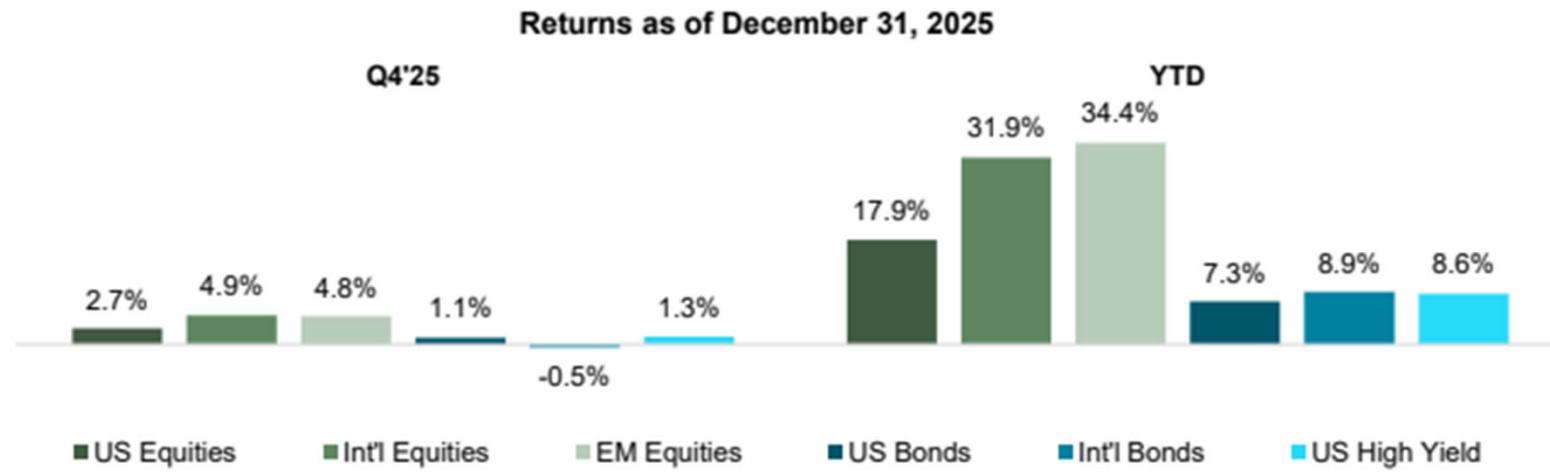




## 2025 Q4 Market Review & Outlook

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# 2025 Q4 Summary



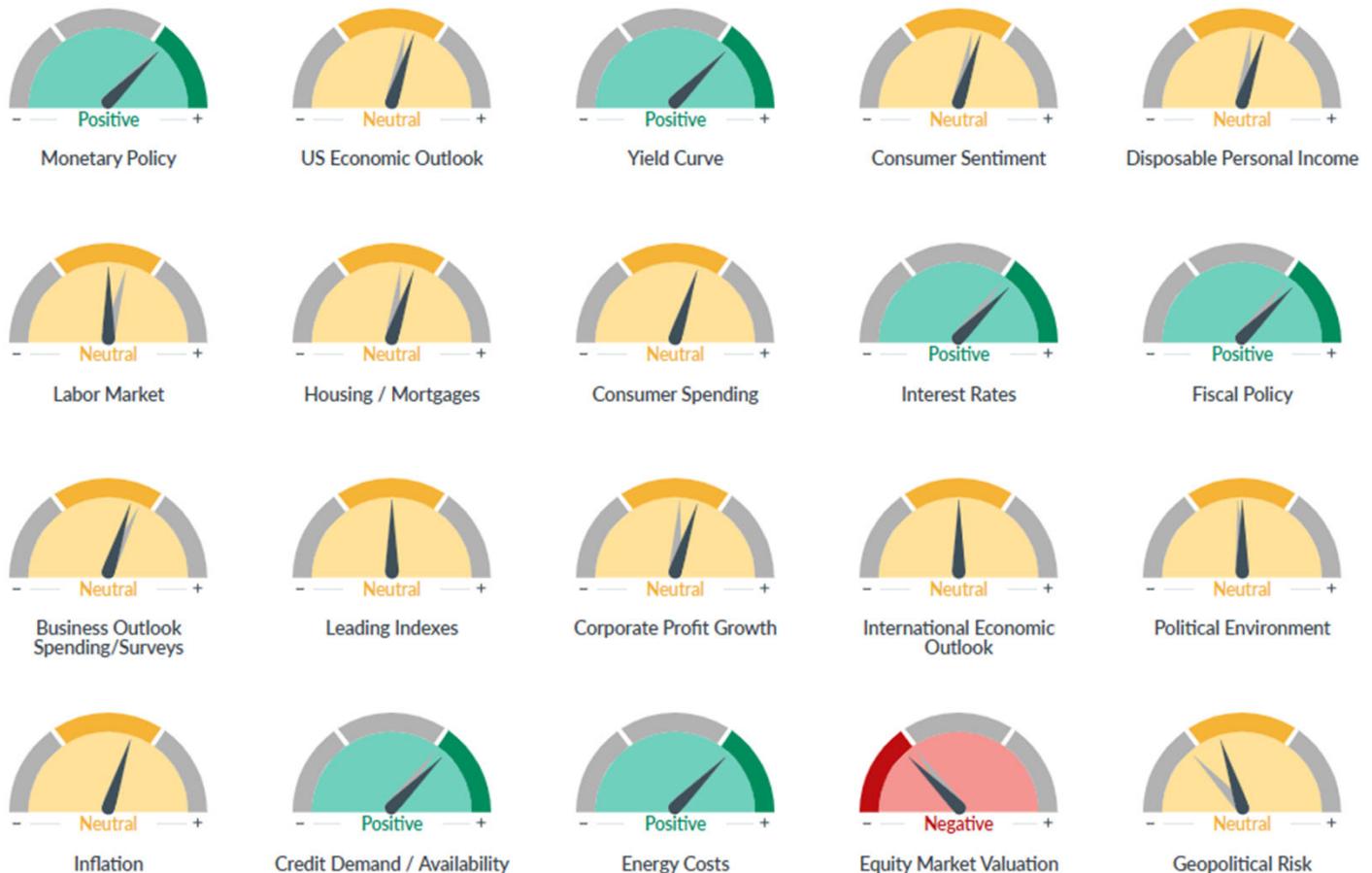
Diversification paid off in 2025. A balanced global 60/40 stock/bond portfolio delivered strong returns of 16.9% for the year. Global equities continued their robust performance with major markets like South Korea, Taiwan, the UK, Germany, and the US all reaching new record highs. 2025 was also a year in which bond markets globally posted positive returns amidst central bank policy shifts.

