

RBC Rochdale

# Market Update Webinar

December 11, 2025



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# Rochdale Speedometers<sup>SM</sup> – December 2025

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

- The global growth outlook is positive as recession risk has decreased.
- The Federal Reserve is likely to cut rates in Dec. due to labor market weakness.
- Longer-term interest rates are stable, and we expect rates to remain rangebound as we start the new year.
- Corporate earnings are strong and broadening. Tech continues to lead, but other sectors are gaining momentum.
- Consumer financials show positive trends as loan charge-offs and credit card delinquencies decline.
- U.S. stock valuations are historically wide relative to international markets, suggesting an entry point for non-U.S. allocations.

### Impact on Economy and Financial Markets



Impact on investment: ■ Positive ■ Neutral ■ Negative | Time frame: ■ Current ■ Change from last month

Source: Proprietary opinions based on Rochdale research, as of December 4, 2025. Information is subject to change and is not a guarantee of future results.



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# Economic Forecast

- Near-term GDP growth outlook has improved, despite lingering uncertainty.
- Corporate profits and margins exceeded expectations in 2025, and are expected to be higher in 2026.
- The Fed cut rates in 2025 three times. For 2026, we expect three cuts as well, possibly a tailwind for markets.
- 10-year Treasury yields are expected to be stable but lean modestly lower in the near term.

		2024	2025		2026	
RBC Rochdale Forecasts		Actual	RBCR (est.)	Consensus (est.)	RBCR (est.)	Consensus (est.)
<b>Real Annual GDP Growth</b>		2.5%	1.25% - 1.75%	1.95%	1.75% - 2.25%	2.00%
<b>Corporate Profit Growth</b>		9.6%	9.0% - 11.0%	9.96%	11.0% - 13.0%	13.06%
<b>Headline CPI Year End</b>		2.9%	3.00% - 3.25%	2.80%	2.50% - 3.00%	2.86%
<b>Interest Rates</b>	Federal Funds Rate	4.25% - 4.50%	3.50% - 3.75%	3.80%	2.75% - 3.25%	3.25%
	Treasury Note, 10-Yr.	4.57%	3.75% - 4.25%	4.06%	3.75% - 4.25%	4.06%

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.

e: estimate. The consumer price index (CPI) measures the monthly change in prices paid by U.S. consumers.

Sources: Bloomberg, proprietary opinions based on Rochdale Research, as of December 4, 2025. Information is subject to change and is not a guarantee of future results.

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# 2025 Year in Review

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 YTD
BEST ↑ ↓ WORST	REITs 2.83%	Small Cap Stocks 21.28%	Emerging Market Stocks 37.81%	Treasury Bills 1.86%	U.S. Stocks 31.48%	U.S. Convertibles 46.22%	REITs 41.30%	Treasury Bills 1.50%	U.S. Stocks 26.26%	U.S. Stocks 25.00%	Emerging Market Stocks 32.23%
	U.S. Stocks 1.37%	High Yield 17.13%	Foreign Stocks 24.99%	U.S. Gov't Bonds 0.88%	REITs 28.66%	Small Cap Stocks 19.93%	U.S. Stocks 28.68%	High Yield -11.19%	Foreign Stocks 18.75%	Small Cap Stocks 11.52%	Foreign Stocks 29.74%
	U.S. Gov't Bonds 0.86%	U.S. Stocks 11.95%	U.S. Stocks 21.82%	U.S. Convertibles 0.15%	Small Cap Stocks 25.49%	Emerging Market Stocks 18.81%	Small Cap Stocks 14.78%	U.S. Gov't Bonds -12.32%	Small Cap Stocks 16.88%	U.S. Convertibles 11.14%	U.S. Convertibles 18.82%
	U.S. Aggregate Bonds	Emerging Market Stocks 11.77%	Small Cap Stocks 14.63%	U.S. Aggregate Bonds	Foreign Stocks 23.33%	U.S. Stocks 18.39%	Foreign Stocks 13.33%	U.S. Aggregate Bonds	High Yield 13.45%	High Yield 8.19%	U.S. Stocks 18.20%
	Treasury Bills 0.03%	U.S. Convertibles 10.43%	U.S. Convertibles 13.70%	Global Aggregate -1.20%	U.S. Convertibles 23.15%	Global Aggregate 9.20%	U.S. Convertibles 6.34%	Foreign Stocks -13.70%	U.S. Convertibles 12.87%	Emerging Market Stocks 8.01%	Small Cap Stocks 14.45%
	Foreign Stocks -2.42%	REITs 8.63%	REITs 8.67%	High Yield -2.08%	Emerging Market Stocks 18.85%	Foreign Stocks 8.22%	High Yield 5.28%	Global Aggregate -16.25%	REITs 11.36%	Treasury Bills 5.45%	High Yield 8.14%
	U.S. Convertibles -2.99%	Foreign Stocks 3.43%	High Yield 7.50%	REITs -4.04%	High Yield 14.32%	U.S. Gov't Bonds 7.94%	Treasury Bills 0.05%	U.S. Stocks -18.12%	Emerging Market Stocks 10.23%	Foreign Stocks 5.37%	Global Aggregate 7.62%
	Global Aggregate -3.15%	U.S. Aggregate Bonds	Global Aggregate 7.39%	U.S. Stocks -4.39%	U.S. Aggregate Bonds	U.S. Aggregate Bonds	U.S. Aggregate Bonds	U.S. Convertibles -18.71%	Global Aggregate 5.72%	REITs 4.92%	U.S. Aggregate Bonds
	Small Cap Stocks -4.41%	Global Aggregate 2.09%	U.S. Aggregate Bonds	Small Cap Stocks -11.03%	Global Aggregate 6.84%	High Yield 7.11%	U.S. Gov't Bonds -2.28%	Emerging Market Stocks -19.79%	U.S. Aggregate Bonds	U.S. Aggregate Bonds	U.S. Gov't Bonds 6.01%
	High Yield -4.47%	U.S. Gov't Bonds 1.05%	U.S. Gov't Bonds 2.30%	Foreign Stocks -13.52%	U.S. Gov't Bonds 6.83%	Treasury Bills 0.58%	Emerging Market Stocks -2.30%	Small Cap Stocks -20.46%	Treasury Bills 5.26%	U.S. Gov't Bonds 0.62%	Treasury Bills 4.11%
	Emerging Market Stocks -14.59%	Treasury Bills 0.27%	Treasury Bills 0.84%	Emerging Market Stocks -14.24%	Treasury Bills 2.25%	REITs -5.12%	Global Aggregate -4.71%	REITs -24.95%	U.S. Gov't Bonds 4.09%	Global Aggregate -1.69%	REITs 2.79%

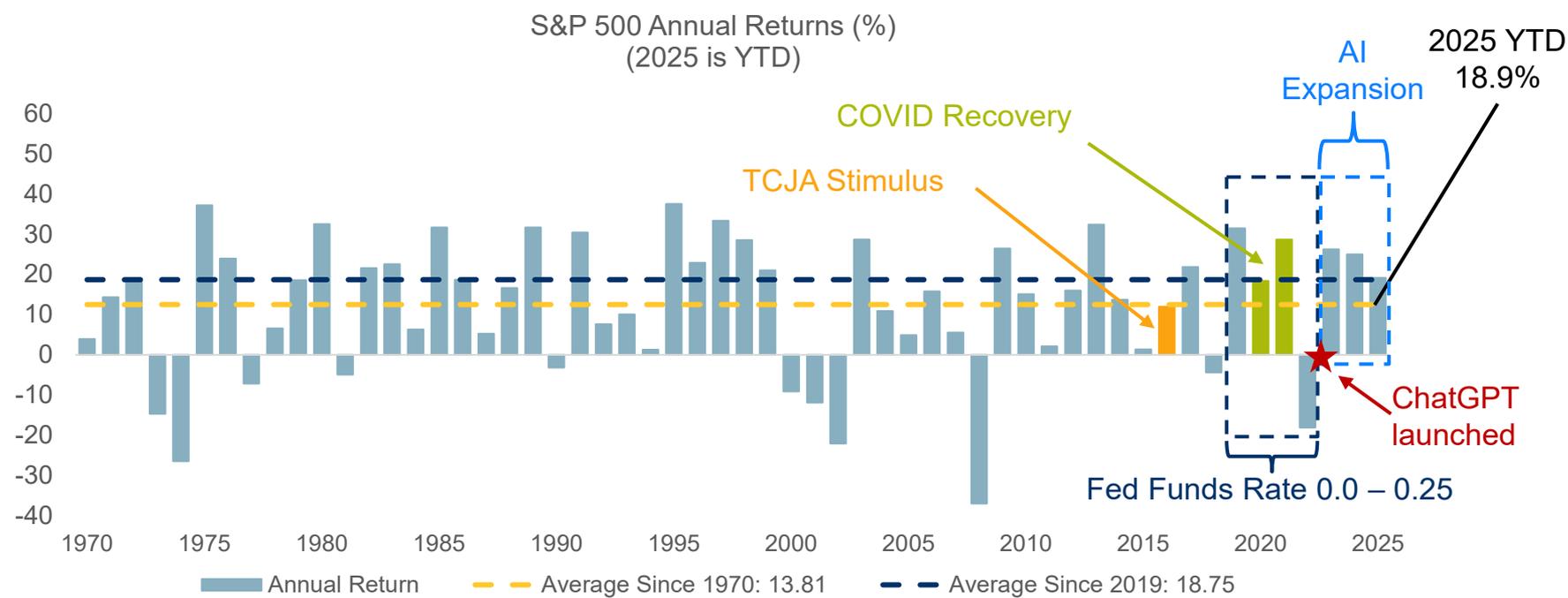
Source: Bloomberg, RBC Research. As of December 5, 2025. For index descriptions, please see page 38. Information is subject to change and is not a guarantee of future results. Past performance is no guarantee for future results.



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# U.S. Returns: Can They Be Sustained?

- U.S. equity performance has been built on a chain of stimulus regimes from tax and regulatory relief (2016-2019), to massive COVID recovery programs to an extended low-rate environment that fueled risk taking and innovation, culminating in today's rapid acceleration in AI capex.
- With policy support now less certain and valuations elevated, the central question becomes: Is the AI investment cycle strong enough and broad enough to sustain market returns, or does the next leg require a new policy or economic driver?



Source: Bloomberg and RBC Research

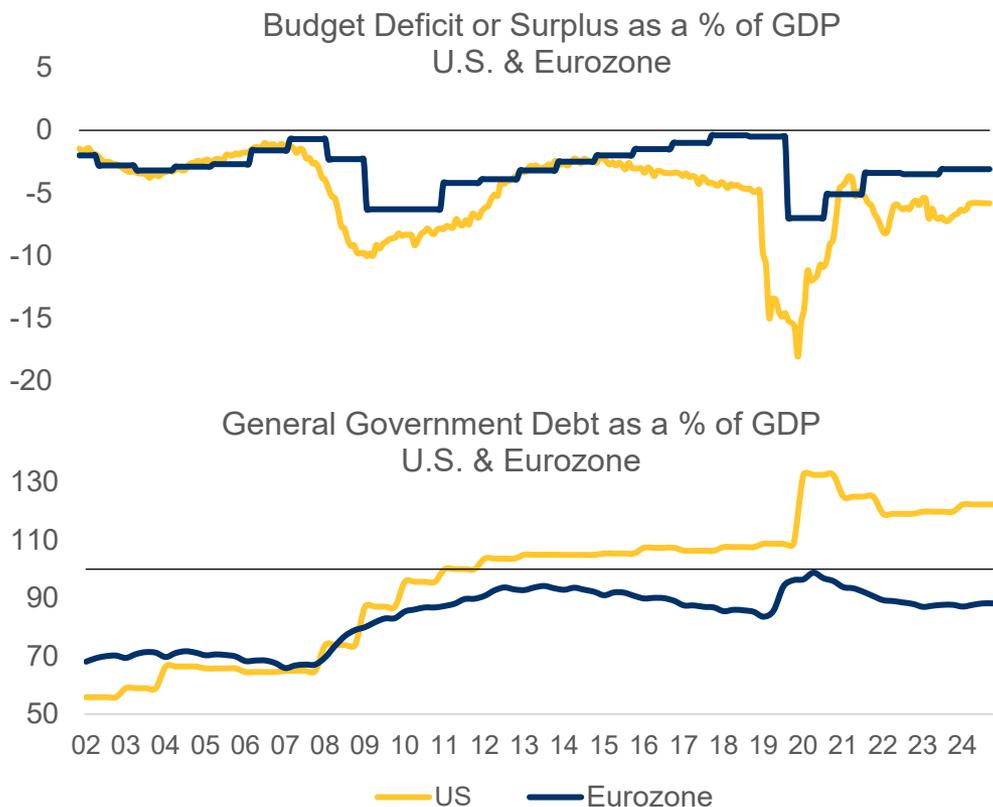
As of December 7, 2025. Information is subject to change and is not a guarantee of future results.

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# Paradigm Shift Underway in Global Markets

- Foreign governments are increasing spending with an emphasis on defense and infrastructure.
- The capacity for fiscal and monetary stimulus is greater in global markets due to lower rates and smaller debt loads.
- Declining U.S. interest rates and a softer dollar have historically driven strong performance in international markets.



## Top 5 Reasons for a Long-Term U.S. — Global Paradigm Shift

### Rebalancing of Global Capital Flows

U.S. share in global markets at 1970s peak

### Superior Valuations and Mean Reversion

International valuation discounts look historically attractive

### Structural Policy Tailwinds Outside the U.S.

Fiscal & monetary flexibility is greater in non-U.S. markets

### Weaker Dollar and the Rise of Multipolar Trade Blocs

Structural trade deficits, declining real yield advantage  
deliberate central bank diversification

### Sectoral and Structural Advantages Abroad

U.S. market remains dominated by mega-cap technology  
and infrastructure companies

Sources: International Monetary Fund (IMF), Eurostat, U.S. Treasury Rochdale Research as of December 4, 2025.

