

ITEM 1 – COVER PAGE

**CNS Asset Allocation Program  
Form ADV Part 2A, Appendix 1  
Wrap Fee Program Brochure  
March 19, 2024**

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This wrap fee program brochure (the “Brochure”) provides information about the qualifications and business practices of City National Securities, Inc. (“CNS”). If you have any questions about the contents of this Brochure, please contact us at (800) 280-1464. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. CNS is registered as an investment adviser and broker-dealer with the SEC. Registration with the SEC does not imply a certain level of skill or training. Additional information about CNS is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The advisory services described in this Brochure are not insured by the Federal Deposit Insurance Corporation (“FDIC”) or any other federal government agency, are not a deposit or other obligation of, or guaranteed by, City National Bank or any of its subsidiaries or affiliates, and are subject to investment risks, including possible loss of the principal amount invested.

## **ITEM 2 – MATERIAL CHANGES**

This section of the Brochure discusses specific material changes that have been made to the Brochure since CNS' last annual update in January 2023. Below is a summary of those changes.

CNS' most recent update to the Brochure was made on March 19, 2024, to Item 4 – Services, Fees, and Compensation, whereby the Investment Management Fee Schedule was revised to provide additional information regarding IRA fees and the Affiliated Fund Fee Table was revised to update the footnote to the table regarding the CNR Government Money Market Fund fee waiver. In addition to this change, the Brochure reflects the following other material changes:

- **Item 4: Services, Fees, and Compensation**

- Investment Restrictions  
The specific investment restrictions that can be requested by clients was added to the description.
- Affiliated Fund Fee Table  
The Affiliated Fund Fee Table was revised to delete certain City National Rochdale Funds that are no longer offered by the Program, show that the CNR Government Money Market Fund now utilizes the Servicing Class Shares for the Program, and add a footnote regarding the CNR Government Money Market Fund fee waiver and/or expense reimbursement.
- Addition of New/Additional Funds and Removal of Funds  
This discussion was revised to provide additional information regarding the addition of new/additional funds and removal of funds from the Affiliated Funds offering.
- Cash Balances and the Sweep Program  
A discussion of the Cash Sweep Program, including the advantages of cash sweep programs and conflicts of interest, was updated to include more specificity on the processes, conflicts, and disclosures involved.

- **Item 6: Portfolio Manager Selection and Evaluation**

- Selection and Evaluation  
This section was updated to provide more specifics as to selection, evaluation, and replacement or recommendation of replacement of the Program Sub-Advisor.

- **Item 9: Additional Information**

- Disciplinary Information  
Information relating to a 2009 FINRA Acceptance, Waiver, and Consent was removed because it was more than ten years old and was not deemed material to a client's evaluation of CNS' advisory business or of the integrity of CNS' management personnel.
- Other Financial Activities and Affiliations  
Information relating to CNR Securities, LLC was added.

CNS will provide you with a Summary of Material Changes made to this Brochure annually at no cost. You may also receive an updated copy of this Brochure at any time by contacting us at (800) 280-1464 or contacting the Chief Compliance Officer at rochelle.levy@cnb.com.

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## **ITEM 4 – SERVICES, FEES AND COMPENSATION**

### ***INTRODUCTION***

City National Securities, Inc. (“CNS”, the “Adviser”, “we”, or “our”) is a wholly-owned subsidiary of City National Bank (“CNB”). CNB is a wholly-owned subsidiary of RBC USA Holdco Corporation (“Holdco”), which is a wholly-owned subsidiary of Royal Bank of Canada.

CNS is an investment adviser and broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). As of October 31, 2023, CNS had approximately \$1.5 billion of discretionary assets under management. Discretionary assets under management are those for which we have an ongoing responsibility to select and make securities recommendations that are in line with your financial needs and objectives and then effect those securities transactions without first consulting you.

### ***CITY NATIONAL SECURITIES ASSET ALLOCATION PROGRAM***

CNS’ investment advisory services include sponsoring wrap fee programs. The City National Securities Asset Allocation Program (the “Program”) is a wrap fee program designed to help individuals organize and manage their wealth in pursuit of their specific financial goals. The Program provides clients with access to professional wealth management services. Specific features of the Program include goal assessment and risk profiling, asset allocation strategies, money management, performance reporting and ongoing monitoring with a dedicated advisor (“Advisor”).

CNS has retained its affiliate, City National Rochdale, LLC (“CNR” or the “Sub-Advisor”), a SEC-registered investment adviser and wholly-owned subsidiary of CNB, to provide investment advisory and portfolio management services in a sub-advisor capacity for the Program’s clients.

Neither CNS nor any of CNS’ advisory personnel act as portfolio managers of Program Accounts.

