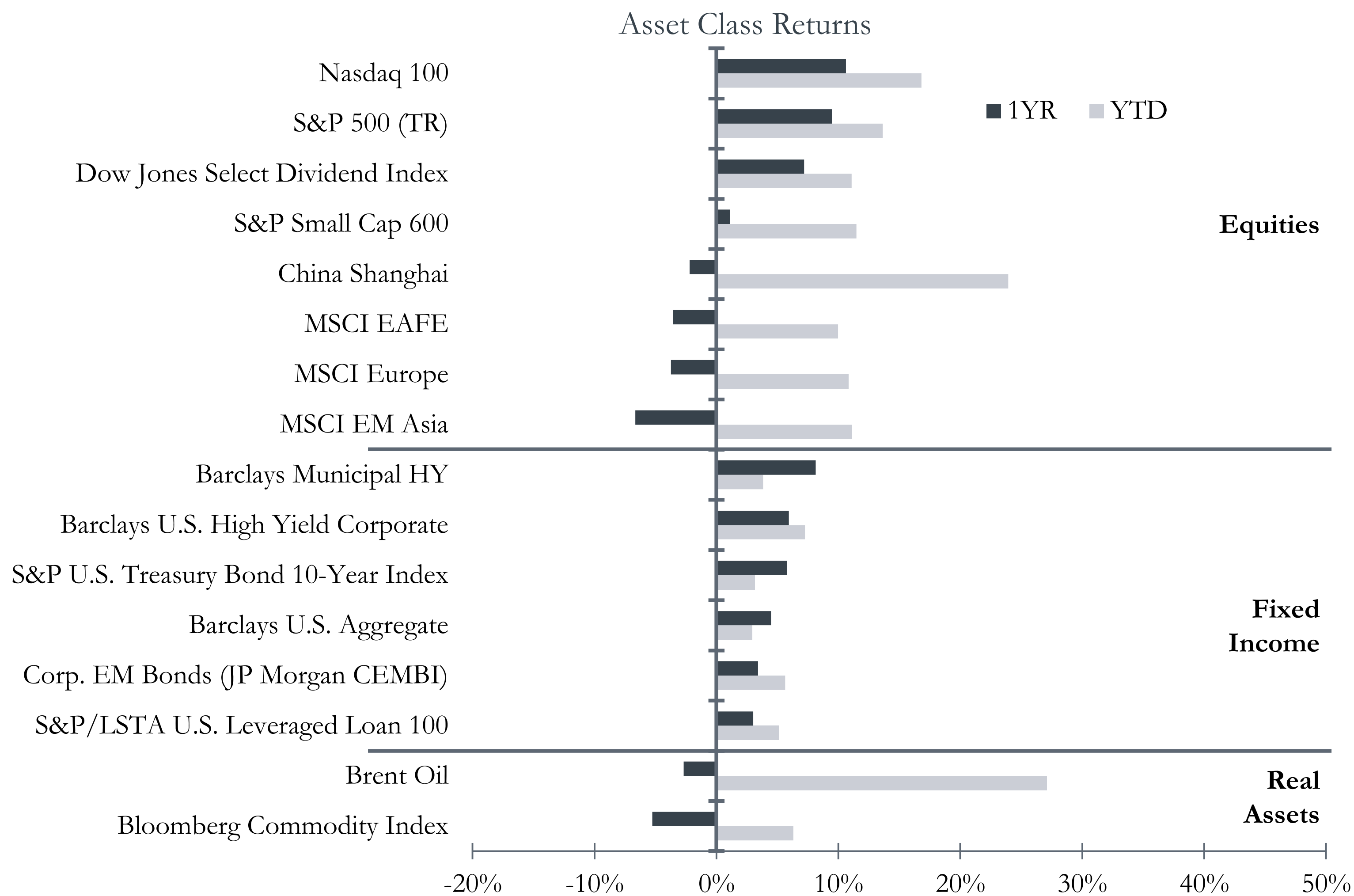
Probability of Recession in the Next 12 Months



Source: City National Rochdale. As of April 2019. Gray column represents recessionary period.

Asset Class Performance

Markets remain volatile, with concerns about rising interest rates, peaking profits, ongoing trade tensions, and slowing global growth.



Source: FactSet. As of March 2019. Total returns include dividends reinvested.