# December 2025 Economic & Financial Indicators

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## City National Rochdale's 6-9-month forward outlook:

- Many indicators moved in a positive direction
- **Geopolitical Risk** moved from Negative to Neutral
- **Labor Market and Business Outlook** Spending dipped, but stayed in a neutral position

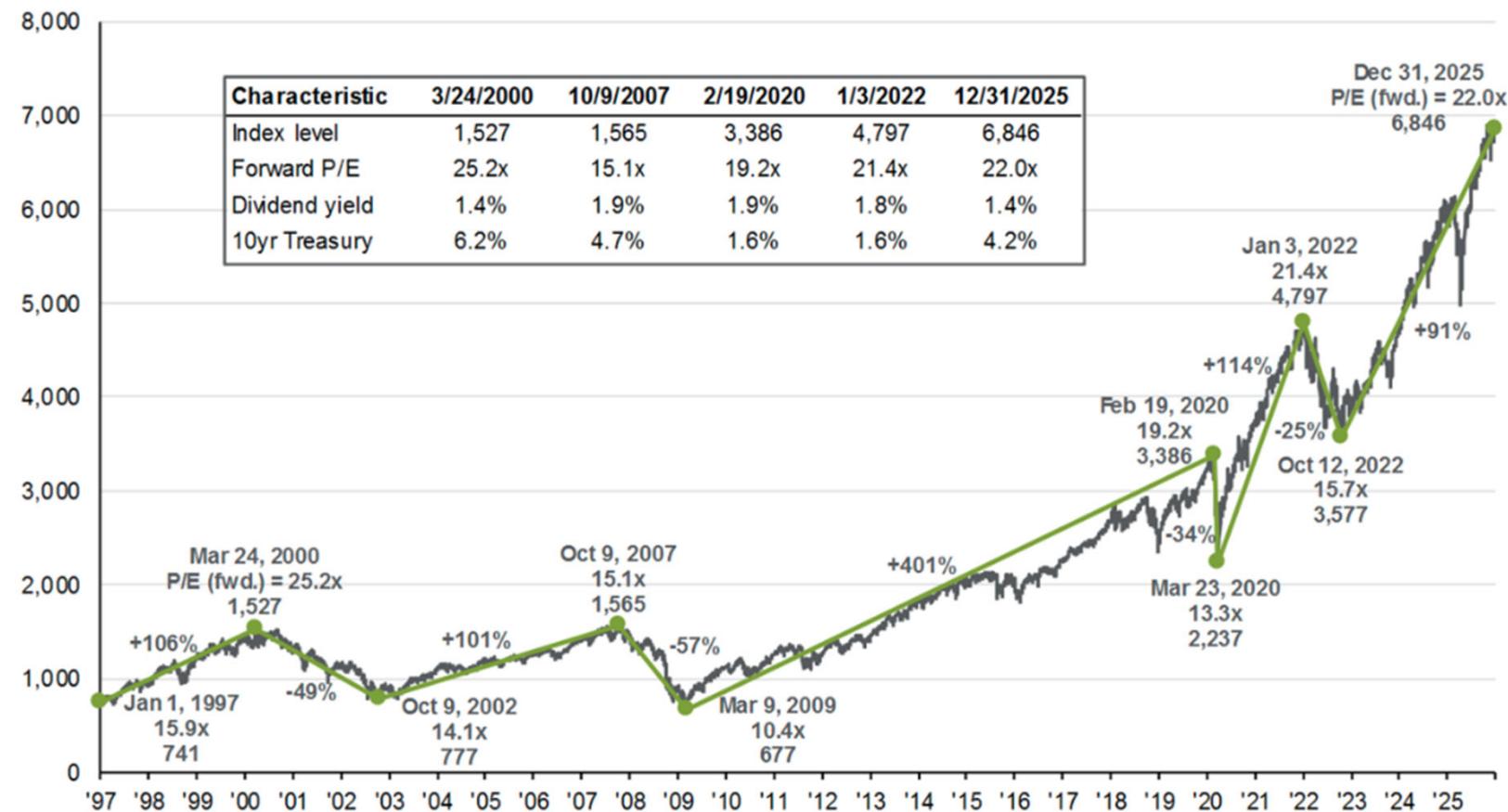


Source: Proprietary opinions based on CNR research, as of December 31, 2025. Information is subject to change and is not a guarantee of future results

