

RBC Rochdale

Market Update Webinar

June 4, 2026



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Rochdale SpeedometersSM – June 2026

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

- While consumer spending may slow, remarkable corporate profit growth continues to support strong Fixed Investment, supporting U.S. growth.
- The Federal Reserve's response to inflation depends on if it is supply (geopolitical & shipping) driven or demand (AI-related CapEx & broad commodity increases). Both supply and demand side pressures are present today, supporting a continuation of the wait and hold approach.
- The non-U.S. growth impact from the Strait of Hormuz closure is more acute due to higher reliance on middle east energy imports. This may raise inflation, and stunt growth for a longer period. But the paradigm shift to higher defense and infrastructure spending remains intact.
- Earnings remain strong as 2026 S&P 500 consensus estimates have grown to 23.5%.

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 May 31, 2026. 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

Strait of Hormuz Supply Shock Scenarios

How much time will it take to restore global oil inventories to normalized levels?

- Muted energy and commodity flows will continue impacting the global economy until they return to normalized levels.
- Despite improving trends, the bottle neck to global growth, supply chains, shipping cost, and global SPR¹ rebuild linger.

Scenario Analysis: Current inventory gap is roughly 250 million barrels normal levels

100% Capacity (Full Reopening)

Effective market balance

+ 3.0 mb/d

Inventory rebuild

BEST ESTIMATE:

**~3 - 4
Months**

To normalize inventories

60% Capacity (Partial Reopening)

Effective market balance

~(0.5) mb/d

Slight Inventory draw

BEST ESTIMATE:

**~9 - 12
Months**

To normalize inventories

30% Capacity (Severe Disruption)

Effective market balance

~(5.0) mb/d

Significant Inventory draw

BEST ESTIMATE:

**~4 - 6
Months**

To full inventory drawdown²

Countries

Most Exposed

% of Strait of Hormuz crude oil flows

China ~38%

India ~15%

Other Asia ~14%

South Korea ~12%

Japan ~11%

Europe ~4%

U.S. ~3%

1: Strategic Petroleum Reserve. 2: Time to full inventory draw assuming 5.0mb/d net draw.

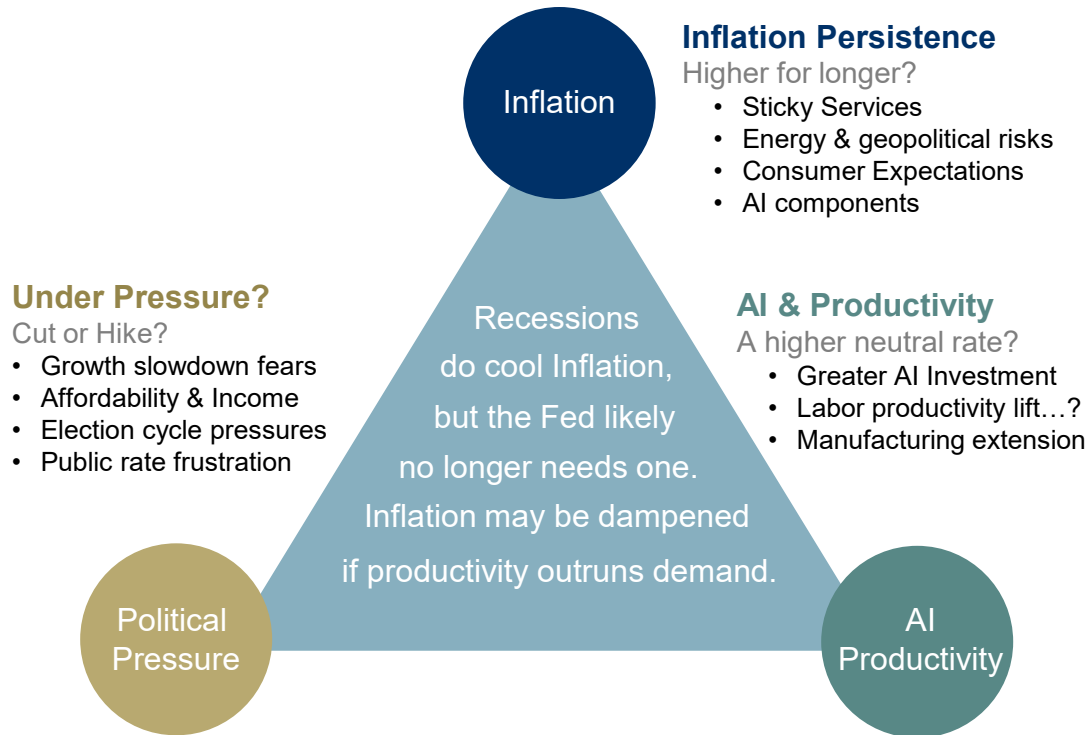
Source: International Energy Agency (IEA), As of May 13, 2026. Information is subject to change and is not a guarantee of future results.

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Federal Reserve: Competing Dynamics

Politics puts pressure on rates. Inflation pulls rates higher. AI changes the rules.



Real Policy Rate
= Fed Funds Rate – Core Inflation

| | | | |
|------------------------------|------------------------------|----------------------|--|
| Negative Stimulative | Near Zero Neutral | Positive Restrictive | |
| -4.3% | -2.1% | +2.6% | +0.33% |
| 1978 | 2021 | 2023-25 | Today |
| Too low – inflation mistakes | Too low – inflation mistakes | Very restrictive | Restrictive but less than it looks if AI raises neutral rate |

| | | | |
|--|--|---|---|
| Has the Fed missed or been late before? | 2021 | 2023 | Today's Risk? |
| | “Transitory Inflation” term needs to be retired; inflation is lasting longer and hotter than expected. | Regional banking stress resulting from underestimated tight financial conditions. | Easing before inflation normalizes adds to pressure credibility, actual inflation drivers, new Chair, SCOTUS case (Lisa Cook), White House desires. |

Source: RBC Rochdale, Federal Reserve Chair Jerome Powell in November 2021 Senate Banking Testimony, Federal Reserve FOMC Statements (May 2025, March 2026, April 2026), Federal Reserve May 2023 Financial Stability Report, Fed May 2026 FOMC Statement, As of May 31, 2026. Information is subject to change and is not a guarantee of future results.

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How Is AI Inflationary?

Upward and Downward pressure is evident as AI is implemented

Scenario Range (Net Impact To CPI)

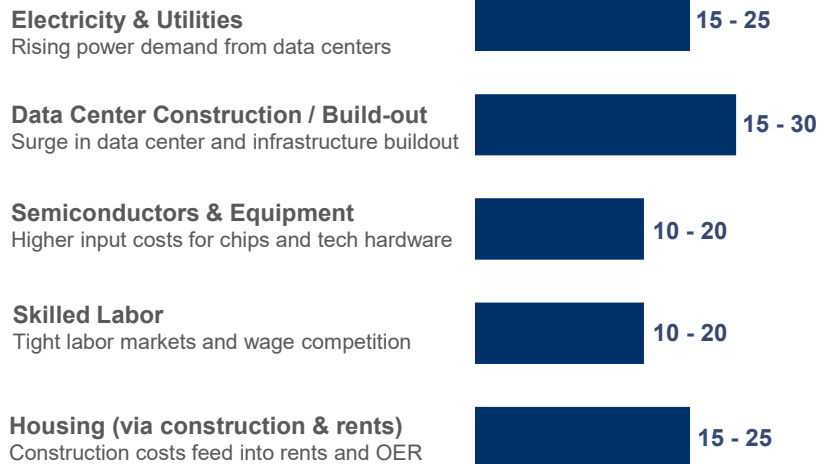
| | | |
|-----------------------------------|----------------------------|--|
| Low Pass-Through -5 to +15 bps | Base Case -5 to +10 bps | High Infrastructure Strain +10 to +45 bps |
|-----------------------------------|----------------------------|--|

Time Horizon

Near Term (0-2 years): Upward pressure likely dominates
Longer Term (2+ years): Productivity gains drive offset

Upward Pressures: AI-related Demand Drivers

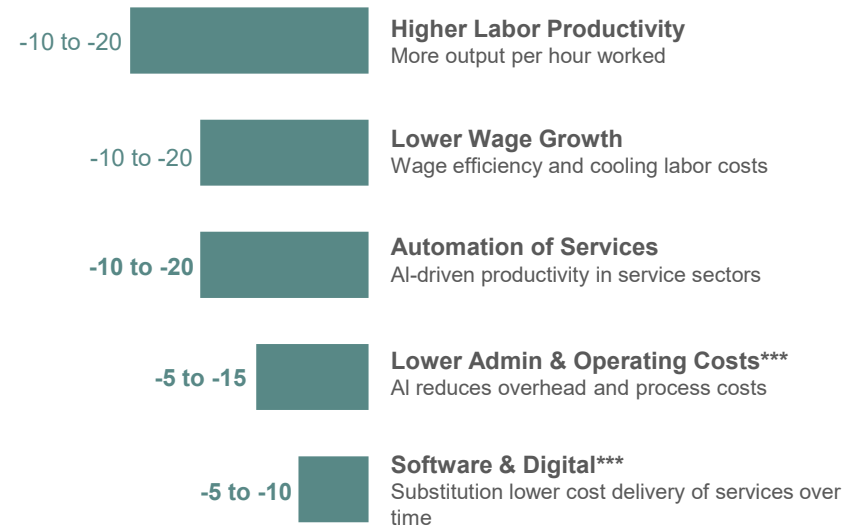
Estimated contribution to headline CPI inflation over next 12-24 months*



Total Estimated Upward Pressure
+20 to +75 bps to CPI
 (Base case: +20 to +40 bps)

Downward Pressures: Productivity and Efficiency Gains

Estimated disinflationary impact over next 2-5 years*



Total Estimated Downward Pressure
-15 to -55 bps to CPI
 (Base case: -15 to -35 bps)

Bps: Basis Points. For methodology, please see disclosure pages. *Ranges reflect directional estimates, methodology in disclosure section leveraging scenario analysis; -- Construction is not a direct CPI component. ***Not a direct CPI component; reflects input-cost channel and pass-through assumptions. Source: BLS, NBER, OECD, IMF, McKinsey. Bloomberg. As of May 31, 2026. Information is subject to change and is not a guarantee of future results.



Fed Surveys Suggest Momentum is Building

- New orders are improving across regional Fed surveys, signaling a return to expansion territory.
- Hiring intentions are recovering, with more businesses expecting to hire over the next six months.
- Recent labor market data confirms stability with rebound momentum, not deterioration.



Source: Federal Reserve Regional Banking Surveys conducted by each Regional Bank with responses averaged together. Bloomberg. As of May 31, 2026. Information is subject to change and is not a guarantee of future results.

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Tech Led Profits Keep the Expansion Rolling

- Corporate profits came in dramatically better than expected, with S&P 500 EPS growth rising to 29.4%, more than double the 12.4% expected at the start of earnings season.
- Tech-led investment remains a powerful economic engine, as Technology EPS growth reached 56.0%, supported by AI demand, capital spending, and continued revenue growth across the sector.

| | Earnings Per Share | | | Revenues | | | Net Income Margin | | | |
|--------------------|--------------------|--------------------|------------------------|-------------------|--------------------|------------------------|-------------------|--------------|--------------------|-------------------------|
| | Beating Estimates | At Start of Season | Growth Rate Current | Beating Estimates | At Start of Season | Growth Rate Current | Beating Estimates | 1Q25 | At Start of Season | Growth Rates Current |
| S&P 500 | 83.7% | 12.35% | 29.38% | 73.8% | 9.41% | 11.62% | 66.9% | 13.5% | 14.00% | 15.6% |
| Energy | 18 | 7.7% | 3.5% | 15 | 12.6% | 4.2% | 17 | 8.2% | 8.7% | 7.7% |
| Materials | 20 | 23.7% | 43.9% | 23 | 7.0% | 10.6% | 14 | 9.0% | 9.6% | 10.8% |
| Industrials | 68 | 1.3% | 12.2% | 61 | 6.1% | 8.8% | 54 | 10.6% | 10.0% | 10.5% |
| Discretionary | 37 | 1.4% | 39.3% | 28 | 8.3% | 9.9% | 34 | 8.8% | 8.4% | 11.3% |
| Staples | 26 | 1.9% | 7.1% | 21 | 6.5% | 8.1% | 21 | 6.0% | 6.0% | 6.2% |
| Health Care | 49 | -9.7% | -3.4% | 45 | 6.0% | 7.1% | 40 | 8.7% | 7.5% | 7.9% |
| Financials | 61 | 16.6% | 22.5% | 44 | 8.6% | 9.8% | 50 | 19.4% | 20.7% | 21.5% |
| Technology | 63 | 41.5% | 56.0% | 57 | 27.8% | 31.7% | 57 | 26.7% | 29.3% | 30.5% |
| Communications | 17 | -3.6% | 53.7% | 16 | 11.3% | 13.7% | 13 | 23.6% | 20.3% | 31.7% |
| Utilities | 23 | 7.7% | 12.7% | 24 | 7.2% | 14.1% | 9 | 14.9% | 15.0% | 14.8% |
| Real Estate** | 23 | 2.1% | 9.1% | 23 | 7.9% | 11.7% | 15 | 34.4% | 32.6% | 33.4% |
| ex-Energy | 387 | 12.6% | 30.51% | 342 | 10.1% | 12.21% | 307 | 14.0% | 14.4% | 16.2% |
| ex-Technology | 342 | 3.5% | 21.57% | 300 | 6.9% | 8.91% | 267 | 11.8% | 11.5% | 13.2% |
| ex-Financial | 344 | 11.4% | 31.00% | 313 | 9.6% | 11.91% | 274 | 12.66% | 13.0% | 14.7% |
| ex-Magnificent 7 | 405 | 10.3% | 18.3% | 351 | 7.7% | 9.8% | - | - | - | - |

Source: Bloomberg. As of May 29, 2026. Information is subject to change and is not a guarantee of future results.