Economic Fundamentals Are Solid

City National Rochdale U.S. Economic Monitor

The U.S. economy has strong fundamentals, with low unemployment, modest inflation, and little evidence of mounting excesses or imbalances.

Indicator	Status	Level
Leading Indicators	Leading indexes continue to signal a modest, sustainable economic expansion ahead.	7.0
Labor Market	Solid, steady job growth continues, and labor market indicators point to continued strength ahead. Signs of wage growth are building.	8.0
Consumer Spending	Improved consumer fundamentals, including continued job growth, solid real income gains, and elevated confidence, provide support for household spending. Tax cuts should boost disposable income.	7.0
Global Economic Growth	The global expansion has become less balanced and more divergent. Downside risks to global growth have risen in the past six months, and the potential for upside surprises has receded.	5.5
Monetary Policy	Monetary policy normalization has been put on hold. Policymakers have signaled they are now focused on the risk of overtightening and ending the expansion prematurely.	6.0
Fiscal Policy	Fiscal policy remains a tailwind for the economy, but effects are expected to fade over the course of the year.	6.5
Consumer Sentiment	Confidence across a number of measures is back to pre-recession levels on significantly improved and rising expectations, centered largely on enactment of the current administration's pro-growth policy agenda.	7.5
Credit Availability/Demand	Borrowing terms and increased availability remain largely favorable. With household debt trending lower relative to incomes and debt servicing costs at a record low, higher borrowing costs won't be a major drag.	7.0
Geopolitical Risks/Contagion	Trade policy missteps, European political and financial system stability, and other unforeseen circumstances have the potential to disrupt markets and shake confidence.	3.5
Business Investment	Equipment investment continues to recover alongside a sharp improvement in survey-based measures of Capex intentions.	6.5
Service Sector	Business survey measures have moderated but remain near cyclical highs and point to the sector continuing to expand at a moderate rate, stabilizing and supporting overall GDP growth.	7.5
Manufacturing Sector	Manufacturing continues to show signs of resilience, though the outlook has moderated against a slowing global backdrop, stronger dollar, and continued trade tensions.	6.5
Housing	A solid labor market, rising incomes, and the Fed's dovish pivot support demand and residential construction; however, gains are likely to be moderate and face headwinds from low supply and tight capacity restraints.	6.0
Inflation	While a tightening job market may increase wage and price pressures somewhat further in the coming year, the structural forces that have kept inflation subdued remain in place.	6.5
Energy	Excess supply remains despite improvements in global economic demand and should keep overall price increases in check.	7.0
Total Score		**6.7**

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 April 2019.

Moderate Economic Expansion Still Supports Equities

Equity Market Scorecard

We believe U.S. equities remain attractive versus investment-grade bonds and should be favored in most client portfolios.

Indicator	Status	Current Score
Global Economic Outlook	Global outlook has moderated and become more divergent.	**6.2**
Corporate Profitability	Earnings growth expected to slow in 2019, as corporate tax cuts roll off and companies face headwinds of slower global demand and a stronger dollar.	**5.9**
Monetary Conditions	Monetary policy normalization has been put on hold. Policymakers have signaled they are now focused on the risk of overtightening and ending the expansion prematurely.	**6.6**
Valuation	Valuations are less compelling than they were late last year, but remain reasonable.	**7.0**
Technical Indicators	Market strength and momentum have improved following the recent correction.	**6.3**
Systemic Financial Sector Risk	Global monetary conditions remain highly accommodative, but a turn toward less expansionary policy by major central banks runs the risk of mistakes that could agitate markets. Heightened geopolitical risk raises the possibility of volatility in months ahead.	**6.4**
Total Score		**6.4**

Positive 6.0 to 10	Overweight	**Neutral** 4.0 to 5.9	Neutral Weight	**Negative** 0 to 3.9	Underweight

Source: City National Rochdale Proprietary Multi-Factor Stock Market Model. As of April 2019.

Opportunistic Fixed Income Scorecard

Opportunistic Income Still Attractive

Our proprietary Multi-Factor Bond Market Model indicates that credit conditions are still attractive at this stage of the economic cycle.