## S&P 500 Index Through 2025 Q4

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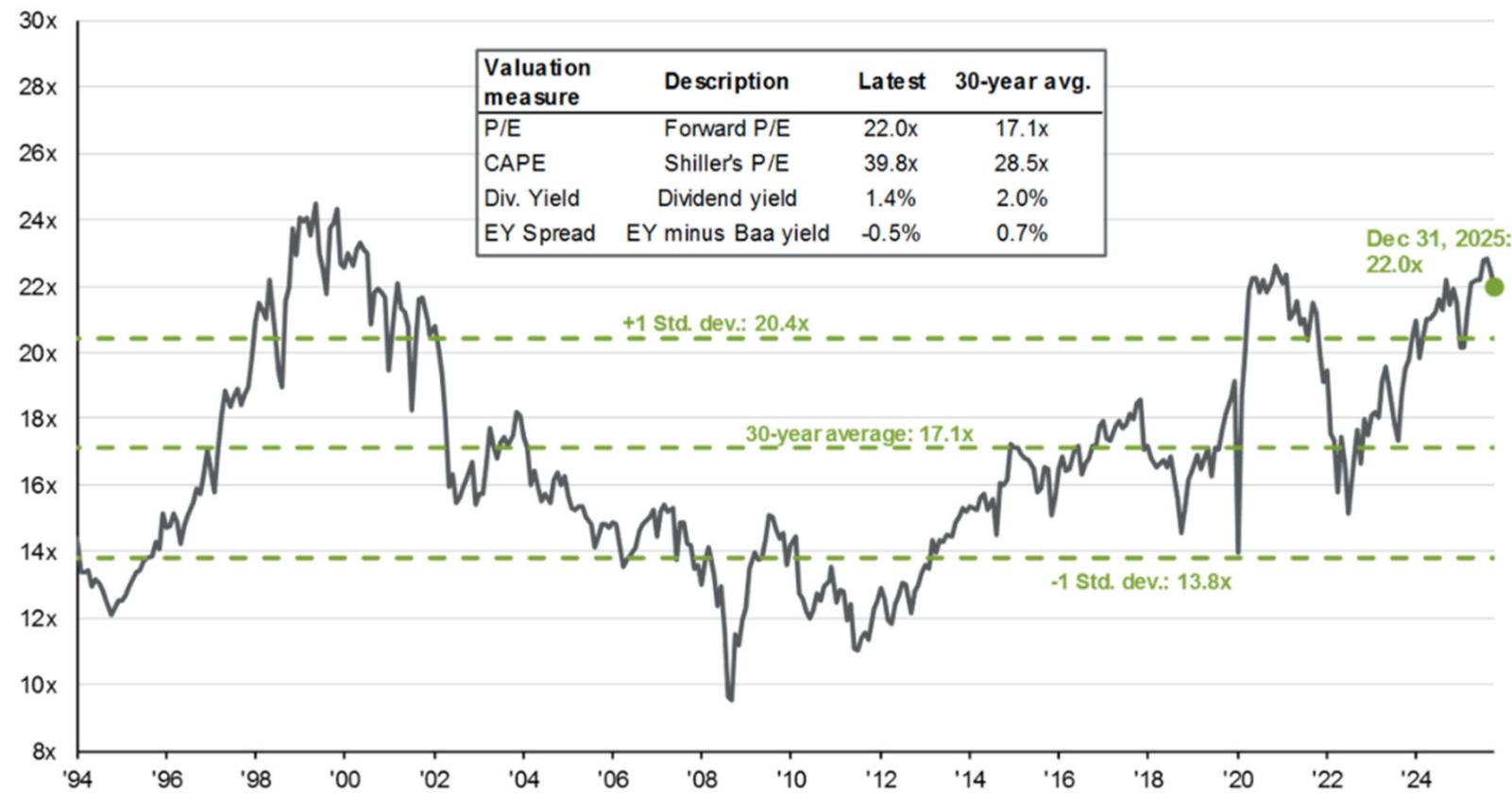
S&P 500 Price Index



## S&P 500: Index Valuation Measures

4

S&P 500 index: Forward P/E ratio



# Magnificent 7 Performance in the S&P500

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## Magnificent 7: Performance, earnings and dispersion

