

**Part 2A of Form ADV: Firm Brochure**

**Item 1      Cover Page**

**City National Rochdale®**  
INVESTMENT MANAGEMENT

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This Brochure provides information about the qualifications and business practices of City National Rochdale, LLC (“Adviser” or “City National Rochdale”). If you have any questions about the contents of this Brochure, please contact us at by telephone at (212) 702-3500 or by email at [Michael.Gozzillo@cnr.com](mailto:Michael.Gozzillo@cnr.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about City National Rochdale is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

City National Rochdale is a registered investment adviser with the SEC. Registration of an investment adviser with the SEC or with any state securities authority does not imply any level of skill or training.

**Item 2            Material Changes**

**Item 4 – Advisory Business**

- On November 2, 2015, Royal Bank of Canada completed its acquisition of City National Corporation. City National Rochdale, LLC is a subsidiary of City National Bank. City National Rochdale, LLC and City National Bank are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

**Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

- Updated City National Rochdale's investment strategies and related investment risks.

The date of the last annual update to the Brochure was March 27, 2015.

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#### **Item 4            Advisory Business**

##### **A.                    General Description of Advisory Firm**

City National Rochdale's principal places of its investment advisory business are located in New York, NY and Beverly Hills, CA with additional offices located in San Francisco, CA, Lake Mary, FL, Houston, TX, Chicago, IL, Grand Rapids, MI, Potomac, MD and Richmond, VA.

City National Rochdale, LLC is a subsidiary of City National Bank ("CNB"). City National Rochdale, LLC and City National Bank are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

City National Rochdale Asia, Limited (incorporated in Hong Kong) ("CNRA") is a 100% directly-held subsidiary of City National Rochdale, LLC. CNRA operates in Hong Kong under an exemption from the licensing requirements which would otherwise apply to CNRA's business pursuant to the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong).

##### **B.                    Description of Advisory Services**

City National Rochdale provides money management services to clients with portfolios of \$1M and above, primarily on a discretionary basis. City National Rochdale works with clients to determine their portfolio needs and limitations and designs an asset allocation and investment objective plan to meet their goals. Thereafter, City National Rochdale portfolio managers implement each plan, working directly with the client and their financial advisor, on a one-on-one basis. A typical client relationship will have a third party financial advisor to assist the client through the implementation process and work with City National Rochdale with on-going portfolio management of the client's assets. City National Rochdale intelligently personalizes and allows for customization of client portfolios. This includes working with a client's already existing portfolio to build out an appropriate City National Rochdale portfolio (i.e., utilizing existing securities where appropriate), managing across multiple accounts (IRA's, trust, personal, joint, etc.), allowing clients to place restrictions on securities (industry, sector, etc.), or types of securities (options, derivatives, etc.) or investment strategies (large cap, international, alternative, etc.), and managing a client's portfolio to meet specific distribution needs and tax goals. City National Rochdale may not be able to accommodate some restrictions for client investments in pooled investment vehicles. Except for the portion of an account that is invested in pooled vehicles, each client's account is managed separate from other clients of City National Rochdale (i.e., not commingled, securities are purchased in their personal accounts).

Clients may choose from a variety of programs, depending on their investment objectives, financial position and level of assets to be placed with City National Rochdale. In working with clients to implement individualized investment programs, City National Rochdale may recommend the use of various investment funds managed by City National Rochdale, its affiliates or third party managers to capture potential returns from specified assets classes.

##### **International Custody & Asset Protection Solutions:**

Clients may also choose City National Rochdale's International Custody & Asset Protection Solutions. For clients who have investments held with an offshore custodian, City National Rochdale will not advise or act on behalf of clients in legal proceedings, including class actions or bankruptcies. Moreover, to the extent clients have cash balances held at an offshore custodian pending further investment, and the client's cash balance held with the offshore custodian exceeds the local jurisdiction Depositor Protection

schemes, the client may incur losses of amounts greater than what is guaranteed in the local Depositor Protection schemes of the offshore custodian bank should the offshore custodian not be able to meet its obligations to meet deposits.

#### City National Rochdale Funds:

City National Rochdale provides investment advisory services to the City National Rochdale Funds, a Delaware statutory trust (the “Trust”) registered under the Investment Company Act of 1940, as amended, as an open-end investment management company currently offering a series of 14 investment funds, (the “City National Rochdale Funds”). City National Rochdale provides a continuous investment program including general investment and economic advice regarding investment strategies, manages the City National Rochdale Funds’ investment portfolios and provides other services necessary to the operation of the Trust.

City National Rochdale provides the City National Rochdale Funds with investment management services in accordance with the investment objectives as set forth in the City National Rochdale Funds’ prospectuses and Statement of Additional Information (“SAI”). Subject to the oversight of the Trust’s Board of Trustees, City National Rochdale has complete discretion as to the purchase and sale of investments for the City National Rochdale Funds it directly manages, consistent with each such City National Rochdale Fund’s investment objective, policies and restrictions.

City National Rochdale is responsible for the evaluation and monitoring of the sub-advisers of the High Yield Bond Fund, Municipal High Income Fund, and Fixed Income Opportunities Fund (collectively, the “Sub-advised Funds”). City National Rochdale evaluates sub-advisers based on a variety of factors, including investment style, performance record and the characteristics of each sub-adviser’s typical investments. The assets of the Fixed Income Opportunities Fund are divided into various sleeves and City National Rochdale is responsible for allocating the assets among the sub-advisers in accordance with their specific investment styles. Subject to the oversight of City National Rochdale and the Trust’s Board of Trustees, the sub-advisers have complete discretion as to the purchase and sale of investments for these City National Rochdale Funds consistent with each City National Rochdale Fund’s investment objective, policies and restrictions.

#### Asset Allocation and Consulting Services:

Non-profit organizations, corporations or other businesses or institutional clients (other than investment companies) may also obtain City National Rochdale’s assistance in formulating investment objectives and considering investment alternatives. City National Rochdale may advise clients on broad investment objectives, the selection of an investment adviser or investment program, asset allocation consulting services and monitoring the client’s portfolio investment performance. City National Rochdale will receive a fee for this service.

#### Other Registered Investment Vehicles:

City National Rochdale also makes available to its clients who satisfy the suitability requirements interests in other registered investment vehicles which are managed by City National Rochdale. These include City National Rochdale High Yield Alternative Strategies Master Fund, City National Rochdale High Yield Alternative Strategies Fund and City National Rochdale High Yield Alternative Strategies Fund TEI (collectively “RHYAS”), and City National Rochdale Structured Claims Fixed Income Fund (“RSCFIF”) (collectively, the “Other Registered Funds”). City National Rochdale may organize and offer other registered investment funds in the future.

City National Rochdale also makes available to its clients who satisfy certain suitability requirements interests in other investment vehicles managed by City National Rochdale that are not registered under the Investment Company Act. As of the date of this Brochure, these include Special Opportunities Fund

Ltd (“Special Opps Fund”) and Diversified Opportunities Fund Ltd. (“Diversified Opps Fund”), (collectively, the “Offshore Funds”). The Offshore Funds are both domiciled in the U.S. Virgin islands. City National Rochdale also offers Rochdale Royalty Rights Fund (“RRRF”) through a private offering (the “Other Nonregistered Fund”). The City National Rochdale Funds, Other Registered Funds, Offshore Funds and Other Nonregistered Fund are collectively referred to as the “Funds.” City National Rochdale may organize other nonregistered investment funds in the future. City National Rochdale receives fees for services to the Funds. All Funds are each subject to an annual audit by an independent auditor and audited financial statements are sent to investors annually.

#### Third Party Alternative Funds:

City National Rochdale also makes available to its clients who satisfy certain suitability and eligibility requirements, interests in other non-affiliated privately managed alternative funds that are not registered under the Investment Company Act. These funds invest in a variety of alternative investments such as European bank loans, healthcare royalty rights, reinsurance related bonds and rail car leasing. Clients who meet the suitability and eligibility requirements to invest in these funds will indirectly pay the management fees of the non-affiliated investment vehicle in addition to the City National Rochdale management fees.

Advisory programs available through City National Rochdale are described below. Note that the fees and expenses associated with each program may differ (See “Fees and Compensation” in this Brochure.)

- Money Management Program. Intelligently personalized and customized portfolio implementation and management for clients that meet City National Rochdale’s minimum net worth requirements (\$1M portfolio value and above across all accounts managed). Clients pay a commission for security trades in a separately managed account.
- City National Rochdale “Wrap Fee” Program. This Program provides Money Management Program services and a fee in lieu of brokerage commissions. Under the “Wrap Fee” Program, Accounts are continuously managed on a fully discretionary basis and securities transactions are executed through RIM Securities, LLC (“RIM Securities”), an affiliated broker dealer.
- Galaxy Asset Allocation Program (“GAAP”). GAAP is generally used by clients that do not meet the dollar threshold of the programs above. GAAP enables risk profiling, target asset class allocation, standard mutual fund implementation of target asset class allocation, customization of mutual fund implementation, proposal generation, portfolio implementation based on implementation model, and portfolio management through periodic and/or event driven rebalancing.
- Investment Advisory Services. City National Rochdale provides investment management services to CNB clients pursuant to a sub-advisory agreement. City National Rochdale receives a fee for its services.

Other City National Rochdale Activities. The investment advisory programs described above are available to Accounts maintained in the International Custody & Asset Protection Solutions program, although differing fee schedules apply (see “Fees and Compensation” in this Brochure).

#### **Class Actions**

From time to time City National Rochdale receives notices with respect to securities held or previously held in client portfolios that are subject to legal proceedings, including class actions or bankruptcies. Usually client custodians also receive these notices and therefore generally we do not forward these

notices to our clients or their custodians. Also, we do not take legal action on behalf of or provide legal advice to our clients.