** Beat, Hit, Miss counts are relative to FFO (Funds From Operations).

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Going From K-Shaped to Cracked

What would signal real consumer struggle?

Lower-income consumer weakness often appears first-but history shows it only becomes dangerous when stress spreads.

1

Lower-income Consumer Stress

- Subprime auto delinquencies rise
- Credit card stress increases
- Food insecurity worsens

Common During Expansions
Often Stops Here

2

Middle-Income Consumer Weakness

- Prime credit deteriorates
- Broader spending slows
- Delinquencies move up income tiers

Important Warning

3

Employment Losses

- Layoffs increase
- Job openings decline sharply
- Income growth weakens

Historically Significant

4

Housing Deterioration

- Mortgage delinquencies rise
- Home prices soften
- Construction slows

Major Recession Trigger

5

Recession Risk

- Spending declines
- Credit tightens
- Corporate profits weaken

Broad Economic Contraction

The Key Historical Lesson

Lower-income consumer stress appears frequently and does not usually cause recessions on its own. Recessions occur when stress spreads into middle-income households, employment, and housing.

| Indicator | Today | Risk Assessment |
|------------------------|----------------|--------------------|
| Lower-Income Consumer | Weakening | Early Warning Sign |
| Middle-Income Consumer | Mostly Healthy | Not Confirmed |
| Labor Market | Stable | Watch Closely |
| Housing | Stable | No Broad Stress |

Today's Diagnosis

Evidence is most consistent with increasing inflationary pressures offset by continued consumer spending and business investment

Warning Signs: Limited
Recession Risk: Low

Source: Census Bureau, Federal Reserve, New York Federal Reserve Bank, Equifax, Fitch Ratings, BLS, MBA. As of May 2025. Information is subject to change and is not a guarantee of future results.

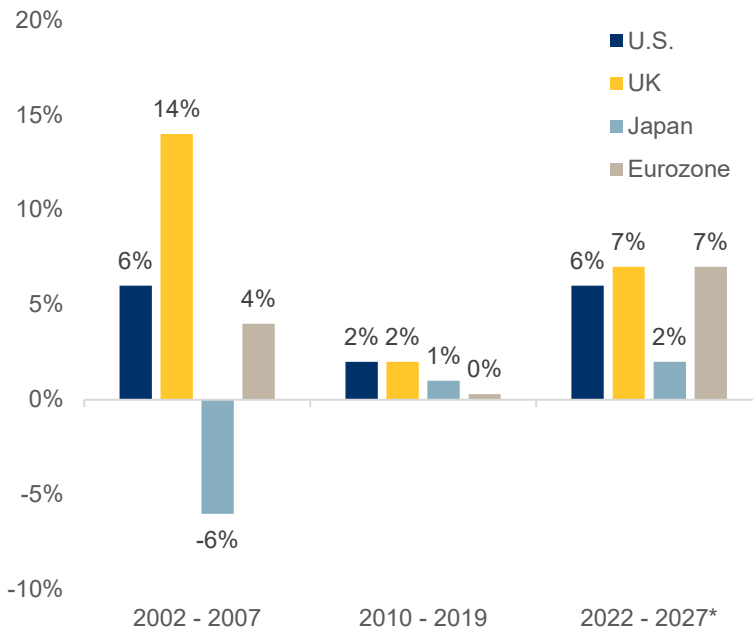


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International Markets: Volatility Today, Structural Opportunity Ahead

- The Iran conflict creates near-term volatility but does not alter the longer-term case for non-U.S. exposure, given more attractive valuations, building policy support, and diversifying global capital flows.
- Government investment across developed markets is accelerating through fiscal spending, infrastructure, defense, and industrial policy, creating a durable growth tailwind outside the U.S. despite near-term geopolitical headwinds.

Government Fixed Investment
Average annual growth rate, general government fixed capital formation



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

Valuation Advantages and Mean Reversion

International valuation remains attractive

Structural Policy Tailwinds Outside the U.S.

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

Sectoral and Structural Diversification

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

U.S. Dollar Threat and New Trade Relationships

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

“*2022 to 2027 includes OECD forecasts. Eurozone is a GDP-weighted average of France, Germany, Italy and Spain. General government fixed capital formation is investment by government entities in long-term assets such as infrastructure, buildings, machinery and equipment, intended to support public services and economic development.” JPM Guide to the Markets. Source: RBC Rochdale, JPM Guide to the Markets, Bloomberg. As of May 29, 2026. Information is subject to change and is not a guarantee of future results.

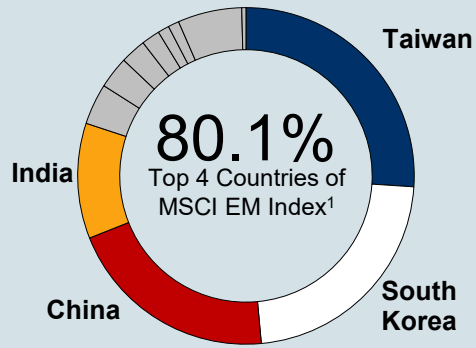
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Emerging Market Exposure: Tech Trade or Diversification?

- Emerging markets outperformance is driven by few concentrated names, in a concentrated index: the driver is AI.
- Portfolio allocation decision making includes (but is not limited to) diversification of geographic regions, sector allocations, revenue style (reoccurring subscription vs standalone sales) to name a few, driving forces of EM further concentrate a clients

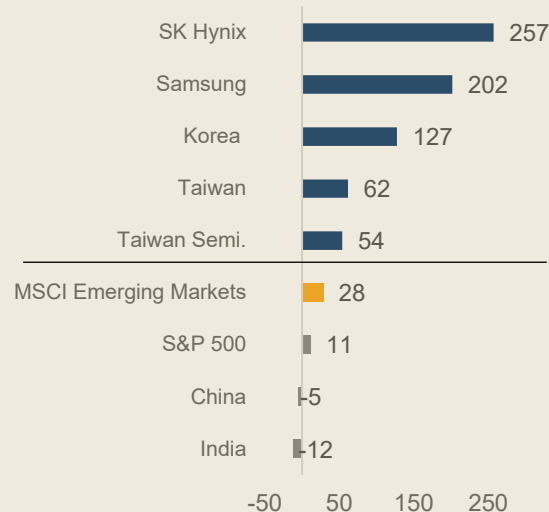
Concentrated Index Weights



| | | |
|--|-------------|-------|
| | Taiwan | 26.0% |
| | South Korea | 22.5% |
| | China | 20.5% |
| | India | 11.1% |

Taiwan + South Korea now exceed China + India as the largest EM exposures.

EM returns are being driven by Semiconductor Leaders

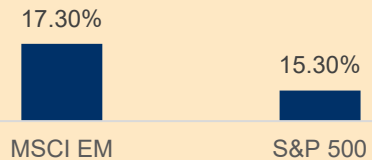


- Semiconductor winners account for most of the EM year-to-date (YTD) returns.
- The YTD rally in EM is being primarily driven by three companies: SK Hynix, Samsung and TSMC.

EM has failed to diversify and has not improved risk-adjusted returns

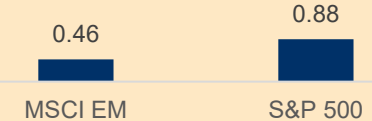
Higher Volatility

Annualized Volatility (10-year)



No Risk Adjusted Outperformance

10-year Risk Adjusted Return (Sharpe Ratio)



- Over time, EM has not significantly added to return on a risk-adjusted basis.
- EM markets today are not driven by country growth.
- While all markets have high exposure to AI, EM markets amplify the concentration risk.

Source: MSCI Emerging Markets Index – country break down as of April 30, 2026. Bloomberg. As of June 3, 2026. Information is subject to change and is not a guarantee of future results.



Stocks from Here: Bull vs. Bear

Why stocks have been resilient: Corporate profits have stayed strong, AI-related demand is supporting the market, and investors are looking through higher inflation and interest rates.

Bull Case | What Could Go Right

- 1 Oil Prices Fall and Inflation Cools**
Lower energy prices would ease inflation pressure and could help calm the rise in bond yields.
- 2 AI Supercharges Productivity**
If companies begin getting real efficiency gains from AI, costs could come down without hurting growth.
- 3 Profit Growth Stays Strong**
If big technology and AI-related companies keep delivering, the market can remain supported, and gains could spread more broadly.

Best Bull Case: Lower inflation and steady AI-driven demand.

Bear Case | Key Risks

- 1 Higher Interest Rates Pressure Stocks**
If long-term rates keep moving up, higher borrowing costs and richer valuations could weigh on the market.
- 2 Consumers Weaken**
Soft wage growth, weak confidence, and rising delinquencies could cause households to pull back on spending.
- 3 AI Spending Slows**
If demand cools or funding becomes harder, the market could lose one of its biggest growth drivers.

Primary Downside Risk: Higher rates first, then weaker consumers and slower AI spending

Source: RBC Rochdale. As of May 31, 2026. Information is subject to change and is not a guarantee of future results.

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Key Takeaways

- **The outlook remains constructive, but not risk-free:** Speedometers point to continued expansion, supported by corporate profits and credit availability, while inflation, rates, and geopolitics keep policy cautious.
- **Inflation pressure is coming from multiple directions:** Energy supply risk, AI-driven demand, and infrastructure strain could keep inflation sticky, but longer-term productivity gains may eventually provide an offset.
- **Business momentum is building:** Regional Fed surveys, hiring intentions, and a strong earnings season suggest corporate America remains healthy, with AI and tech-led investment helping sustain growth.
- **Markets still require selectivity:** Consumer stress has not broadened enough to signal recession, international exposure remains a long-term opportunity, and stocks can keep working if profits and productivity offset higher rates.

Source: RBC Rochdale as of June 3, 2026.

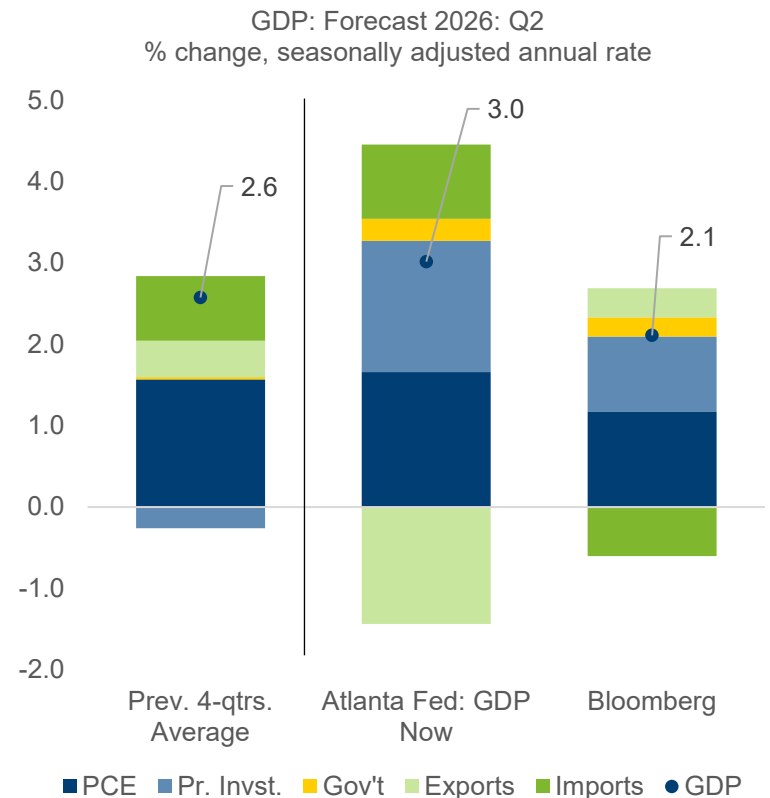
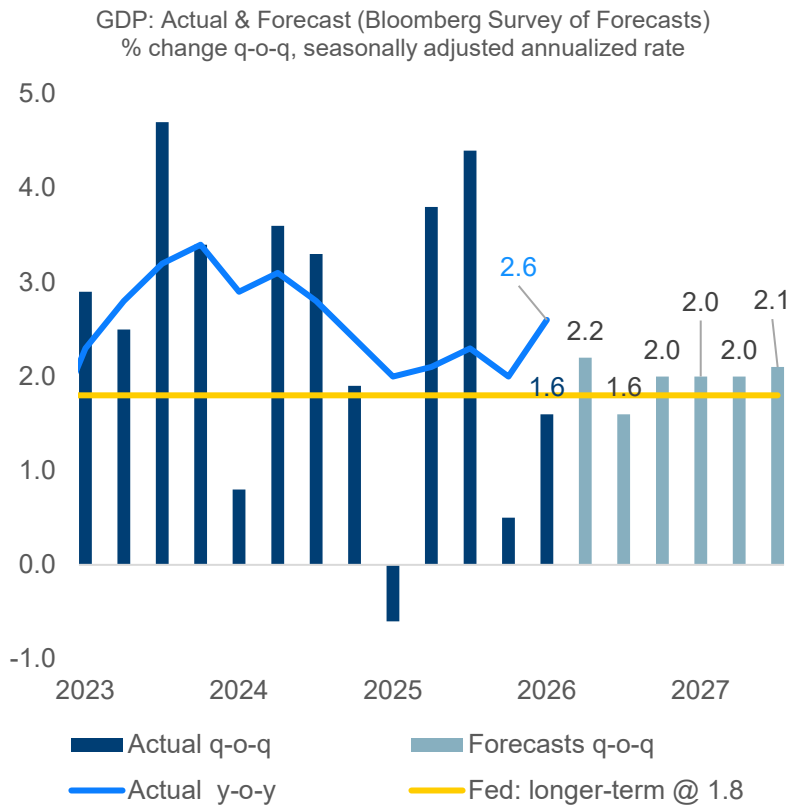
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Economic Growth Remains Robust