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# Geopolitical Update

- New geopolitical events emerge each year, while existing conflicts tend to linger.
- Their market impacts are often sharp but brief, with adjustments in policy and supply chains helping absorb shocks.
- Most issues eventually stabilize, though usually more slowly than markets prefer.

	Event	S&P 500	Bloomberg Aggregate
2026	?		
2025	<ul style="list-style-type: none"> <li>• Trump administration tariffs</li> <li>• Israel attacks Iran</li> </ul>	*18.2%	-0.3%
2024	<ul style="list-style-type: none"> <li>• Middle East &amp; Ukraine conflicts</li> <li>• Sweden joins NATO</li> </ul>	23.3%	1.3%
2023	<ul style="list-style-type: none"> <li>• China–U.S. competition heats up</li> <li>• Israel, Palestine / Hamas conflict</li> </ul>	24.2%	5.5%
2022	<ul style="list-style-type: none"> <li>• Russia invades Ukraine</li> </ul>	-19.4%	-13.0%
2021	<ul style="list-style-type: none"> <li>• Global supply chain disruptions</li> <li>• U.S. withdrawal from Afghanistan</li> </ul>	26.9%	-1.54%
2020	<ul style="list-style-type: none"> <li>• COVID-19</li> <li>• Brexit</li> </ul>	16.3%	7.5%

## Middle East:

- The Gaza-Israel ceasefire from October remains intact, though fragile. Risks of flare-ups persist, but markets are treating the situation as contained.

## Russia-Ukraine War:

- Talks show little progress. Russia maintains its territorial demands and Ukraine refuses concessions. The stalemate will continue into 2026 but is stable from a market perspective.

Source: Bloomberg, RBC Research, Andriy Yermak, Ukrainian Chief of Staff for President Volodymyr Zelensky.

\*2025 performance is YTD through December 5, 2025. Information is subject to change and is not a guarantee of future results.

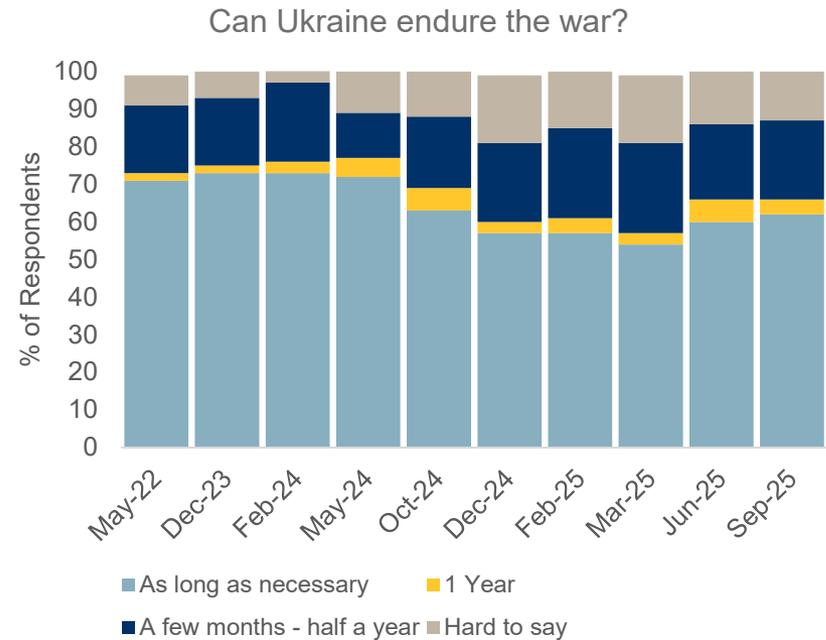
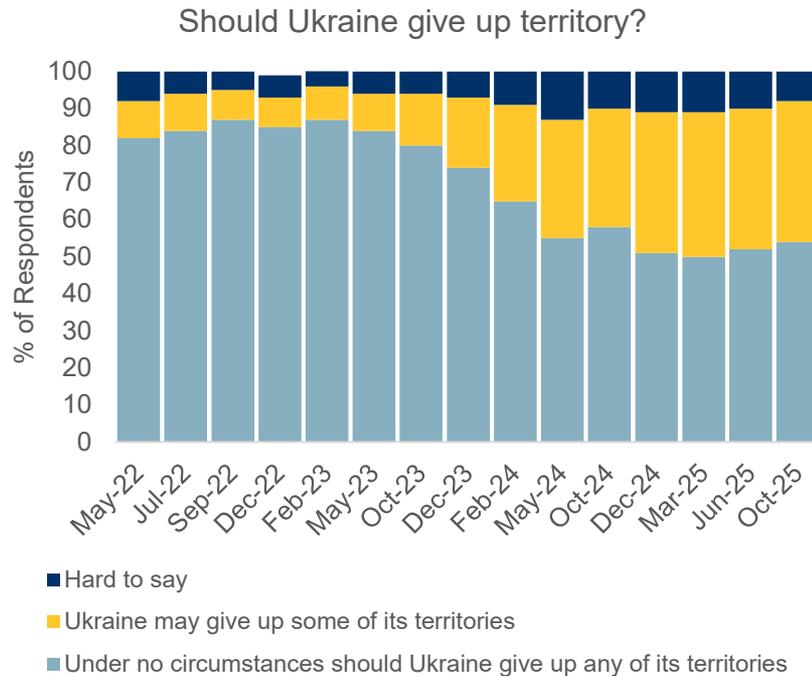
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# Geopolitical Update

These polls show a notable shift in Ukrainian sentiment: willingness to give up territory has increased from very low levels, while readiness to continue the war remains broadly steady. The combination suggests changing expectations about a negotiated end, but resilience on the broader war effort.

## Ukrainian Opinion Polls



Source: Kyiv International Institute of Sociology and RBCR Research  
As of October 31, 2025. Information is subject to change and is not a guarantee of future results.

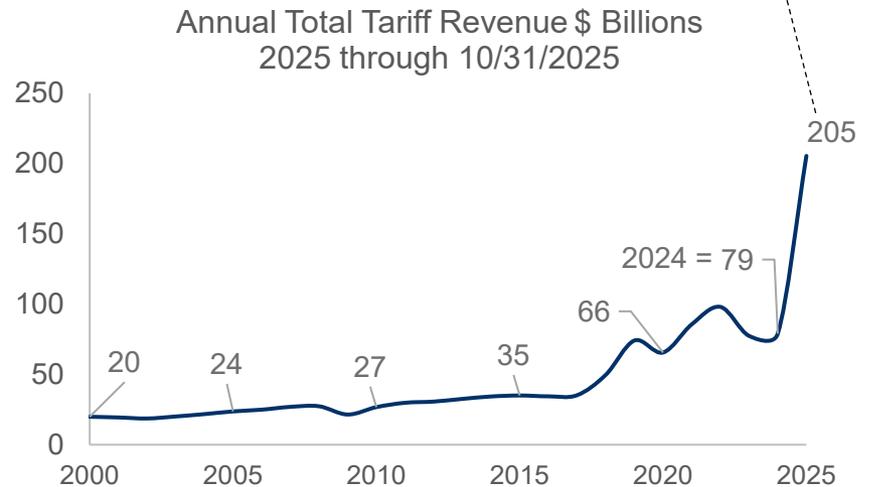
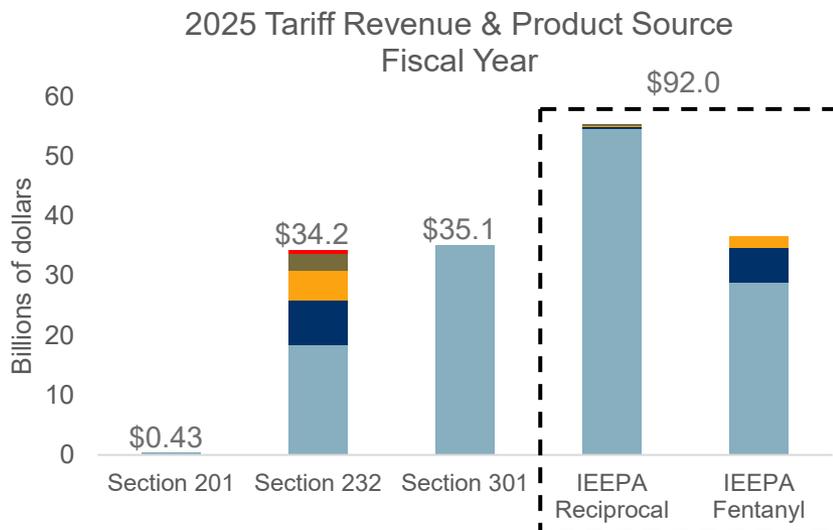
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# Tariffs: Revenues, Negotiations, & Fading Uncertainty

- Tariff negotiations, a nuanced activity, have recently picked up, lowering global tariff rates, increasing foreign investments into the U.S., and freeing trade restrictions.
- In the past two months (during shutdown), trade deals progressed or were reached with the European Union, China, Japan, Switzerland, Liechtenstein, El Salvador, Argentina, Ecuador, Guatemala, Cambodia, Malaysia, Thailand, Vietnam and South Korea.

2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total Before Shutdown	Sept	Oct	Tariff Revenue Through October
<b>Tariff Revenue (bn)</b>	\$7	\$7	\$8	\$16	\$22	\$27	\$28	\$30	\$144	\$30	\$31	\$205
<b>Imports (bn)</b>	\$320	\$291	\$345	\$278	\$278	\$268	\$294	\$265	\$2,338	11-Dec	11-Dec	
<b>Effective Tariff Rate</b>	2.3%	2.5%	2.4%	5.6%	8.0%	10.0%	9.4%	11.1%	6.2%	?	?	



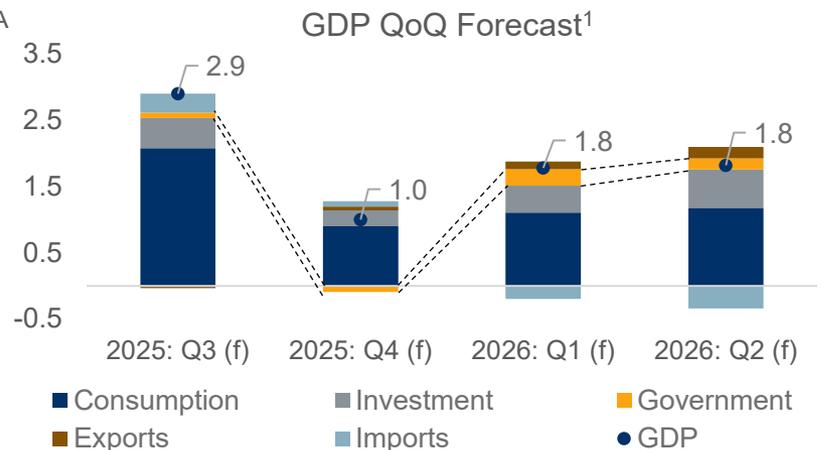
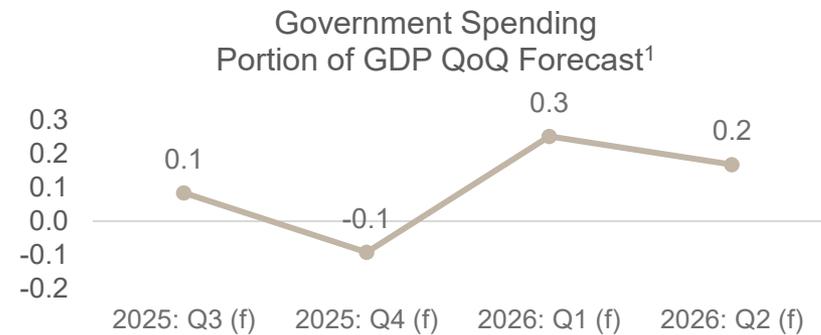
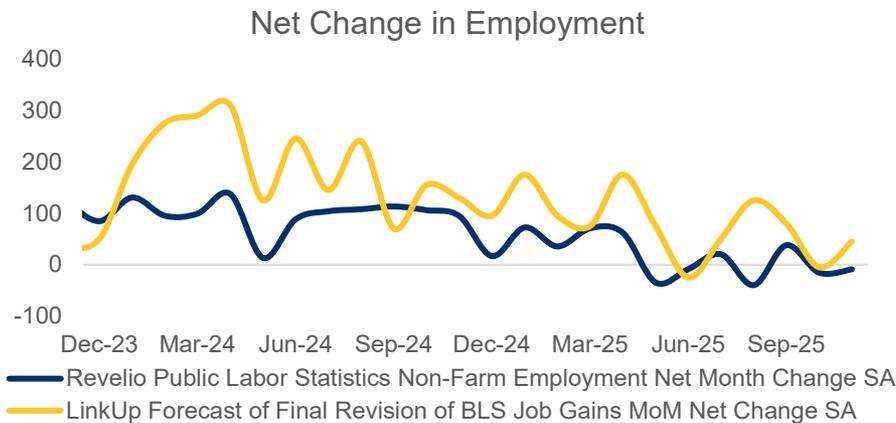
Source: The White House, U.S. Census Bureau, U.S. Customs and Border Protection, Bloomberg, RBC Research. Annual tariff revenue through October 31, 2025, Fiscal Year tariff revenue through September 23, 2025, Imports through August 31, 2025. IEEPA: International Emergency Economic Powers Act. Information is subject to change and is not a guarantee of future results.



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# Economic Data

- The Federal government is open, but the shutdown impact remains. Delayed economic data will not be fully released until mid-January, impacting markets and policy decision makers.
- “Lost” government spending is not lost, rather just pushed to the following quarter.