City National Rochdale acquires clients in a variety of ways. The majority of clients are introduced to City National Rochdale by third parties including independent financial planners, investment advisors, consultants, CPAs, attorneys, and representatives of broker-dealers (sometimes referred to as “Referring Partners”), including organizations that may be afforded access to GAAP, as noted above. Please refer to Item 14 in this Brochure for a further discussion of Referring Partners’ activities and referral fee arrangements.

Some of the clients are acquired through Referring Partner relationships where City National Rochdale is retained by an investment advisor who, in turn, has entered into a contract directly with the client. Under this arrangement, City National Rochdale may have limited contact with clients and will manage accounts according to the instructions of the Referring Partner who has retained City National Rochdale.

**C. Client Assets Under Management**

As of December 31, 2015, City National Rochdale had approximately \$27.7 billion in discretionary client assets under management. As of December 31, 2015, City National Rochdale had approximately \$38.6 million in non-discretionary client assets.

## **Item 5            Fees and Compensation**

### **A.                    Advisory Fees and Compensation**

#### **Money Management Program**

The table below sets forth City National Rochdale's basic fee schedule. City National Rochdale provides investment advisory services and charges an investment management fee of up to 1.00% per annum, depending on the type and market value of the account, as noted in the table below.

<b><u>Value of Account</u></b>	<b><u>City National Rochdale Fee</u></b>
First \$2 Million	1.00%
Next \$3 Million	0.80%
Next \$5 Million	0.60%
Amount Over \$10 Million	0.50%

City National Rochdale's fees may be negotiable, at City National Rochdale's sole discretion, and thus may vary from the above schedule, depending on the size of the account, referral fee arrangements affecting individual client accounts and other factors. For the most part, fees are payable quarterly, in advance. However, few clients of certain Referring Partners pay fees in arrears. This fee schedule excludes any commission charges incurred relating to security trades in a client's account.

#### **Galaxy Asset Allocation Program Fee Schedule**

For GAAP accounts, City National Rochdale will charge a platform fee according to the following schedule:

<b><u>Value of Account</u></b>	<b><u>Fee</u></b>
On the first \$100,000	0.35%
On the next \$250,000	0.30%
On assets over \$350,000	0.25%

Referring Partners charge a fee to its clients based on services provided by the Referring Partner to its clients. The Referring Partners fees will be added to the total fees charged by City National Rochdale and withdrawn from the client's account. City National Rochdale is responsible for submitting payments to the Referring Partners for their services. The services Referring Partners may provide include: risk profiling, asset allocation, portfolio analysis, insurance services, retirement and estate planning. City National Rochdale Funds, Other Registered and Other Nonregistered Funds may be used in the implementation of the client's portfolio. Please refer to Item 14 in this Brochure to learn more about City National Rochdale's Referring Partners.

#### **International Custody & Asset Protection Solutions**

Fees on these accounts are paid in arrears on a quarterly basis. The fee is calculated at one fourth (1/4) of the rates set forth below:

<b><u>Value of Account</u></b>	<b><u>Fee</u></b>
First \$2,500,000	1.00%
On the next \$2,500,000	0.80%
On the next \$2,500,000	0.65%
On the next \$2,500,000	0.50%
On the next \$5,000,000	0.40%
On assets over \$15,000,000	0.35%



Clients in the International Custody & Asset Protection Solutions will pay commission charges for each trade executed in their accounts. The commission rates and amounts vary depending on the clients' offshore custodian.

City National Rochdale Customized Advisory Services. City National Rochdale provides customized investment management services and coordinated oversight of high net worth client's estate, business and benefits planning. As with the Money Management Program, clients who participants in this program generally have portfolios above \$1M.

<b><u>Value of Account</u></b>	<b><u>City National Rochdale Fee</u></b>
\$1,000,000 to \$2,000,000	1.95%
\$2,000,001 to \$3,000,000	1.80%
\$3,000,001 to \$4,000,000	1.75%
\$4,000,001 to \$5,000,000	1.70%
\$5,000,001 to \$7,000,000	1.40%
\$7,000,001 to \$10,000,000	1.20%
\$10,000,0001 to \$15,000,000	1.10%
\$15,000,0001 to \$20,000,000	0.90%
Amount Over \$20 Million	0.80%

#### **Mutual Fund Fees and Compensation**

Clients invested in mutual funds will bear a proportionate share of the fees and expenses of any mutual fund in which their assets are invested. The mutual fund fees and expenses are in addition to the asset-based fees reflected in the above fee schedules. These fees and expenses may include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees and expenses charged by mutual funds. The client is encouraged to read the prospectuses of the mutual funds in which the account assets are invested for a more complete explanation of these fees and expenses.

City National Rochdale is entitled to receive from the Funds an annual fee, payable monthly in arrears, as a percentage of the Funds' average daily net assets out of which City National Rochdale pays sub-advisers, where a sub-adviser is utilized, who provide day-to-day investment advisory services.

The fees that City National Rochdale is entitled to receive for the investment advisory services provided are disclosed in each Fund's prospectus and the Trust's SAI and range from 0.25% to 1.00% of assets under management. The fees are subject to negotiation with the Trust's Board of Trustees and may be terminated by City National Rochdale or by the Trust's Board of Trustees upon sixty (60) days' prior written notice.

City National Rochdale receives shareholder servicing fees paid by the Funds, where applicable, to compensate City National Rochdale for services including responding to client shareholder inquiries, processing shareholder purchases and redemptions, shareholder account maintenance, transmitting proxies/annual reports and other correspondence from the Funds to shareholders, and to provide office space, equipment, facilities and personnel to provide the aforementioned services. These and other fees are described in greater detail in the Funds' prospectus or offering documents. These fees paid to affiliated entities indirectly benefit City National Rochdale or City National Rochdale's affiliates.

Other than the Funds managed by City National Rochdale or its related persons, neither City National Rochdale nor any of its related persons receive any form of compensation from any recommended mutual funds, private investment funds, or investment managers. For additional information on the fees received by City National Rochdale or its related persons for services to the Funds, see Item 10 - Other Financial Industry Activities and Affiliations and Item 12 - Brokerage Practices.

**Other Mutual Fund Fees**

CNB may receive additional compensation for investment advisory fees paid to affiliated advisers for managing assets in the Funds. This could benefit City National Rochdale as a subsidiary of CNB. In addition, CNB, City National Securities, Inc. (“CNS”) and RIM Securities each receive shareholder servicing and/or 12b-1 fees paid by certain share classes of the Funds. CNS and RIM Securities are each an affiliated registered broker-dealer. These and other fees are described in greater detail in the Funds’ prospectuses.

**Sponsored Programs**

Advisory fees are earned by City National Rochdale for services provided in programs sponsored by non-affiliated advisors. In these cases, City National Rochdale acts as a sub-advisor to the program sponsor and clients negotiate fees and sign agreements with the sponsor firms who in turn contract with City National Rochdale for management of the portfolios. Client fee information is available in the sponsor firms’ Form ADV and client agreements.

**City National Rochdale Investment Advisory Services**

City National Rochdale also serves as a sub-adviser with respect to certain CNB clients. City National Rochdale receives fees for services it provides to CNB clients. These fees are computed and payable to City National Rochdale. The Investment Advisory Services Agreement may be terminated at any time upon 30 days written notice by either party.

**B. Payment of Fees**

The Client agreement with City National Rochdale authorizes City National Rochdale to deduct the management fee from clients’ custodial accounts.

**C. Prepayment of Fees**

For clients who pay Management Fees to City National Rochdale quarterly in advance, upon the termination of a client account during a calendar quarter, the management fee will be prorated for the days remaining in that calendar quarter and any prepaid, unearned fees will be refunded to the relevant client.

**D. Other Fees**

City National Rochdale’s investment management fees are exclusive of brokerage commissions, transaction fees, and other related costs which will be incurred by the client. Clients will incur other charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. RIM Securities acts as an introducing broker for client accounts. RIM Securities clears all of its transactions on a fully disclosed basis through Pershing LLC (“Pershing”) and Pershing serves as the qualified custodian for those client accounts. RIM Securities charges a commission rate of \$29 per trade and may be waived at the discretion of the Portfolio Manager. Both RIM Securities and Pershing also charge additional fees in connection with the services provided by Pershing (i.e., wire charges, paper confirmation fees, and certain corporate actions). For accounts that use the brokerage services of RIM Securities or Symphonic Securities (affiliates of City National Rochdale) City National Rochdale and its employees and officers may receive a benefit from the additional fees paid by clients.

Mutual funds, other pooled funds and ETFs also charge management fees which are disclosed in a fund’s prospectus or offering memorandum. Such charges, fees and commissions are exclusive of and in addition to City National Rochdale’s management fee. In many cases, a client could invest in the same mutual fund or ETF without paying a management fee to City National Rochdale, however, the client

would then not benefit from the advice, review and monitoring City National Rochdale provides. City National Rochdale receives investment advisory fees from the Funds out of which City National Rochdale pays sub-advisers who provide day-to-day investment advisory services to those Funds utilizing a third party sub-adviser. The fees that City National Rochdale receives are disclosed in each Fund's prospectus or offering documents.