- Despite the energy crisis, the economy continues to expand at a above trend pace.
- It is being driven by solid consumer spending and corporate investment.
- There are concerns on the horizon from higher energy costs, a cooled labor market, and elevated geopolitical risk.



Data current as of: June 2, 2026. Source: Bureau of Economic Analysis, Federal Reserve, Federal Reserve Bank of Atlanta, Bloomberg Composite of Economic Forecasts. Information is subject to change and is not a guarantee of future results.

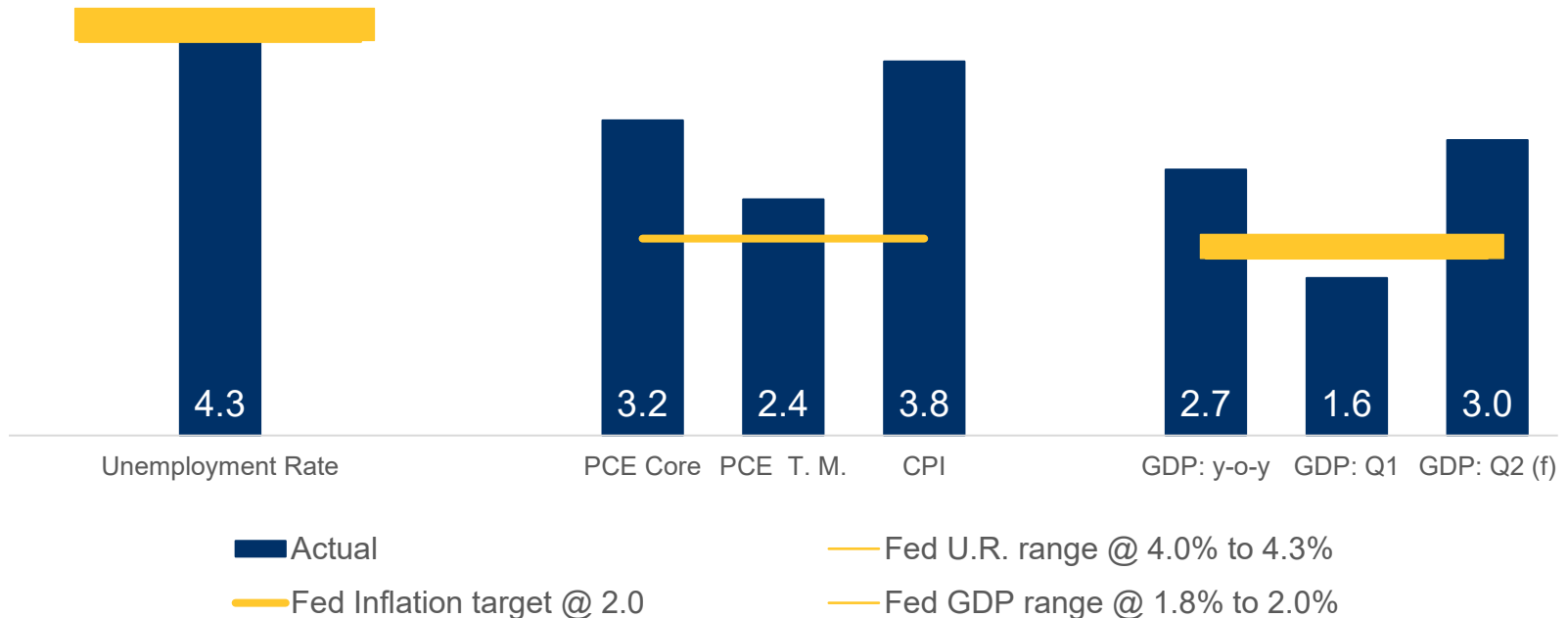
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Economy is Healthy, Inflation is Too High

- The unemployment rate has been holding steady within the Fed's target range.
- But inflation, no matter how it is measured, is above the Fed's target of 2.0%.
- Inflation has been above target for five years, frustrating policymakers.

Economic Indicators & Fed Goals (%)



Note: PCE T.M. is the Trimmed Mean PCE Price Deflator

Data current as of: June 2, 2026

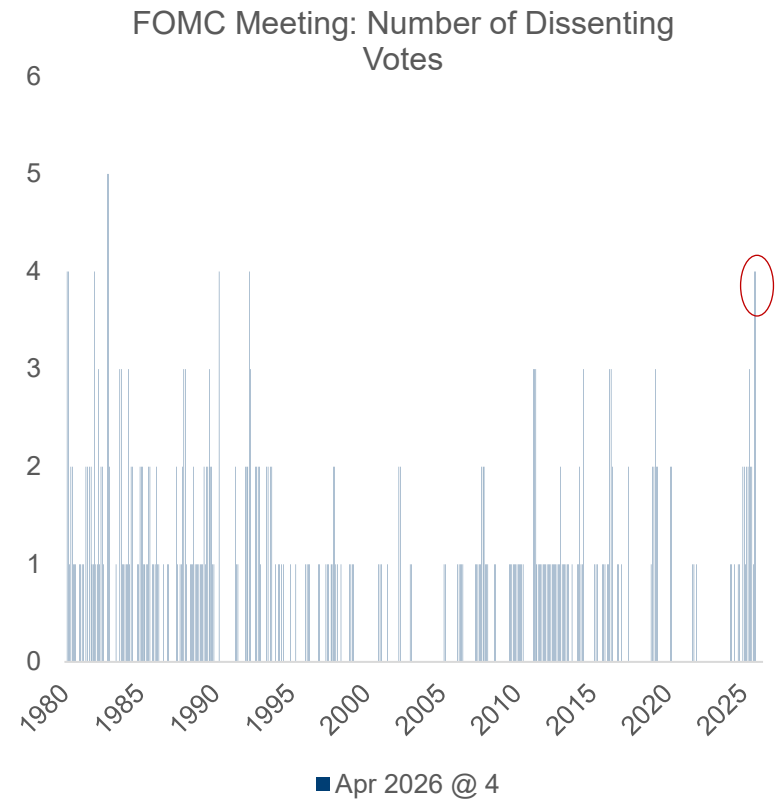
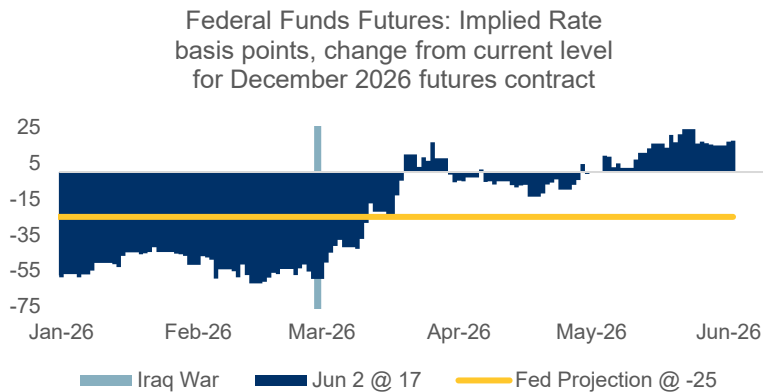
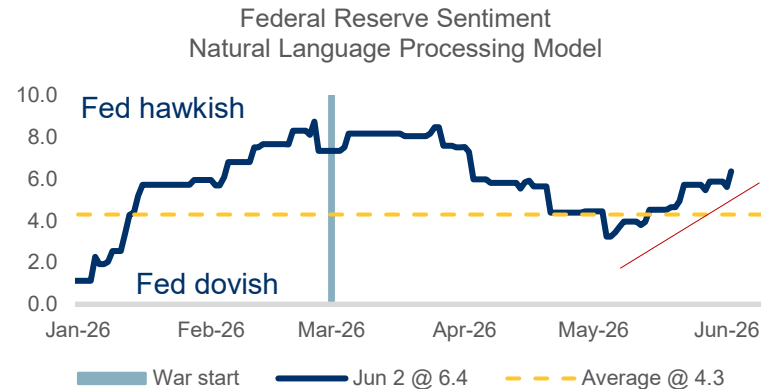
Source: The Federal Reserve, Bureau of Labor Statistics, Bureau of Economic Analysis, Federal Reserve Bank of Dallas
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The FOMC is Concerned about Inflation

- Speeches by FOMC members have turned hawkish as price pressures have been mounting.
- The federal funds futures market is showing a probability of a Fed rate hike this year.
- Conflicting views on determining the correct path of monetary policy is causing dissension among the FOMC.



Data current as of: June 2, 2026

Source: Bloomberg Economics, Bloomberg's WIRP page, Federal Reserve
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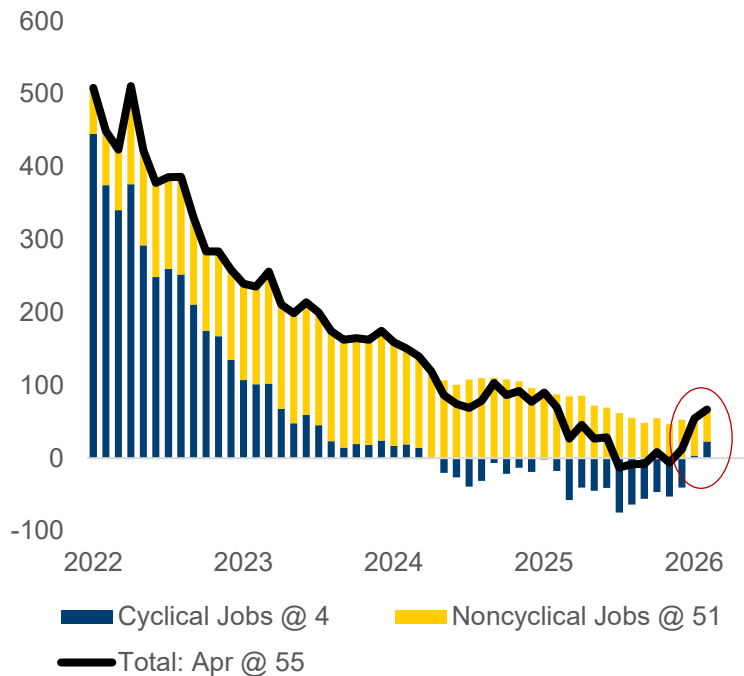
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Is Labor Perking Up?

- The Labor appears to have stabilized on the positive side of zero.
- The past two payroll reports have shown stronger demand for workers, with gains averaging 150,000.
- Job postings, a leading indicator, have picked up in recent weeks.

NFP: Cyclical & Noncyclical Occupations
'000, seasonally adjusted, 6-month
average



Indeed: Overall Job Postings
Index value, 100 = February 1, 2020
7-day moving average, seasonally
adjusted



Data current as of: June 2, 2026

Source: Bureau of Labor Statistics, Indeed, Inc.