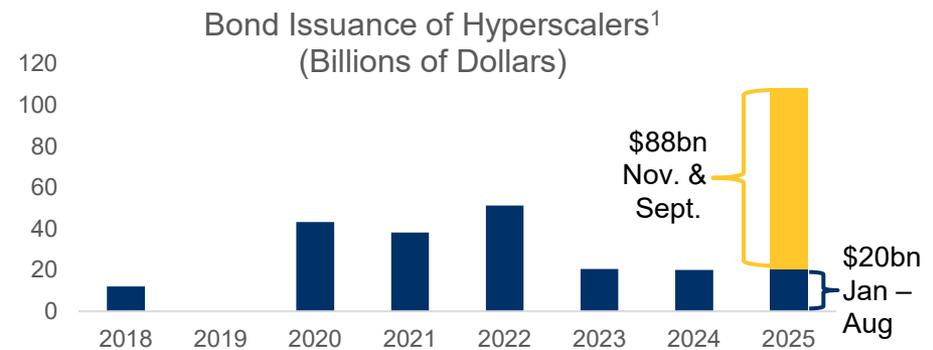
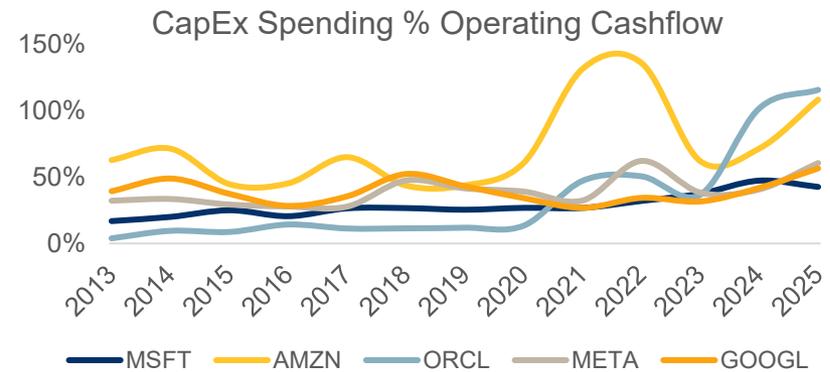
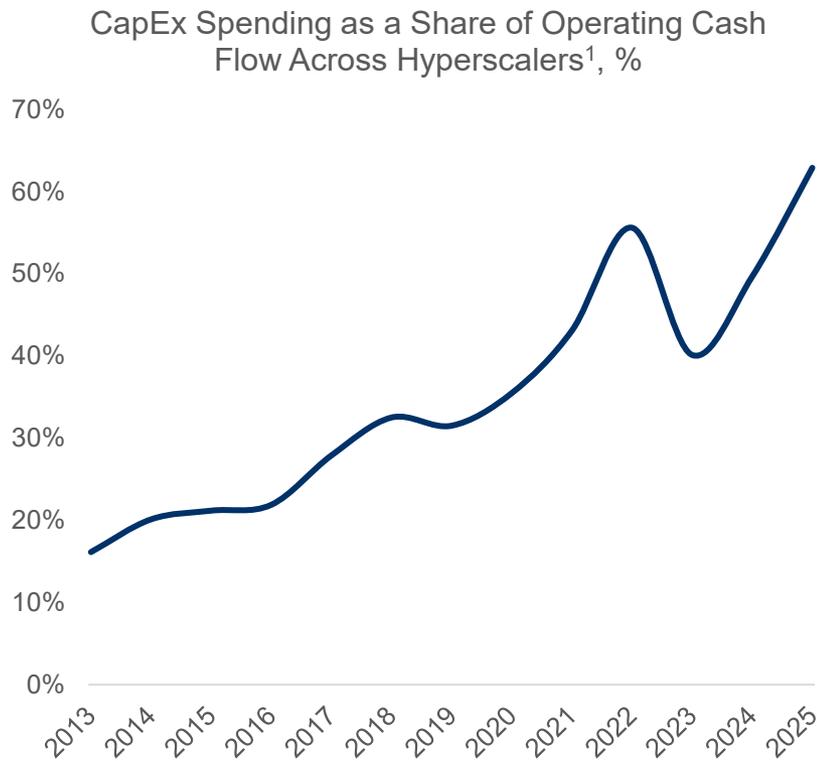
Source: Bloomberg, Bloomberg Survey. <sup>1</sup>Forecast is The Bloomberg Economic (consensus) Survey, a seasonally annually adjusted rate, as of November 26, 2025. Information is subject to change and is not a guarantee of future results.



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# AI: How Do We Pay for It?

- Headlines have called out concerns over hyperscalers raising debt to fund data center buildouts.
- These companies can still cover project costs with cash flow, but instead are managing finances, like consumers with the ability to pay cash for a home, but financing instead: cash management.



Source: Bloomberg and RBC Research

<sup>1</sup>Hyperscaler companies includes Amazon, Oracle, Google, Meta and Microsoft.

2025 numbers include the first three quarters of 2025. Information is subject to change and is not a guarantee of future results.

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# 2026 Equity Market Outlook

Our base case is for the S&P 500 to be between 7600 – 7700 by year end 2026, roughly 11-12% higher. Strong and broadening earnings, fiscal and monetary policy stimulus, and a resilient consumer underpin our outlook.

## Positives for Markets

Productivity gains broaden at a brisk pace | Capex spending continues at current pace



New Fed Chair & Fed voters cut rates further than est. without re-triggering inflation, reducing the cost of capital

Labor and U.S. GDP growth surprises to the upside

Consumer spending & corporate investment increase beyond expectations on strong OBBBA benefits



Further reduction in tariff rates globally | SCOTUS strikes down tariffs and administration does not reengage

Global demand, fiscal, and monetary policy stimulus surprises to the upside



**AI**

**Fed & Inflation**

**Labor & Growth**

**Consumer & Business Spending**

**Tariffs**

**Global Demand & Fiscal & Monetary support**

## Negatives for Markets

Capex growth rates slow | Demand slows | Competition increases | Productivity gains fail to materialize

Term-premium & debt repricing concerns | Fed independence wanes | Sticky inflation prevents/slows Fed cuts

Labor market weakness persists, slowing GDP growth but remains positive



K shaped economy diverges further, slowing spending | OBBB & tax savings fail to drive bus. & consumer spending

SCOTUS strikes down IEEPA tariffs, causing administration to reengage in trade war activities

Global growth slows due to tariff uncertainty

Source: Proprietary opinions based on RBCR research, as of December 9, 2025. Checkmark indicates RBC Rochdale expectations. Information is subject to change and is not a guarantee of future results.



# RBC Rochdale Equity Sector Views

Strategic over-weights and under-weights (relative to S&P 500) based on valuations, macro-outlook and risk management.

Overweight	<b>Communication Services &amp; Information Technology</b> <ul style="list-style-type: none"> <li>AI investment continues, spurred by Fed easing</li> <li>Earnings momentum overcomes valuation</li> <li>Strong fundamentals</li> <li>AI integration across industry</li> </ul>	<b>Consumer Staples</b> <ul style="list-style-type: none"> <li>Defensive <i>if</i> growth slows and complementary to info. tech and other AI related names</li> <li>Pricing power and spending on necessities protects margins</li> </ul>	<b>Energy</b> <ul style="list-style-type: none"> <li>Cheapest market valuations</li> <li>Global energy supply surplus peaking</li> <li>Favorable policy dynamics</li> <li>Demand increases <i>if</i> growth overshoots current expectation</li> </ul>
	<b>Financials</b> <ul style="list-style-type: none"> <li>A steepening curve will help, but has been priced into the market</li> <li>We are vigilant on default risk and if consumer spending cracks, financials will decline after a large run-up</li> </ul>	<b>Utilities</b> <ul style="list-style-type: none"> <li>Long-term rates not declining as much as short rates</li> <li>Most expective sector with bond-like rate sensitivity</li> <li>Inflation “squeeze” limits the impact of rate increases.</li> </ul>	<b>Industrials</b> <ul style="list-style-type: none"> <li>Most expensive sector after Utilities and Information Technology</li> <li>Vulnerable to global growth slowdown, <i>if</i> slow growth environment materializes</li> <li>AI adoption takes longer</li> </ul>
	Underweight		

Source: RBCR Research. As of December 11.

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# Key Takeaways

- We enter 2026 with several speedometer indicator increases over the fourth quarter, reinforcing confidence in the outlook for continued returns next year.
- Return dispersion remains high, making diversification and disciplined risk management essential in the maturing AI expansion.
- Market leadership is shifting from policy-driven toward a broadening AI investment cycle that is now spreading across the economy.
- Geopolitical risks persist, but markets remain resilient as conflicts stabilize, and a longer-term global shift improves non-U.S. opportunities.
- Tariff impacts appear to be diminishing as negotiations lower rates and steady trade flows, suggesting domestic policy may be a smaller driver in 2026.
- We remain constructive on equities, emphasizing AI-enabled and earnings-resilient sectors such as Tech, Communication Services, and Energy, while maintaining caution in rate-sensitive areas.

Source: RBC Research as of December 11.

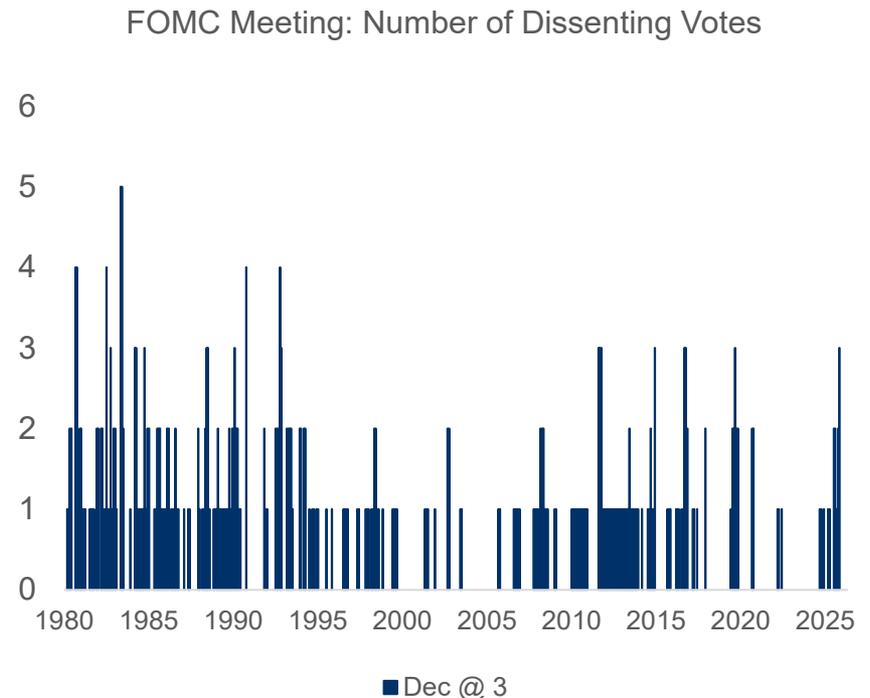
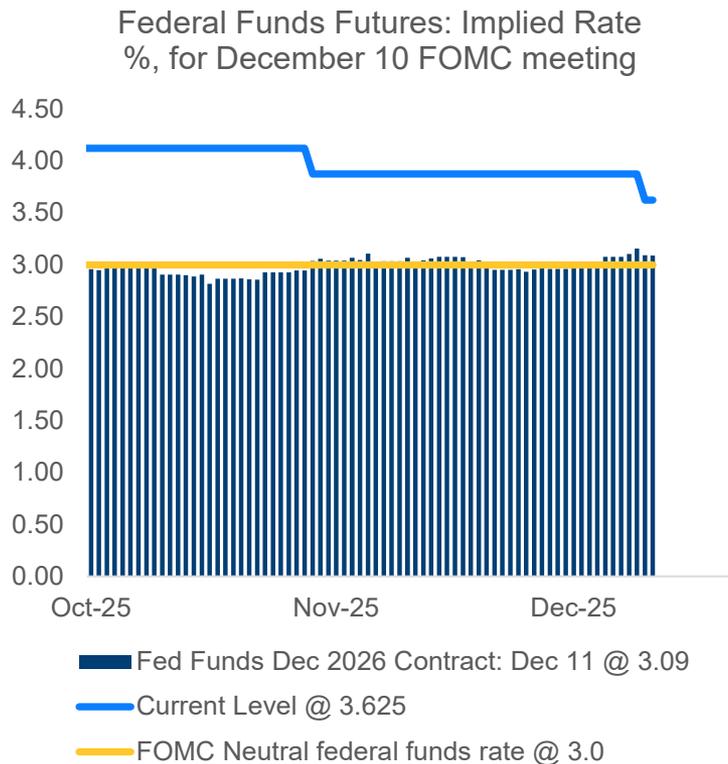
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# The Fed Is on Track for Another Cut

- The Fed plans on another 25 bp cut in the federal funds rate in 2026.
- The December meeting was more contentious than most, due to polarized views regarding inflation and labor.