City National Rochdale recommends to clients that they purchase shares of the City National Rochdale Funds. If City National Rochdale invests a client into the City National Rochdale Funds, City National Rochdale will retain advisory fees paid by the City National Rochdale Funds to City National Rochdale for managing those assets. City National Rochdale will credit back to the client all or a portion of the City National Rochdale Fund management fee to the client. For City National Rochdale Funds which use sub-advisors, clients will receive fee credits equivalent to the fees retained by City National Rochdale, but clients will not receive fee credits for the fees received by City National Rochdale and paid to City National Rochdale Fund sub-advisors. Accordingly, client may pay management fees at both the City National Rochdale Fund level and the client managed account level. ERISA accounts will be fully rebated for the City National Rochdale Fund management fee.

City National Rochdale recommends to clients that they purchase shares of mutual funds, other than the City National Rochdale Funds, that are advised or sub-advised by affiliated firms. City National Rochdale's parent company may benefit indirectly from both the advisory fees paid to the affiliate and the portfolio-level fees paid to City National Rochdale. ERISA accounts will receive 100% fee credits on these assets equivalent to the fees retained by affiliated investment advisors.

City National Rochdale also recommends to clients that they purchase shares of products other than the City National Rochdale Funds, for which City National Rochdale may collect a fee at the client account level as well as at the fund level. Such products include but are not limited to Other Registered Funds, Offshore Funds and Other Nonregistered Fund. City National Rochdale does not collect fees at both the fund and the account level for ERISA accounts.

Asset Allocation and Consulting Services Fees:

Fees for consulting services to institutions are negotiated on a case-by-case basis taking into account the value of the assets, number of meetings expected each year and scope of the services to be provided.

**Item 6                      Performance-Based Fees and Side-By-Side Management**

Some of the Funds are subject to the payment of performance fees once certain minimum performance benchmarks are met; all such arrangements are described in the offering documents associated with such vehicles. These arrangements benefit the Adviser, but do not result in the receipt by any City National Rochdale employee of performance or incentive compensation. The strategies and securities purchased in the Funds are not purchased for individual accounts, except as part of their investment in the Funds. City National Rochdale does not manage accounts that are subject to concurrent (or side-by-side) performance-based fees.

## **Item 7           Types of Clients**

City National Rochdale provides portfolio management services to registered investment companies and institutions, as described more fully in Item 4, “Advisory Business.”

City National Rochdale generally requires a minimum of \$1,000,000 of assets under management for a separately managed relationship, but may waive this minimum in its sole and absolute discretion. If the account size falls below the minimum requirement due to market fluctuations, a client will not be required to invest additional funds with City National Rochdale to meet the minimum account size. Clients who choose to invest in the Municipal Intermediate-Long strategy in a separate account (see Item 8) require a minimum investment of \$2,000,000.

City National Rochdale’s clients consist primarily of individuals and pooled investment vehicles, such as the City National Rochdale Funds, Other Registered Funds and the Nonregistered Fund.

Other clients include institutional clients, such as pensions and profit sharing plans, charitable organizations, a limited number of municipalities and CNB (City National Rochdale serving as a sub-adviser to CNB).

City National Rochdale may request clients to provide proof of authority, directed trading letters, qualified client or qualified purchaser status, accredited investor certifications, and/or other information to allow City National Rochdale to manage client assets.

**Item 8****Methods of Analysis, Investment Strategies and Risk of Loss****A. Methods of Analysis and Investment Strategies**

City National Rochdale utilizes a variety of methods and strategies to make investment decisions and recommendations. These methods entail an evaluation of investment opportunities using fundamental, technical, quantitative, and qualitative analyses to determine the intrinsic value of securities and other types of instruments. ***These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.***

City National Rochdale employs the following investment strategies. These strategies may be constructed as a separately managed account or using proprietary or non-proprietary pooled investment vehicles.

*Galaxy.* The Adviser uses a proprietary modeling system to design asset allocation models specific to each client's risk return requirements. Asset allocation decisions are unique to each client. At the beginning of each client relationship, the Adviser assesses the objectives of each client based (broadly) on their assets, liabilities and income goals. In this process the Adviser utilizes a Monte Carlo analysis which is a modeling technique used to approximate the probability of certain outcomes by running multiple trial runs, called simulations, using random variables on several different allocation profiles.

The projected return on investment for the portfolio is based on a combination of broad historic index returns, risks and correlations and current outlook. While this methodology is not perfect, a Monte Carlo simulation allows the Adviser to view probabilities of success with thousands of simulations. Under long timeframes, the Adviser believes this tool is a good source in helping select an individual clients' allocation. Past performance is no guarantee of future results.

*Equity.* The Adviser's equity strategy focuses on a broad range of equity investment strategies, including Core US Equities, Mid Cap, High Dividend and Income and Emerging Markets. Client accounts can be structured to achieve the desired blend of exposure to geographies, both domestic or international and investment style, growth or income.

*Core US Equities-* Pursues capital appreciation strategies by taking long positions in quality companies with above average growth potential in highly ranked industries.

*U.S. Select Core* - Seeks to provide aggressive capital appreciation, with current income as a secondary objective, through investments in the equity securities of companies with large and middle capitalizations.

*Mid Cap* – Seeks to provide aggressive capital appreciation, with current income as a secondary objective, through investments in the equity securities of companies with middle capitalizations.

*Multi-Asset* - Seeks to provide stable, long-term capital appreciation, through investment in a broad range of asset classes utilizing publicly traded fund investments that invest in domestic and international stocks, bonds, commodities and real estate. Cash is utilized as a defense mechanism.

*High Dividend and Income* - Seeks high dividend and income strategies by taking long positions in companies with high dividend growth potential. The strategy focuses on higher-than-average dividend paying stocks from companies with stable, recession-resistant cash flows and strong dividend histories.

*Emerging Markets.* City National Rochdale pursues investment strategies by taking long positions in quality companies located in emerging Asian markets. The Advisor seeks to invest in quality companies

with a focus on locally listed large, medium, and small cap companies that are broadly inaccessible to U.S. investors. On-the-ground research is conducted to provide direct insight and domain expertise.

*Liquidity Management* - Liquidity management portfolios are intended for clients who wish to avoid market risks while still seeking returns higher than those available in 90-day Treasury Bills and similar money market instruments. Liquidity Management portfolios are designed to maintain a high degree of liquidity for a specific period of time.

*Tax-Free Intermediate Fixed Income* - Seeks to provide a high level of current income and capital preservation through investment in tax-exempt municipal fixed income securities.

*Tax-Free Intermediate-Long* - Seeks to capture potential inefficiencies in the intermediate part of the municipal bond yield curve (typically the 5-20 year portion of the municipal bond yield curve).

*Taxable Intermediate Fixed Income* – Seeks to provide a high level of current income and capital appreciation through investment in corporate bonds and notes, as well as debt securities issued by the federal government and its agencies.

*Tax-Free Liquidity Management* - Seeks to provide a competitive return with a limited array of fixed income securities focusing primarily on short-term instruments that exhibit low degrees of principal volatility through investments in short-term municipal bonds and notes, as well as commercial paper whose earnings are federally and/or state tax exempt.

*Taxable Liquidity Management* – Seeks to provide a competitive return with a limited array of fixed income securities focusing primarily on short-term instruments that exhibit low degrees of principal volatility through investments in government securities, corporate notes and bonds, as well as other short-term obligations such as commercial paper and certificates of deposit.

*Tax-Free Short Intermediate Fixed Income* – Seeks to provide a return comprising a combination of both price and income attributes. Through a wide spectrum of investments in municipal bonds and notes, whose earnings are federally and/or state tax exempt.

*Taxable Short Intermediate Fixed Income* – Seeks to provide a return comprising a combination of both price and income attributes. This strategy covers a wide maturity spectrum, through investments in corporate bonds and notes, as well as debt securities issued by the federal government and its agencies.

*Municipal High Income.* City National Rochdale pursues an investment strategy that seeks to provide a high level of current income that is not subject to federal income tax.

*Opportunistic Fixed Income.* City National Rochdale pursues investment strategies by investing in fixed income securities of any credit rating. The Adviser may seek to invest client assets across a spectrum of income yielding securities and primarily focuses on investments in high yield bonds (commonly known as “junk” bonds) issued by corporate and municipal issuers, in fixed and floating rate loans made to U.S. and foreign borrowers, and in domestic and foreign corporate bonds including asset backed securities and bank loans. The Adviser also invests in life insurance policies. The Adviser’s foreign investments include investments in companies that are operating principally in emerging market or frontier market countries.

*Stock Options.* City National Rochdale may use individual stock options to manage concentrated stock positions in a client portfolio. City National Rochdale may utilize a covered call option strategy as a means to manage concentrated stock positions and to potentially generate premium income for the client. Long put options may also be used to limit the potential decline of an individual stock held in a client portfolio.

*Hedging.* The Adviser utilizes a variety of financial instruments such as derivatives and options for risk management purposes.

### **Proprietary Quantitative Research**

In addition to fundamental analysis performed on individual securities, City National Rochdale has created and utilizes several proprietary, quantitatively oriented research systems in order to make its investment determinations. These tools use screening techniques based on financial and economic data to help determine which industries/securities are the most attractive for purchase/retention and/or sale at any given point in time. These techniques are used in conjunction with the fundamental research performed within City National Rochdale.

### **Sub-Adviser Selection**

City National Rochdale recommends suitable investment options, including other mutual funds that may be managed by one or more sub-advisers, which can meet the long-term investment objectives and needs of each client based upon the mutual fund's track record and suitability. City National Rochdale closely monitors the performance of each sub-adviser providing services to the mutual funds it recommends to its clients as well as the investment sub-advisers to the City National Rochdale Funds.