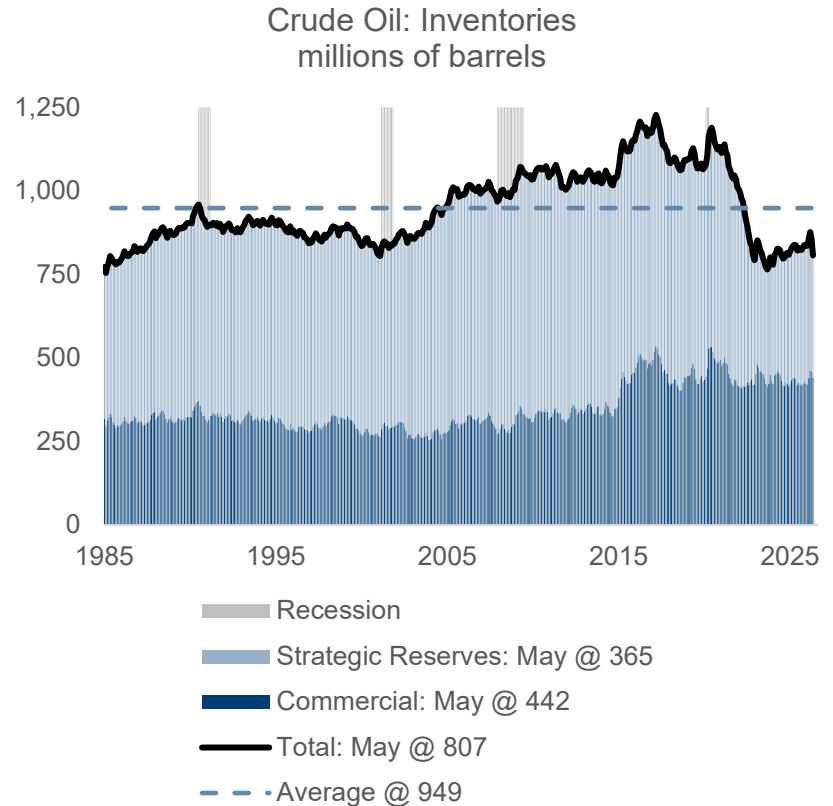
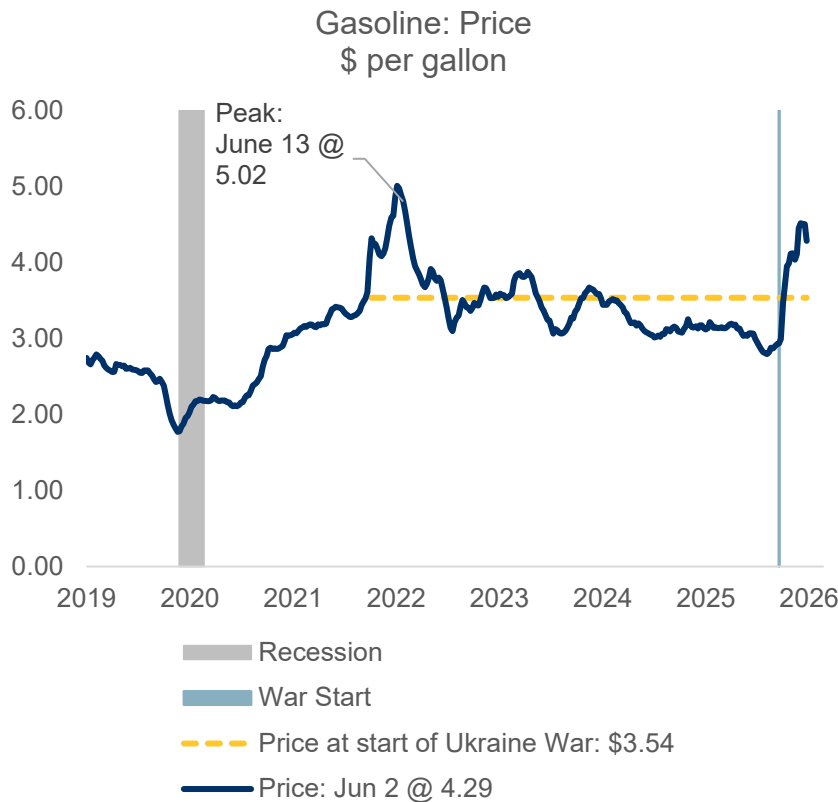
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Gasoline Prices are A Focal Point for Consumers

- Although recently declining, gasoline prices are \$1.31/gallon (44%) above their pre-war level.
- Fortunately, the U.S. is not dealing with shortages, unlike many parts of the world.
- Being the world's largest producer of petroleum products helps keep inventory levels elevated.



Data current as of: June 2, 2026

Source: Automobile Association of America, Department of Energy

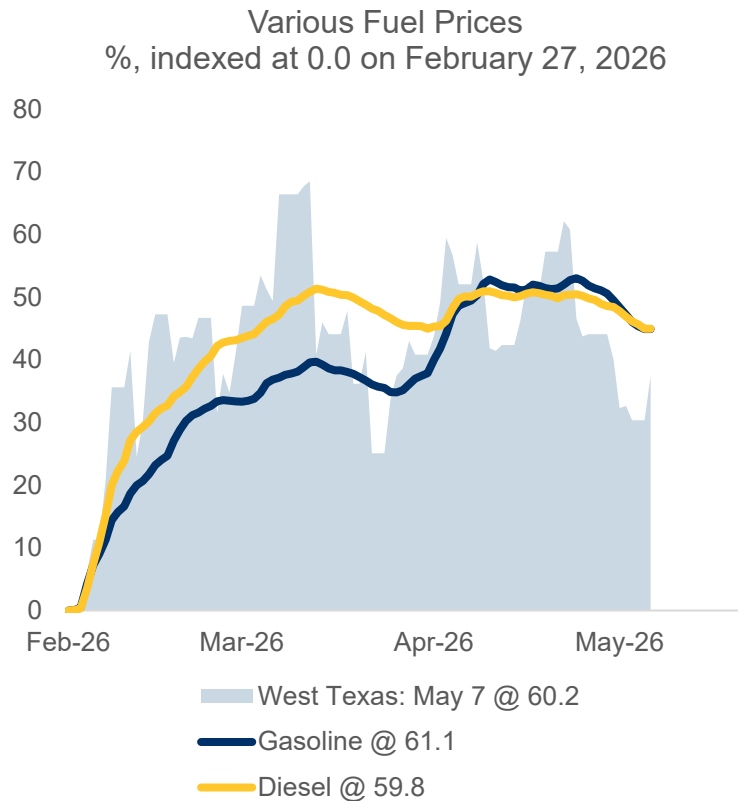
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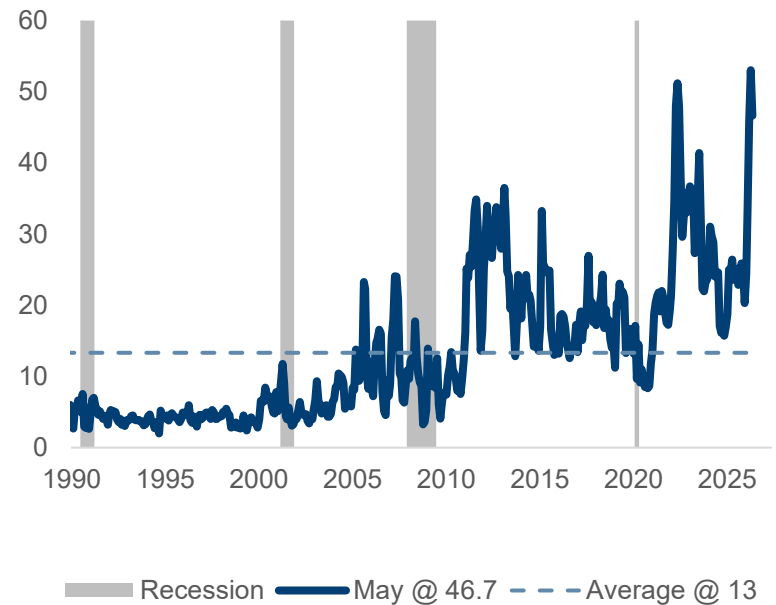


Why Did Gasoline Prices Jump So Fast?

- Prices for automotive fuel jumped immediately following the crude price surge.
- This allowed refiners to have a record increase in their profit margin.



Oil: Crack Spread (%)
the theoretical gross profit margin of an oil refinery, it is the difference between purchasing crude oil and selling of refined products in the same month



Data current as of: June 2, 2026

Source: New York Mercantile Exchange, Automobile Association of America, Bloomberg

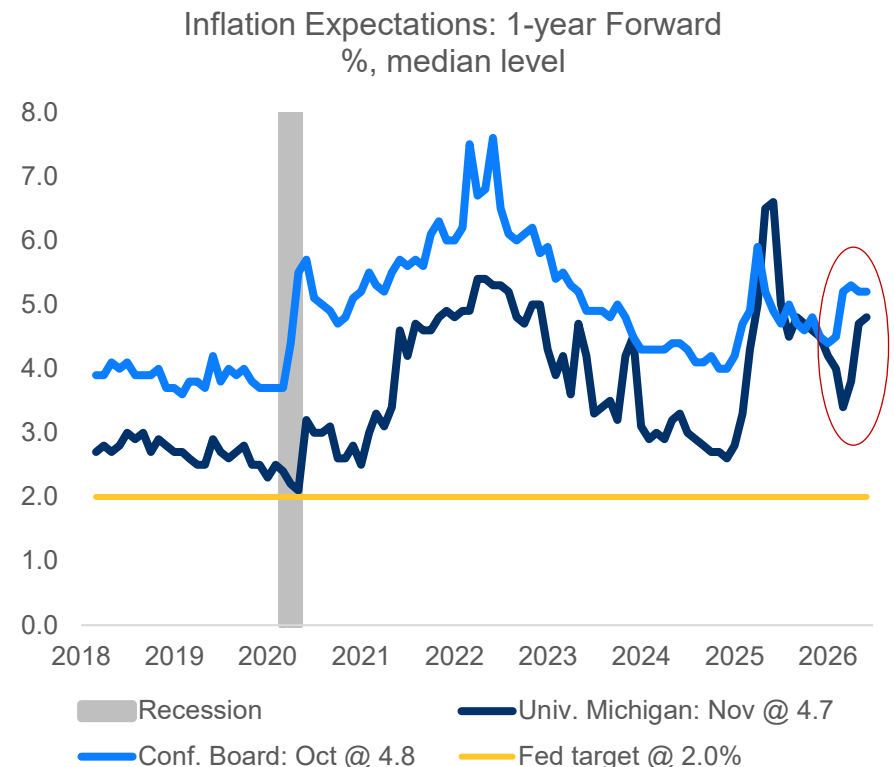
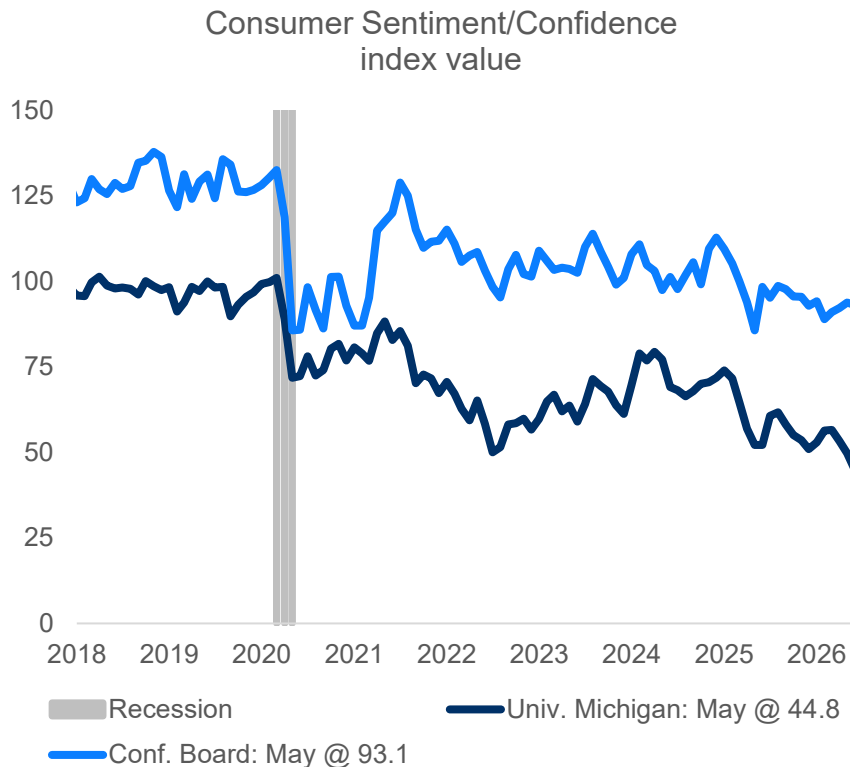
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Consumer Sentiment Remains Weak

- Americans remain concerned about their personal finances and weakening buying conditions.
- They cite higher prices for gasoline and food as their main worry.
- Although changes in confidence have been a poor indicator of spending trends, weakening purchasing power will weigh on spending.