To enroll into the City National Securities Asset Allocation Program, clients must provide certain information to CNS including, but not limited to, the client’s investment objectives and risk tolerance. Clients must also complete the Asset Allocation Program Application (the “Application” or “Account Application”) and agree to the CNS Asset Allocation Program Terms and Conditions (the “Terms and Conditions”).

### ***WEALTH ADVISORY SERVICES***

A core component of the Program is an evaluation of each client’s current financial position, financial goals, investment timeframes and risk profile, information which the Advisors will obtain through discussion with, and records gathered from, each client. This evaluation is incidental to the advisory services and is not a separate fee-based service.

The information collected from Program clients provides the foundation for the recommendation of an investment strategy for each Program client’s account (“Account”). The recommendation is developed by understanding a client’s risk tolerance and time horizon and applying asset allocation techniques, combined with the Sub-Advisor’s assumptions regarding the future performance of various asset classes, future inflation rates and other relevant data.

Based on information provided by each client during the analysis process and the overall investment strategy for the Account, the Sub-Advisor will recommend a specific asset allocation strategy and various investment options to a client. Investment options offered within the Program may include proprietary mutual funds, third-party mutual funds, and/or exchange-traded funds (“ETFs”).

The investment strategy to which the client agrees will be documented in an Investment Policy Statement (“IPS”). The purpose of the IPS is to foster a clear understanding of a client’s overall investment objectives, policies, and guidelines. The IPS will remain in effect until modified by the client as conditions warrant.

As part of its investment management responsibilities under the Program, the Sub-Advisor develops and maintains the asset allocation strategies that form the basis for its investment advice. Asset allocation strategies offered under the Program reflect a continuum of risk characteristics ranging from conservative to aggressive growth. Each asset allocation strategy will be fulfilled with proprietary mutual funds, third-party mutual funds and/or ETFs. The mutual funds in which client Accounts may be invested include the City National Rochdale Funds (the “Affiliated Funds”) from which CNS, the Sub-Advisor, and their affiliates receive compensation. See **Item 4 – Services, Fees and Compensation, Affiliated Fund Fees** below for more information.

The Sub-Advisor periodically reviews the asset allocation strategies, including the portfolio securities, in which client Accounts are invested in connection with the Program. Generally, the Sub-Advisor is authorized to manage the Accounts in a manner consistent with a client’s overall investment strategy including the discretion to make changes to the allocation weightings and the portfolio holdings within the strategies without the prior approval of clients.

## ***INVESTMENT RESTRICTIONS***

A client may impose reasonable restrictions on the management of their Account, including that particular mutual funds or family of funds should not be purchased, but the client may not require that particular funds be purchased. Clients can place restrictions on investment strategies (large cap, international, alternative, etc.). To the extent the client elects to invest in pooled vehicles to implement an asset allocation program, pooled vehicles cannot accommodate a client's restrictions. Any client-imposed restriction must be described in reasonable detail and documented in the client's IPS.

CNS and the Sub-Advisor will consider the client's investment objectives in determining if a restriction is reasonable but will not accept restrictions that are inconsistent with the Program or the client's overall investment strategy. Other factors that bear on whether a particular restriction is reasonable are the difficulty in complying with the restriction, the specificity of the restriction, and the number of other restrictions imposed by the client. If CNS or the Sub-Advisor determines that any restriction is unreasonable, the client will be notified. If a reasonable alternative is not agreed upon, the client will be removed from the Program or, if the client's Account has not been established, the client will not be accepted into the Program.

Please be advised that the performance of restricted Accounts may differ from Accounts without restrictions, possibly producing lower overall results. Clients are encouraged to contact and consult with their Advisors if they are considering imposing any investment restrictions.

Clients may fund Accounts by transferring mutual funds, ETFs and/or marketable securities already owned into their Program Custodial Account. The Sub-Advisor will have the discretion to hold or sell such securities as it manages the client's Account. If a client transfers shares of Royal Bank of Canada common stock into the Program, the client directs the Sub-Advisor to sell such shares.

## ***CUSTODY SERVICES***

CNS will establish a custodial account on behalf of each Program client with National Financial Services LLC ("NFS") (each NFS custodial account being a "Custodial Account"). As custodian, NFS shall hold the Accounts' assets in safekeeping, settle all trades, and provide statements to clients, among other custodial services. CNS will advise each client when the client's Custodial Account has been opened. If a client opens a Program Account in the name of an Individual Retirement Account ("IRA") or qualified retirement plan ("Plan"), the trust or custody account at NFS in the name of the IRA or Plan will be deemed to be the Custodial Account for purposes of this Brochure. All references to NFS in this Brochure are in relation to NFS as custodian for all Program Accounts.