### **Sources of Information**

To help develop its strategies and recommendations, City National Rochdale uses proprietary quantitatively oriented research systems. These systems contain pertinent financial information on individual securities as well as broad domestic and international macroeconomic data. In addition, City National Rochdale uses commercially available services, financial publications and information services dealing with investment research, securities law, and taxation. City National Rochdale may also use private placement memoranda and other private placement due diligence materials. Such information may be obtained in print or via electronic media. Company prepared materials (particularly prospectuses) and research releases prepared by others are also utilized.

Despite City National Rochdale's best efforts and sources of information, these do not guarantee that performance returns will be positive. All investing involves risk and may result in a loss that clients should be prepared to bear.

### **B. Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies**

Following is a brief description of the investment risks of the investment strategies employed by City National Rochdale in the management of the City National Rochdale Funds. For a more detailed explanation of these risks, please refer to the prospectuses for the Funds available at [www.citynationalrochdalefunds.com](http://www.citynationalrochdalefunds.com).

Investment products are not bank deposits or obligations of or guaranteed by City National Bank or any subsidiary or affiliate and are not insured by the FDIC, they involve risk, including the possible loss of principal.

The City National Rochdale **Money Market Funds** seek to provide current income consistent with the maturity and quality standards described in the prospectus, and to preserve capital. The Money Market Funds generally invest in liquid, high quality, short-term debt securities that in City National Rochdale's opinion represent minimal credit risk. An investment in the Money Market Funds may expose an investor to the following risks, which are described in greater detail in the prospectuses:



1. **Credit Quality** – Some issuers or other obligors may be unable to make the required payments on securities held by the Fund. Debt securities also go up or down in value based on the perceived creditworthiness of issuers or other obligors rated by one or more nationally recognized statistical rating organizations.

2. **Government-Sponsored Entities** – Such investments may not be guaranteed or insured by the U.S. Government and may only be supported by the credit of the issuing agency.

3. **Redemptions** – The Fund may experience heavy redemptions, particularly during periods of declining or illiquid markets that could cause the Fund to liquidate its assets at inopportune times or at a loss or depressed value and that could affect the Fund's ability to maintain a stable \$1.00 share price.

4. **The Effect of Interest Rates** – When interest rates are very low, the Fund's expenses could absorb all or a significant portion of the Fund's income, and if the Fund's expenses exceed the Fund's income, the Fund may be unable to maintain its \$1.00 share price without a subsidy by City National Rochdale or its affiliates.

5. **Municipal Obligations** – The payment of principal and interest by U.S. state and local governments may be adversely affected by a variety of factors at the state or local level. Actual or perceived erosion of the creditworthiness of municipal issuers may also reduce the value of municipal bond holdings.

6. **Money Market Fund Regulation** – The SEC and other government agencies continue to review the regulation of money market funds. The SEC has adopted changes to the rules that govern money market funds, which will become effective in August 2016. Legislative developments may also affect money market funds. These changes and developments may affect the investment strategies, performance, yield, operating expenses and continued viability of the City National Rochdale's money market fund offerings.

Investments in the City National Rochdale **Bond Funds** may expose an investor to the following risks, which are described in greater detail in the prospectuses:

- **Interest Rate** – Rising interest rates can cause a decline in price in the value of held securities. In general, longer-dated securities are subject to greater price changes for a given change in interest rates. As the Federal Reserve “tapers” or reduces Quantitative Easing, and when the Federal Reserve raises the federal funds rate, interest rates across the U.S. financial system may rise. These policy changes may expose long dated and related markets to heightened volatility and may reduce liquidity for certain fixed income investments, which could cause the value of a client's fixed income investments to decline.
- **Government-Sponsored Entities** – Such investments may not be guaranteed or insured by the U.S. Government and may only be supported by the credit of the issuing agency.
- **State and Municipal Investment Risks**—Events affecting states and municipalities may adversely affect the strategy's investments and its 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 assigned to state and municipal issuers of debt instruments. 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.

- **Issuers** – The Funds may be adversely affected if the issuers of the securities that the Fund holds do not make their principal or interest payments on time.
- **Prepayments on Pass-Through Securities** – Generally, prepayments of the principal of the loans underlying pass-through securities increase during a period of falling interest rates and decrease during a period of rising interest rates. In periods of declining interest rates, as a result of prepayments the Fund may be required to reinvest its assets in securities with lower interest rates. In period of rising interest rates, slowing prepayments may lengthen the maturity of pass-through securities in the Fund and increase its price sensitivity.
- **Rating Agencies** – Debt securities also go up or down in value based on the perceived creditworthiness of issuers or other obligors rated by one or more nationally recognized statistical rating organizations. If a rating agency revises downward or withdraws its rating of a security in which the Fund invests, that security may become less liquid or may lose value.
- **Foreign Securities** – Foreign investments tend to be more volatile than domestic securities, and are subject to risks that are not typically associated with domestic securities.
- **High Yield (“Junk” Bonds)** – High yield bonds involve greater risks of default, downgrade, or price declines and are more volatile than investment grade securities.
- **Emerging Markets Risk** - The risk of foreign investments often increases in countries with emerging markets. For example, these countries may have more unstable governments than developed countries, and their economies may be based on only a few industries. Because their securities markets may be very small and less liquid than developed countries, share prices may be volatile and difficult to determine. Emerging markets can have greater custodial and operational risks, and less developed legal and accounting systems than developed markets.
- **Frontier Market Risk** - Frontier market countries are a sub-set of emerging market countries the capital markets of which are less developed, generally less liquid and have lower market capitalization than those of the more developed, “traditional” emerging markets but which still demonstrate a relative market openness to and accessibility for foreign investors. Frontier market countries generally have smaller economies and even less developed capital markets with relatively newer and less tested regulatory and legal systems than traditional emerging markets, and, as a result, the risks discussed above with respect to emerging markets are magnified in frontier market countries. Securities issued by borrowers in frontier market countries are often subject to extreme price volatility and illiquidity and effects stemming from government ownership or control of parts of private sector and of certain companies; trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which frontier market countries trade; and relatively new and unsettled securities laws.
- **Bank Loans** – The Adviser may invest in U.S. and non-U.S. bank loans. Bank loans are not traded on an exchange and purchasers and sellers of bank loans generally rely on market makers, typically the administrative agent under a bank loan, to effect private sales transactions. As a result bank loans may have relatively less liquidity than other types of fixed income assets, and the Fund may be more likely to incur losses on the sale of bank loans than on other, more liquid, investments.
- **Life Insurance Policies** - The Adviser may invest in beneficial interests in individual life insurance policies (“Policies”). The Policy owner transfers his or her Policy at a discount to its

face value (the amount that is payable upon the death of the insured) in return for an immediate cash settlement. The ultimate purchaser of the Policy (in this case, the City National Rochdale Fixed Income Opportunities Fund) is responsible for premiums payable on the Policy and is entitled to receive the full face value from the insurance company upon the death of the insured. If the Fund is unable to make premium payments on a Policy, the Policy will lapse and the Fund will lose its ownership interest in the Policy. There is currently no established secondary market for Policies, and the Policies are not considered liquid investments. If the Fund must sell Policies to meet redemption requests or other cash needs, the Fund may be forced to sell at a loss. The longer the insured lives, the lower the Fund's rate of return on the related Policy will be. The underwriter's estimate of the insured's life expectancy may be incorrect. An insurance company may be unable or refuse to pay benefits on a Policy. In addition, the heirs of an insured may challenge the life insurance settlement. Although the Fund intends to only purchase Policies for which the applicable contestability period has expired, it is possible that a Policy may be subject to contest by the insurance company. A Policy is a liability of the issuing life insurance company, and if the life insurance company goes out of business, sufficient funds may not be available to pay that liability.

The City National Rochdale **Multi-Asset Fund** is a "fund of funds" and seeks to provide current income and capital preservation in a manner consistent with the quality standards described in the prospectus. The Multi-Asset Fund invests all or a substantial portion of its assets in other mutual funds or other types of funds like exchange-traded funds ("underlying funds"). These underlying funds may include other funds in the City National Rochdale Funds family, like the Corporate Bond Fund, the Government Bond Fund and the High Yield Bond Fund, which are also managed by City National Rochdale.

Investments in the Multi-Asset Fund may expose an investor to the following risks, which are described in greater detail in the prospectus:

- **Allocation** – The Fund's performance depends on City National Rochdale's ability to anticipate correctly the relative potential returns and risks of the asset classes in which the Fund directly or indirectly invests.
- **Government-Sponsored Entities** – Such investments may not be guaranteed or insured by the U.S. Government and may only be supported by the credit of the issuing agency.
- **High Yield ("Junk" Bonds)** – High yield bonds involve greater risks of default, downgrade, or price declines and are more volatile than investment grade securities.
- **Rating Agencies** – Debt securities also go up or down in value based on the perceived creditworthiness of issuers or other obligors rated by one or more nationally recognized statistical rating organizations. If a rating agency revises downward or withdraws its rating of a security in which the Fund invests, that security may become less liquid or may lose value.
- **Underlying Funds** – The ability of the Fund to achieve its investment goal depends in part upon the ability of the underlying funds to achieve their investment goals. The underlying funds may not achieve their investment goals.

The City National Rochdale **Equity Funds** seek to provide capital appreciation with current income as a secondary consideration in a manner consistent with the quality standards described in the prospectus. The Equity Funds provide investment options ranging from equity securities of large U.S. corporations, U.S. dollar denominated American Depositary Receipts of large foreign corporations, and emerging markets equity.

Investments in the City National Rochdale Equity Funds may expose an investor to the following risks, which are described in greater detail in the prospectuses:

**1. Foreign Investments (American Depositary Receipts)** – Foreign investments tend to be more volatile than domestic securities, and are subject to risks that are not typically associated with their domestic counterparts. Certain Funds invest in U.S. dollar denominated American Depositary Receipts of foreign companies (“ADRs”) which are sponsored by the foreign issuers. ADRs are subject to the risks of changes in currency or exchange rates (which affect the value of the issuer even though ADRs are denominated in U.S. dollars) and the risks of investing in foreign securities.