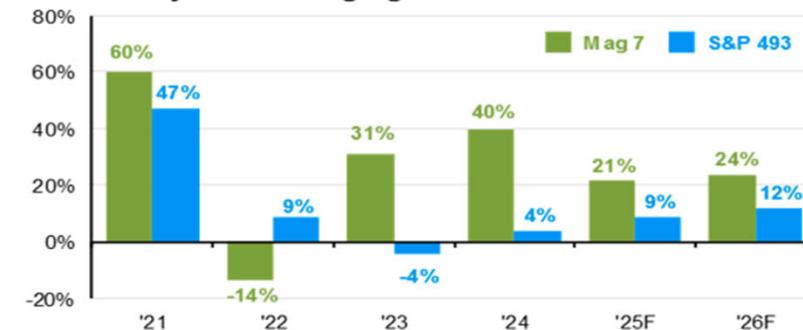
Actions

### Magnificent 7 performance in the S&P 500

Indexed to 100 on 1/1/2021, price return

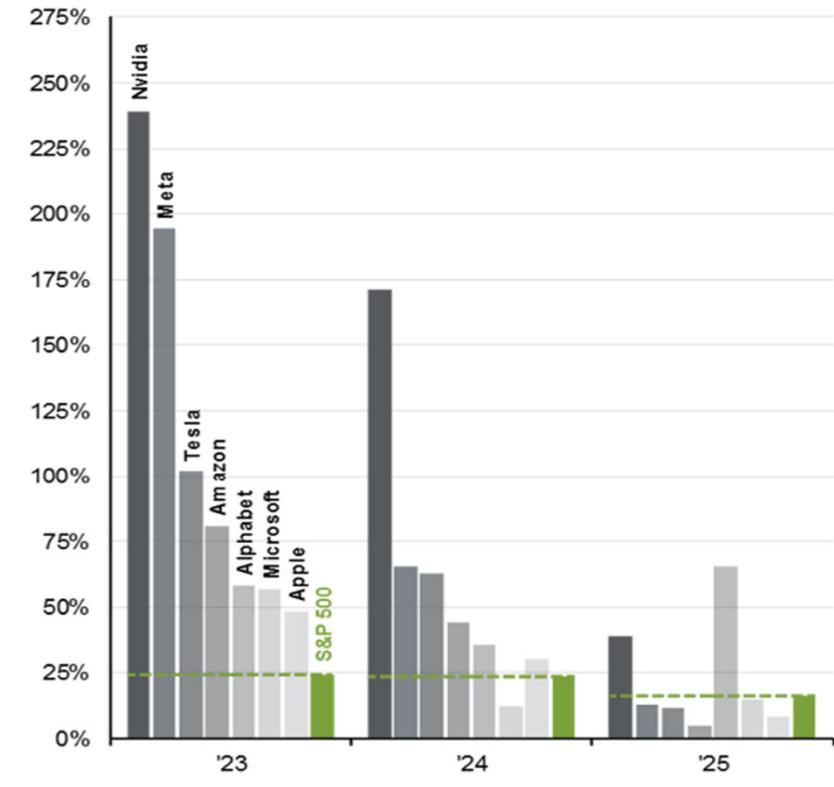


### Year-over-year earnings growth



### Magnificent 7 performance dispersion

Price return



## Returns & Valuations by Style

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10-year annualized			2025				
	Value	Blend	Value	Blend	Growth		
Large	10.5%	14.8%	18.1%	Large	15.9%	17.9%	18.6%
Mid	9.8%	11.0%	12.5%	Mid	11.0%	10.6%	8.7%
Small	9.3%	9.6%	9.6%	Small	12.6%	12.8%	13.0%
Since market peak (January 2022)			Since market low (October 2022)				
	Value	Blend	Value	Blend	Growth		
Large	36.1%	51.4%	58.7%	Large	64.9%	100.6%	132.7%
Mid	24.4%	24.0%	23.6%	Mid	55.0%	62.4%	78.4%
Small	17.8%	15.7%	12.4%	Small	48.2%	54.1%	59.5%

Forward P/E vs. 20-year avg. P/E			
	Value	Blend	Growth
Large	17.1 / 14.0	22.0 / 16.2	28.8 / 19.8
Mid	15.6 / 14.6	17.3 / 16.5	26.8 / 21.3
Small	17.2 / 16.9	23.4 / 23.0	34.5 / 31.3
Forward P/E as % of 20-year avg. P/E			
	Value	Blend	Growth
Large	122.5%	135.8%	144.9%
Mid	107.1%	105.2%	125.9%
Small	102.1%	101.6%	110.1%