CNS does not have custody of the assets in Custodial Accounts. CNS, however, could be deemed to have custody over client assets because clients authorize NFS as custodian to deduct the Program Fees from their Custodial Accounts. Clients receive statements at least quarterly from NFS as a qualified custodian for Program Accounts. CNS urges clients to carefully review the information in these statements against any statements provided by CNS.

## ***FEES AND COMPENSATION***

The Program is known as a wrap fee program because clients pay one bundled fee to compensate CNS for portfolio management, transaction costs and custodial services. Under the Program, each client pays an asset-based fee in accordance with the Fee Schedules shown below calculated on the market value of the assets in the Account, including cash held in the cash sweep program, determined as of the close of business on the last business day of the calendar quarter (the "Program Fee").

In computing the asset value of an Account, a security listed on a national securities exchange will be valued, as of the valuation date, at the closing price on the principal exchange on which it is traded. Any other security in an Account will be valued in a manner determined by the Sub-Advisor or its agents in good faith to reflect fair market value. The Sub-Advisor may rely on valuations furnished by Program vendors and/or their independent pricing services.

The Program Fee for each quarter is paid in advance and will be calculated at one fourth ( $\frac{1}{4}$ ) of the rates set forth in the Fee Schedules.

For the purpose of calculating the Program Fee, the first quarter will commence on the first calendar quarter after the effective date of the Fee Schedule.

The Client's initial Program Fee payment will be due at the end of the calendar quarter wherein the Account was opened. The Program Fee charged will be prorated for the period from the Account opening date through the last day of the calendar quarter. Thereafter, Program Fees will be charged quarterly in advance and will cover each subsequent calendar quarter in its entirety.

Clients authorize NFS as custodian to deduct the Program Fees from their Custodial Account.

In the event the Terms and Conditions are terminated by either party prior to the end of the billing period, a pro-rata refund of the Program Fee will be made by CNS to the client.

A wrap fee program may not be the lowest cost option if you would like to restrict your investments to open-end mutual funds or other long-term investment products. Clients should also note that the asset-based fee for the Program Fee does not include certain other fees and expenses. See “Other Fees and Expenses” below for more information.

## **CNS ASSET ALLOCATION PROGRAM FEE SCHEDULES**

### INVESTMENT MANAGEMENT

#### **Annual Fees on Market Value**

##### **Assets under Management:**

1.25% on the first .....	\$1,000,000
1.00% on assets over .....	\$1,000,000

##### **Account Minimums:**

Minimum Annual Fee .....	\$500
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##### **Transaction Fees:**

Equities and Exchange Traded Funds .....	\$3.50
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##### **Disbursements:**

Check .....	\$5.00
Wire .....	\$15.00

##### **IRAs:**

##### **Additional Fees:**

Annual Maintenance .....	\$35.00
Termination Fee .....	\$125.00

### DIVERSIFIED FIXED AND CONSERVATIVE GROWTH & INCOME

#### **Annual Fees on Market Value**

##### **Assets under Management:**

0.80% on the first .....	\$1,000,000
0.65% on assets over .....	\$1,000,000

##### **Account Minimums:**

Minimum Annual Fee .....	\$500
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##### **Transaction Fees:**

Equities and Exchange Traded Funds .....	\$3.50
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##### **Disbursements:**

Check .....	\$5.00
Wire .....	\$15.00

##### **IRAs:**

##### **Additional Fees:**

Annual Maintenance .....	\$35.00
Termination Fee .....	\$125.00

Program Fees are negotiable in certain circumstances and may differ from client to client based upon a number of factors, including the amount of the assets, the client-related services to be provided to the Account, the overall relationship with CNS and its affiliates and other relevant criteria. Program Fees may also differ as a result of the application of prior fee schedules depending upon a client's Program inception date.

CNS compensates CNR for investment advisory services that CNR provides to clients in connection with the Program in the amount of 0.30% of the fees paid by clients.

The client should consider that, depending upon a number of factors, including the level of the Program Fee charged and the amount of activity in the client's Account, the Program may cost the client more or less than purchasing the Program services separately through a brokerage account. The client, however, may not obtain investment advisory services from CNS other than through the Program or the separate CNS Investment Advisory Program. The Program Fees may be more or less than fees charged by sponsors of similar programs. Fees for our wrap fee program include brokerage, clearing and custodial costs as well as the portfolio management fee of the Sub-Advisor.

Clients may be able to purchase individual securities and shares of mutual funds and ETFs outside of the Program directly without purchasing the services of the Program or paying the Program Fees (but subject to any applicable sales charges). The specific shares of mutual funds offered through the Program may not be available to the general public; however, other shares of the same mutual funds may be available with different fee structures. In the case of those mutual funds that are offered generally to the public, the prevailing sales charge or other fees (as described in the mutual fund's prospectus) may be more or less than the expenses of classes of shares utilized in the Program.