Data as of December 11, 2025

Source: Bureau of Labor Statistics, Automatic Data Processing, Inc. (ADP)

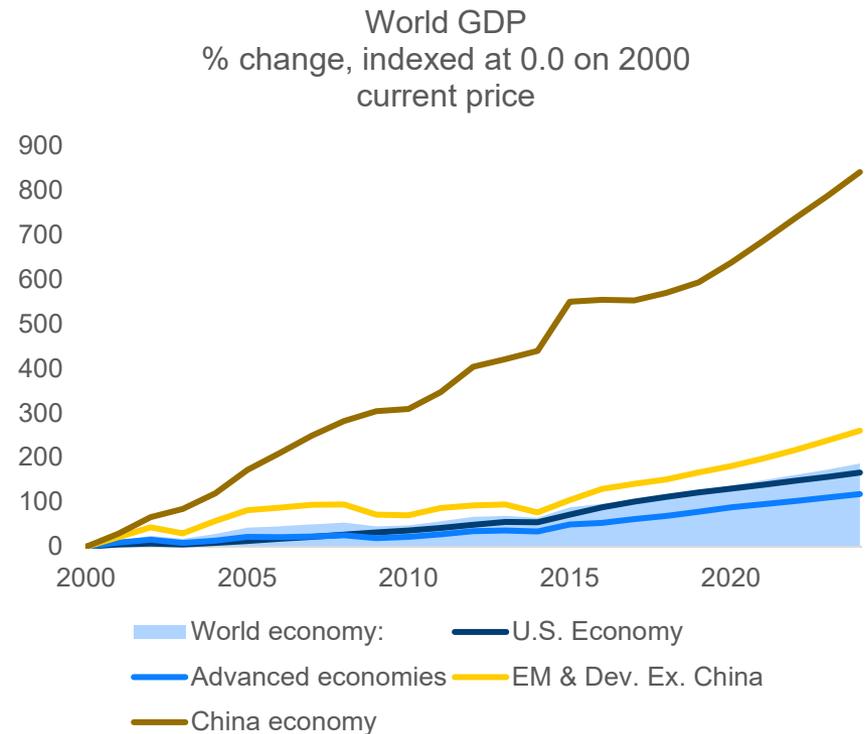
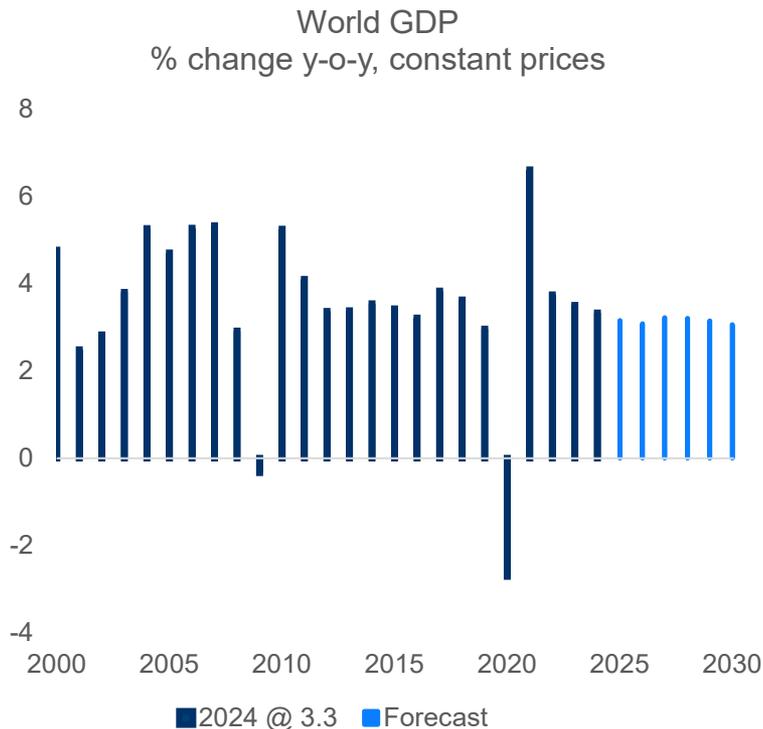
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# Global Growth

- In recent years, the global economy has motored forward despite central banks raising rates and wars.
- The pace of global growth tends to mimic that of the United States.



Data as of December 9, 2025

Source: United Nations, International Monetary Fund

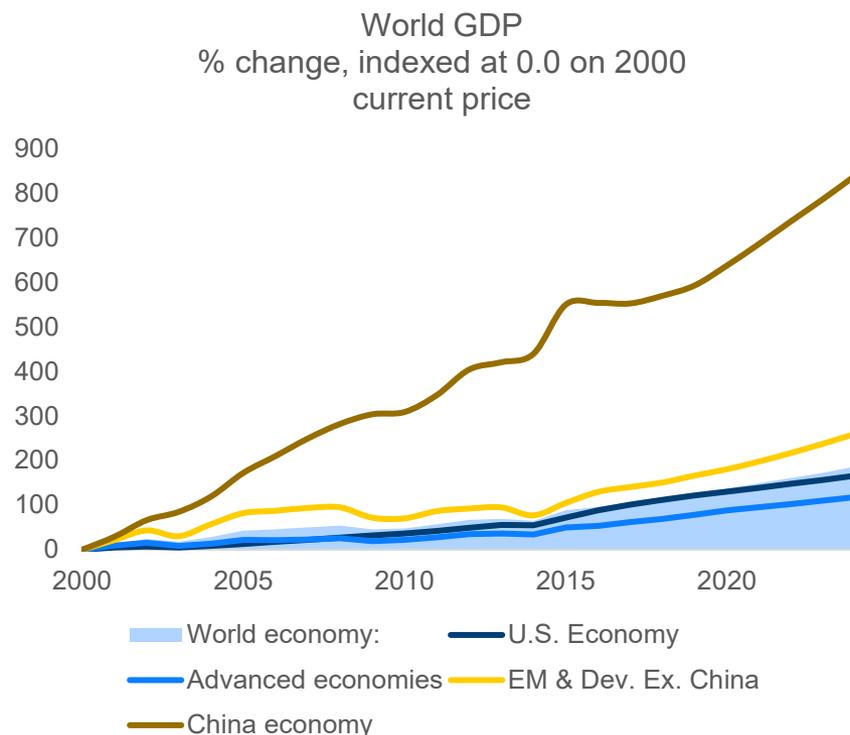
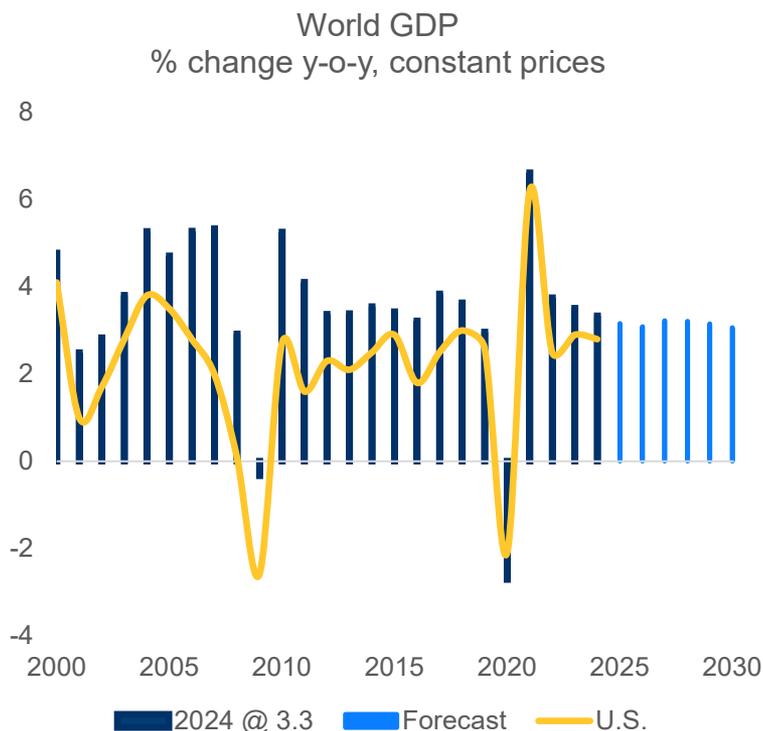
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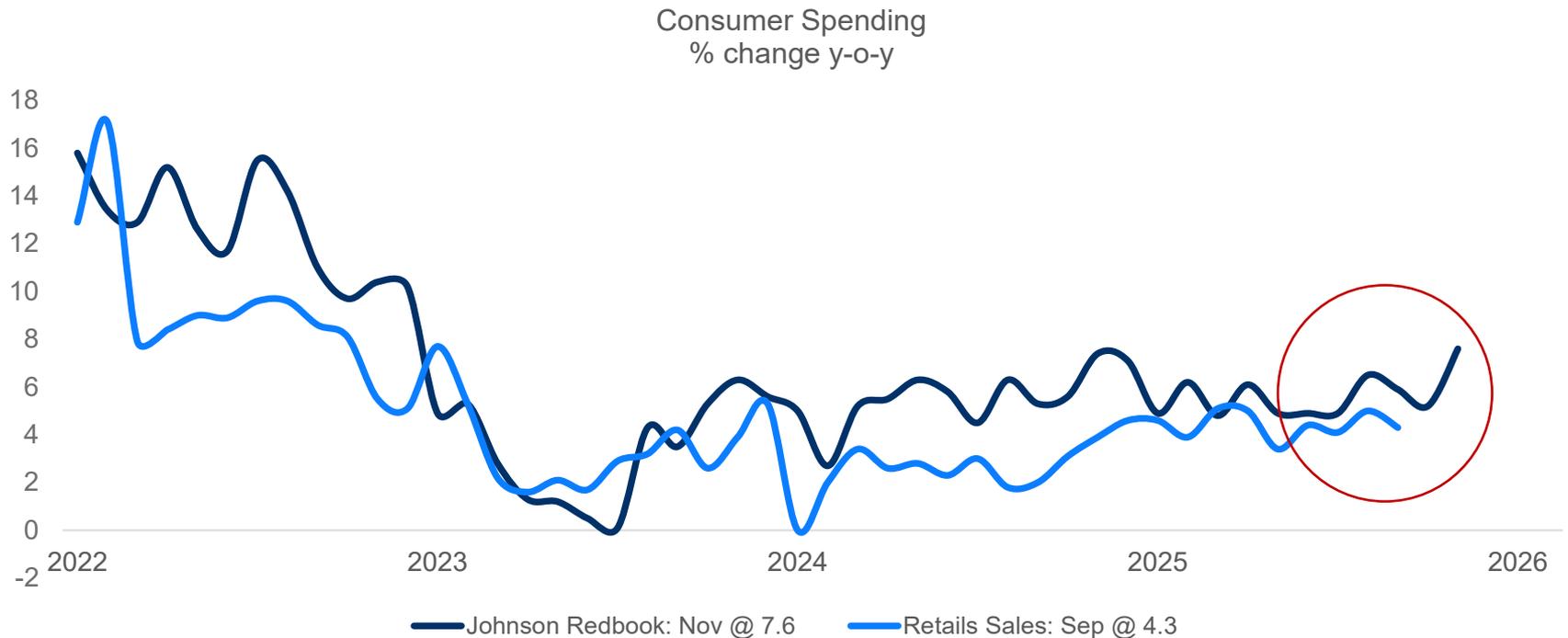
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# Consumer

- The consumer remains resilient, driving strong economic growth despite weak gains in payroll growth.
- The wealth creation, primarily from financial assets, has been the driving force behind the strong pace of spending.



Data as of December 9, 2025

Source: Redbook Research Inc., U.S. Census Bureau

Information is subject to change and is not a guarantee of future results.

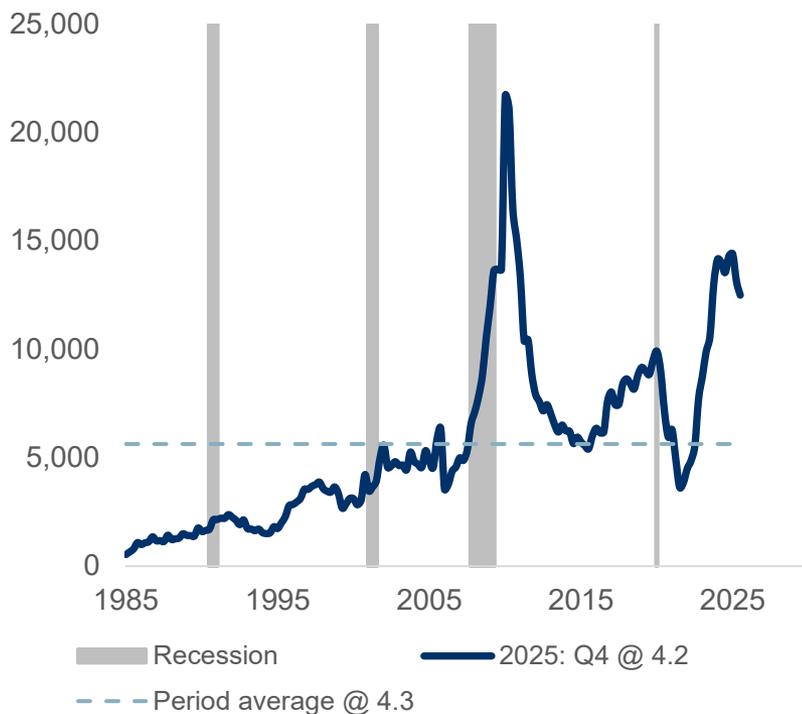
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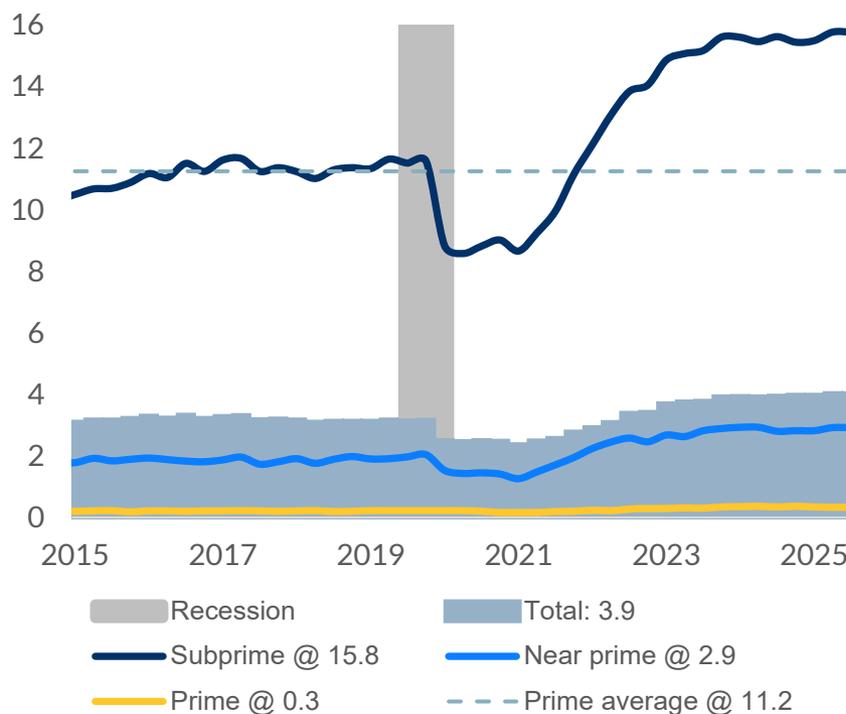
# Consumer Credit: Delinquencies Have Crested

- Delinquencies and charge-offs have declined due to stricter lending standards.
- The increase in delinquencies was primarily due to subprime loans.