## Returns & Valuations by Sector

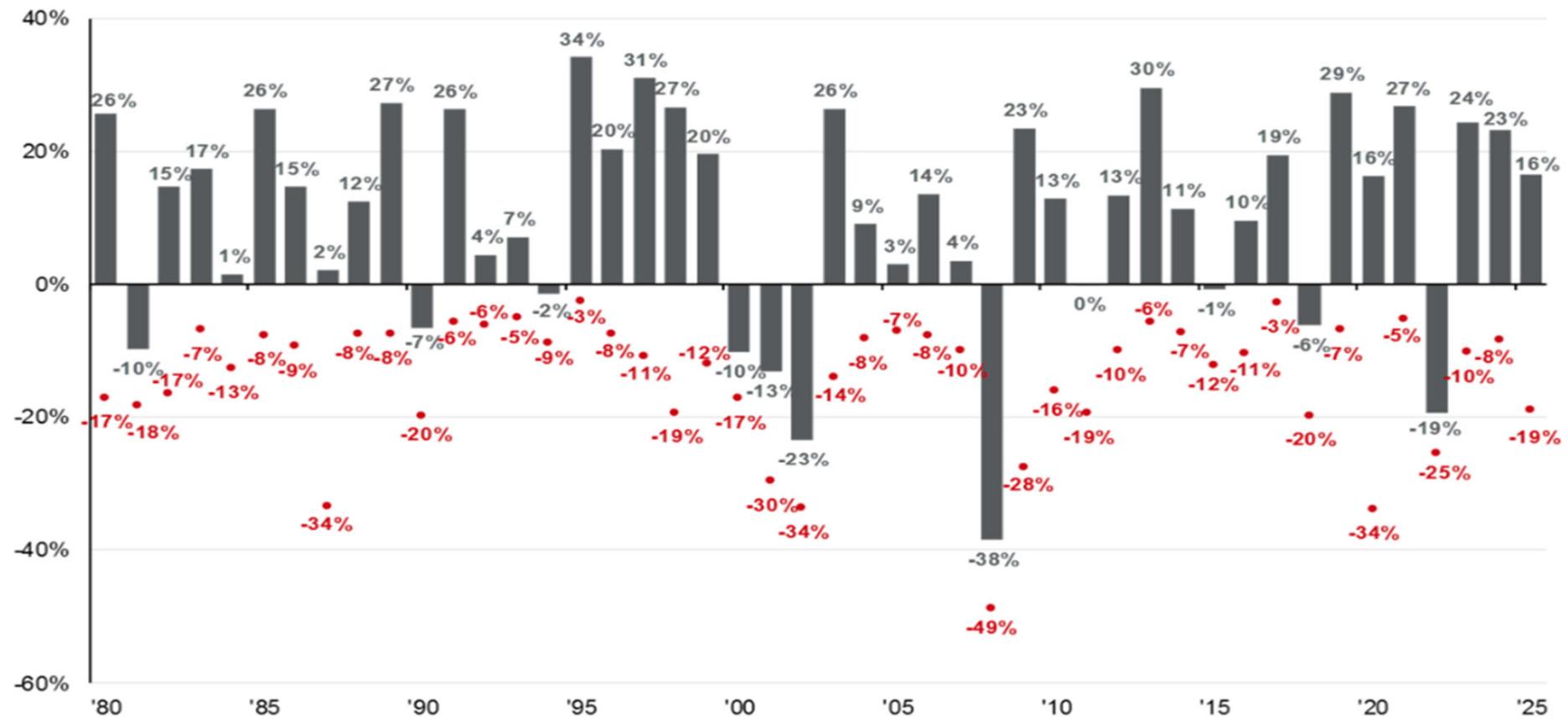
7

	Energy	Materials	Financials	Industrials	Cons. Disc.	Tech.	Comm. Services*	Real Estate	Health Care	Cons. Staples	Utilities	S&P 500 Index
<b>S&amp;P weight</b>	2.8%	1.8%	13.4%	8.2%	10.4%	34.4%	10.6%	1.8%	9.6%	4.7%	2.2%	100.0%
Russell Growth weight	0.3%	0.3%	6.4%	6.0%	13.4%	50.3%	12.1%	0.4%	8.1%	2.4%	0.3%	100.0%
Russell Value weight	5.7%	4.0%	22.3%	13.0%	7.4%	11.3%	8.5%	4.0%	12.2%	7.2%	4.4%	100.0%
<b>4Q25 return</b>	1.5	1.1	2.0	0.9	0.7	1.4	7.3	-2.5	11.7	0.0	-1.4	2.7
<b>2025 return</b>	8.7	10.5	15.0	19.4	6.0	24.0	33.6	2.7	14.6	3.9	16.0	17.9
<b>Beta to S&amp;P 500</b>	1.1	1.1	1.1	1.1	1.2	1.2	1.1	0.9	0.7	0.6	0.5	1.0
Correl. to Treas. yields	-0.2	-0.4	-0.3	-0.3	0.0	-0.1	0.1	-0.8	-0.6	-0.5	-0.4	-0.3
Foreign % of sales	37.5	51.8	28.2	34.6	35.1	56.0	49.3	16.7	33.1	39.3	1.9	42.1
NTM earnings growth	7.0%	21.0%	9.3%	15.1%	11.0%	28.5%	11.5%	4.5%	9.0%	7.1%	9.6%	14.9%
20yr med.	7.3%	11.3%	11.9%	11.9%	13.9%	12.0%	13.1%	6.6%	8.3%	6.9%	4.7%	10.4%
Forward P/E ratio	15.8x	19.0x	16.4x	23.9x	28.8x	26.7x	22.2x	16.6x	18.3x	20.8x	17.9x	22.0x
20yr avg.	13.7x	15.6x	12.9x	16.8x	20.5x	18.6x	18.7x	17.3x	15.1x	17.9x	16.0x	16.2x
Dividend yield	3.5%	1.8%	1.8%	1.5%	1.9%	0.6%	0.8%	3.9%	2.0%	2.8%	3.0%	1.4%
20yr avg.	2.9%	2.3%	2.3%	2.2%	1.7%	1.2%	1.8%	3.7%	2.0%	2.9%	3.8%	2.1%

## Annual Returns and Intra-Year Declines

### S&P 500 intra-year declines vs. calendar year returns

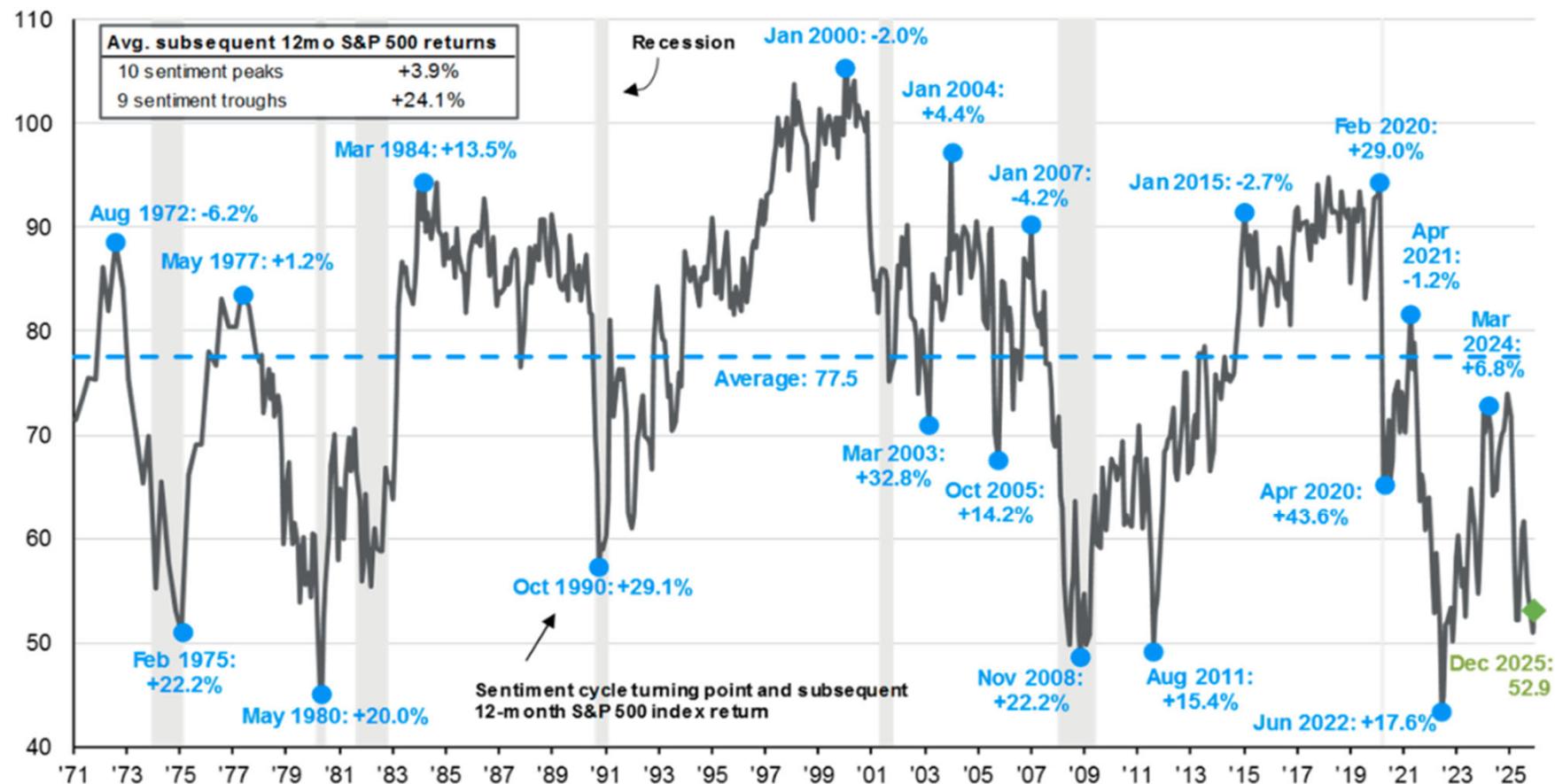
Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years