### **MUTUAL FUND EXPENSES**

Clients invested in mutual funds through this Program 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 Program fees. 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.

If a client transfers a previously purchased investment into a CNS account, such as a mutual fund, annuity or alternative investment, or liquidates the previously purchased investment and transfers the proceeds into a CNS account, clients may incur a fee (sometimes called a "surrender charge," "contingent deferred sales charge", or "CDSC") upon the sale or redemption in accordance with the investment product's prospectus. In many cases, the CDSC is only charged if a client does not hold the security for a minimum period of time. If a client transfers a previously purchased mutual fund into an account that is subject to a CDSC, then the client will pay that charge when the mutual fund is sold, unless the client instructs otherwise. These fees are disclosed in separate disclosure documents that clients will receive. If CNS believes it is not in the client's best interest to sell a fund with a remaining CDSC, CNS will suggest placing it in a CNS brokerage account separate and apart from the Program Account and leaving it to age or discuss rebating the remaining CDSC fee with the client.

CNS and its affiliates may have a variety of banking, financial, or service relationships with mutual funds in which Accounts are invested. These relationships include acting as investment adviser or shareholder servicing agent. CNS may receive compensation from such funds in addition to the Program fee. Program Accounts will not be invested in mutual funds which pay CNS, the Sub-Advisor, or their affiliates a front-end, back-end, or contingent deferred sales charge. Fund level management fees received by City National Rochdale may be partially or wholly rebated to the Account on a quarterly basis as outlined in the Affiliated Fund Fees section below. Additionally, distribution (12b-1) fees (if applicable) will be rebated to the Account on a quarterly basis.

### **AFFILIATED FUND FEES**

The Sub-Advisor, City National Rochdale, will use the Affiliated Funds in the Affiliated Fund Fee Table below for an Account if they are appropriate, unless the client requests otherwise. CNS and City National Rochdale believe that the Affiliated Funds are appropriate investments for Program Accounts because they offer a wide variety of investment strategies and objectives and provide professional investment management, diversification, and convenience.

When City National Rochdale buys shares of Affiliated Funds for an Account, City National Rochdale earns a management fee, City National Rochdale and/or its affiliates receive shareholder servicing fees and, City National Rochdale's affiliates also earn distribution (12b-1) fees. City National Rochdale credits some of these fees back to Program Accounts as shown in the Affiliated Fund Fee Table below.

Using Affiliated Funds presents City National Rochdale with a conflict of interest because City National Rochdale could buy similar unaffiliated funds for an Account that do not pay management fees, shareholder servicing fees, distribution (12b-1 fees), or all of them, to City National Rochdale or its affiliates. Those unaffiliated funds sometimes have lower overall fees than similar Affiliated Funds. Some of the Affiliated Funds have share classes that do not charge distribution (12b-1) fees. Those share classes are available only to CNS clients in the CNS Asset Allocation Program in relation to the Government Money Market Fund; CNS clients in the CNS Investment Advisory Program; and CNR clients whose accounts are maintained at CNB, advised by CNB or CNS, and sub-advised by CNR.

CNR mitigates its conflict of interest by rebating all of City National Rochdale's portion of the fund-level management fees and distribution (12b-1) fees for the Affiliated Funds, as shown in the Affiliated Fund Fee Table below. City National Rochdale rebates its portion of Affiliated Fund management fees on a quarterly basis in arrears for all Program Accounts.

CNS will provide advance notification of any changes to the Affiliated Funds management fee rebate schedule.

### **SHAREHOLDER SERVICING FEES**

Shareholder servicing fees compensate CNS for responding to shareholder inquiries; processing shareholder purchases and redemptions; performing shareholder account maintenance; sending fund proxy statements, annual reports and other correspondence to shareholders; and providing office space, equipment, facilities and personnel to provide these services. These and other fees are described in greater detail in the funds' prospectuses and statements of additional information ("SAIs").

City National Rochdale and/or its affiliates retain the shareholder servicing fees received from Affiliated Funds.

## DISTRIBUTION (12B-1) FEES

Distribution (12b-1) fees compensate CNB, CNR and CNR Securities, LLC (“CNR Securities”) for paying their own personnel who are involved in distribution-related activities with respect to the applicable Affiliated Funds. CNS and CNR Securities also use distribution (12b-1) fees they receive to pay other broker-dealers who sell Affiliated Fund shares. These and other fees are described in greater detail in the Funds’ prospectuses and SAs. These fees directly benefit CNB, CNR and CNR Securities.