Indicator	Status	Current Score
Economic Outlook	U.S. economic growth expected to moderate but remain healthy.	**6.0**
Monetary Conditions	Monetary conditions remain accommodative, as the Fed is committed to reducing stimulus at a gradual pace.	**6.4**
Inflationary Outlook	Core inflation is at the Fed's 2.0% target level. Risk is to the upside.	**4.4**
Technical Factors	Valuations are much more attractive after a period of negative fund flows.	**5.7**
Fundamental Factors	Credit remains fundamentally attractive.	**7.1**
Total Score		6.3

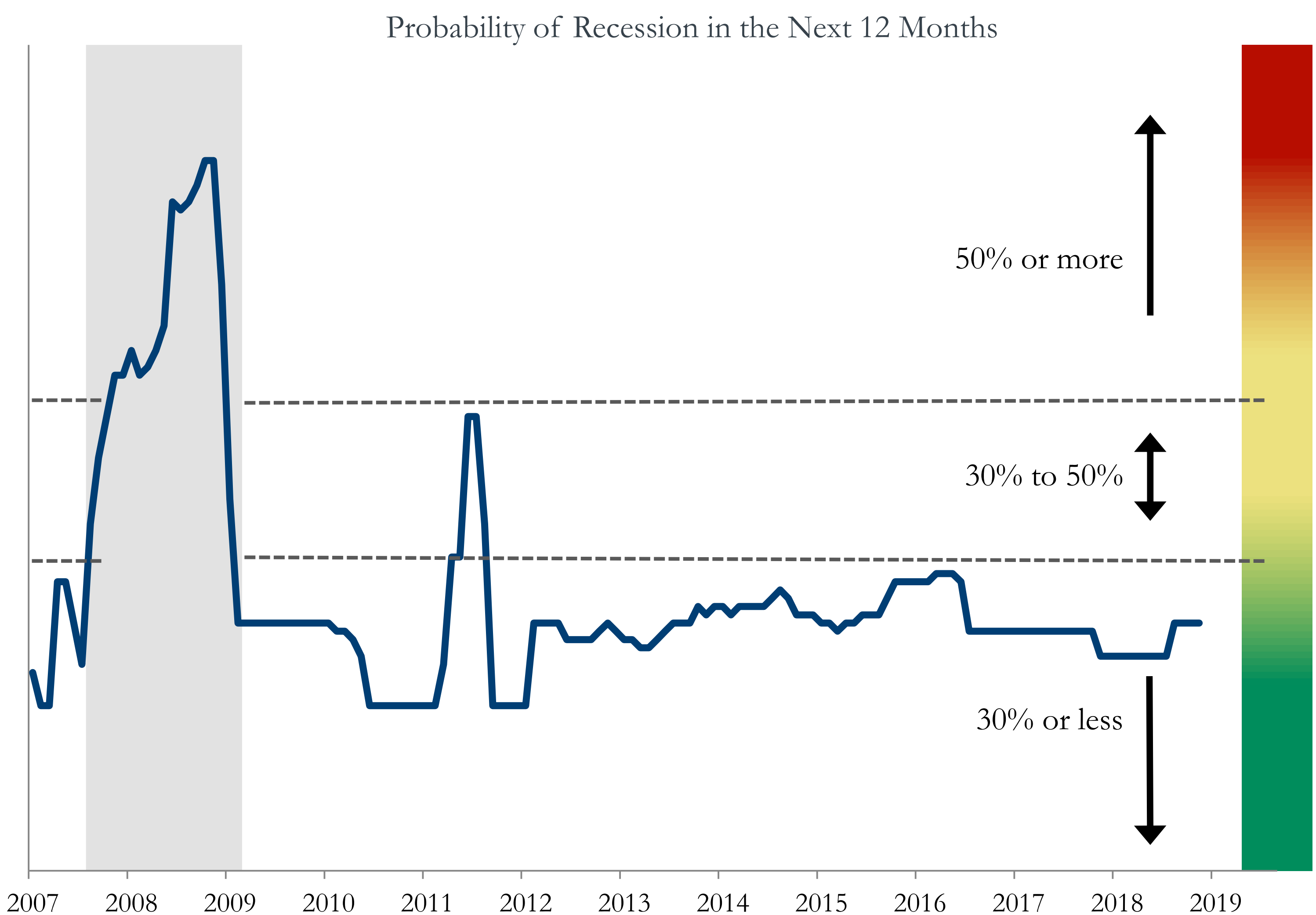
Positive 6.0 to 10	Overweight	**Neutral** 4.0 to 5.9	Neutral Weight	**Negative** 0 to 3.9	Underweight

Source: City National Rochdale Proprietary Multi-Factor Bond Market Model. As of March 2019.