# Consumer confidence & the stock market

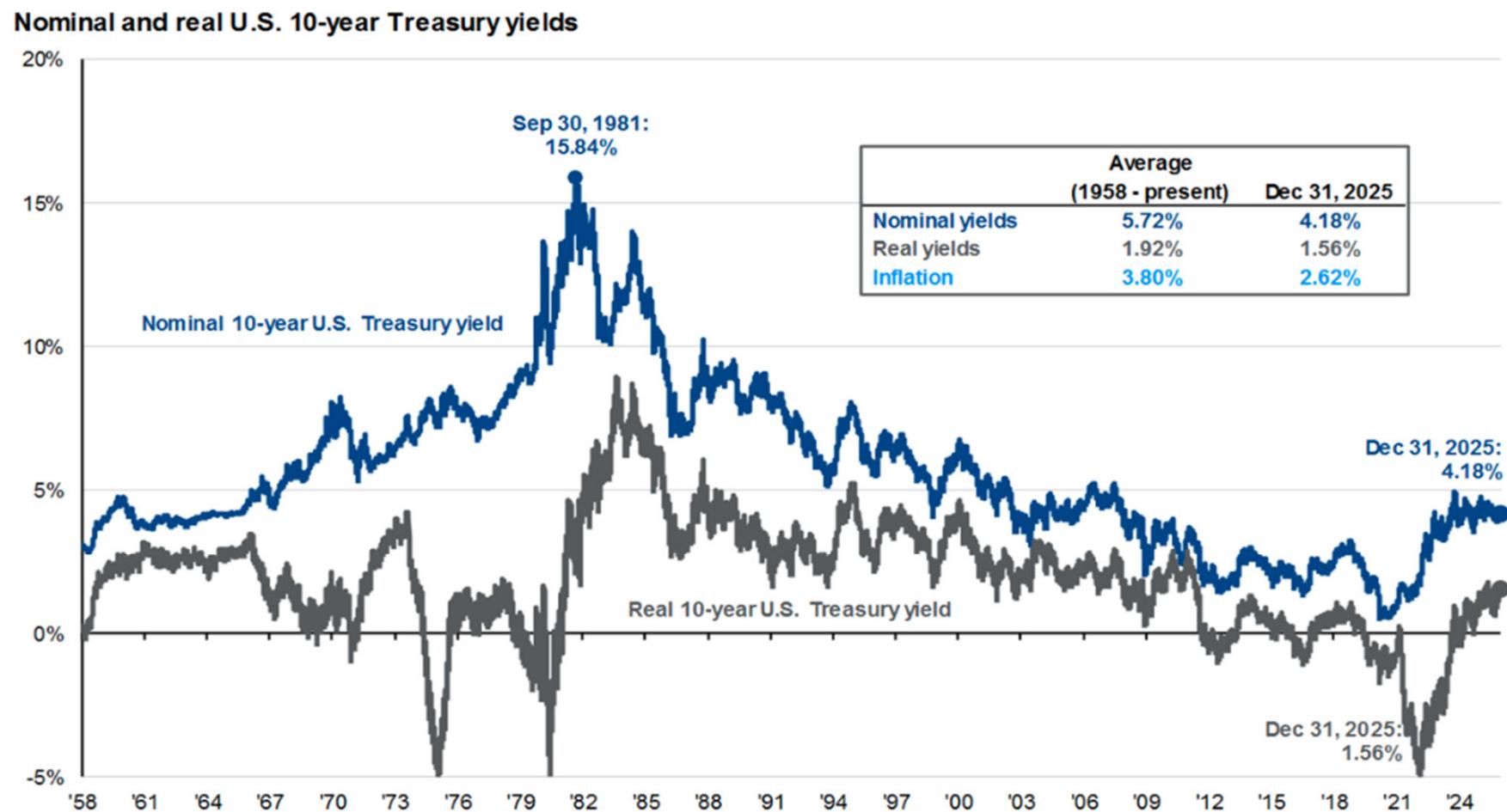
9

Consumer Sentiment Index\* and subsequent 12-month S&P 500 returns



## Interest Rates and Inflation

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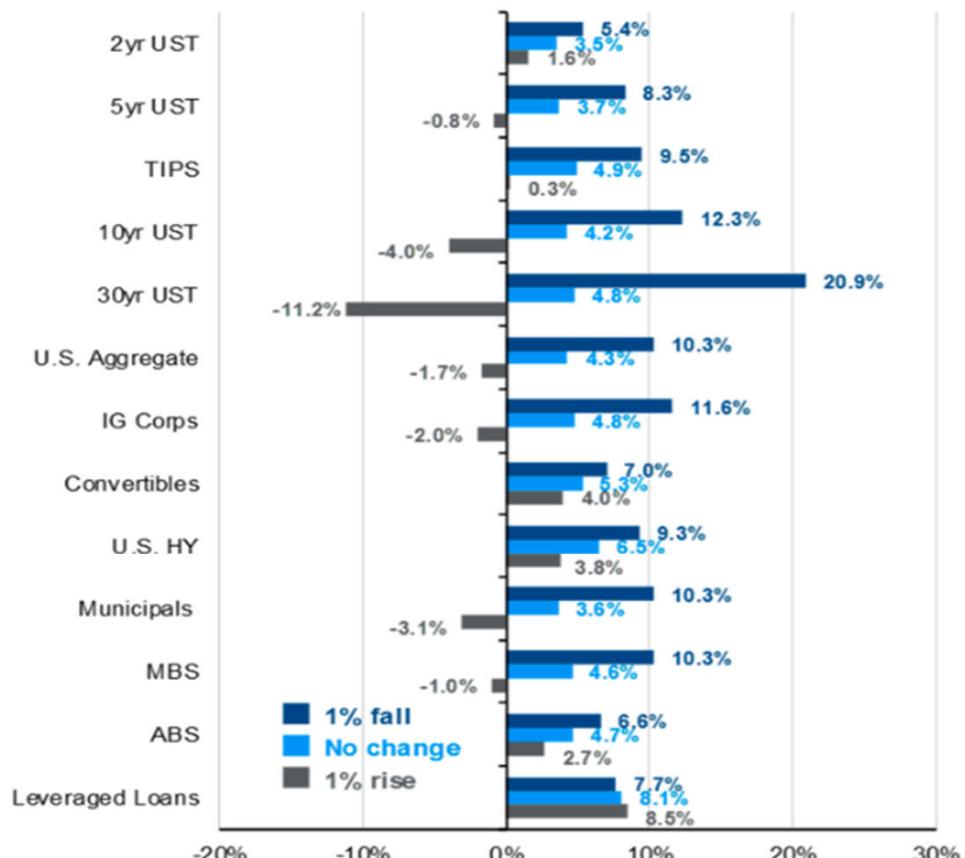
## Fixed income market dynamics