## AFFILIATED FUND FEE TABLE

City National Rochdale Funds	Management Fee	Management Fee Rebate	Shareholder Servicing Fee	Distribution (12b-1) Fee	Distribution (12b-1) Fee Rebate
Government Money Market Fund - Servicing Class	0.26% <sup>1</sup>	100%	0.25%	None	N/A
Municipal High Income Fund - Class N	0.50%	100%	0.25%	25%	100%
Fixed Income Opportunities Fund - Class N	0.50%	100% <sup>2</sup>	0.25%	25%	100%
U.S. Core Equity Fund - Class N	0.40%	100%	0.25%	25%	100%
Equity Income Fund - Class N	0.50%	100%	0.25%	25%	100%

<sup>1</sup> City National Rochdale (the investment adviser to the Fund) has contractually agreed to waive Management Fees for the Government Money Market Fund such that the fee charged is 0.15% through January 31, 2025. (Please see the Fund’s prospectus for more information.)

<sup>2</sup> The Fund Management Fee Rebate percentage reflected in the table above is applied against the net fee (net of fees paid to third-party sub-advisers) paid by the Fund to City National Rochdale. Management Fees paid to third party sub-advisers are not credited by City National Rochdale.

Periodically, CNR will add new/additional funds to the Affiliated Funds offering. At the time your Account is invested in one of these additional funds, we will notify you of our intent to add the fund and will deliver the fund’s prospectus or summary prospectus to you. Failure to object will be treated as consent to the investment in the new fund. You can terminate your approval for these additional funds by notifying CNS in writing.

For ERISA qualified plans, prior to investing assets in one of these additional funds, we will provide the Responsible Plan Fiduciary (1) notice of our intent to add the fund; and (2) certain disclosures in writing, including the fund’s prospectus or summary prospectus. At the time of such notice, the Responsible Plan Fiduciary will have the opportunity to terminate approval. Failure to provide written notification of Responsible Plan Fiduciary’s intent to terminate within thirty (30) days of the notice will be deemed to be approval of the investment in the new fund.

Please note that CNR may remove current Affiliated Funds. CNR may do so in its sole discretion and without providing notice.

Clients should be advised that CNR’s affiliated broker-dealer, CNR Securities, may receive miscellaneous fees for transactions effected in the Affiliated Funds. In addition, CNR has an incentive to invest client assets in products of sponsors and fund managers that share their revenue with us, over other products of sponsors or fund managers that do not share their revenue or who share less. CNR has a conflict of interest in earning more fees for itself and its affiliates. A client’s total cost to own such funds may be higher than the cost of owning other, similar funds that are equally appropriate for a client’s account that do not share their revenue with us. Higher costs reduce performance and therefore account performance.

## ***OTHER FEES AND EXPENSES***

The Program Fee covers the services that CNS provides under the Program. The Program Fee does not cover certain other fees and expenses such as brokerage commissions, transaction fees, and other related costs that clients will pay. Clients may also incur other charges imposed by brokers, and other third parties such as fees charged by managers, contingent deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees for securities transactions.

Mutual funds, other pooled funds and ETFs also charge management fees, which are disclosed in a fund’s prospectus or subscription documents. Such charges, fees and commissions are exclusive of and in addition to CNS’ fee. The Sub-Advisor, City National Rochdale, will receive a fee for managing the Affiliated Funds and the Sub-Advisor may receive some portion of the commissions, fees, and costs mentioned above. In many cases, the client could invest in the same mutual fund or ETF without paying a fee to CNS; however, the client would then not receive advice, review, and monitoring services from the Sub-Advisor.



City National Rochdale receives management fees from the Affiliated Funds out of which City National Rochdale pays sub-advisers who provide day-to-day investment management 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.

The specific fees and manner in which fees are calculated and charged are described in your fee schedule. In addition, you should carefully review the Terms and Conditions prior to signing it.

Fees for our advisory services may be higher than fees charged by other advisers who offer similar services. You may be charged different fees than similarly situated clients for the same services. You should carefully review this Brochure to understand the fees and other sources of compensation that exist among our services prior to agreeing to the Terms and Conditions with our firm.

### **CASH BALANCES AND THE SWEEP PROGRAM**

The Sweep Program provides the client with the ability to improve their cash management capabilities by earning interest on their cash balance while awaiting reinvestment. CNR as the Program's Sub-Advisor will automatically sweep cash balances into a proprietary money market fund, the City National Rochdale Government Money Market Fund, unless the client instructs CNS otherwise in writing.

#### HOW THE SWEEP PROGRAM WORKS

At the end of each business day, the client's cash balance is automatically "swept" into the City National Rochdale Government Money Market Fund ("CNR Government Money Market Fund"). These funds are referred to herein as "Sweep Funds". If at the end of a business day funds are needed to cover debit transactions in the Account, funds will be swept from the CNR Government Money Market Fund to cover such debits.