U.S. Recession Risk Low

City National Rochdale Recession Probability Monitor

Our analysis indicates that near-term recession risk for the U.S. economy remains low.



Source: City National Rochdale. As of April 2019. Gray column represents recessionary period.

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

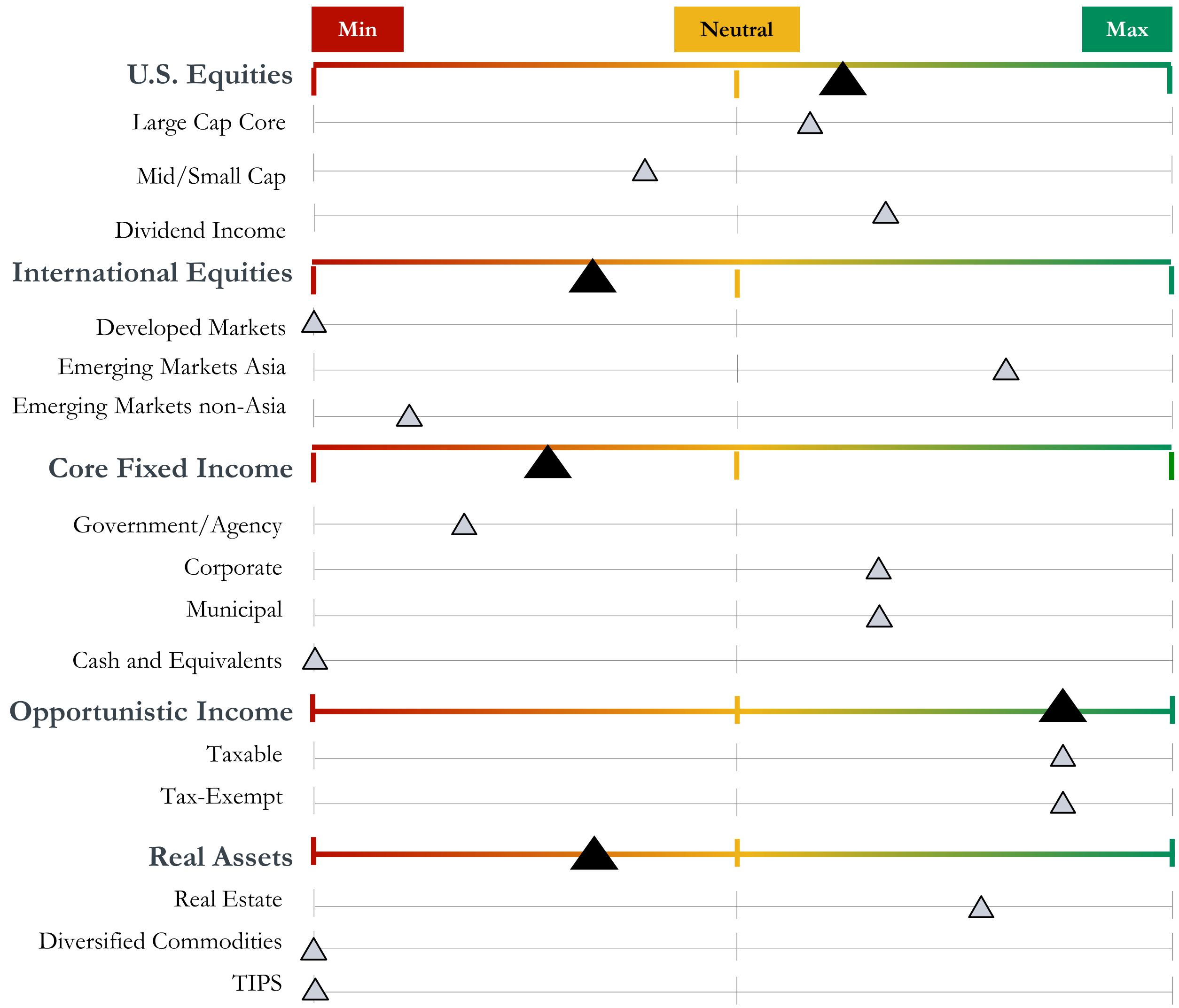
- Low return potential
- Prefer corporate credit over government bonds
- Municipals attractive for high-bracket investors

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 February 2019.