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U.S. Treasuries	Yield		Return			
	12/31/2025	12/31/2024	2025	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
<b>2-Year</b>	3.47%	4.25%	4.95%	2 years	0.74	0.02
<b>5-Year</b>	3.73%	4.38%	7.15%	5	0.94	0.02
<b>TIPS</b>	1.69%	2.13%	7.01%	7.1	0.75	0.37
<b>10-Year</b>	4.18%	4.58%	8.19%	10	1.00	<b>-0.01</b>
<b>30-Year</b>	4.84%	4.78%	3.73%	30	0.93	<b>-0.05</b>
<b>Sector</b>						
<b>U.S. Aggregate</b>	4.32%	4.91%	7.30%	8.2	0.91	0.29
<b>IG Corps</b>	4.81%	5.33%	7.77%	10.4	0.70	0.51
<b>Convertibles</b>	5.27%	6.13%	17.78%	-	0.01	0.86
<b>U.S. HY</b>	6.53%	7.49%	8.62%	4.8	0.12	0.79
<b>Municipals</b>	3.60%	3.74%	4.25%	13.5	0.73	0.32
<b>MBS</b>	4.63%	5.27%	8.58%	7.3	0.83	0.30
<b>ABS</b>	4.69%	5.38%	6.02%	2.2	0.39	0.29
<b>Leveraged Loans</b>	8.13%	8.68%	5.99%	4.7	<b>-0.20</b>	0.61

### Fixed income returns in different interest rate scenarios

Total return, assumes a parallel shift in the yield curve



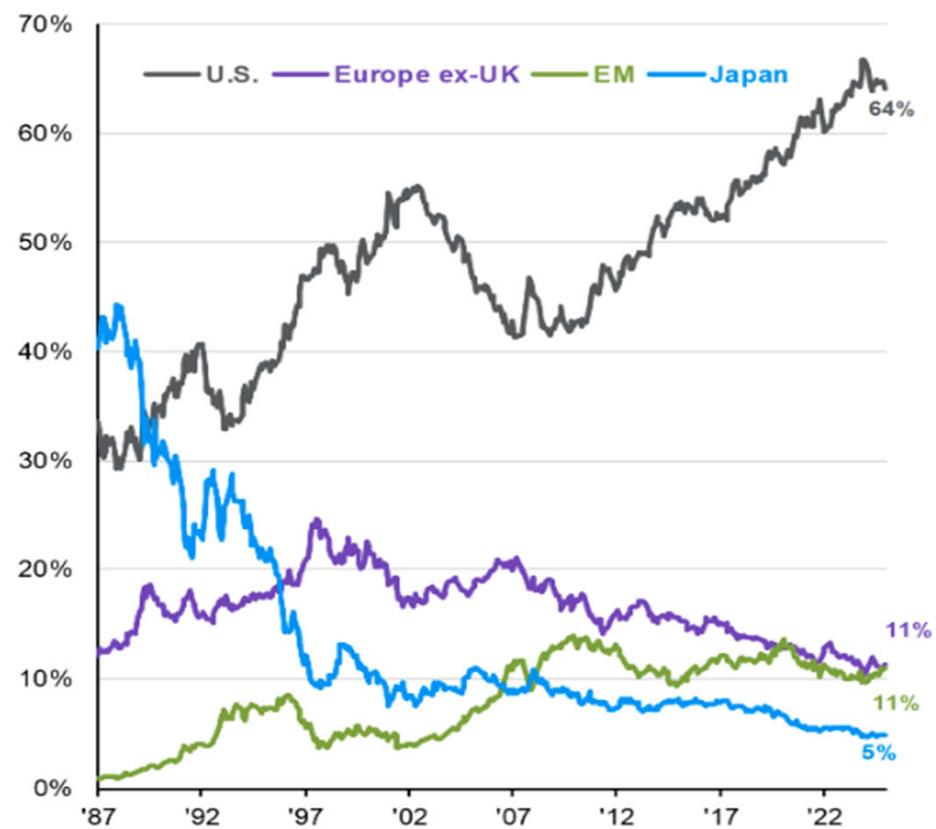
# Global Equity Markets

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Returns	2025		2024		15-years
	Local	USD	Local	USD	Ann.
<b>Regions</b>					
U.S. (S&P 500)	-	17.9%	-	25.0%	14.1%
AC World ex-U.S.	25.1%	33.1%	13.2%	6.1%	6.4%
EAFFE	21.2%	31.9%	11.8%	4.3%	7.1%
Eurozone	24.7%	41.3%	10.3%	3.4%	7.8%
Emerging markets	32.1%	34.4%	13.7%	8.1%	4.2%
<b>Selected Countries</b>					
Japan	24.7%	25.1%	21.2%	8.7%	6.9%
UK	25.8%	35.1%	9.5%	7.5%	6.4%
France	14.2%	29.5%	1.8%	-4.6%	7.8%
Canada	30.9%	37.4%	23.0%	12.7%	6.8%
Germany	20.9%	37.1%	18.4%	11.0%	7.3%
China	30.7%	31.4%	19.8%	19.7%	4.1%
Taiwan	34.0%	39.8%	44.3%	35.1%	13.0%
India	9.5%	4.3%	15.7%	12.4%	5.8%
Brazil	35.6%	50.4%	-11.4%	-29.5%	-0.3%