Charge-Offs: Consumer Loans  
\$, seasonally adjusted



Delinquency Rate: Auto Loans  
% of total, as of 2025: Q3



Data as of December 9, 2025

Source: Federal Reserve, Federal Reserve Bank of New York/Equifax

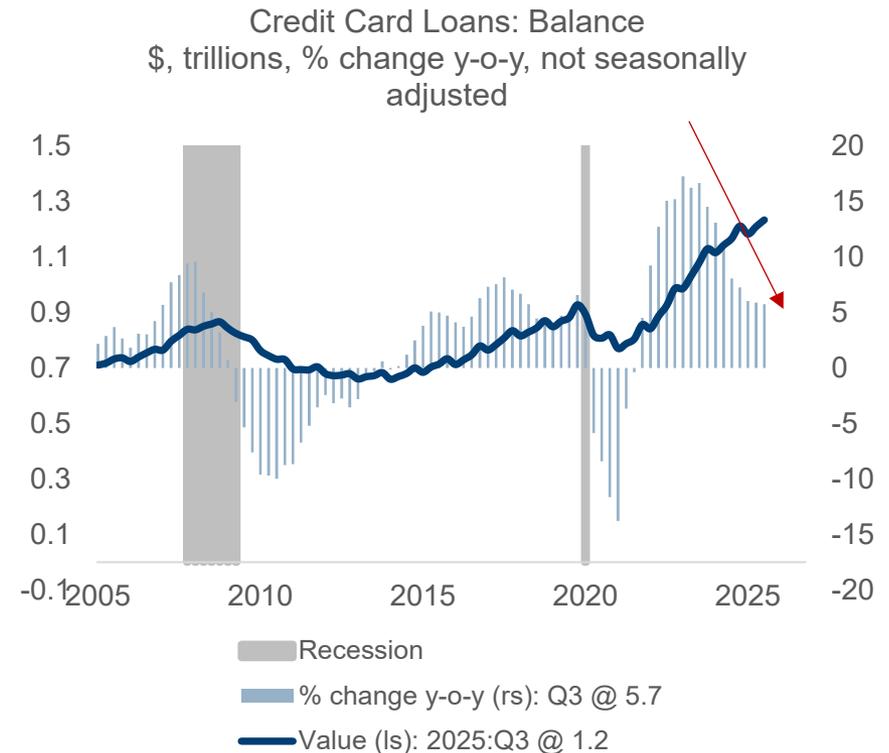
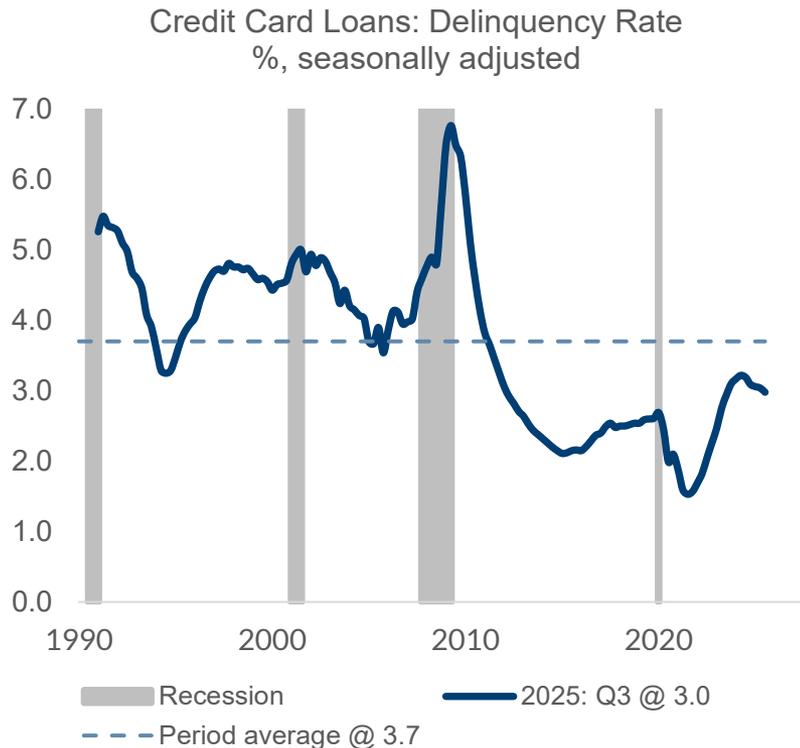
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# Consumer Credit Is Not a Financial Market Risk

- Delinquencies for credit cards, the most cyclical of consumer loans, have turned downward.
- The growth rate of credit cards has returned to a sustainable pace.



Data as of December 9, 2025

Source: Federal Reserve, Federal Reserve Bank of New York/Equifax

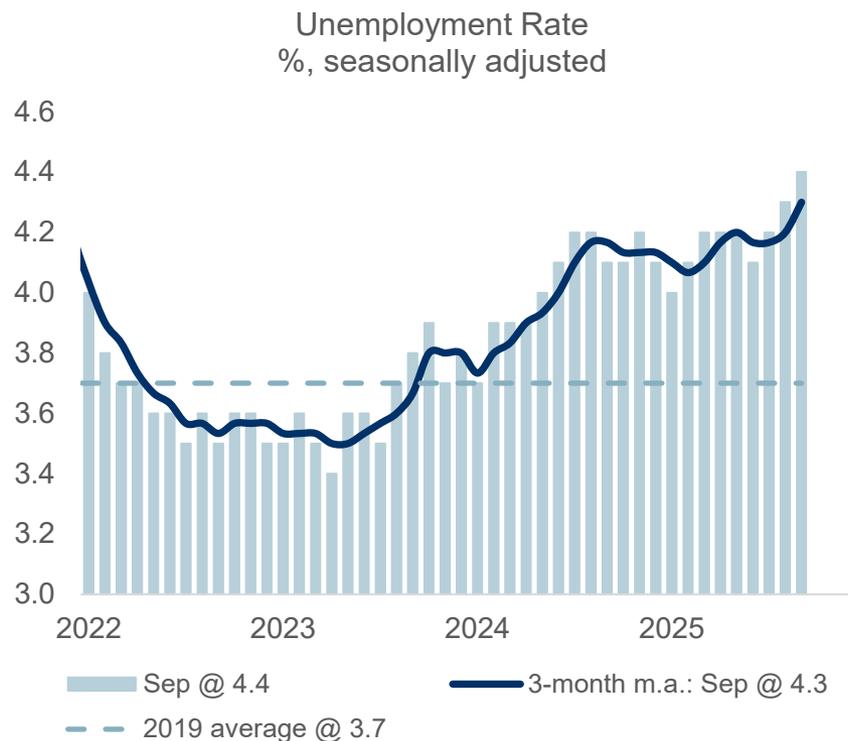
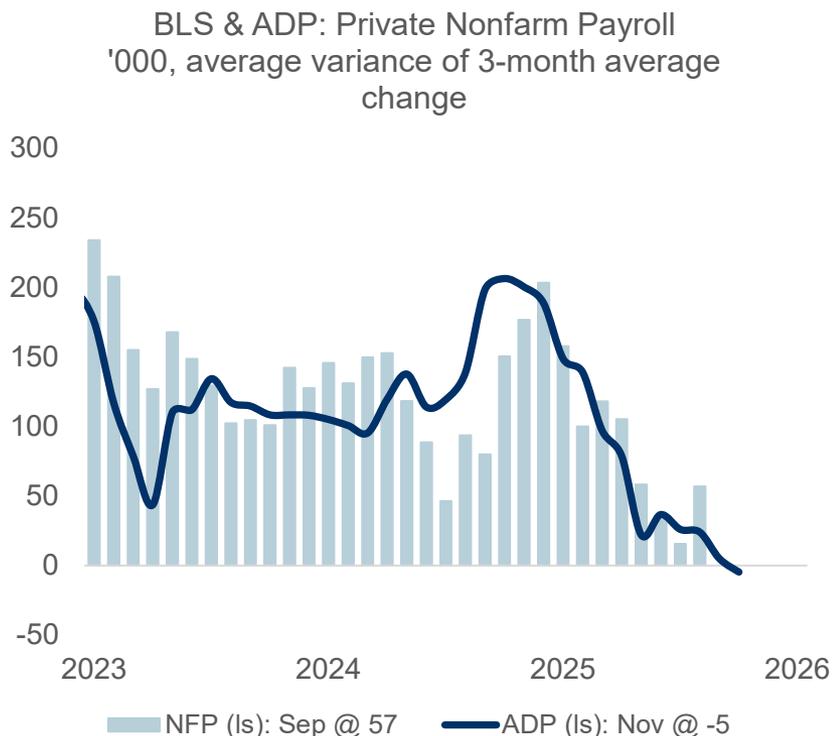
Information is subject to change and is not a guarantee of future results.

**Non-deposit investment products: ♦ are not FDIC insured ♦ are not bank guaranteed ♦ may lose value**



# Unemployment: Rising, but Still Low

- The pace of payroll growth has slowed significantly due to economic concerns and a lack of workers.
- The unemployment rate has been increasing but remains below the long-term average.



Data as of December 9, 2025

Source: Bureau of Labor Statistics, Automatic Data Processing, Inc. (ADP)

Information is subject to change and is not a guarantee of future results.

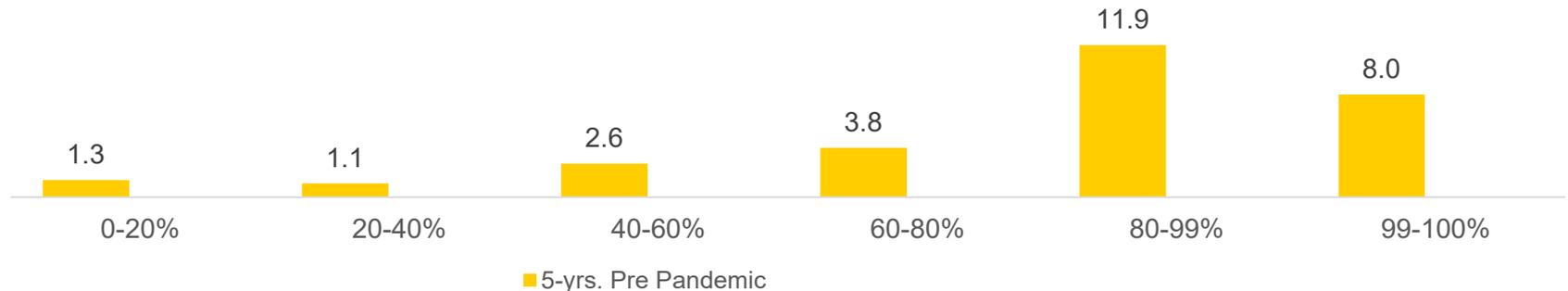
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# K-Shape Economy

- Since the pandemic, wealth creation has been much stronger for those at the highest end of the income spectrum.
- This has been far greater than the five years before the pandemic.

Net Worth: Change in Value  
\$, trillions



Data as of December 9, 2025

Source: Federal Reserve Bank of New York

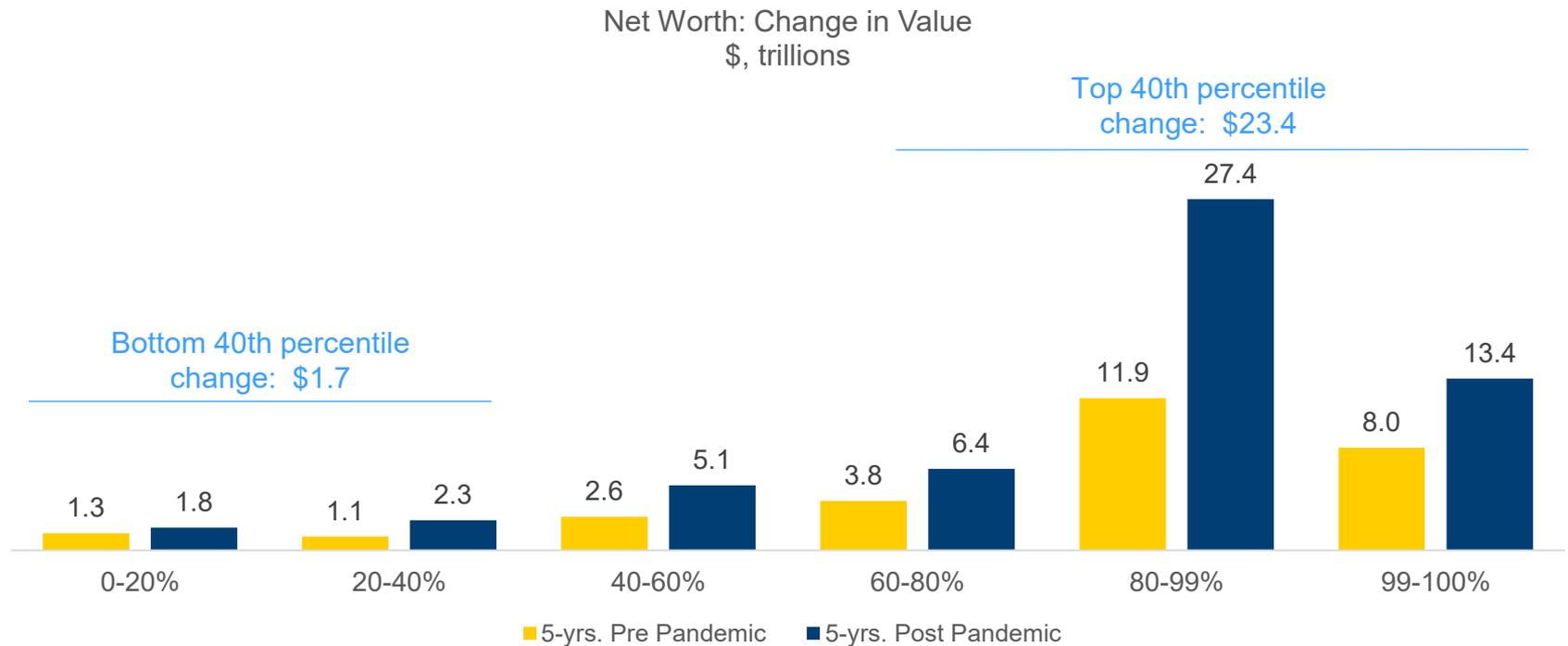
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# K-Shape Economy