The CNR Government Money Market Fund seeks to preserve investor principal and maintain a high degree of liquidity while providing current income. In addition, the CNR Government Money Market Fund seeks to maintain a \$1.00 per share net asset value ("NAV").

#### CONFLICTS

CNS has a conflict of interest in offering or utilizing the CNR Government Money Market Fund because CNS and its affiliate CNR receive compensation on client assets invested in the CNR Government Money Market Fund through fund shareholder servicing fees and management fees, respectively. This creates an incentive for CNS to offer and utilize the Sweep Program. CNS believes that these conflicts are addressed through: (1) the CNR Government Money Market Fund Prospectus provided to the client at account opening, (2) this Brochure provided to the client annually and when material changes occur, (3) monitoring the CNR Government Money Market Fund yield to ensure that a reasonably competitive yield is received by Program Accounts, and (4) monitoring the cash allocations of Program Accounts.

Clients are advised that returns on Sweep Funds will vary and may be higher or lower than if clients invest in other comparable money market funds or cash equivalents or the interest rates available if clients make deposits directly with a bank or other depository institution outside of the Program. The CNR Government Money Market Fund is not insured or guaranteed by the FDIC or any other governmental agency, and it is possible to lose money in a money market fund. Clients should carefully review the CNR Government Money Market Fund Prospectus and obtain current yield and additional information regarding the Sweep Program from their Advisor or [www.citynationalrochdalefunds.com](http://www.citynationalrochdalefunds.com).

### **ADVISORS' COMPENSATION**

Advisors will receive salary and incentives based in part on the fees charged to clients in the Program. Such payments may be made for the duration of a client's participation in the Program. The compensation paid to an Advisor relating to a client's participation in the Program may be more than the Advisor would receive if the client paid separately for brokerage and other services from CNS. As a result, Advisors may have a financial incentive to recommend an advisory fee program over other non-advisory services offered by CNS. A Program client may also have other accounts with CNS in which advisory fees are not charged. The payment of commissions in these accounts is negotiated on an entirely separate basis from the payment of fees in the Program.

### **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

In order to open a Program Account, all clients must complete an Asset Allocation Program Application and agree to the Program Terms and Conditions, each of which address important information about the Program. In addition, the Program requires that the client maintain a minimum of \$50,000 to invest. CNS may waive this minimum at its discretion. If a Program Account falls below the Program minimum, CNS may terminate the Program Account at its discretion.

The Program is available to individuals, trusts, estates, charitable and not-for-profit organizations, and corporations with a minimum of \$50,000 to invest. The Program is also available to IRAs and Plans (pension and profit-sharing plans) established under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

## **ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

### ***SELECTION AND EVALUATION***

In engaging the Sub-Advisor to provide investment advisory services to Program clients, CNS has reviewed the background and experience of the Sub-Advisor's investment professionals, the investment process used by the Sub-Advisor, the investment advisory services provided by the Sub-Advisor to its clients, the nature and size of the Sub-Advisor's clients, and the services and fees proposed in relation to Program clients. On at least an annual basis, CNS will conduct a review of the Sub-Advisor for the purpose of evaluating the Sub-Advisor's performance and compliance with the terms of its appointment as Sub-Advisor. The review shall include consideration of the Sub-Advisor's investment performance relative to appropriate benchmarks and its adherence to Account guidelines, investment style, and quality of securities. The review will not independently verify the accuracy or completeness of information that has been provided by the Sub-Advisor and/or other third-party sources and will not confirm the information's compliance with investment adviser presentation standards or that the information is calculated on a uniform and consistent basis. CNS believes that this information is accurate, in compliance with relevant presentation standards and calculated on a uniform and consistent basis; however, CNS does not guarantee the same.

CNS in its sole discretion can replace or recommend replacing the Sub-Advisor with another manager at any time without providing clients notice if changes to the Sub-Advisor's investment professionals, investment process, service and/or performance require the same.

### ***PORTFOLIO MANAGER AND AFFILIATED SUB-ADVISOR CONSIDERATIONS***

CNS does not act as portfolio manager for the Program and its affiliation with the Sub-Advisor creates financial conflicts of interest over potentially recommending an unaffiliated third-party portfolio manager. These conflicts of interest are discussed above under **Item 4 – Services, Fees and Compensation** and below under **Item 9 – Additional Information, Other Financial Industry Activities and Affiliations**, as well as throughout this Brochure.