## Share of global market capitalization

% weight in MSCI All Country World, USD, monthly

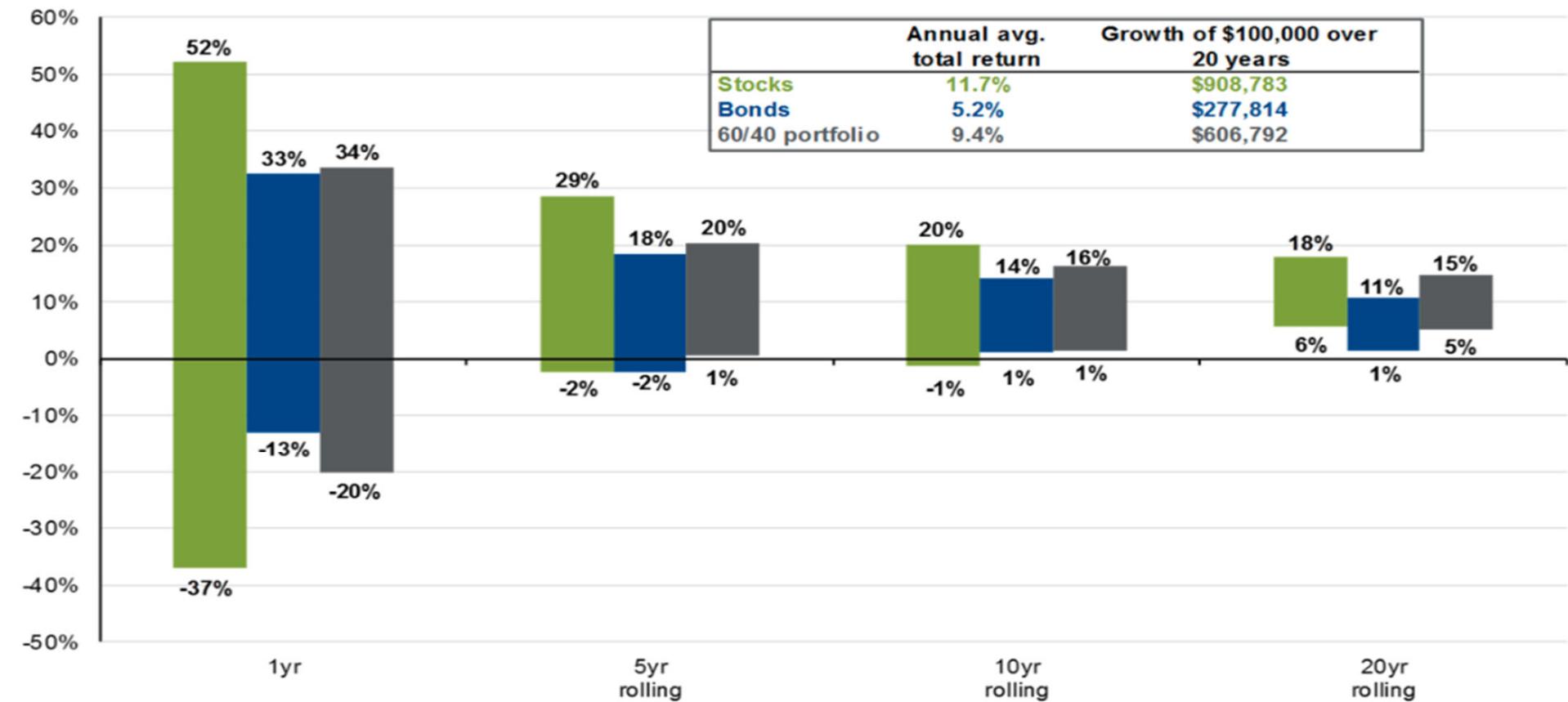


## Time, Diversification and Volatility of Returns

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### Range of stock, bond and blended total returns

Annual total returns, 1950 - 2025



# Asset class returns & diversification (12/31/2025)

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2011 - 2025																
Ann.	Vol.	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Large Cap 14.1%	Small Cap 20.3%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	REITs 41.3%	Com dty. 16.1%	Large Cap 26.3%	Large Cap 25.0%	EM Equity 34.4%
Small Cap 9.5%	EM Equity 17.5%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	EM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Large Cap 28.7%	Cash 1.5%	DM Equity 18.9%	Small Cap 11.5%	DM Equity 31.9%
REITs 7.8%	REITs 16.4%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	Com dty. 27.1%	High Yield -12.7%	Small Cap 16.9%	Asset Alloc. 10.0%	Large Cap 17.9%
Asset Alloc. 7.3%	DM Equity 15.7%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Com dty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	Small Cap 14.8%	Fixed Income -13.0%	Asset Alloc. 14.1%	High Yield 9.2%	Asset Alloc. 15.8%
DM Equity 7.1%	Com dty. 15.4%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	Asset Alloc. 13.5%	Asset Alloc. -13.9%	High Yield 14.0%	EM Equity 8.1%	Com dty. 15.8%
High Yield 5.7%	Large Cap 14.7%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	DM Equity 11.8%	DM Equity -14.0%	REITs 11.4%	Com dty. 5.4%	Small Cap 12.8%
EM Equity 4.2%	Asset Alloc. 10.1%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	Large Cap -18.1%	EM Equity 10.3%	Cash 5.3%	High Yield 12.1%
Fixed Income 2.4%	High Yield 9.1%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Com dty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	EM Equity -19.7%	Fixed Income 5.5%	REITs 4.9%	Fixed Income 7.3%
Cash 1.5%	Fixed Income 4.6%	Com dty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Com dty. 1.7%	DM Equity -13.4%	Com dty. 7.7%	Com dty. -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 5.1%	DM Equity 4.3%	Cash 4.3%
Com dty. -1.1%	Cash 0.9%	EM Equity -18.2%	Com dty. -1.1%	Com dty. -9.5%	Com dty. -17.0%	Com dty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	REITs -24.9%	Com dty. -7.9%	Fixed Income 1.3%	REITs 2.3%



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