**2. Medium Capitalization (Mid-Cap) Companies** – Investments in mid-cap companies may involve greater risks than investments in larger, more established companies, such as limited product lines, markets and financial or managerial resources. In addition, the securities of mid-cap companies may have greater price volatility and less liquidity than the securities of larger capitalized companies.

**3. Large Capitalization (Large-Cap) Companies** – Investments in large-cap companies may grow more slowly than the overall market. Large-cap stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general.

**4. Small Capitalization (Small-Cap) Companies** – Investments in small-cap companies may involve greater risks than investments in larger, more established companies, such as limited product lines, markets and financial or managerial resources. The securities of smaller capitalized companies may have greater price volatility and less liquidity than the securities of larger capitalized companies. The Fund may hold a significant percentage of a company’s outstanding shares and may have to sell them at a discount from quoted prices.

**5. Focus** – Consistent with its diversification requirements, a Fund may hold a relatively small number of securities. Losses incurred in such securities could have a material adverse effect on the Fund’s overall financial condition and cause it to underperform its relevant benchmarks.

**6. Emerging Markets Risk** - The risk of foreign investments often increases in countries with emerging markets. For example, these countries may have more unstable governments than developed countries, and their economies may be based on only a few industries. Because their securities markets may be very small and less liquid than developed countries, share prices may be volatile and difficult to determine. In addition, foreign investors are subject to special restrictions in many such countries. Emerging markets can have greater custodial and operational risks, and less developed legal and accounting systems than developed markets.

#### **Other Material Risks**

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security’s or instrument’s value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Relative Value Risk.* In the event that the perceived mis-pricings underlying the City National Rochdale’s relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by City National Rochdale, client accounts may incur a loss.

*Leverage.* Performance may be more volatile if a client's account employs leverage. In particular, the City National Rochdale High Yield Alternative Strategies Fund's underlying managers use leverage through its investments in certain financial instruments and other speculative investment practices. Leverage magnifies both losses and gains.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while City National Rochdale may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for City National Rochdale's investment portfolios than if City National Rochdale did not engage in any such hedging transactions.

*Liquidity.* City National Rochdale may invest client portfolios in securities that have limited liquidity features, may not trade in the secondary markets, or be restricted from sale. Such investments may be difficult to sell should a client have immediate liquidity needs. There can be no assurances that City National Rochdale would be able to sell (or redeem) illiquid assets held in a client's portfolio to realize full value in the event clients have a liquidity need. Certain illiquid investments may be impaired and result in substantial losses in client portfolios.

*Option Strategies.* City National Rochdale may use covered call option strategies to manage concentrated stock positions in client portfolios. There is a risk that if the underlying stock price appreciates above the strike price of the option contract, the option may be "exercised" and a portion or all of the client's underlying stock shares may be sold at a price lower than the current market value of those shares, either prior to or at the option contract's expiration date.

### **C. Risks Associated with Types of Securities that are Primarily Recommended**

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and growth stocks can react differently from value stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Emerging Markets.* Many of the risks with respect to foreign investments are more pronounced for investments in developing or emerging market countries, such as many of the countries of Asia, Latin America, Eastern Europe, Africa, and the Middle East. Emerging markets can have greater custodial and operational risks; less developed legal, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

*Fixed-Income and Debt Securities.* Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Bonds and bond mutual funds will decline in value as interest rates rise. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in lower-rated debt securities will subject the investments to the risk that

the securities may fluctuate more in price and be less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

*Exchange Trade Funds (“ETF”).* An ETF is a registered investment company that seeks to track the performance of a particular market index. Investing in an ETF generally offers instant exposure to an index or a broad range of markets, sectors, geographic regions or industries. When investing in ETFs, shareholders bear their proportionate share of the ETF’s expenses. An investment in an ETF exposes a client to the risks of the underlying securities in which the ETF invests. Also, although ETFs seek to provide investment results that correspond generally to the price and yield performance of a particular market index, the price movement of an ETF may not track the underlying index.

*Market and Management Risk.* Markets may experience volatility and go down in value, possibly sharply and unpredictably. All decisions by City National Rochdale require judgment and are based on imperfect information. Additionally, the investment techniques, risk analysis and investment strategies used by City National Rochdale in making investment decisions may not produce the desired results.

*Options Contracts.* In connection with the use of stock options contracts, there may be an imperfect correlation between the change in market value of a security and the prices of the options contracts in the client’s account.

*Offshore.* Applicable risks to offshore investments include market risk, unexpected volatility of stock prices, inflation risk, credit risk, and government policy risk. Holding monies offshore in custody adds a risk factor in dealing with and being subject to a foreign jurisdiction. These rules and regulations may provide more or less protection than what is afforded an investor whose funds remain in the United States.

City National Rochdale offers clients access to third party alternative investment funds that invest in European bank loans, healthcare royalties rights, rail car leasing, and reinsurance based investments. Such investments have investor suitability and eligibility requirements. City National Rochdale clients who are invested in these funds have limited liquidity to redeem their interests in such alternative investments. Third party alternative investment funds have varying, and lengthy lockup provisions.

*Alternative Investments and Hedge Funds.* Hedge funds and alternative investments are speculative and may entail substantial risks. Investing in alternative and hedge funds may not be suitable for all clients. Clients must meet specific eligibility and suitability requirements to be invested in such funds. Alternative and hedge funds are highly illiquid, have limited transparency to the funds’ investments, engage in leveraging which magnifies both losses and gains, are not required to provide valuation information to investors, and may involve complex tax structures and delays in distributing important tax information.

*European Bank Loans –* City National Rochdale may invest client assets in a non-affiliates pooled investment vehicle that focuses its investments in European direct lending and European leveraged loans. These investments do not typically trade on an organized exchange making them illiquid and difficult to value and there may be difficulty liquidating a position at a favorable price. These investments are highly speculative and involve substantial risk, including the risk of loss of the entire investment.

*Healthcare Royalties –* The Adviser may invest client assets in a non-affiliated private pooled investment vehicle that concentrates its investments in healthcare royalties. Royalty investments involve the risk of loss in the case of default or insolvency of the party obligated to pay the royalty, particularly since most royalty obligations provide for recourse only to specific assets. Healthcare products are subject to

extensive and rigorous regulation by U.S., state, and federal authorities and by comparable foreign regulatory authorities. A failure to achieve clinical success and/or gain regulatory approval from the FDA or similar organizations will materially and adversely affect the value of the investments. Investments in this private fund are subject to lengthy lock-up periods. These investments are highly speculative, illiquid, may involve leverage and involve substantial risk, including the risk of loss of the entire investment.

*Reinsurance Bonds* – City National Rochdale may invest client assets in a non-affiliated SEC registered interval fund that concentrates its investments in reinsurance-related securities. The performance of reinsurance-related securities and the reinsurance industry itself are tied to the occurrence of various triggering events, including weather, natural disasters (hurricanes, earthquakes, etc.), non-natural large catastrophes and other specified events causing physical and/or economic loss. These investments are highly speculative, illiquid, may involve leverage and involve substantial risk, including the risk of loss of the entire investment.

*Rail Car Leasing* – City National Rochdale may invest client assets in a non-affiliated private pooled investment vehicle that will focus on direct investments primarily in the acquisition of rail cars and assets that are directly or indirectly related to rail cars (e.g., storage facilities). The investment manager of the private pooled vehicle and/or certain of its affiliates will engage in asset valuation, credit analysis, structured finance and other complex structuring issues. These investments are highly speculative, illiquid, may involve leverage and involve substantial risk, including the risk of loss of the entire investment.

#### **Principal Investment Strategy of the Consulting and Asset Allocation Services**

The investment strategy for each consulting and asset allocation client is determined based on the needs of the client. City National Rochdale will determine an appropriate risk-return model based on the current assets, cash flow needs, time horizon and other variables. This model is then presented to the client for approval or modification.

#### **Principal Risks**

The client's performance depends on the portfolio managers' skill in determining appropriate investments. As a result, the client may underperform the equity or fixed income markets, benchmark indices or similar funds.

**Sub-Adviser Allocation** - The client's performance is affected by City National Rochdale's recommendations concerning how much of the portfolio to allocate to each asset category and/or fund.

**Item 9                      Disciplinary Information**

Neither City National Rochdale nor any of its employees have been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.



**Item 10****Other Financial Industry Activities and Affiliations****City National Bank and City National Corp.****Other Business Activities**

On November 2, 2015, Royal Bank of Canada completed its acquisition of City National Corporation. City National Rochdale, LLC is a subsidiary of City National Bank. City National Rochdale, LLC and City National Bank are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada. RBC Capital Markets (RBC CM) may refer clients to City National Rochdale for investment management services.

RBC CM, Royal Bank of Canada Global Asset Management-US and City National Bank are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

Certain senior executives, including the Chief Executive Officer and the Chief Investment Officer, of City National Rochdale are dual officers of City National Rochdale and CNB. They serve equivalent functions at both City National Rochdale and the Wealth Management division of CNB.

**Other Financial Industry Activities or Affiliations**

CNB and its affiliates make available opportunities for cooperative purchasing of certain administrative programs and products. CNB also provides City National Rochdale with advice and assistance on general business issues unrelated to the investment advisory services provided by City National Rochdale.