Portfolio Strategy for Moderate Economic Expansion

EQUITIES

- Prefer U.S. growth and high dividend
- Europe: Cyclical vs. secular crosscurrents reduce attractiveness
- Emerging markets: Favor Asia

CORE FIXED INCOME

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

OPPORTUNISTIC INCOME

- Moving up within credit ranking toward BB/B

REAL ASSETS

- Underweight due to low-inflation environment

ALTERNATIVES

- Attractive opportunity in cash flow strategies for qualified investors

Equities

- Moderate U.S. economic growth continues to support modestly higher U.S. equity levels.
- Dividend income strategies: valuations full, but solid fundamentals; better late cycle.
- European equities: select opportunities, but long-term secular headwinds and poor growth prospects.
- Long-term EM Asia outlook supported by fundamental, economic, and demographic changes.

Core Fixed Income

- With the Fed reducing stimulus, interest rates are gradually increasing, making for better investment opportunities.
- We anticipate income will increase this year as the Fed raises short-term interest rates.

Opportunistic Fixed Income

- Taxable and Tax-Exempt Opportunistic allocations remain relatively attractive vs. Core Fixed Income.
- High Yield Corporate valuations are looking more attractive.
- Increasing our investments in EM local currency sovereign bonds and floating rate assets.

Real Assets

- Reasonable growth and yield from select REITs.

Alternatives[1]

- We recommend alternative investments for sophisticated investors that are generally noncorrelated asset classes.

Source: City National Rochdale. As of April 2019.

[1]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 that magnifies both losses and gains, including the risk of loss of the entire investment. Alternative investments have varying and lengthy lockup provisions.

Capital Market Assumptions

Asset Class		Near-Term Return Expectation*	Long-Term Annual Return Expectation	Historical Annual Return**	Long-Term Annual Risk Expectation	Historical Annual Risk	Max Historic Drawdown***
Equities	**Domestic**						
	Large Cap Core	7.0	7.0	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	7.0	6.5	8.1	13.0	13.5	-40.0
	International						
	Developed Markets	5.0	6.0	5.6	16.5	17.0	-57.0
	Emerging Markets	9.0	9.0	9.5	20.0	22.5	-60.0
Core Fixed Income/Cash	Government/Agency	2.7	3.0	5.7	2.5	3.5	-4.0
	Investment-Grade Corporate	3.5	3.8	6.8	5.0	5.0	-9.0
	Tax-Exempt	2.6	3.3	5.1	2.5	2.8	-2.0
	Cash and Equivalents	2.0	2.0	3.0	0.0	0.0	0.0
Opportunistic Income	Global Bonds	4.5	5.5	5.6	5.5	5.5	-10.0
	Global High Yield	6.0	8.0	8.2	9.0	10.0	-34.0
	Bank Loans	6.0	5.0	7.1	7.0	7.0	-30.0
	Preferred Stock	4.5	6.0	5.7	12.5	13.0	-55.0
	High Yield – Taxable	6.0	6.5	7.2	7.5	8.0	-34.0
	High Yield – Tax-Exempt	5.5	5.0	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	8.0	9.0	8.4	14.0	15.0	-75.0
	Railcar Leasing	8.5	9.0	10.0	12.0	13.0	-15.0
	HealthCare Royalties	8.0	9.0	11.0	10.0	12.0	-8.0
	Aviation Leasing	8.0	9.0	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	4.0	6.0	8.9	23.0	23.0	-70.0
	Diversified Commodities	2.0	6.0	5.9	14.5	14.5	-66.0
	Precious Metals	3.0	6.0	4.7	20.0	17.5	-68.0
	Inflation-Protected Fixed Income	1.0	3.0	5.0	5.0	5.5	-13.0

Sources: Morningstar Direct, Bloomberg, City National Rochdale. As of April 2019. 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 1986. 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%).

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 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.

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.

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.

Certain statements contained herein may constitute projections, forecasts, and other forward-looking statements, which do not reflect actual results and are based primarily upon a hypothetical set of assumptions applied to certain historical financial information. Certain information has been provided by third-party sources, and, although believed to be reliable, it has not been independently verified and its accuracy or completeness cannot be guaranteed.

Any opinions, projections, forecasts, and forward-looking statements presented herein are valid as of the date of this document and are subject to change.

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.

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.

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