Data current as of: June 3, 2026

Source: University of Michigan Survey of Consumers, The Conference Board

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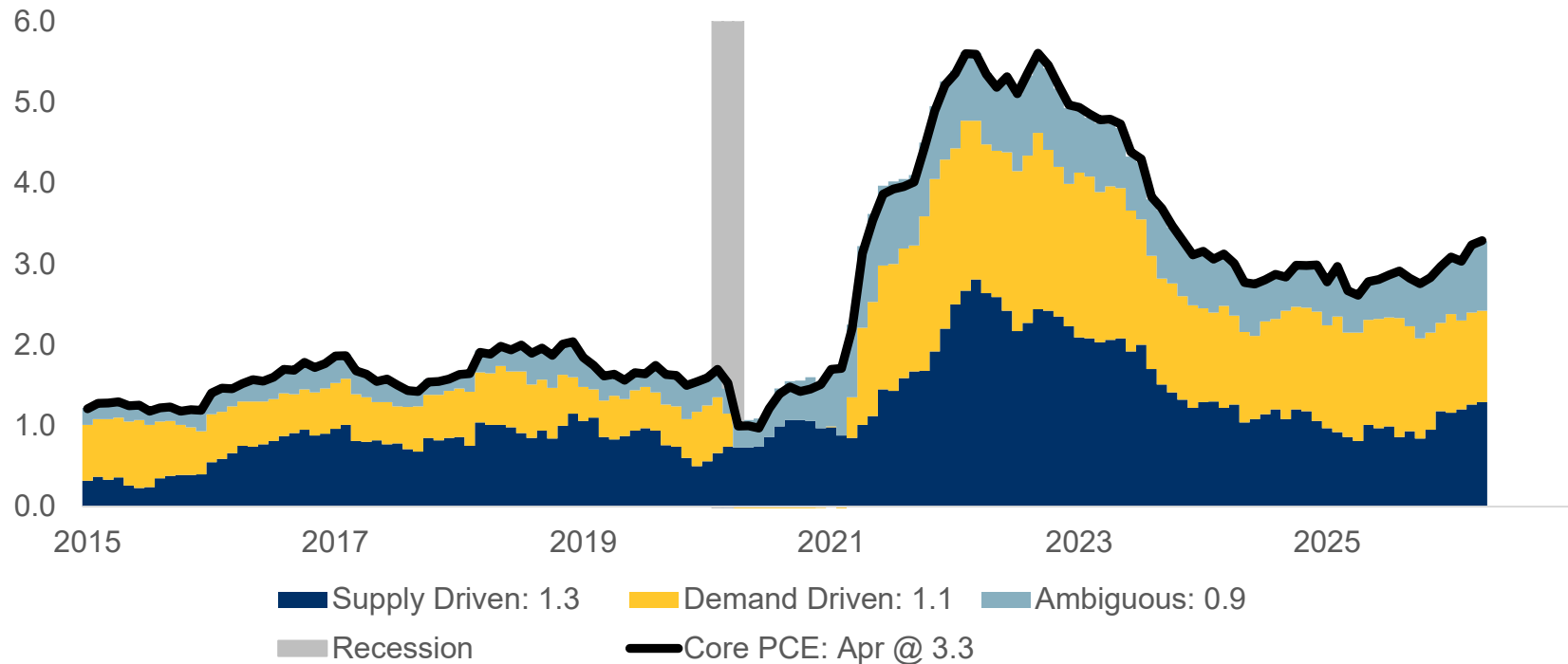
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Higher Inflation Does the Fed Tightens Policy

- Recent inflationary pressures have been increasingly driven by supply constraints, not demand.
- Without demand accelerating, the Fed is less apt to raise the funds rate.
- With moderate demand for labor and the belief that supply disruptions are one-offs, the Fed will continue to sit on the sidelines.

Core PCE: Supply & Demand Drivers
% change, y-o-y, seasonal adjusted



Data current as of: June 2, 2026

Source: Federal Reserve Bank of Dallas

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Key Takeaways

- **The economy has been showing resilience.**
 - It is driven by AI investment and consumer spending.
 - The larger tax refunds have helped offset higher energy costs.
- **Consumer confidence/sentiment is at or near record lows.**
 - This is due to the energy crisis and expected increases in inflation.
 - If inflationary pressures persist, it could lead to a near-term decline in consumer spending.
- **Labor growth appears to be recovering, albeit at a slow pace.**
- **In two weeks, Warsh will lead the FOMC meeting.**
 - Expect continued news headlines on his expected changes at the Fed.
- **The duration of the Iran War and closure of the Strait of Hormuz will determine the future trajectory of this expansion.**

Data current as of: June 2, 2026

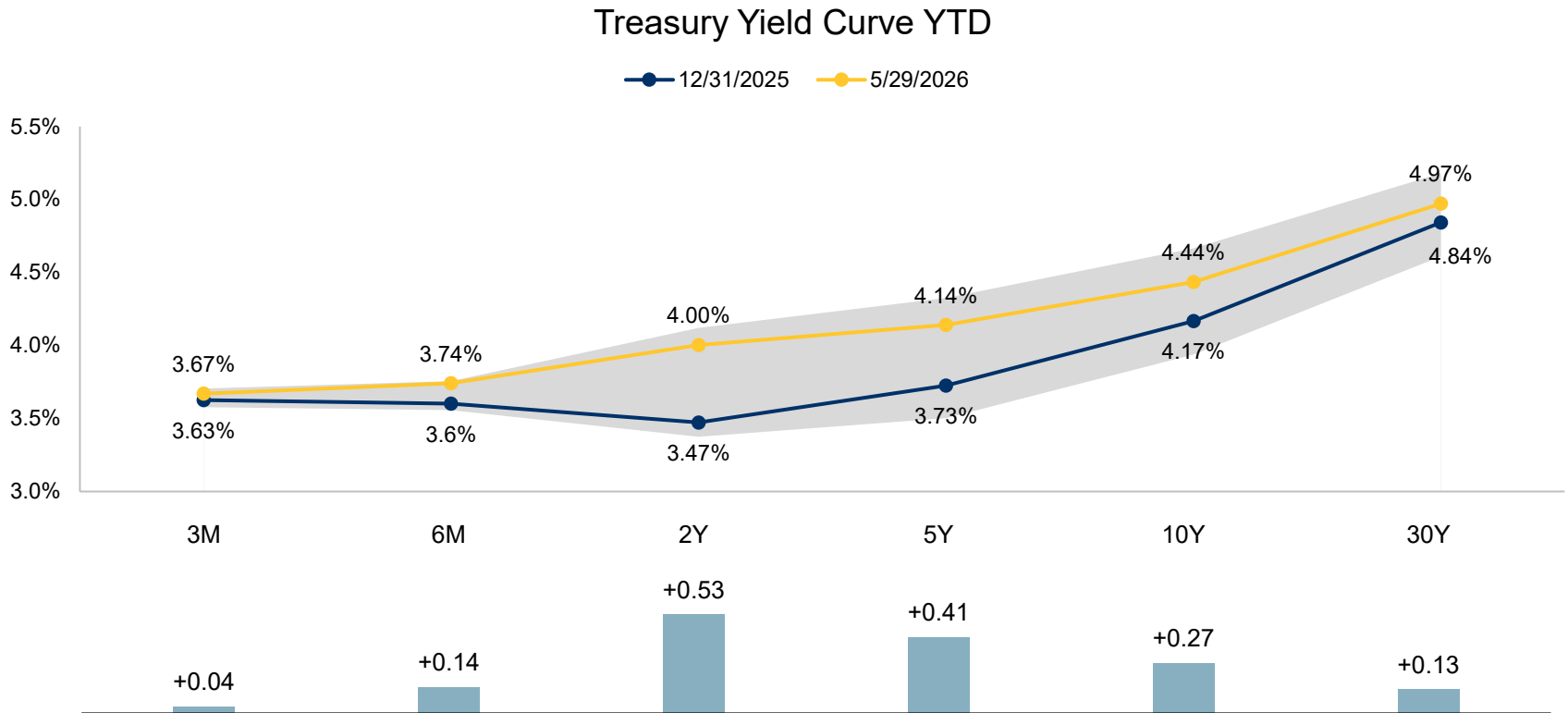
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US Treasury Yields Have Re-Set Higher YTD

- Middle East tensions and energy price pressures have driven up term premiums across the yield curve.



Source: Bloomberg US Treasury Yield Curve as of May 29, 2026. Information is subject to change and is not a guarantee of future results.

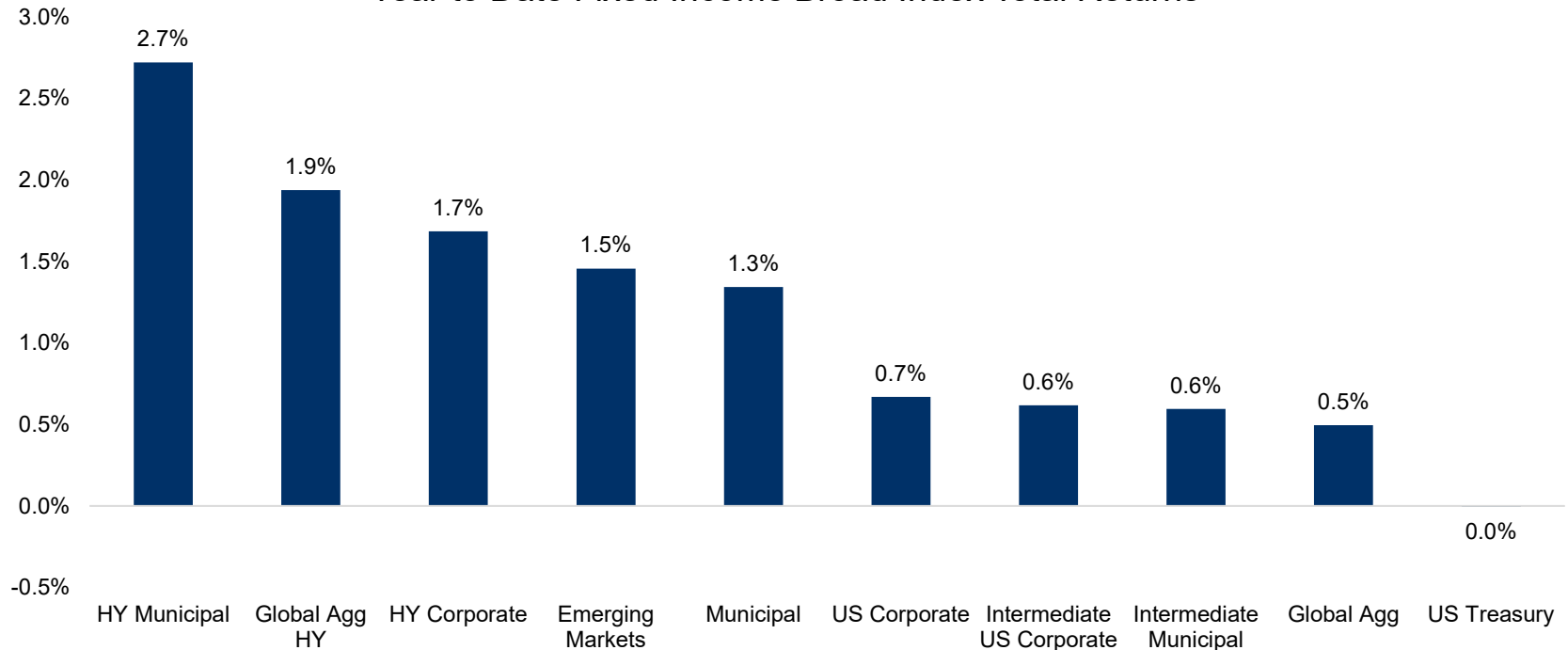
Non-deposit investment products: ♦ are not FDIC insured ♦ are not bank guaranteed ♦ may lose value



Positive Total Returns Despite Yield Volatility

- Attractive yields and income have continued to drive modest gains across fixed income this year.

Year to Date Fixed Income Broad Index Total Returns



HY Municipal is the Bloomberg Municipal Bond: High Yield Index. Global Agg HY is the Bloomberg Global High Yield Index. HY Corporate is the Bloomberg US Corporate High Yield Index USD. Municipal is the Bloomberg Municipal Bond Index. Emerging Markets is the Bloomberg EM USD Aggregate Index. Intermediate US Corporate is the Bloomberg Intermediate Corporate Index. Intermediate Municipal is the Bloomberg Municipal Bond Inter-Short 1-10Y TR Index. US Corporate is the Bloomberg US Corporate Index. Global Agg is the Bloomberg Global-Aggregate Index. US Treasury is the Bloomberg US Treasury Index.