Except as described in this Item 10, City National Rochdale operates independently from each of RBC's investment advisory affiliates, does not conduct joint operations with any of these affiliated investment advisers and does not provide investment advice that is formulated, in whole or in part, by such affiliated investment advisers.

City National Rochdale and CNB share certain portfolio and client data in an effort to better serve their clients and provide a broader range of portfolio management services. CNB may use City National Rochdale's portfolio managers to sub-advise portions of their client portfolios or may provide model portfolios for certain strategies to use to manage a portion of CNB's client portfolios.

City National Rochdale may occasionally recommend other services of CNB which include banking, custody, and trust services that certain clients may require. These services may be obtained from other providers at a lower cost. In addition, CNB may recommend that clients invest in City National Rochdale's affiliated investment companies or pooled investment vehicles.

**Other Related Investment Advisors**

Certain employees of City National Rochdale serve as officers, directors, analysts and/or portfolio managers of Symphonic Financial Advisors LLC ("Symphonic"), an SEC registered investment advisor. Symphonic is a wholly-owned indirect subsidiary of RBC. Certain Symphonic clients are sub-advised by City National Rochdale.

Symphonic employees may refer potential clients to City National Rochdale or recommend that clients invest in City National Rochdale's affiliated investment companies or pooled investment vehicles. As a result, those Symphonic employees may receive a portion of the fees paid to City National Rochdale, similar to the fees paid to Referring Partners. Additional information on referral arrangements with Symphonic and other affiliates is in Item 14 – Client Referrals and Other Compensation.

City National Rochdale may recommend that clients invest in mutual funds or private investment funds which are managed by City National Rochdale or third party investment advisers. Both City National Rochdale and the third party investment advisers will receive advisory fees on those assets.

**Unrelated Non-Affiliated Investment Advisers**

City National Rochdale may contract with one or more affiliated or unaffiliated investment advisers to provide sub-advisory investment services to the City National Rochdale Funds. City National Rochdale has contracted with the following sub-advisers for day-to-day investment advisory services to certain City National Rochdale Funds:

<b>City National Rochdale Sub-Adviser</b>	<b>Fund</b>
Guggenheim Investment Management, Inc.	CNR High Yield Bond Fund
Alcentra Limited	Portion of CNR Fixed Income Opportunities Fund
Ashmore Investment Management Ltd.	Portion of CNR Fixed Income Opportunities Fund
AllFinancial Partners II, LLC	Portion of CNR Fixed Income Opportunities Fund
Federated Investment Management Company	Portion of CNR Fixed Income Opportunities Fund
GML Capital LLP	Portion of CNR Fixed Income Opportunities Fund
Seix Investment Advisors LLC	Portion of CNR Fixed Income Opportunities Fund
PineBridge Investments	CNR High Yield Alternative Strategies Fund

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

City National Rochdale offers to its clients, subject to suitability and eligibility requirements, other private, nonregistered funds that invest in alternative investments. These funds are managed by non-affiliated investment advisers:

<b>Third Party Investment Adviser</b>	<b>Third Party Private Fund</b>
Alcentra Limited	Alcentra European Credit Opportunities Fund
Oberland Capital Management LLC	Oberland Healthcare Access Fund, LP
ITE Management L.P.	ITE Rail Fund L.P.
Stone Ridge Asset Management LLC	Stone Ridge Reinsurance Risk Premium Interval Fund

City National Rochdale clients who are invested in third party private funds will pay fund management fees (and performance fees where applicable) in addition to City National Rochdale's investment advisory fees.

#### Broker-Dealers

Certain employees of City National Rochdale serve as officers, directors, and/or registered representatives of RIM Securities, City National Securities, Inc. (“CNS”) and Symphonic Securities LLC (“Symphonic Securities”). RIM Securities, CNS and Symphonic Securities are registered broker dealers with the Financial Industry Regulatory Authority (“FINRA”). Each of these entities is also wholly-owned by RBC and CNB.

CNB accounts that are advised by City National Rochdale will be held in custody by CNB. Client accounts that are advised by Symphonic and sub-advised by City National Rochdale may have similar custody and brokerage arrangements. Registered representatives of the affiliated firms who are also employees of City National Rochdale will not receive any payment related to the execution of these trades.

When affiliated broker dealers are used, City National Rochdale’s related entities will earn fees for the custody and brokerage services in addition to City National Rochdale’s investment advisory fees. RIM Securities may act as an introducing broker for client accounts and RIM Securities charges a commission rate of \$29 per trade. The commission amount charged by RIM Securities may be waived in certain circumstances at the discretion of the Portfolio Manager. Commission and fee schedules are available upon request.

#### Insurance Agency

Certain employees of City National Rochdale serve as officers, directors and/or agents of Symphonic Insurance Agency LLC. They provide management oversight of this affiliated firm.

#### Investment Companies and Pooled Investment Vehicles

City National Rochdale may recommend that clients invest in the Funds, as discussed in greater detail in Item 4 – Advisory Business. City National Rochdale collects a fee from each of the Funds and there is an inherent conflict of interest in recommending these Funds because doing so may give City National Rochdale an incentive due to the compensation received by City National Rochdale. City National Rochdale believes that investments in the Funds are in the best interests of the clients and gives consideration to client needs such as diversification and access to managers that would otherwise not be accessible.

For the City National Rochdale Funds, City National Rochdale generally mitigates this conflict of interest by crediting back to clients all or a portion of the advisory fees on their holdings of the City National Rochdale Funds. See Item 5 – Fees and Compensation for additional disclosure of the City National Rochdale Funds fee credits.

**Item 11            Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**A.                    Code of Ethics**

City National Rochdale has adopted a Code of Ethics (the “Code”) expressing the firm's commitment to ethical conduct. City National Rochdale's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth the practice of supervising personal securities transactions of employees. Individuals associated with City National Rochdale may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the express policy of City National Rochdale that no person employed by City National Rochdale shall place his or her own financial interest over that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with the Code, City National Rochdale requires that employees with access to advisory recommendations or other inside information (“Access Persons”) provide quarterly securities holdings reports and quarterly transactions reports to the Compliance Department. City National Rochdale also requires all Access Persons to obtain approval from the Compliance Department prior to effecting transactions in their own accounts or accounts in which they have a beneficial interest. All individuals employed by City National Rochdale must sign, no less than annually, an attestation confirming their receipt and comprehension of the Code. City National Rochdale's Code further includes the firm's policy prohibiting the use of material non-public information.

City National Rochdale requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisors. Certain employees are also subject to the ethics rules for broker dealers, professional designation practices and other ethics rulemaking bodies. Any individual not in observance of the Code may be subject to discipline.

City National Rochdale will provide a complete copy of its Code of Ethics to any client upon request.

**B.                    Client Transactions in Securities where Adviser has a Material Financial Interest**

City National Rochdale has discretionary authority over its clients’ investment accounts and initiates the transactions in such accounts. RIM Securities may act as an introducing broker for client accounts and RIM Securities charges a commission rate of \$29 per trade for executing transactions.

City National Rochdale may facilitate the purchase and sale of a security between two or more clients. This is known as an “internal cross” transaction and is only performed under client authorization. Prior to engaging in an internal cross transaction, City National Rochdale will ensure that the transaction is in the best interest of all client parties involved by ensuring the price is fair and properly disclosing all known potential conflicts. Neither City National Rochdale nor its affiliates will receive compensation for effecting internal cross transactions.

City National Rochdale does not enter into transactions where client securities are purchased from or sold to brokerage customers of RIM Securities in what is known as an “agency cross” transaction.

**C.                    Investing in Securities Recommended to Clients**

City National Rochdale or a related person may, from time to time, have a portion of, or an interest in, a security that is purchased or sold on behalf of an advisory client. City National Rochdale has adopted policies to avoid conflicts of interest when personnel of City National Rochdale or a related person of City National Rochdale owns, buys, or sells securities also owned by, or bought or sold for a client.

City National Rochdale may recommend, buy or sell securities of issuers on behalf of its clients in which City National Rochdale's Access Persons may also purchase, hold or sell securities. In order to monitor compliance with its personal trading policy, City National Rochdale has adopted a personal trading policy for all of its employees. City National Rochdale requires all Access Persons to obtain approval from the Compliance Department prior to effecting transactions in their own accounts or accounts in which they have a beneficial interest. For purposes of the policy, an employee's "personal account" generally includes any account (a) in the name of the Access Person, his/her spouse, his/her children under the age of 21 whether or not residing in the same household or other dependents residing in the same household, b) for which the employee is a trustee or executor, or c) which the employee controls and in which the employee or a member of his/her household has a direct or indirect beneficial interest.

**Item 12****Brokerage Practices****A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions****General**

City National Rochdale will seek to execute transactions in the best interest of its clients, taking into account such factors as, but not limited to, the broker's financial stability, execution capability, and quality of investment research. Brokerage services include the ability to most effectively execute orders consistent with the portfolio's investment strategy. In exercising investment discretion for its clients, City National Rochdale will determine 1) which securities are to be bought and sold, 2) the amount of the securities to be bought and sold, and 3) the broker or dealer who will execute the transaction.

Fixed income securities are generally purchased from the issuer or a primary market maker acting as principal on a net basis without a stated commission. Fixed income securities may also be purchased in the secondary market or from underwriters at prices that include underwriting fees.

Investment services provided to clients (other than an investment company) are subject to the terms and conditions of the client's contract with City National Rochdale, which may include the client's pre-established relationship with a broker. If a client directs City National Rochdale to use a specific broker, City National Rochdale may not be able to obtain best execution.