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Data as of December 9, 2025

Source: Federal Reserve Bank of New York

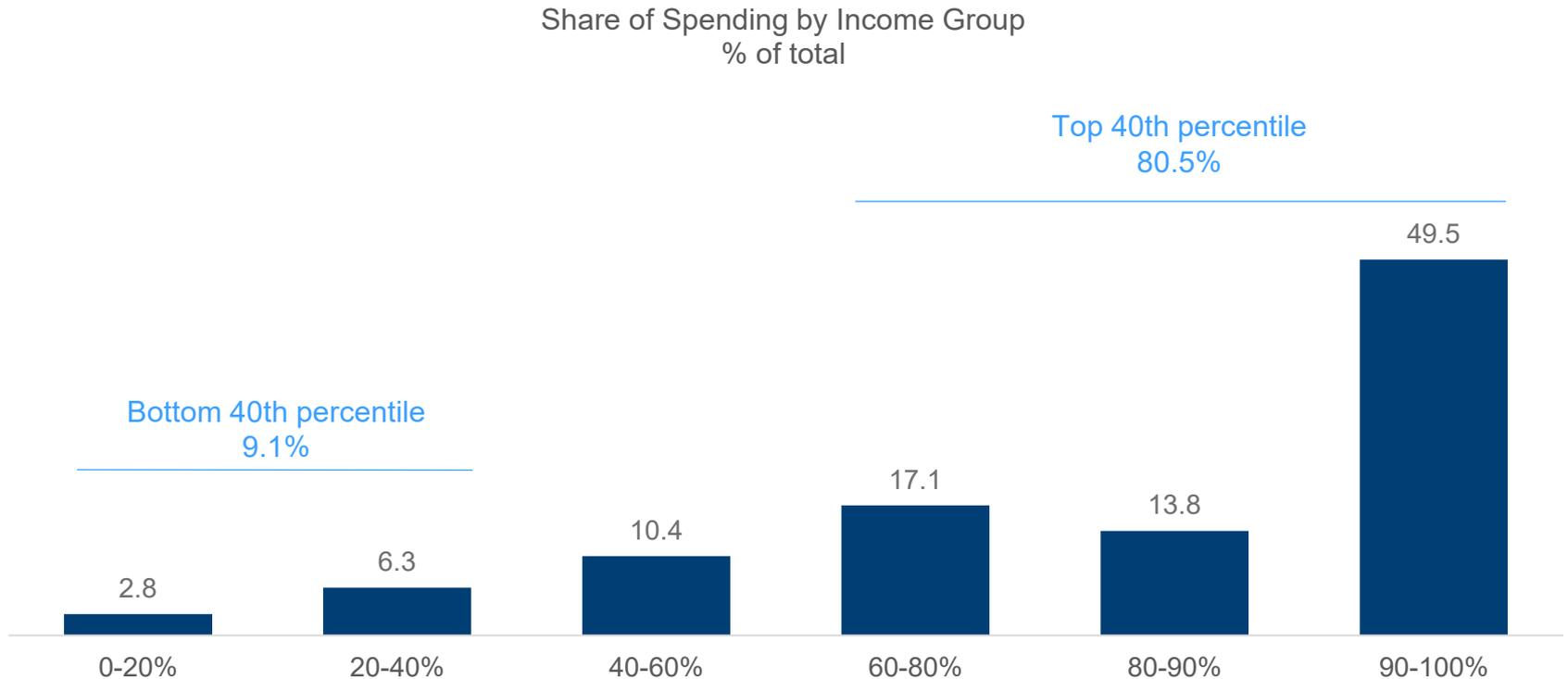
Information is subject to change and is not a guarantee of future results.

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# K-Shape Economy

- The strong wealth creation among the higher-income cohort has translated into strong spending.
- This has been the driving force that has led to consumption growth for a stronger GDP.



Data as of December 9, 2025

Source: Federal Reserve Board, Bureau of Economic Analysis, U.S. Census Bureau, Moody's Analytics  
Information is subject to change and is not a guarantee of future results.

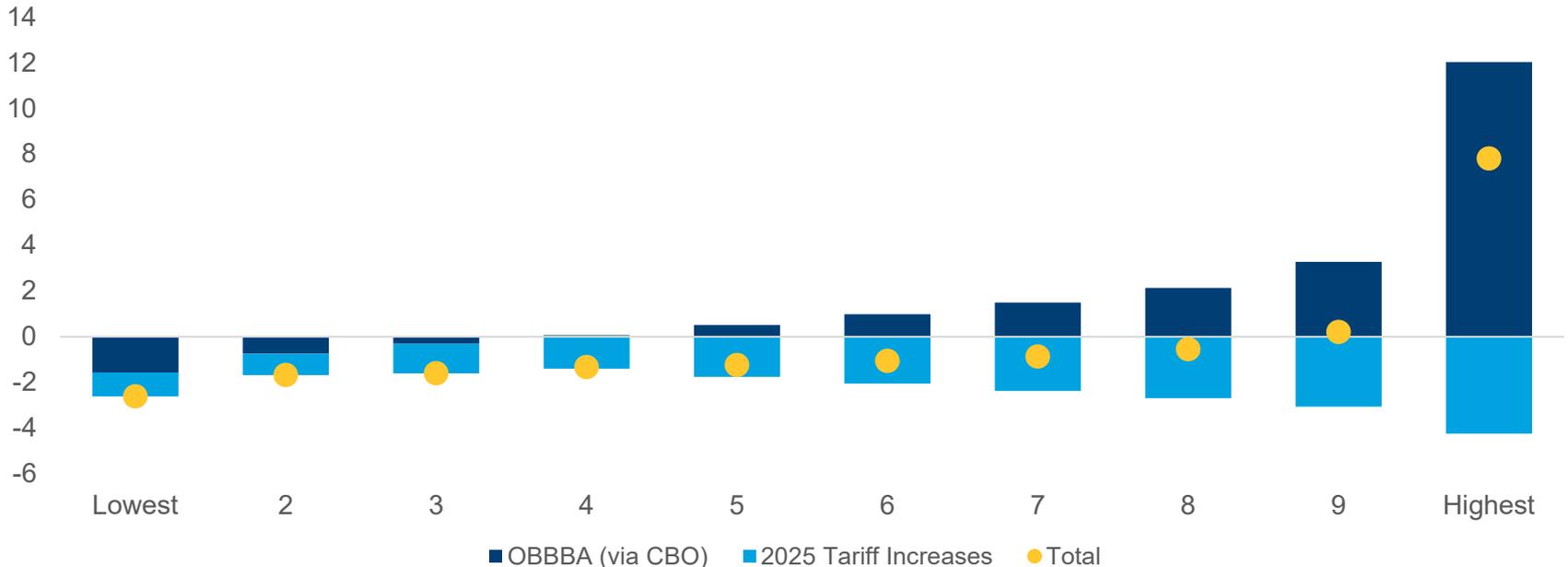
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# K-Shape Will Probably Stay for a While

- The new tax policy will reduce average after-tax-and-transfer incomes among the bottom 80 percent of households.
- The top decile will see an average increase of 1.5%, while the bottom decile will see an average reduction of 6.5%.

Combined Effects of the House-Passed OBBBA and Tariffs  
average annual change in household resources  
\$, '000, 2025 dollars, 2026 - 2034, as of June 16, 2025



Data as of December 9, 2025

Source: Congressional Budget Office, The Budget Lab at Yale

Information is subject to change and is not a guarantee of future results.

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# Key Takeaways

- We do not see anything that could drive economic contraction
  - This, despite five years of a bullish economy & market, has some investors looking for things that could go wrong
- With a less restrictive Fed and calmer fiscal actions:
  - The “no-hire no-fire” job environment should improve
  - Consumer spending will remain sturdy
  - CapEx growth will continue to diversify away from AI
- Despite major shocks this year, the global economy remains resilient
  - Energy prices remain low
  - Central banks are still easing
  - Fiscal policy is accommodative in major economies

Data as of December 9, 2025

Source: RBC Research

Information is subject to change and is not a guarantee of future results.

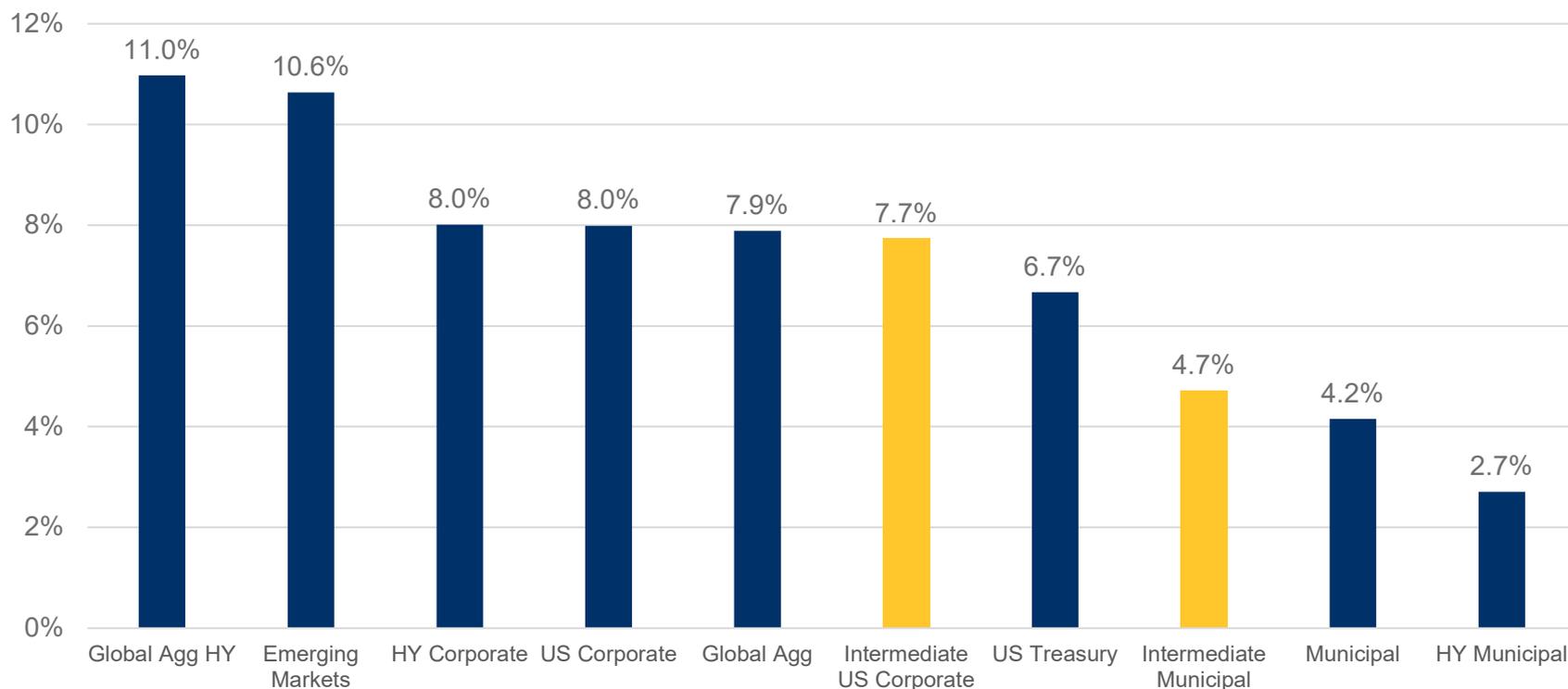
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# Fixed Income Delivers Broad Gains in 2025

- Attractive yields and income accrual have bolstered returns across global fixed income.
- Demand for yield should hold into the new year against positive economic growth and range-bound inflation.