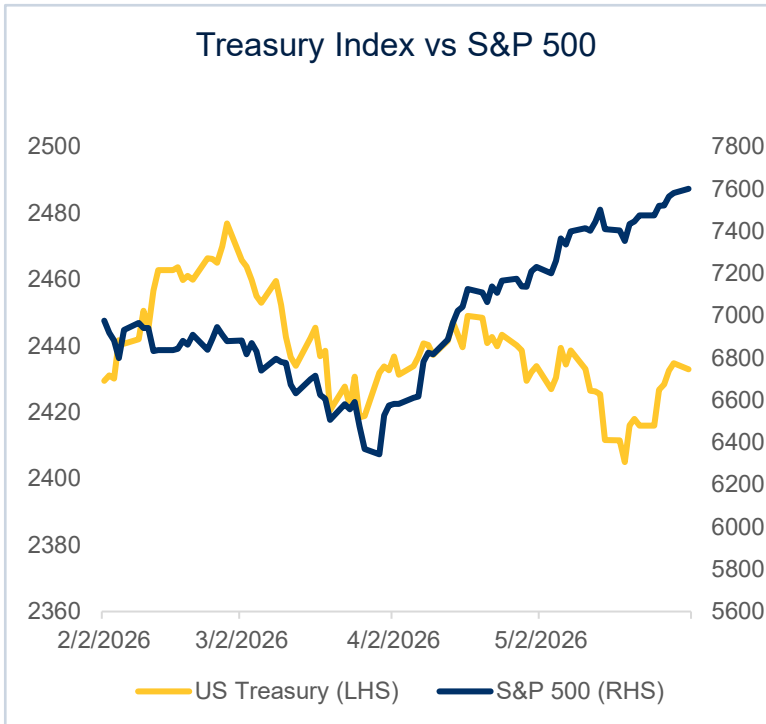
Source: Bloomberg as of May 31, 2026. Performance is not a guarantee of future results.

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Where Do Rates Go From Here?

- A tug-of-war between an energy/inflation shock and slower-growth relief with the Fed likely patient until shock clears.
- **Base case:** Fed on hold, 10-year Treasury range-bound around 4.00% – 4.50%; resolution in Hormuz is the main downside catalyst for yields.



Three Paths to Watch

Drivers are not symmetric: oil keeps the Fed cautious, but growth weakness can pull the long end lower.

HIGHER

Supply shock lasts

- Hormuz disruption persists; crude stays elevated
- Inflation expectations rise; Fed pushes back on cuts
- Treasury supply / fiscal premium stays in focus

Current

Shock fades, growth holds

- Yields have risen across the curve, driven by conflict in Iran and surging oil prices
- Front-end and “belly” yields have repriced as the Fed becomes less dovish on inflation

LOWER

Demand weakens

- Substantive resolution of disagreement with Iran in Hormuz
- Inflation pressures from spike in energy prices subside and inflationary AI impacts are short term
- Economic growth stabilizes on continued corporate investment, and consumer spending stays at current levels

Bottom line: Rates likely stay elevated until energy risk clears, but a durable growth scare would shift the debate from “higher for longer” to “cuts can resume.”

Source: Federal Reserve, FOMC; FRED; EIA; AP/MarketWatch; RBC Rochdale. Data as of May 29, 2026 or June 1, 2026 where noted. Information is subject to change and is not a guarantee of future results.

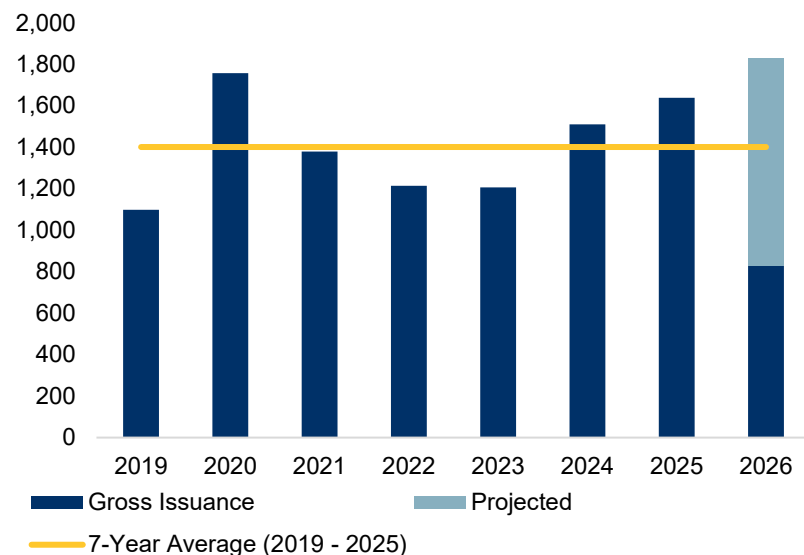
Non-deposit investment products: ♦ are not FDIC insured ♦ are not bank guaranteed ♦ may lose value



Corporate Market Demand Remains Robust

- Increasing yields and geopolitical uncertainty have not diminished demand for corporate debt.
- Most deals remain heavily oversubscribed with investors accepting less concession on new issues.

2026 Gross Issuance Set to Surpass COVID Record (\$b)



| IG Issuance* | YTD | 2025 | 5Yr Avg |
|------------------------|------|------|---------|
| New Issue Spread (bps) | 3.7 | 3.3 | 6.1 |
| Deal Coverage Rate | 4.0x | 3.8x | 3.4x |
| Compression (bps) | -28 | -27 | -25 |

Source: JPM, Dealogic as of April 30, 2026. Bloomberg as of May 20, 2026. Issuance does not include Sovereign, Supranational, and Agency.

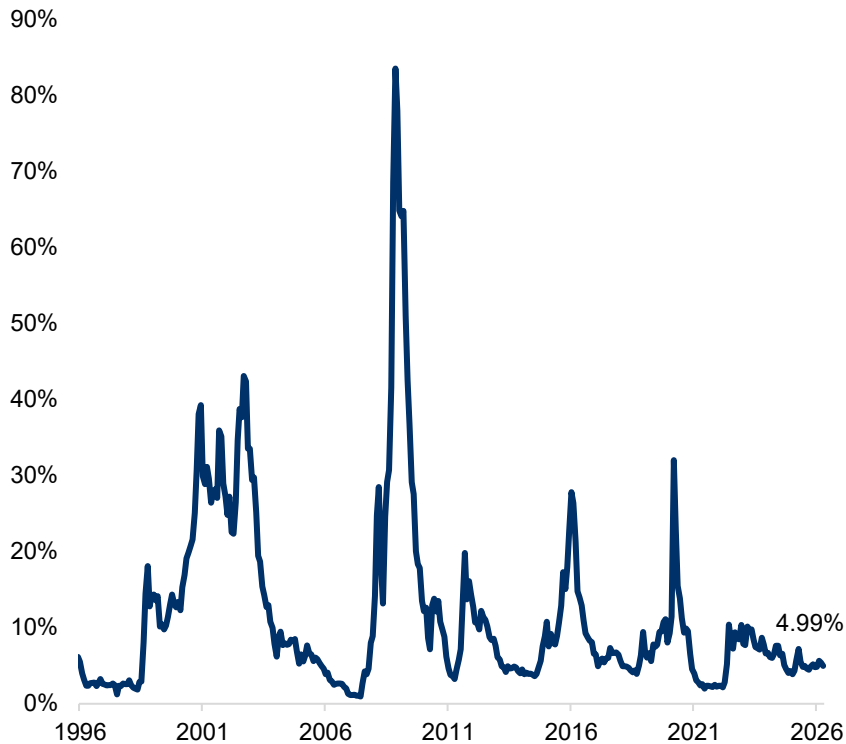
*New issue spread (concession) is the additional spread paid for a new bond deal over its secondary offering. Times covered compares the amount of committed orders vs. issue size. Compression is the difference between initial price talk and its final price. Information is subject to change and is not a guarantee of future results.



Attractive Yields Despite Tighter Spreads

- Higher starting yields have reduced the importance of spread on total return.
- Investors are currently being paid a higher risk-adjusted yield than pre-GFC.

High Yield Corporate Distress Ratio



High Yield Corporate Yield v. Spread



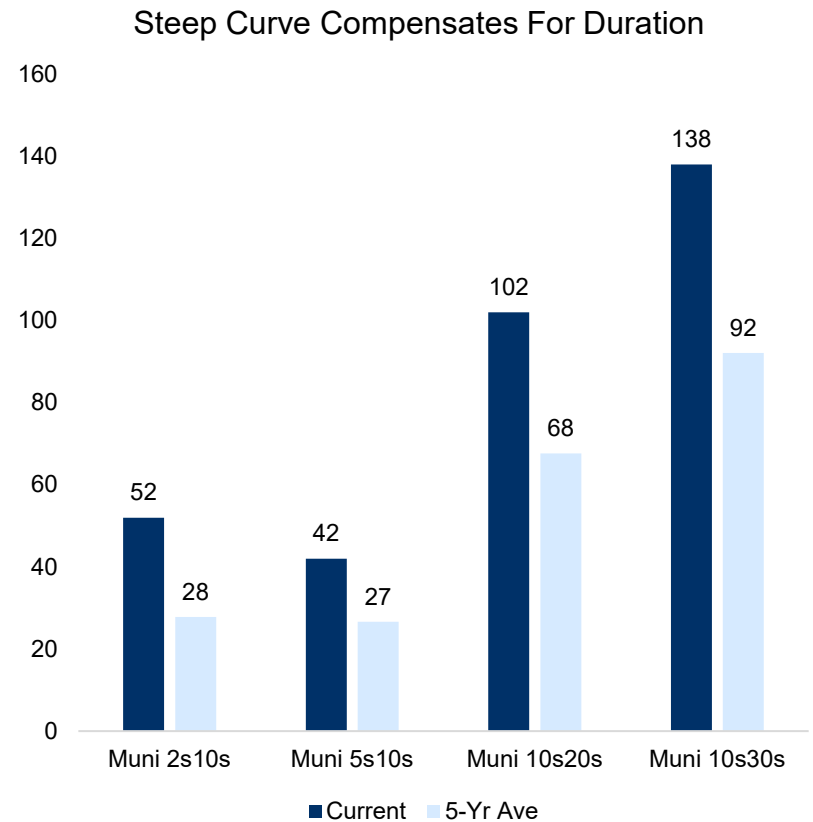
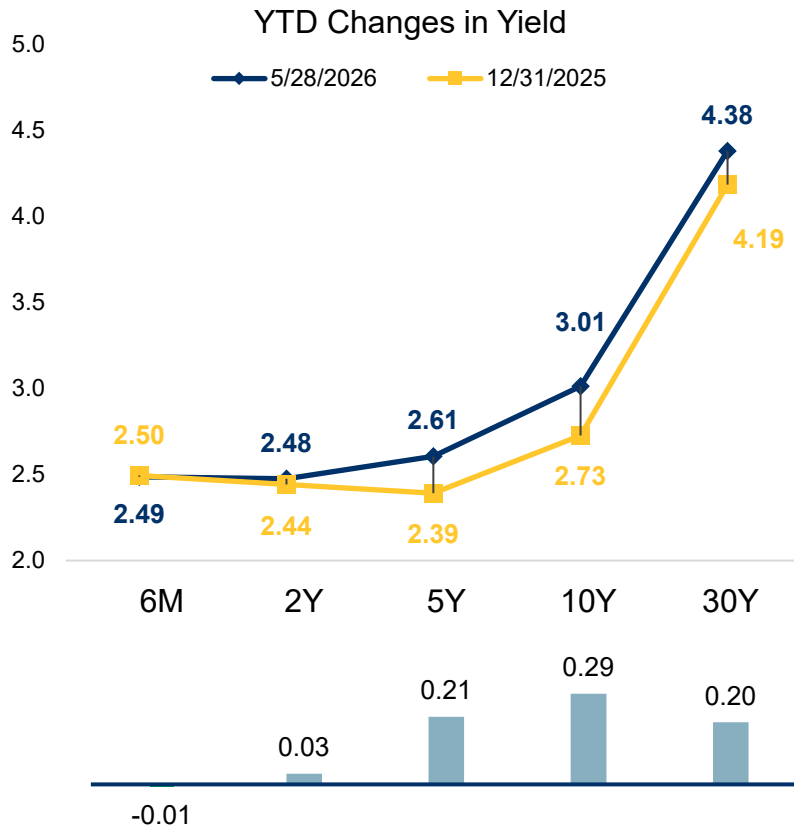
Source: Bloomberg Investment Grade US Corporate Index as of April 30, 2026. Distress ratio = % of high yield bonds currently trading at an option-adjusted spread of 1,000 bps or more. Information is subject to change and is not a guarantee of future results.

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Municipal Yield Curve Has Shifted Higher YTD

- A shift to increased yields helps mitigate downside rate risk if volatility persists.
- The higher breakeven rate signals income cushion today is the highest in 12 months, a benefit for bond investors.