**Brokerage Selection**

For equity securities, City National Rochdale's trading desk has discretion as to whom the Adviser will place equity trades. However, for clients having accounts held in custody by Pershing, City National Rochdale's trading desk routes a majority of trades to Pershing for execution. Trading operations maintains a list of brokers with whom equity transactions are executed outside Pershing. For relationships where City National Rochdale is acting as a sub-adviser, City National Rochdale generally will have no discretion as to whom it will place equity trades for execution. In these instances, equity trades are routed to the custodian's broker for execution. The custodian's broker maintains its own commission schedule and is responsible for seeking best execution. City National Rochdale has no ability to negotiate commissions for trades conducted through these relationships.

For fixed income securities trades, City National Rochdale may achieve economies of scale through aggregating trading positions and thus benefit from price/volume discounts, or may negotiate on smaller issues to provide the best value to the portfolio. City National Rochdale utilizes a multi-level bid/offer process that evaluates daily offerings from a variety of brokers. Yields/prices on issues of like-quality and maturity are closely scrutinized to determine executing brokers for fixed income trades.

**Research and Other Brokerage Services**

City National Rochdale will generally seek "best execution" in light of circumstances involved in transactions. Transactions are not always executed at the lowest available commission. City National Rochdale may select a broker-dealer that furnishes investment research services or products, or brokerage services relating to the execution of securities transactions, resulting in clients paying a higher commission to such broker-dealer than that which another broker-dealer might have charged for effecting the same transaction, in recognition of the value of research or brokerage services provided. In addition to execution quality, City National Rochdale may consider the value of various research services or products, beyond execution, that a broker-dealer provides to City National Rochdale or its client. Selecting a broker-dealer in recognition of such other services or products is known as paying for those services or products with "soft dollars." In some cases, research is provided directly by an executing broker-dealer and in other cases, research may be provided by third party research providers, provided

that the executing broker shall be solely obligated for compensation to such provider.

Research services furnished by direct research providers or third party research providers generally may be used by City National Rochdale for its clients, as well as by CNB for any or all of its clients. City National Rochdale and CNB and their clients share research services and products paid for in this manner. In addition, research services generally may be used in connection with accounts other than those whose commissions were used to pay for such research services.

Research services include fundamental equity analytics, fundamental economic analyses, asset allocation analytics, and stock selection modeling. With respect to fixed income securities, research services include real-time alerts/analytics on ratings actions, and reviews of issuer credit and liquidity factors, among other things. Research services also include various trading and quotation services and advice from broker-dealers as to the value of securities, availability of securities, availability of buyers, and availability of sellers.

The research services City National Rochdale receives may influence its judgment in allocating brokerage business between firms that provide research services and firms that do not. City National Rochdale may pay a brokerage commission in excess of what another broker-dealer might charge for effecting the same transaction. In such a case, City National Rochdale will determine in good faith that such a commission is reasonable in relation to the value of brokerage, research and other services and soft dollar relationships provided by such broker-dealer, viewed in terms of either the specific transaction or City National Rochdale's overall responsibilities to its clients.

#### **Investment Allocations**

As dual employees of City National Rochdale and CNB, City National Rochdale's investment personnel may recommend to, buy or sell securities of issuers on behalf of City National Rochdale's clients and CNB accounts. Investment decisions for City National Rochdale, CNB and CNS accounts are reached independently. However, City National Rochdale personnel acting in their CNB capacity may engage in transactions for a CNB or CNS account at the same time and in the same security as a transaction for City National Rochdale clients.

With respect to fixed income securities, when investment personnel make investment decisions at the same time and in the same securities as investment decisions made for CNB clients, City National Rochdale's fixed income portfolio managers may execute trades as part of concurrent authorizations to purchase or sell the same security for numerous accounts. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when City National Rochdale portfolio managers believe that to do so will be in the best interests of the affected accounts. When such concurrent authorizations occur, the executions are generally allocated, including any cost or proceeds, among City National Rochdale's clients and CNB clients, on a pro rata basis using separate accounts for each. In all other cases, transactions may be allocated using one of the following methodologies: first in - first placed, percentage allocation and rotation. Other subjective allocation methodologies that the portfolio manager deems to be in the client's best interest are permissible provided that they are employed with general consistency and operate fairly.

#### **1. Research and Other Soft Dollar Benefits**

City National Rochdale receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. City National Rochdale will limit the use of soft dollars to services that constitute research and execution within the meaning of Section 28(e) of the Securities Exchange Act of

1934, as amended (“Section 28(e)”).

The Chief Compliance Officer will periodically review and evaluate City National Rochdale’s soft dollar practices to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services provides a benefit to City National Rochdale that City National Rochdale does not pay for. This may create an incentive for City National Rochdale to select or recommend a broker-dealer based on its interest in receiving those products and services.

City National Rochdale may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients. Research and brokerage services obtained by the use of commissions arising from a client’s portfolio transactions may be used by City National Rochdale in its other investment activities, including for the benefit of other client accounts which are directed to use other broker-dealers. These clients may receive the benefits of such services without paying for them. City National Rochdale does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Currently, research related services that City National Rochdale receives through soft dollars include:

- Fundamental company, security and industry analysis;
- Quantitative research;
- Economic data and forecasts;
- On-line research services;
- Portfolio risk analytical tools;
- Analysis of financial and market conditions;
- Quotation services;
- Valuation tools; and
- Statistical services.

## 2. Brokerage for Client Referrals

In selecting or recommending broker-dealers, City National Rochdale may utilize brokers that refer clients to City National Rochdale. Generally, brokers who refer such clients will retain custody of the client account and the client will direct City National Rochdale to utilize that broker for all transactions. See Directed Brokerage disclosure, below, for additional information.

## 3. Directed Brokerage

Clients may choose to direct City National Rochdale to execute the client’s trades with a specified broker-dealer. When a client directs City National Rochdale to use a specified broker-dealer to execute all or a portion of the client’s securities transactions, City National Rochdale treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion City National Rochdale would otherwise have in selecting broker-dealers to effect transactions.

Although City National Rochdale attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there will be occasions where it is unable to do so, in which case City National Rochdale will continue to comply with the client’s instructions. Transactions in the same security for accounts that have directed the use of the same broker will generally be aggregated. When



the directed broker-dealer is unable to execute a trade, City National Rochdale may select broker-dealers other than the directed broker-dealer to effect client securities transactions. A client who directs City National Rochdale to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include less favorable execution of transactions.

When a client directs City National Rochdale to execute the client's trades through an unaffiliated broker-dealer, City National Rochdale will make no attempt to negotiate commissions on behalf of the client and such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer.

Certain clients elect to custody their assets offshore, in these instances, executions are primarily done through the offshore bank's broker dealer arm. The commission rates are normally not negotiable but may be depending upon the size of the account, the client's relationship with the firm's representative, and other factors.

City National Rochdale equity traders execute orders received from portfolio managers as received. Pershing accounts generally will receive execution priority over non-Pershing accounts due to the electronic and seamless order receipt and execution process.

## **B. Order Aggregation**

City National Rochdale often purchases or sells the same security for many clients contemporaneously and using the same executing broker. It is City National Rochdale's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously (or near the same time) for execution using the same executing broker. Such aggregation may enable City National Rochdale to obtain for clients a more favorable price based upon the volume of a particular transaction. In cases where trading or investment restrictions are placed on a client's account, City National Rochdale may be precluded from aggregating that client's transaction with others.

If the order at a particular broker is filled at several different prices through multiple trades, generally all participating accounts will receive the average price. If an aggregated order is only partially filled, City National Rochdale's procedures are designed to provide allocations that are fair and equitable to clients. Generally, trades will be allocated randomly in an effort to minimize transaction costs for clients. City National Rochdale may also use other allocation methods, including pro rata, if the Adviser feels it would be in the best interests of the clients. Trades for the GAAP program are aggregated by ticker symbol, and then by share size (largest to smallest). City National Rochdale or its related persons may participate in aggregate orders, but will not receive any preferential treatment in the price or allocation of the trade.

It is the policy of City National Rochdale to review, report, and correct trade errors that occur in connection with client account transactions as soon as possible, so that clients are not disadvantaged as a result of an error. City National Rochdale will reimburse clients for any direct loss resulting from the correction of a guideline breach or trade error where such is the result of an action taken by City National Rochdale.

Allocation of IPO's: City National Rochdale may from time to time purchase shares in IPO's for client accounts. City National Rochdale's policy and practice is to allocate IPO shares fairly and equitably among our advisory clients who are able to participate in the IPO so as not to advantage any firm personnel or related account and so as not to favor or disfavor any client or group of clients over any other. Directed brokerage arrangements may limit a client's ability to participate in IPO's.

**Item 13****Review of Accounts****A. Frequency and Nature of Review****City National Rochdale Funds**

The City National Rochdale Funds are monitored on an on-going basis. City National Rochdale's fund administrator performs daily compliance checks for the City National Rochdale Funds. The City National Rochdale Funds' Chief Compliance Officer is immediately notified of any portfolio limitation violation. Compliance and the Funds' administrator review the portfolio limitation tests against limitations specific to the City National Rochdale Funds' investment strategy as well as restrictions and limitations set forth in the City National Rochdale Funds' prospectus and Statement of Additional Information. Compliance reports are reviewed by the City National Rochdale Funds' Chief Compliance Officer, and any exceptions are reported to the City National Rochdale Funds' Board of Trustees. On a quarterly basis, the Funds' board reviews the performance of the Funds.

**Sub-Advised Funds**

City National Rochdale monitors the performance of each sub-adviser that it has recommended to its clients, including, but not limited to, periodic account reviews, conference calls with the sub-advisors, on-site visits and ad-hoc inquiries.