### ***CONFLICTS OF INTEREST RELATING TO THE AFFILIATED FUNDS***

CNS has retained its affiliate City National Rochdale as a Sub-Advisor for its advisory programs. As Sub-Advisor, City National Rochdale has discretion to purchase Affiliated Funds for clients. City National Rochdale earns management fees from the Affiliated Funds, and City National Rochdale and/or its affiliates earn shareholder servicing fees from the Affiliated Funds. City National Rochdale at times will recommend or buy the Affiliated Funds for clients, even when similar unaffiliated funds charge lower fees. Clients should be aware that multi-layering of fees may occur when CNR purchases City National Rochdale Funds or other affiliated funds on behalf of clients. The total cost to hold these funds may be higher than other unaffiliated funds which are equally appropriate for a client's account. Higher fees will reduce the investment performance of the client's Account overall.

Using Affiliated Funds presents CNR with a conflict of interest because CNR could buy similar unaffiliated funds for an Account that do not pay management fees, shareholder servicing fees, distribution (12b-1) fees, or all of them, to CNR or its affiliates. Those unaffiliated funds sometimes have lower overall fees than similar Affiliated Funds. Some of the Affiliated Funds have share classes that do not charge distribution (12b-1) fees. Those share classes are available only to CNS clients in the CNS Asset Allocation Program in relation to the Government Money Market Fund; CNS clients in the CNS Investment Advisory Program; clients in advisory programs of CNR; and CNR clients whose accounts are maintained at CNB, advised by CNB or CNS, and sub-advised by CNR.

CNR mitigates its conflict of interest by rebating all of City National Rochdale's portion of the fund-level management fees for the Affiliated Funds, as shown in the Affiliated Fund Fee Table under **Item 4 – Services, Fees and Compensation** above.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

As discussed above under "Wealth Advisory Services", information obtained from a client regarding the client's current financial position, financial goals, investment timeframes, and risk profile, which information the Advisors will obtain through discussion with and records gathered from each client, will be shared with the Sub-Advisor and will become the foundation for the recommendation of an investment strategy for each Program Account.

After an Account is opened, clients are responsible for promptly notifying their Advisors if there have been any changes in their financial situation or investment objectives or if they wish to impose or modify any reasonable restrictions on the management of their Account. If CNS is notified by the client of a material change to Account information previously provided by the client, CNS will advise CNR of the same within a reasonable timeframe.

Advisors will contact clients at least annually to determine whether there have been any material changes in a client's financial situation, including risk tolerance, investment objectives and time horizons, and whether the client wishes to impose any reasonable restrictions on the management of the Account or reasonably modify existing restrictions, and to revalidate the client's investment strategy. The Advisor, in consultation with the client, will determine if any information

provided by the client dictates a change in the client's asset allocation or investment strategy and may consult with the client in the process. CNS and the Sub-Advisor will periodically review client Program Accounts.

In the course of normal business, CNS, the Sub-Advisor, and NFS will have access to confidential client information, including but not limited to information provided by the client, copies of clients' monthly statements and on-line access to client account information. CNS, the Sub-Advisor, and NFS have adopted codes of ethics and implemented procedures to ensure the integrity of client information and the uses to which such information may be put. In addition, CNS, the Sub-Advisor, and NFS have adopted privacy policies that will be provided to clients at the time Program Accounts are established.

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Advisors at CNS will be the primary point of contact for Program clients. Every Advisor will be a Registered Representative of CNS. Advisors will be responsible for meeting with clients to discuss their financial goals and objectives.

If a client wishes to contact CNS about his or her Account, the client should contact his or her Advisor, who will respond to client questions or coordinate communications with a member of the Sub-Advisor who is knowledgeable about the client's Account and its management.

## **ITEM 9 – ADDITIONAL INFORMATION**

### ***DISCIPLINARY INFORMATION***

In the ordinary course of business, CNS may be involved in regulatory examinations and/or litigation and may enter into orders, consents and settlements with CNS' regulators and other third parties. Directly below are legal and disciplinary events that may be material to your evaluation of our advisory business.

In 2017, FINRA investigated a former CNS registered employee of an affiliated registered investment adviser, Convergent Wealth Advisors ("CWA"), which was located in Potomac, MD. The investigation concerned an allegation that there was a failure to supervise the outside business activity of the CEO. CNS was not aware of the activity in question, but did consent to an AWC, without admitting or denying the findings, with the imposition of a censure and a \$250,000 fine. Due to changes in the business model for CWA, CWA ceased having employees registered with CNS as of January 1, 2016 and has not been affiliated with CNS since September 2016.

### ***OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS***

CNS is registered with the SEC as a broker-dealer and investment adviser. Some of CNS' management personnel and all of CNS' Advisors are registered with FINRA as registered representatives of CNS in its capacity as a broker-dealer.