Fixed Income Year-to-Date Asset Class Returns



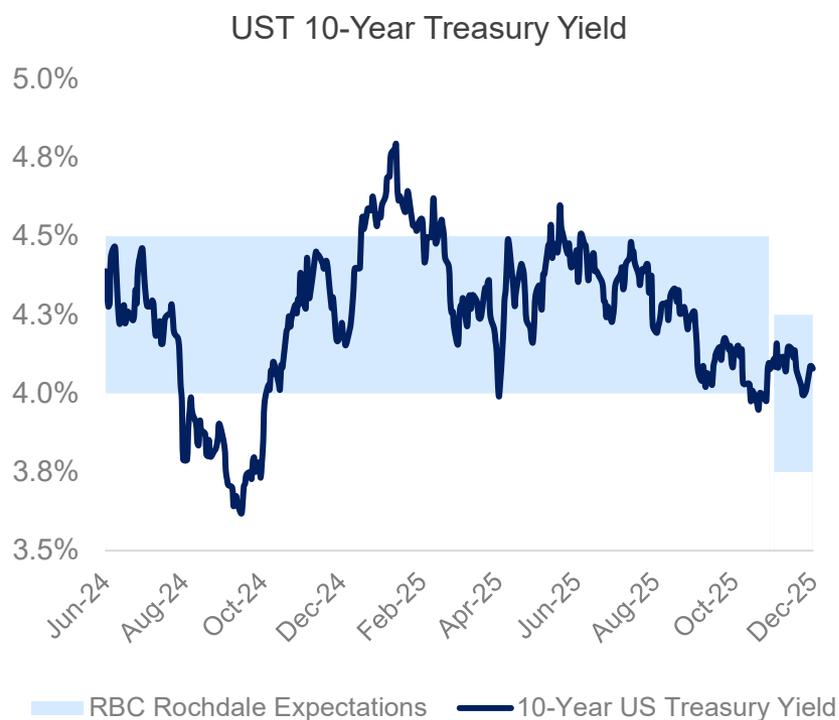
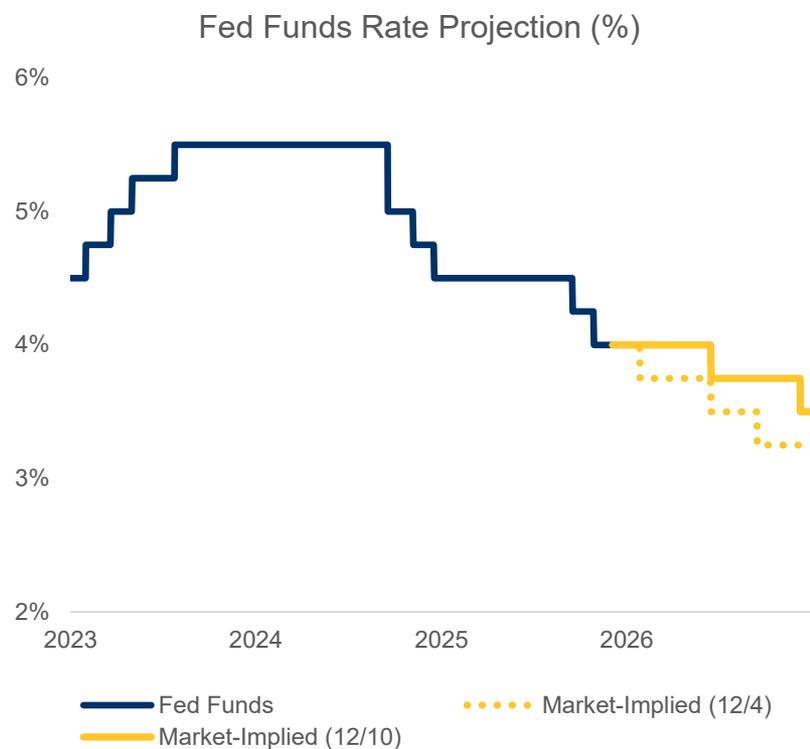
Source: Bloomberg HY Global Aggregate Index, Bloomberg Global Aggregate Index, Bloomberg EM USD Aggregate Index, Bloomberg US Corporate Index, Bloomberg US Corporate High Yield Index, Bloomberg Intermediate Corporate Bond Index, Bloomberg US Treasury Index, Bloomberg Intermediate Municipal Index, Bloomberg Municipal Bond Index, Bloomberg High Yield Municipal Bond Index as of 11/30/2025. Information is subject to change and is not a guarantee of future results. Past performance is no guarantee for future results.

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# Bonds Should Benefit from Further Rate Cuts

- Short-term yields may fall on Fed rate cuts, possibly steepening the yield curve, providing benefit to investors.
- Inflation risks appear contained, but changes in economic conditions and policy implementation may impact expectations.



Source: Bloomberg and RBC Rochdale as of 12/10/2025. Information is subject to change and is not a guarantee of future results.

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# The Yield Curve Is Expected to Normalize

- U.S. Treasury yields have remained volatile as the Fed has eased.
- The Fed cut its overnight lending rate three times in 2025. The futures market is projecting 0-2 cuts next year.

Difference Between 10-Year and 3-Month US Treasury Yields

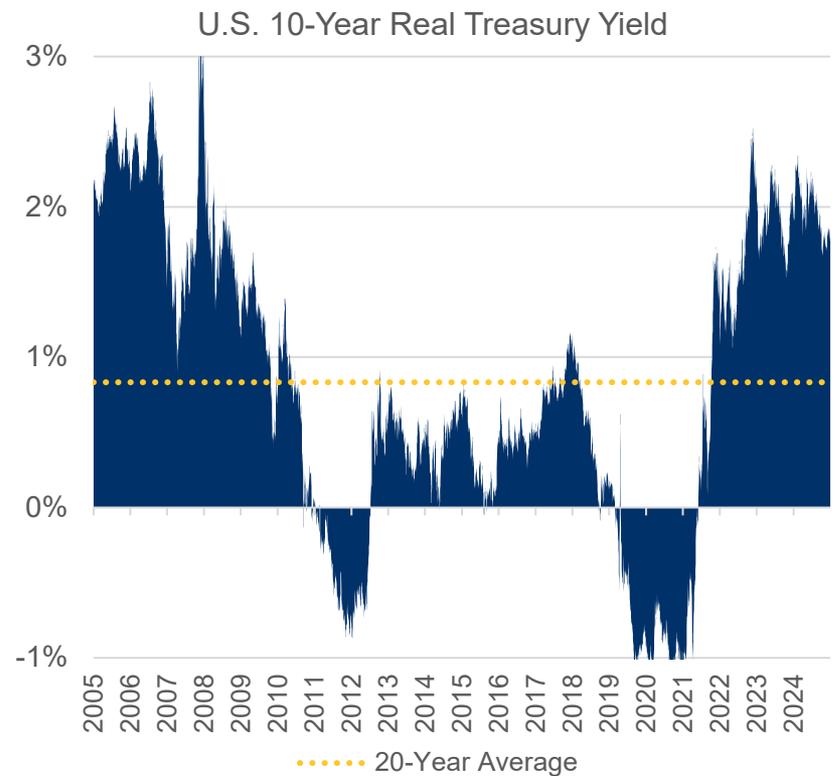
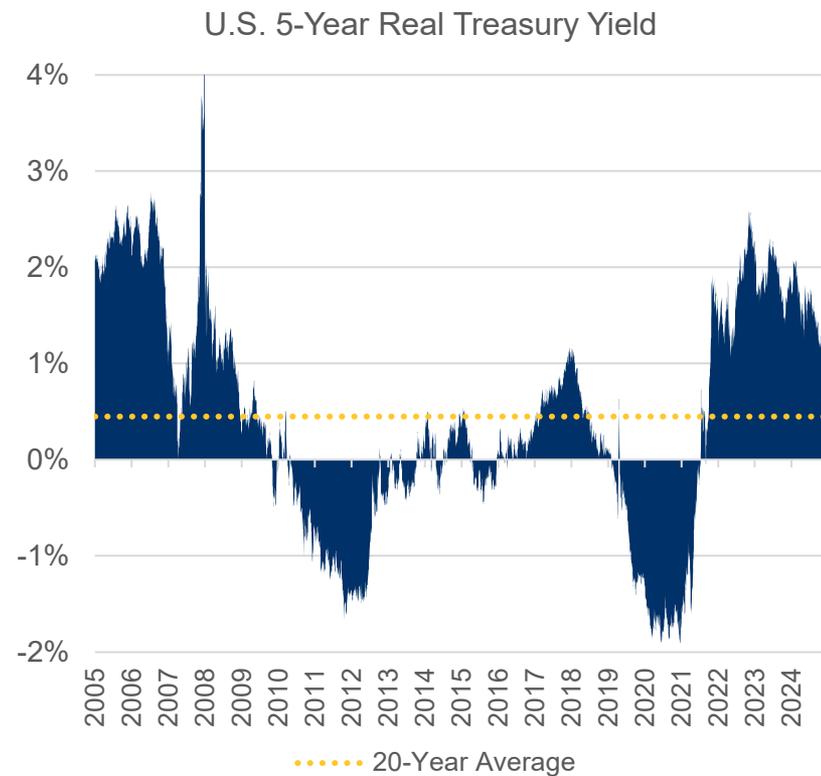


Sources: Bloomberg, Bloomberg consensus estimates, RBC Rochdale as of 12/4/2025. Information is subject to change and is not a guarantee of future results.



# Positive Real Rates Benefit Bond Investors

- Attractive inflation-adjusted yields coupled with further Fed easing should support bond markets next year.
- Additional rate cuts likely to lead to curve steepening and opportunities for bond investors.



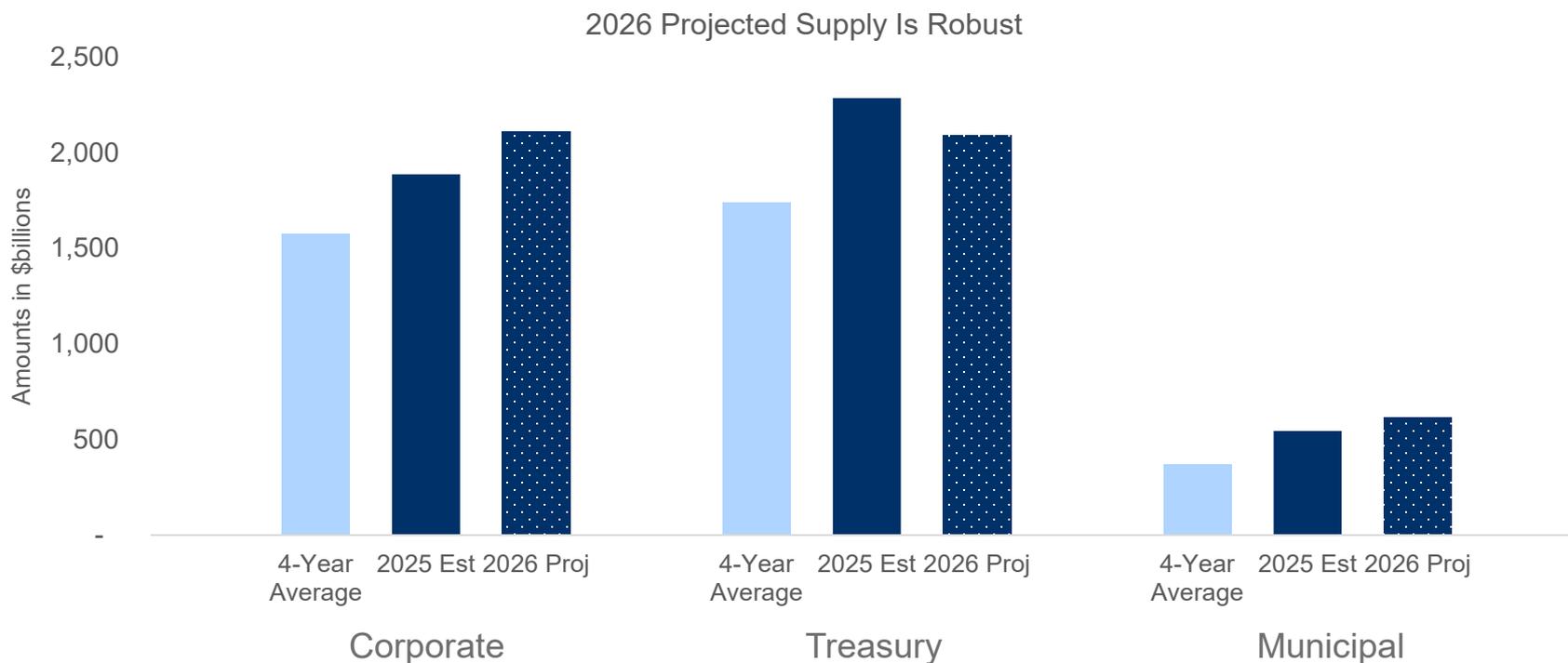
Source: Bloomberg Federal Reserve US Treasury H15 Constant Maturity 5 Yr Real Yield Curve Rate Index and Bloomberg Federal Reserve US Treasury H15 Constant Maturity 10 Yr Real Yield Curve Rate Index as of 12/03/2025. Information is subject to change and is not a guarantee of future results.

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# Market Supply Will Remain Elevated

- Capital flows have absorbed recent supply, indicating a healthy appetite for paper and ample cash balances.
- A ramp up in issuance could pressure valuations, leading to potential investor opportunities.



Sources: Bloomberg as of 12/5/2025. Corporate includes investment grade and high yield. Both corporate and treasury supply figures are derived from sell-side research firms and CNR research. As of 12/5/2025. Information is subject to change and is not a guarantee of future results. Information is subject to change and is not a guarantee of future results.