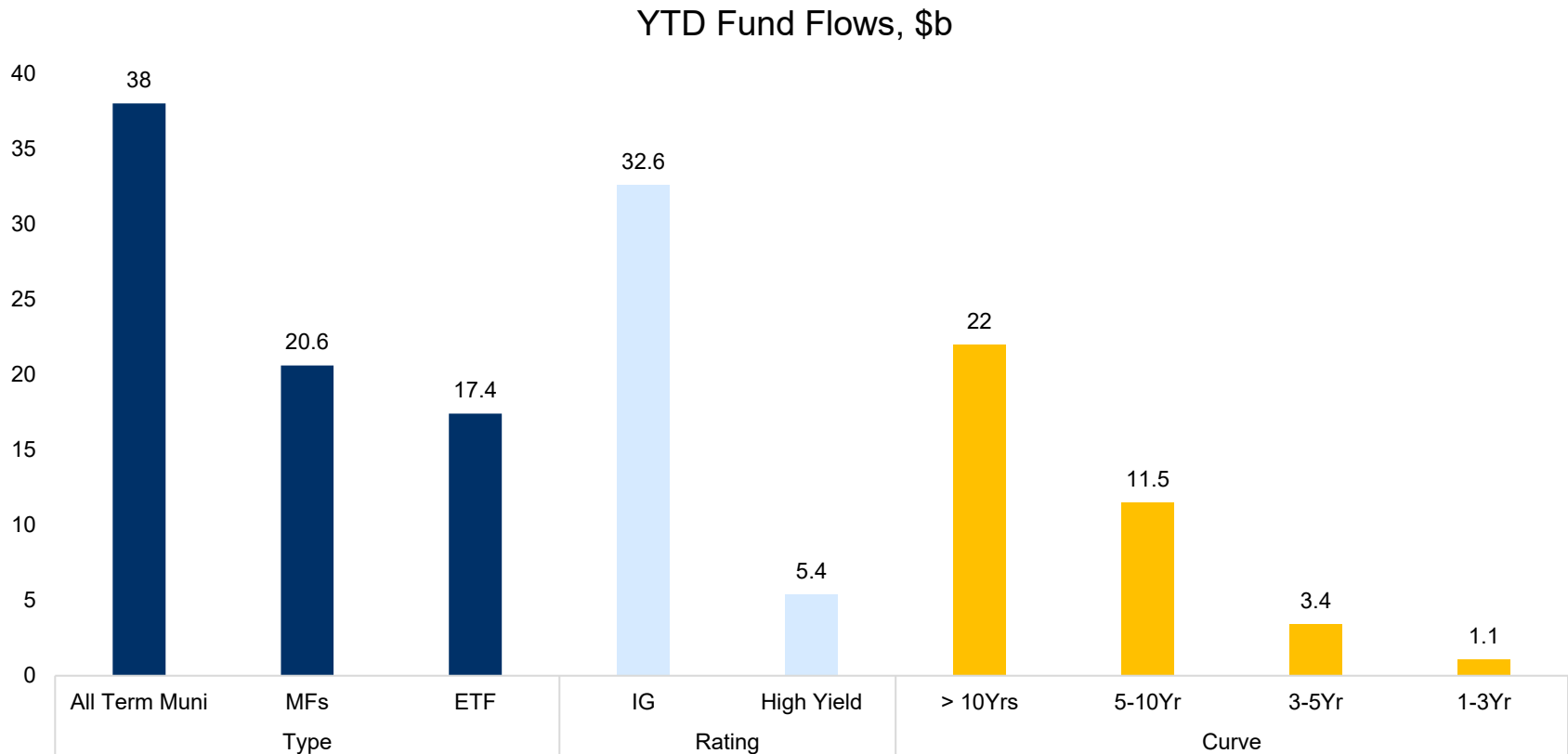
Source: Bloomberg Municipal Bond Index as of May 26, 2026. Information is subject to change and is not a guarantee of future results.



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Municipal Technicals Remain Well-Balanced

- Flows into municipals remain supportive of the record pace of new bond supply.
- Capital reinvestment will tick higher during the summer months, further adding to demand-side trends.



Source: JPM and LSEG Lipper Fund Flows as of May 21, 2026. Information is subject to change and is not a guarantee of future results.

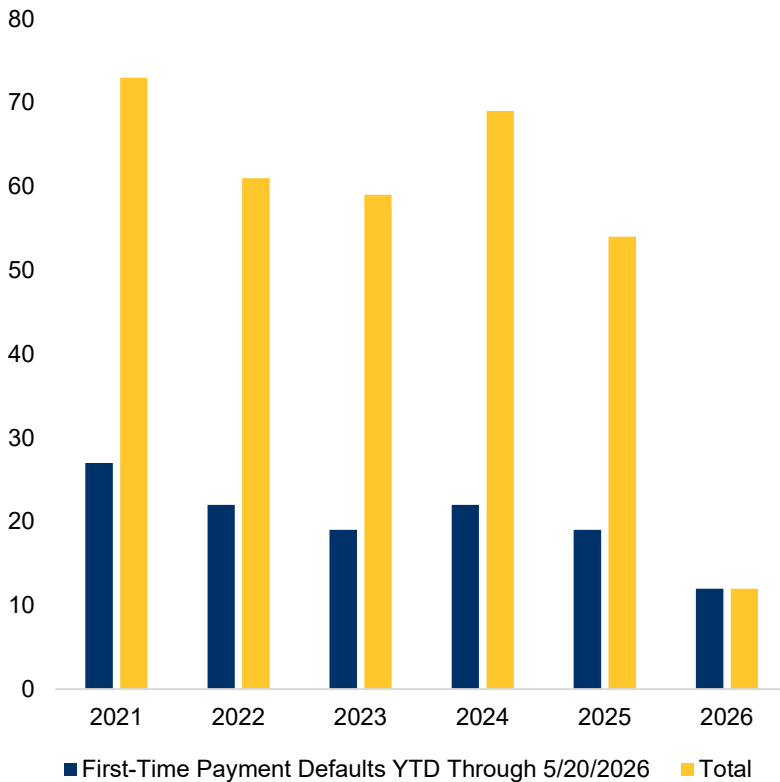


Non-deposit investment products: ♦ are not FDIC insured ♦ are not bank guaranteed ♦ may lose value

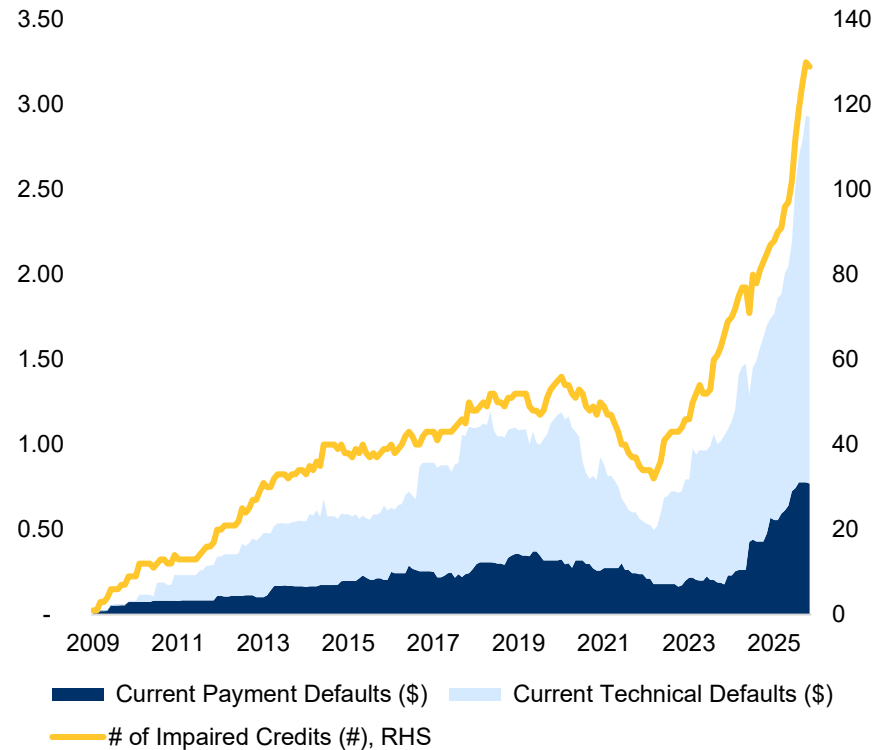
Muni Quality Mostly Healthy, but Sector Choice Matters

- Balance sheets have capacity to counter rising economic and operational risks, while credit spreads remain tight.
- Cautious of private higher education and charter schools, but essential service and transportation provide value.

First-Time Issuer Defaults



Charter School Impairments Par (\$b) and Number (#)



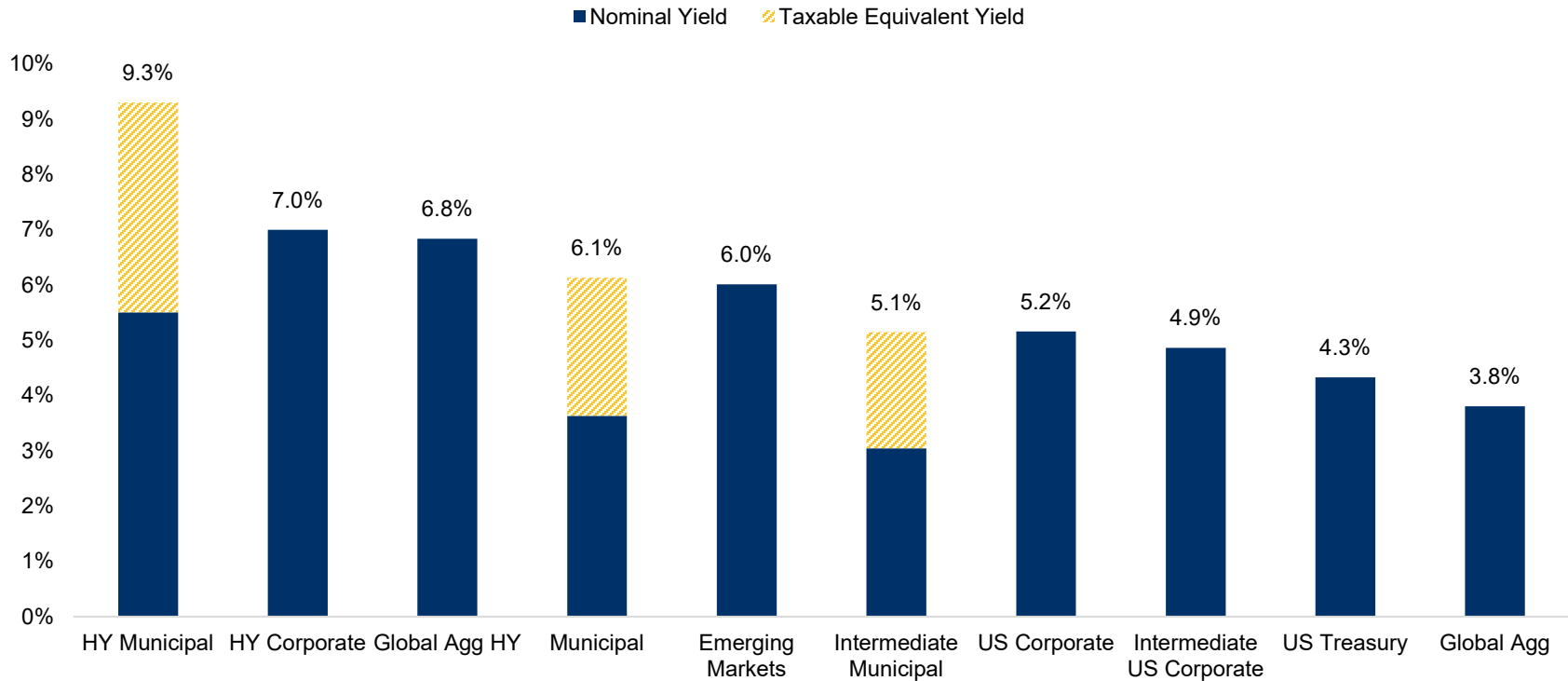
Source: Municipal Market Advisors. Default = full or partial missed payment of scheduled principal and interest while impaired = defaulted or needing support like emergency funds, drawing on insurance to pay debt service and covenant violations. Information is subject to change and is not a guarantee of future results.

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



Fixed Income Yields Offer Attractive Entry Point

FI Asset Class Yields



Source: Bloomberg as of May 31, 2026. HY Municipal is the Bloomberg Municipal Bond: High Yield Index. HY Corporate is the Bloomberg US Corporate High Yield Index USD. Global Agg HY is the Bloomberg Global High Yield Index. Municipal is the Bloomberg Municipal Bond Index. Emerging Markets is the Bloomberg EM USD Aggregate Index. Intermediate Municipal is the Bloomberg Municipal Bond Inter-Short 1-10Y TR Index. US Corporate is the Bloomberg US Corporate Index. Intermediate US Corporate is the Bloomberg Intermediate Corporate Index. US Treasury is the Bloomberg US Treasury Index. Global Agg is the Bloomberg Global-Aggregate Index.

*Tax Equivalent Yield – Yellow bar represents yield adjustment. Assumes 37% Federal Tax and 3.8% Medicare surcharge Information is subject to change and is not a guarantee of future results.