**Client Separate Account Reviews**

Formal client account reviews are typically conducted quarterly, although a client may request more frequent account reviews. City National Rochdale provides quarterly reports with information about performance, transactions, and asset allocations. Reports can be customized with additional information for each client. Informal reviews are performed more frequently as may be warranted by market conditions and client needs.

Each client separate account is reviewed by the portfolio manager or his designee on an ongoing basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, asset allocation, adherence to investment guidelines and the performance of each client account.

**B. Factors Prompting an Immediate Review of Accounts**

Significant market events affecting the prices of one or more securities in client accounts, changes in the investment objectives or guidelines of a particular client, or specific arrangements with particular clients may trigger reviews of client accounts on an immediate basis.

**C. Content and Frequency of Regular Account Reports**

Each client who maintains a separate account with City National Rochdale will receive quarterly reports from City National Rochdale and the custodian where the clients' assets are held. The reports will include a summary of assets, realized and unrealized capital gains and losses, and anticipated and actual income generated by the portfolio. Such reports may be delivered electronically to the client in accordance with the client's agreement with City National Rochdale.

## **Item 14                      Client Referrals and Other Compensation**

### **A.                              Economic Benefits Received from Non-Clients for Providing Services to Clients**

In exchange for commissions generated by discretionary trading activity, City National Rochdale receives research services from a variety of brokerage firms. City National Rochdale may also direct brokerage to firms who refer clients to the firm.

### **B.                              Compensation to Non-Supervised Persons for Client Referrals**

City National Rochdale may make cash payments to third-party solicitors for client referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor will provide each prospective client with a copy of City National Rochdale's Brochure and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and City National Rochdale and any fees to be paid to the solicitor. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, and related SEC staff interpretations.

The majority of clients are introduced to City National Rochdale by third parties including independent financial planners, investment advisors, consultants, CPAs, attorneys, and representatives of broker-dealers (collectively, "Referring Partners"). Clients referred to City National Rochdale by a Referring Partner, enter into an investment advisory contract directly with City National Rochdale. Referring Partners are not solicitors as defined in Rule 206(4)-3 under the Investment Advisers Act of 1940.

Referring Partners may provide to client (but are not required by City National Rochdale to do so) other services (hereinafter "Additional Services"), such as researching money management services, assisting clients with financial planning and investment objective-setting, coordinating communications between the client and the investment manager, and monitoring performance and services to insure that the clients' needs are being met. Referring Partners may or may not provide these services and clients should review with Referring Partners those Additional Services that are being provided by Referring Partners and the fee assessed for those Additional Services. City National Rochdale usually invoices the client for the Referring Partners' fees in addition to the City National Rochdale fees. In such cases, City National Rochdale will be responsible for the remittance to Referring Partners of the Referring Partners' fees. For additional information, see Item 5 – Fees and Compensation. Any such Additional Services are provided solely by Referring Partners and not by, or on behalf of, City National Rochdale. City National Rochdale does not take any responsibility for the provision of those services and limits its participation in these arrangements except to facilitate the payment of the Referring Partners' fees.

## **Item 15            Custody**

City National Rochdale does not have custody of the assets of the City National Rochdale Funds. The assets of the City National Rochdale Funds are held in custody at US Bank N.A.

City National Rochdale does not take possession of client funds or securities held in separately managed accounts; nevertheless City National Rochdale has custody of client assets through the direct debiting of management fees from client custodial accounts (where clients consent to direct debiting of management fees) or sponsorship of private funds (i.e., a limited partnership, limited liability company or some other type of pooled investment vehicle).

SEC rules require investment advisers that are deemed to have custody of client funds and securities to maintain those funds and securities with a “qualified custodian” in an account either under the client’s name or under the investment adviser’s name as agent or trustee for its clients. A “qualified custodian” is a regulated financial institution that customarily provides custodial services, including banks, savings associations, broker-dealers, and in some cases, futures commission merchants.

City National Rochdale provides investment management services only and does not provide the physical safe keeping of client assets as provided by a qualified custodian. City National Rochdale has established procedures to avoid being deemed to have custody other than in limited circumstances mentioned above. City National Rochdale’s affiliated broker-dealer (RIM Securities) may serve as an introducing broker for client accounts. Neither City National Rochdale nor RIM Securities takes possession of any client funds or securities.

Clients should receive statements at least quarterly from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. City National Rochdale urges its clients to carefully review such statements and compare such official custodial records to the account statements that City National Rochdale may provide its clients. City National Rochdale’s statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

In addition, City National Rochdale is deemed to have custody over assets where CNB is the qualified custodian and City National Rochdale is the sub-adviser. City National Rochdale will engage a PCAOB-registered and inspected accounting firm to conduct an annual surprise examination of those assets.

The private funds sponsored by City National Rochdale are subject to an annual audit of the private fund by a PCAOB registered independent accounting firm. Audited financial statements for City National Rochdale’s private funds are distributed to all investors within 120 days of the end of the private fund’s fiscal year (or 180 days in the case of a “fund of funds”).

## **Item 16            Investment Discretion**

City National Rochdale receives discretionary authority from clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Pursuant to the terms of the standard Investment Advisory Agreement, City National Rochdale is not required to obtain specific client consent regarding securities or amounts to be bought or sold. However, City National Rochdale manages client accounts in accordance with the clients' stated investment objectives and the Investment Policy Statement (IPS). City National Rochdale assumes all investment duties with respect to assets held in the investment management account and has all investment powers including sole investment authority, except that City National Rochdale is not authorized to withdraw any money or securities from the account without specific authority from the client. If assets are to be withdrawn in any name other than that of the account, the client must provide written instructions and authority.

When selecting securities and determining amounts, City National Rochdale observes the investment policies, limitations and restrictions of the clients it advises. Investment guidelines and restrictions must be provided to City National Rochdale in writing. For the City National Rochdale Funds, City National Rochdale's authority to trade securities may also be limited by certain laws and regulations.

For client accounts where City National Rochdale has not been granted discretion or where discretion is limited due to client restrictions, those restrictions may affect City National Rochdale's ability to achieve the stated investment strategy and therefore, investment performance may deviate from other accounts managed in accordance with the same strategy.

Some of City National Rochdale's clients are referred by independent investment advisors or representatives of non-affiliated brokerage firms. In these cases, the client may designate the non-affiliated brokerage firm to effect transactions directed by City National Rochdale and to provide custodial and other brokerage services. Clients who participate in these arrangements are charged a per trade commission fee that may vary by custodian. See the Directed Brokerage section of Item 12 – Brokerage Practices for additional information on the impact of directed brokerage on City National Rochdale's account management.

## **Item 17            Voting Client Securities**

City National Rochdale has adopted proxy voting policies and procedures (the "Policies"). The Policies require City National Rochdale to vote proxies received in a manner consistent with the best interests of its clients.

In the client's investment advisory agreement, clients are given the option to delegate proxy-voting discretion to City National Rochdale. City National Rochdale will only exercise proxy-voting discretion over the client shares in the instances where clients give City National Rochdale discretionary authority to vote on their behalf. Proxy voting services are not offered to clients participating in the International Custody & Asset Protection Solutions program.

The Policies also require City National Rochdale to vote proxies in a prudent and diligent manner intended to enhance the economic value of client assets. City National Rochdale has hired a neutral, third party, proxy voting service (the "Proxy Service Provider") to vote proxies on its behalf with respect to equity securities for which City National Rochdale serves as investment adviser. In most instances, City National Rochdale casts clients' votes in accordance with the third party's recommendation. However, in the event City National Rochdale believes that the recommended vote is not in the clients' best interest we may vote against such recommendation. In those instances, City National Rochdale will keep an internal memorandum detailing the reasons for voting decision. City National Rochdale has adopted the Proxy Service Provider's voting guidelines and has instructed it to vote proxies on City National Rochdale's behalf in accordance with these guidelines and to vote: (i) any issue or proposal designated in the guidelines to be voted on a "case by case basis" and (ii) any issue or proposal not listed in the guidelines according to its recommendation. In addition, City National Rochdale has instructed it to vote shares of affiliated and unaffiliated funds held by the Multi-Asset Fund in the same percentage as the shares voted by the other shareholders of such funds.

However, the Policies permit City National Rochdale to withdraw any proxy item(s) from the vendor and to vote the proxy item(s) on its own if City National Rochdale determines that a material conflict of interest exists. For these purposes, a conflict of interest is deemed to occur when City National Rochdale or an affiliated person has a financial interest in a matter presented by proxy to be voted on behalf of the fund, other than the obligation City National Rochdale incurs as investment adviser to the City National Rochdale Funds, which may compromise City National Rochdale's independence of judgment and action in voting the proxy. When a proxy proposal raises a material conflict of interest between City National Rochdale's interests and those of City National Rochdale Funds or City National Rochdale's clients, City National Rochdale will seek to resolve the conflict in accordance with its adopted procedures.

City National Rochdale will generally vote proxies for shares of the Funds that are held in client accounts. On regular business matters, City National Rochdale will vote with management on those issues. For any special votes, City National Rochdale may consult with outside counsel and make a determination to a) vote with management, as usual, b) vote with management and give notice in advance and an opportunity to opt out of City National Rochdale's voting to shareholders, or c) abstain from voting discretion and send proxy statements directly to all fund shareholders.

Clients may obtain a copy of City National Rochdale's proxy voting policies and procedures and information about how City National Rochdale voted a client's proxies by contacting F. Michael Gozzillo (Chief Compliance Officer) by email at [Michael.Gozzillo@cnr.com](mailto:Michael.Gozzillo@cnr.com) or by telephone at (212) 702-3500.

**Item 18            Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about City National Rochdale's financial condition. City National Rochdale has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.