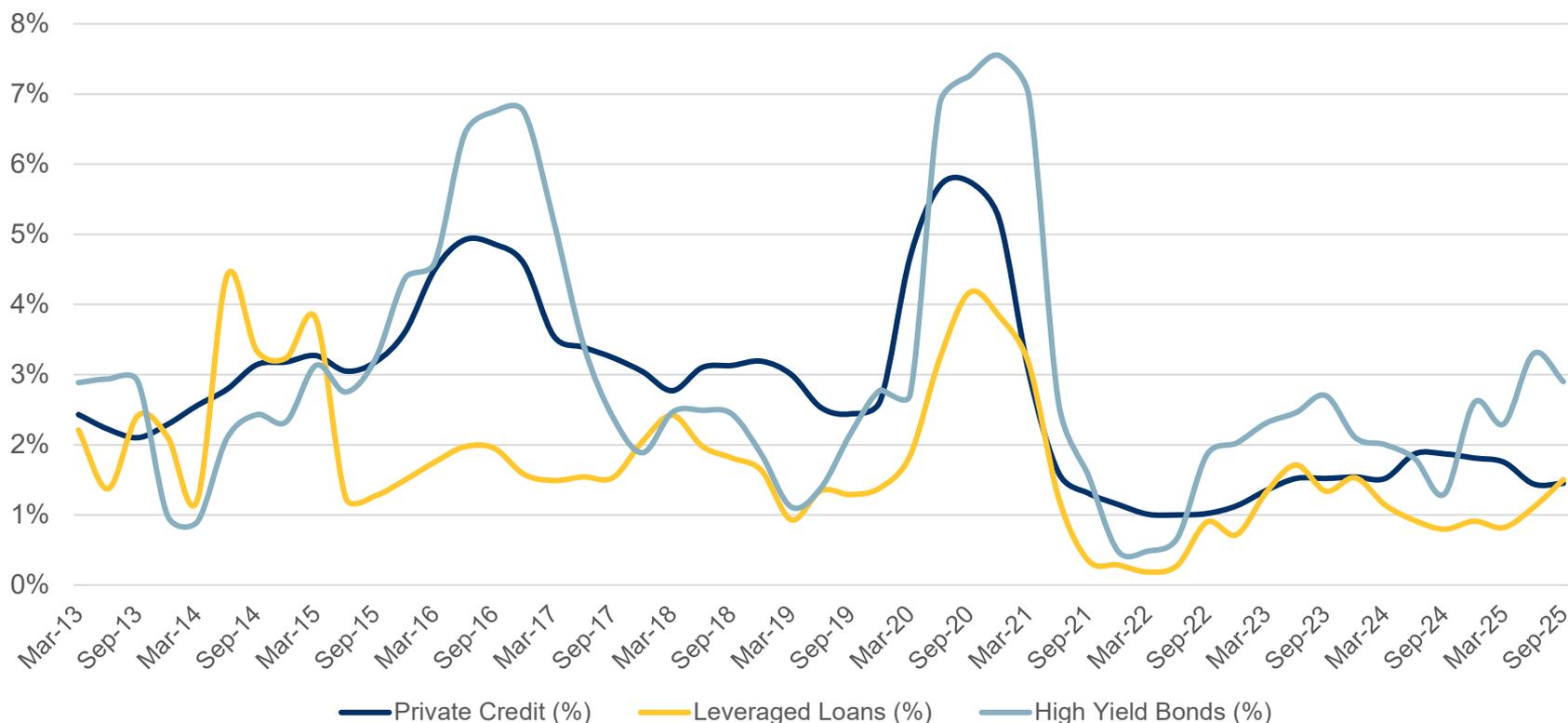
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# Evolving Credit Conditions Require Diligence

- Strong yields and generally solid underwriting practices continue to support the private credit markets.
- Careful manager and credit selection will remain important in navigating pockets of weakness that may surface.

Trailing 4-Quarter Default Rates



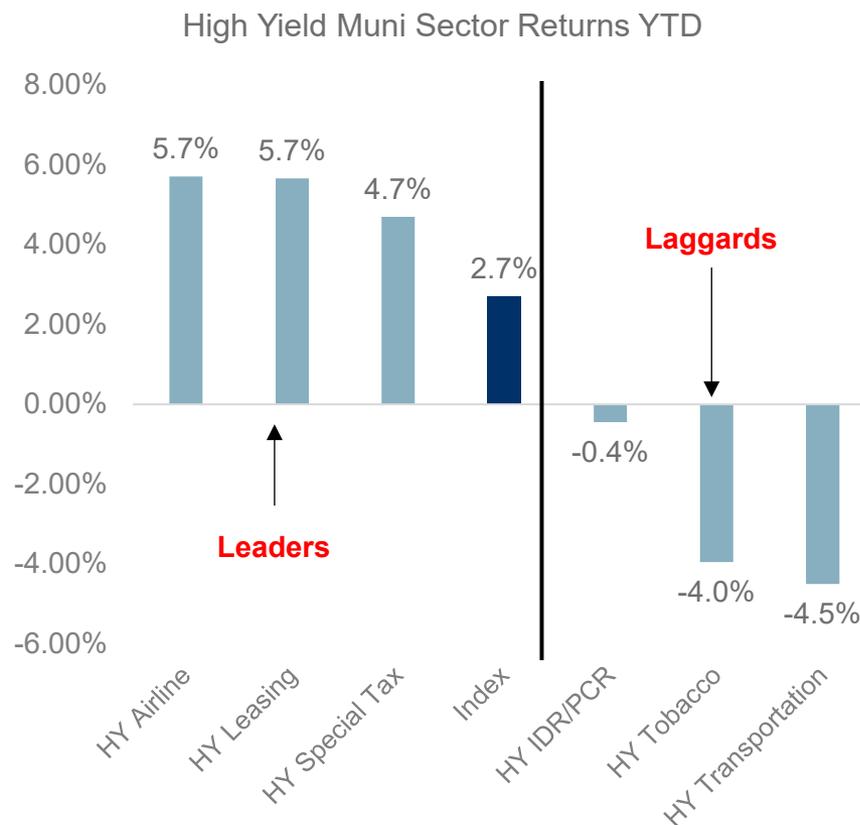
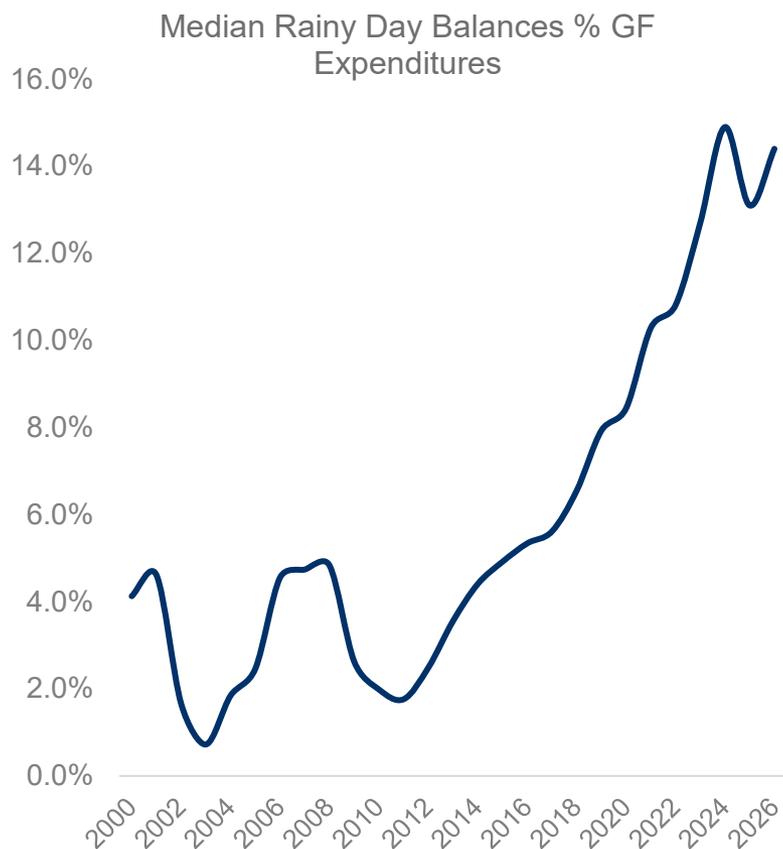
Sources: Cliffwater Direct Lending Index (CDLI) for Private Credit. LDC/Pitchbook data used for Leveraged Loans. JP Morgan Research used for High Yield Bonds. All data as of 12/5/2025. Information is subject to change and is not a guarantee of future results.

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# Municipals Hold Steady into the New Year

- Credit conditions are broadly stable, but evolving federal policies could increase issuer risks in the medium-term.
- High-yield municipals have confronted isolated credit developments, but most sectors remain fundamentally sound.



Sources: National Association of State Budget Officers Fiscal Survey of the State Fall 2025. GF = General Fund.

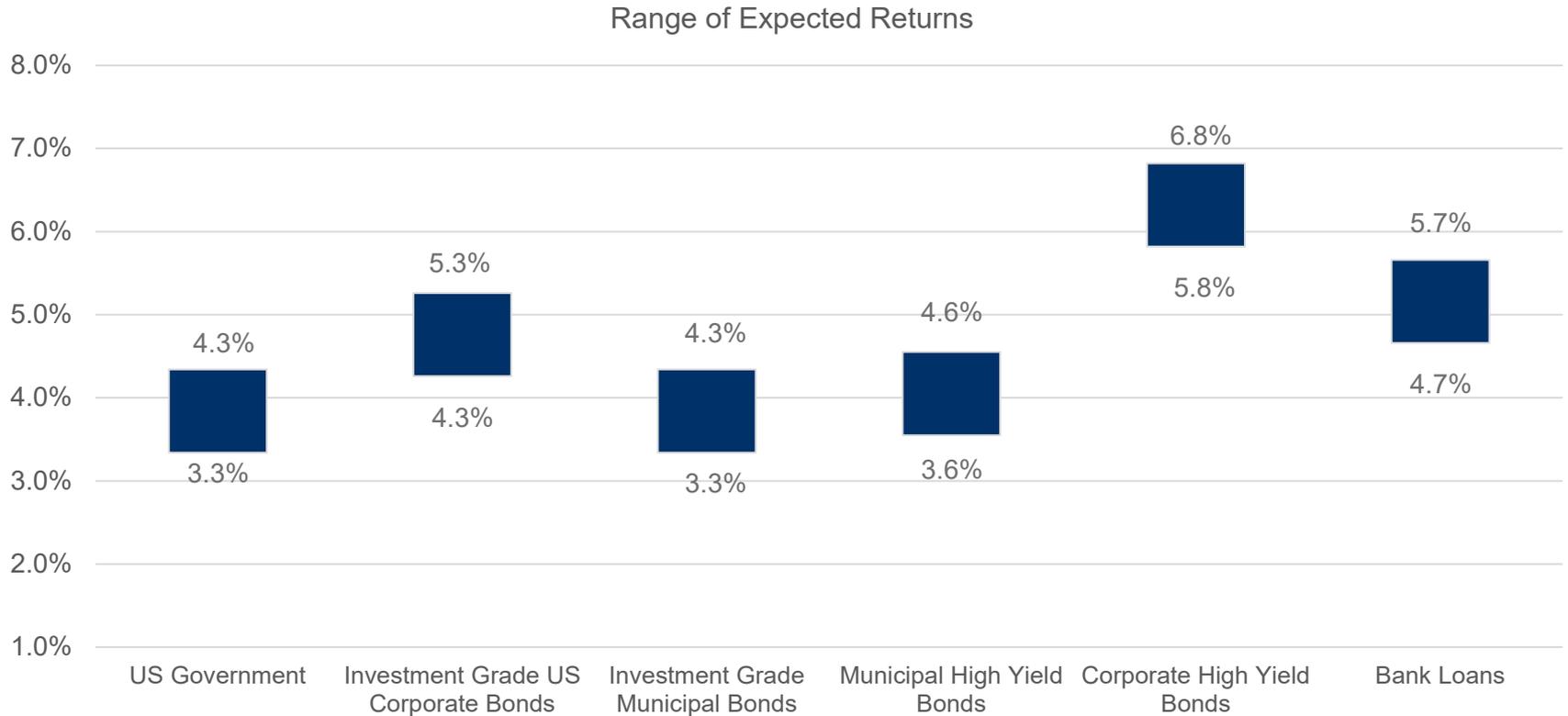
Bloomberg High Yield Municipal Index as of 11/30/2025. Note not all sectors of this index are represented. Information is subject to change and is not a guarantee of future results.

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# 2026 Fixed Income Outlook

Attractive starting yields and modest curve normalization are expected to anchor returns in 2026.



Source: RBC Rochdale, Bloomberg US Intermediate Treasury TR Index, Bloomberg Intermediate Corporate Total Return Index, Bloomberg 1-15 Yr. Municipal Index Total Return Index, Bloomberg 60% Tax-Exempt HY/40% LB Municipal IG Index, Bloomberg US Corporate High Yield Total Return Index, Morningstar LSTA US Leveraged Loan 100 Index as of 12/5/25. Information is subject to change and is not a guarantee of future results.

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# Key Takeaways

- High starting yields helped deliver excellent returns across global fixed income in 2025
- Short-term yields are expected to fall on Fed cuts while longer yields will remain range bound
- A normalized curve and positive real rates should provide opportunities
- Credit quality, while healthy, requires diligence
- Yields remain attractive and are expected to help anchor 2026 returns

Source: RBCR Research as of December 11.  
Information is subject to change and is not a guarantee of future results.

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# Q&A

# Definitions

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” Personal Consumption Expenditures (PCE) price index is defined as 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.

PPI: The Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output.

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.

Rochdale Speedometers<sup>SM</sup> are indicators that reflect forecasts of a 6-to-9-month time horizon. The colors of each indicator, as well as the direction of the arrows, represent our positive/negative/neutral view for each indicator. Thus, arrows directed toward the (+) sign represent a positive view, which in turn makes it green. Arrows directed toward the (-) sign represent a negative view, which in turn makes it red. Arrows that land in the middle of the indicator, in line with the (0), represents a neutral view which in turn makes it yellow. All of these indicators combined affect City National Rochdale's overall outlook of the economy.

# Definitions: Page 4 “2025 Year in Review” Quilt chart indices

The S&P 500 Index is generally considered representative of the U.S. stock market.

The ICE BofA All U.S. Convertibles Index (VXA0) comprises approximately 700 issues of only convertible bonds and preferreds of all qualities.

The Russell 2000 index is an index measuring the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks.

The MSCI World ex U.S.A. Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries—excluding the United States. DM countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. With 1,011 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Emerging Markets Index is free float-adjusted market capitalization index that represents large- and mid-cap companies in emerging market countries. It includes market indexes of Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, South Korea, Taiwan, Thailand and Turkey.

Bloomberg U.S. Government Index is an unmanaged index considered representative of fixed-income obligations issued by the U.S. Treasury, government agencies and quasi-federal corporations.

The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed rate and hybrid ARM pass-throughs), ABS and CMBS sectors.

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

The Bloomberg Global Aggregate Bond Index is a flagship measure of global investment-grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property.

The FTSE 3 Month U.S. T Bill + 4% Index is intended to track the daily performance of 3-month U.S. Treasury bills, plus an annual equivalent rate of 4.00%.

The index is designed to operate as a benchmark for a series of funds.



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

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.

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.

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

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