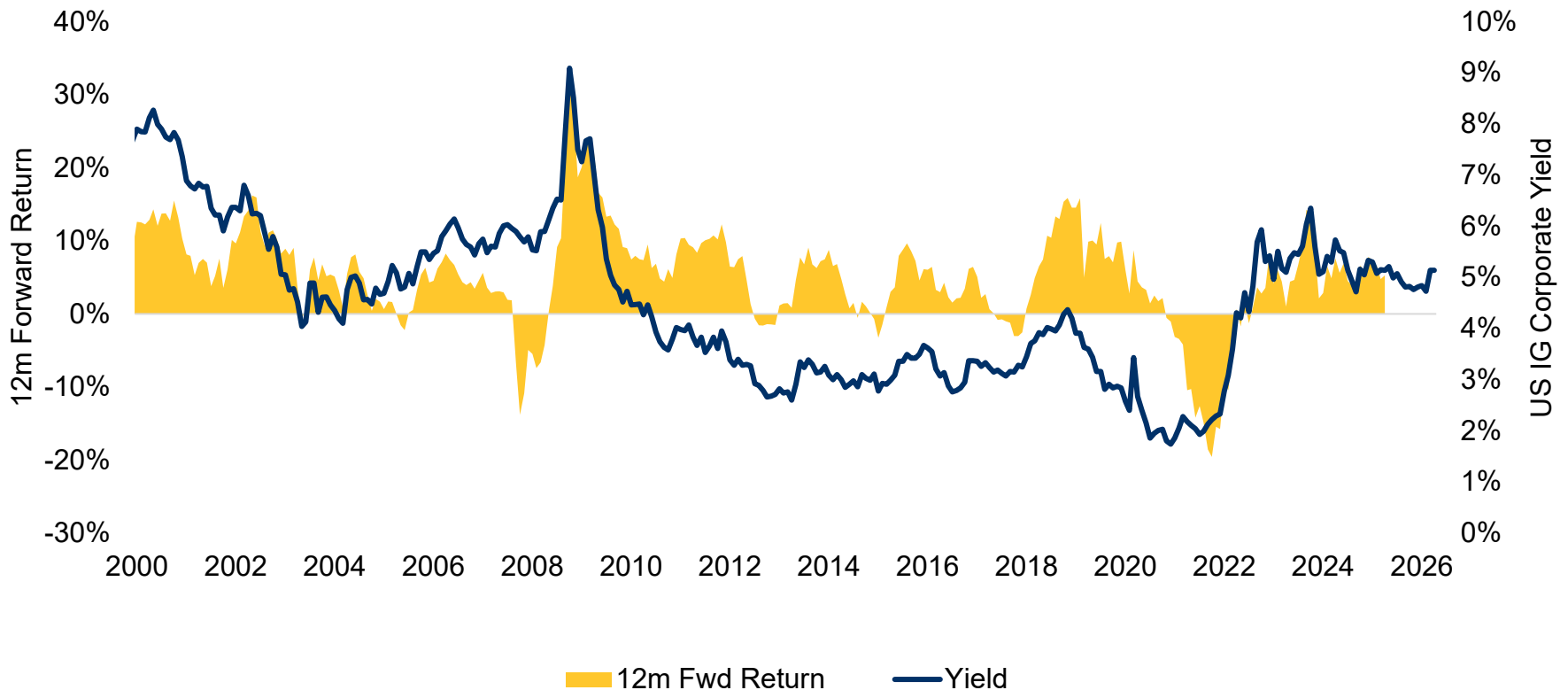
Non-deposit investment products: ♦ are not FDIC insured ♦ are not bank guaranteed ♦ may lose value



Rising Yields ≠ Negative Total Return

- Increasing yields can weigh on bond performance in the immediate-term
- 12m forward returns average more than 7.5% when yields rise MoM

Higher Yields Drive Higher Forward Returns



Source: Bloomberg Investment Grade US Corporate Index as of April 30, 2026. 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



Key Takeaways

- **Interest Rates:** expected to remain elevated due to persistent energy/inflation shocks and geopolitical tensions in Hormuz, though a resolution of these issues or a significant economic weakening could shift the Federal Reserve's stance toward resuming rate cuts.
- **Technicals a Tailwind for Corporates and Munis:** robust investor demand continues to absorb the record supply of bonds, driven by the attractive income offered by current pricing.
- **Quality in Check With Solid Fundamentals:** investment grade corporate and municipal issuers are benefitting from a resilient economy and mostly stable balance sheets while high yield counterparts are experiencing manageable levels of stress, but security selection is key.
- **Yields are Attractive:** today's higher yields offer compelling income opportunities and potential return contributions with muni tax-adjusted cash flows providing strong relative value vs. taxable options.

Q&A

Definitions

Standard & Poor's 100 Index is a capitalization-weighted index based on 100 highly capitalized stocks selected from the S&P 500 index for which options are listed. The index was developed with a base value of 50 as of January 2, 1976.

The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

Bloomberg Magnificent 7 Total Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by Bloomberg Industry Classification System (BICS).

MSCI USA Small Cap Index: Measures the performance of the small-cap segment of the U.S. equity market.

MSCI World Net Total Return Index: Tracks large and mid-cap companies across 23 developed market countries globally.

iShares MSCI Canada ETF: Tracks the investment results of the MSCI Canada Index, focusing on large and mid-sized companies in the Canadian equity market.

MSCI ACWI Net Total Return Index: (All Country World Index) Broadly tracks large and mid-cap stocks across 23 developed and 24 emerging market countries.

iShares MSCI Pacific ex-Japan ETF: Tracks developed market equities in the Pacific region (Australia, Hong Kong, New Zealand, and Singapore), excluding Japan.

iShares MSCI United Kingdom ETF: Tracks the performance of the British equity market, specifically large and mid-cap companies based in the UK.

MSCI World ex USA Net Total Return Index: Tracks large and mid-cap representation across 22 developed markets, specifically excluding the United States.

MSCI AC Asia ex Japan Net Total Return Index: Tracks large and mid-cap stocks across developed and emerging market countries in Asia, excluding Japan.

MSCI Emerging Markets Net Total Return Index: Tracks the performance of large and mid-cap companies in emerging market countries globally.

MSCI Europe Net Total Return Index: Tracks large and mid-cap representation across developed market countries in Europe.

MSCI Japan Net Total Return Index: Tracks the performance of large and mid-cap Japanese stocks listed on major exchanges like Tokyo and Osaka

Volatility Index (VIX): The VIX Index is a financial benchmark designed to be an up-to-the-minute market estimate of the expected volatility of the S&P 500® Index, and is calculated by using the midpoint of real-time S&P 500 Index (SPX) option bid/ask quotes

United States DOE Crude Oil Total Production: This data is updated every Wednesday at 10:30 AM for the previous week ending Friday. It is taken from text files released by the Energy Information Administration and is part of their Weekly Petroleum Status Report at <http://www.eia.gov/petroleum/supply/weekly/>. Data in this weekly report is estimated. Current data estimates are based on weekly data collected by the DOE.



Definitions

GOLD Price Per Ounce: Measures the price of a single gold ounce in USD.

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.

MOVE Index: The MOVE Index measures U.S. bond market volatility by tracking a basket of OTC options on U.S. interest rate swaps. The Index tracks implied normal yield volatility of a yield curve weighted basket of at-the-money one-month options on the 2-year, 5-year, 10-year, and 30-year constant maturity interest rate swaps.

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.

FOMC: Federal Reserve's monetary policymaking body that sets interest rates and steers U.S. monetary policy to promote stable prices and maximum employment. Comprised of 12 members (Board of Governors and Reserve Bank presidents), it holds eight meetings annually to determine the federal funds rate.

Rochdale SpeedometersSM 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.

ICI Money Market Funds Assets is the Total assets in money market funds for the week. Figure is a total of taxable and tax-exempt funds that reports to investment company institute.

US 10 Year Notes Bidder Participation for % of Indirect Bidder Amount Accepted: Percentage of the total amount accepted at a U.S. Treasury auction that was awarded to indirect bidders

US 10 Year Notes Bidder Participation for % of Direct Bidder Amount Accepted: Percentage of the total amount accepted at a U.S. Treasury auction that was awarded to direct bidders

US 10 Year Notes Bidder Participation for % of Primary Dealers Amount Accepted: Percentage of the total amount accepted at a U.S. Treasury auction that was awarded to primary dealers

WIRP Est Number of Moves Priced in for the US - Futures Model: This data represents the estimated number of moves priced into the current forward-curve structure for The United States using the futures model. This ticker utilizes 'virtual ticker' technology to show multiple dimensions of data via a single ticker.

Federal Funds Target Rate - Upper Bound: A target interest rate set by the central bank in its efforts to influence short-term interest rates as part of its monetary policy strategy. This indicator shows the new target interest rate on the date the new rate was announced.



Definitions

Bloomberg Municipal Bond: High Yield (non-Investment Grade) TR Unhedged: Bloomberg Municipal Bond: High Yield (non-Investment Grade) Total Return Index Unhedged USD

Bloomberg Intermediate Muni: Bloomberg Municipal Bond Inter-Short 1-10 Year Total Return Index Value Unhedged USD.

Bloomberg Municipal Bond Index Total Return Index Value Unhedged USD: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Bloomberg US Treasury Total Return Unhedged USD: The Bloomberg US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting.

Intermediate Corporate: The Bloomberg US Intermediate Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market whose maturity ranges between 1 to 9.9999 years. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Bloomberg US Corporate High Yield Total Return Index Value Unhedged USD: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

Bloomberg US Corporate Total Return Value Unhedged USD: The Bloomberg US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

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

Bloomberg HY Global Aggregate Unhedged Total Return: The Bloomberg Global High Yield Index is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive.

Bloomberg EM USD Aggregate Total Return: The Bloomberg Emerging Markets Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.



Definitions

Bloomberg High Yield Technology Statistics Index: tracks the performance of high-yield (non-investment grade), USD-denominated, fixed-rate corporate bonds specifically within the technology sector. It measures risk and return for debt issued by technology companies rated Ba1/BB+ or below.

Bloomberg High Yield Energy TR Index Value Unhedged USD: tracks the performance of USD-denominated, high-yield, fixed-rate corporate bonds specifically within the energy sector. It is a subset of the Bloomberg U.S. Corporate High Yield Bond Index

Bloomberg US Corporate High Yield Average OAS: tracks the average risk premium—or extra yield—investors demand for holding below-investment-grade (high-yield/junk) corporate debt compared to risk-free U.S. Treasury securities. It measures the compensation for default risk, adjusted for embedded options.

Bloomberg US BDC Aggregate Eligible Unh USD: Tracks the performance of USD-denominated, fixed-rate, investment-grade bonds issued by Business Development Companies (BDCs). It focuses on liquid, taxable private credit debt, covering approximately 117 bonds from 33 managers (like Ares/Blackstone).

Bloomberg UST 10-Year Note Bid-to-Cover Index: Tracks the ratio of total bids received to the total amount of securities accepted in the 10-year Treasury note auction. This serves as a key measure of primary market demand; a higher ratio indicates stronger demand.

Bloomberg UST 10-Year Note vs Old Note Index: Tracks the yield spread or valuation difference between the current, most recently issued 10-year note ("on-the-run" or new note) and the previously issued 10-year note ("off-the-run" or old note). This highlights liquidity premiums and market sentiment regarding the latest issuance.

Bloomberg UST 10-Year Note Bidder Participation Index: Tracks the composition of bidders in the 10-year auction, specifically breaking down participation by primary dealers, direct bidders, and indirect bidders (which include foreign monetary authorities). It helps track trends like foreign demand and the "tail"—whether the auction results in a higher yield than expected, indicating weaker demand.

Glossary & Methodologies

Bureau of Labor Statistics (BLS): An agency of the United States Department of Labor. It is the principal fact-finding agency in the broad field of labor economics and statistics and serves as part of the U.S. Federal Statistical System. BLS collects, calculates, analyzes, and publishes data essential to the public, employers, researchers, and government organizations.

National Bureau of Economic Research (NBER): Operates as a nonprofit organization. The organization researches and produces academic journals on economics including micro and macro economics and writes articles on its findings. NBER serves members worldwide.

Organisation for Economic Co-operation and Development (OECD): An international intergovernmental organization of 38 highly developed, market-economy countries dedicated to stimulating economic progress, boosting employment, maintaining financial stability, and expanding world trade.

International Monetary Fund (IMF): An international organization that works to ensure the stability of the international monetary system. Founded in 1945, its membership has grown from 30 countries to 191 today. The United States is a founding member of the IMF and the largest financial contributor. Congress shapes U.S. participation in the IMF through funding and authorization legislation, as well as oversight activities.

Mortgage Bankers Association (MBA): The national association representing the real estate finance industry. The company offers educational programs and a variety of publications for real estate finance employees. MBA's membership companies include all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, etc.

Estimated CPI impact = CPI component weight x excess inflation vs. pre-AI baseline x AI attribution share.

Upward pressures use: BLS CPI weights, data center electricity demand (IEA) for electricity attribution, Census construction spending for data center and computer/electronic/electrical manufacturing, BLS PPI for semiconductors, and BLS Employment Cost Index differentials for skilled labor.

Downward pressures use: BLS labor productivity and unit labor cost identity (ULC = compensation per hour/ output per hour) with productivity scenarios from NBER, Goldman Sachs, IMF and OECD research.

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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.

Investing in international markets carries risks such as currency fluctuation, regulatory risks, 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.

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