As noted above, CNS is a wholly-owned subsidiary of CNB and CNS and CNB are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned subsidiary of Royal Bank of Canada.

In addition to sponsoring the Program and the separate CNS Investment Advisory Program, CNS' primary business is providing brokerage services to its clients. As a broker-dealer and member of FINRA, CNS is a member of the State of California Underwriter Pool and, in that capacity, offers new issue municipal securities to its clients. In addition, CNS provides advice on a variety of fixed income securities, approved mutual funds, affiliated private funds, preferred stocks, brokered CDs, 529 plans, unit investment trusts and structured products. CNS also provides equity execution services and provides brokerage services to individuals, investment companies, pension and profit sharing plans, trusts, estates and charitable organizations, and businesses.

CNS is committed to acting in the best interests of our clients. CNS has adopted policies and procedures to help ensure that it meets its fiduciary responsibilities and to prevent improper conduct wherever potential conflicts of interest may exist with respect to a client. Conflicts that may exist and CNS' efforts to mitigate these conflicts are discussed throughout this Brochure, including directly below.

### **CITY NATIONAL BANK**

City National Bank is an FDIC member and a subsidiary of Royal Bank of Canada. CNB provides a wide range of financial services to its clients, including serving as custodian for certain Program Accounts and providing the Sweep Program for Program Accounts. Please refer to **Item 4 – Services, Fees and Compensation, Custody Services** and **Item 4 – Services, Fees and Compensation, Cash Balances and the Sweep Program** above for additional information regarding the services provided by CNB and potential conflicts of interest.

### **CITY NATIONAL ROCHESTER**

City National Rochester is an SEC-registered investment adviser, an affiliate of CNS and CNR Securities and a wholly-owned subsidiary of CNB. CNR provides investment management services to its clients, including serving as Sub-Advisor for Program Accounts. Please refer to **Item 4 – Services, Fees and Compensation** above, as well as other disclosure

throughout this Brochure and directly below for additional information regarding the services provided by CNR and potential conflicts of interest.

In addition to the potential conflicts of interest discussed above, clients should also know that the Sub-Advisor may invest its other client accounts in portfolios that are similar to the Program strategies and that invest in the same securities in which Accounts are invested under the Program. As a result, the Sub-Advisor may place trades for its other client accounts before Program Accounts. In this circumstance, the prior trading of the Sub-Advisor may cause trades ultimately placed by the Sub-Advisor for Program Accounts to be subject to price movements, particularly with large orders or where securities are thinly traded, that may result in Program Accounts receiving prices that are less favorable than the prices obtained by the Sub-Advisor for its other client accounts. Because CNS does not control the Sub-Advisor's execution of transactions for its other client accounts, CNS cannot control the market impact of such transactions.

Additionally, the Sub-Advisor has arrangements with certain brokers through which Program trades may be executed, under which a portion of the amount of commissions paid is used to purchase research or brokerage services. The research received includes advice regarding the value or advisability of investing in or selling securities, providing analyses or reports concerning issuers, industries, securities, economic trends, and portfolio strategy. The brokerage services include effecting securities transactions and performing incidental functions such as clearance, settlement, and custody.

These arrangements are referred to as "soft dollar" arrangements and are permitted under Section 28(e) of the Securities Exchange Act of 1934 if the investment adviser (the Sub-Advisor or CNR in this circumstance) has determined in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. In this regard, the Sub-Advisor has determined that amount of the commissions paid in relation to Program trades is reasonable in relation to the value of the brokerage and research services provided and that the Sub-Advisor's clients as a group, including Program Accounts, benefit from the services.

### CNR SECURITIES

CNR Securities is a FINRA-registered broker-dealer, an affiliate of CNS and CNR and a wholly-owned subsidiary of CNB. CNR Securities provides a variety of broker-dealer services to its clients, including but not limited to, serving as a Sub-Distribution Coordinator for the Affiliated Funds. The Affiliated Funds are distributed by SEI Investments Distribution Co. ("SIDCO" or the "Distributor"), which is unaffiliated with CNR Securities. SIDCO has entered into a Distribution Coordination Agreement with the Affiliated Funds and CNR Securities pursuant to which CNR Securities acts as Sub-Distribution Coordinator for the Affiliated Funds and receives the entirety of the fees received by SIDCO pursuant to the Distribution Plan. CNR Securities then reallows those fees to broker-dealers and service providers, including CNR and other affiliates, for payments for distribution services of the type identified in the Distribution Plan, and retains any undistributed balance of fees received from the Distributor. Please refer to disclosure throughout this Brochure and in the Affiliated Funds' prospectuses and statement of additional information regarding the services provided by CNR Securities and potential conflicts of interest.

### ***CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING***

#### CODE OF ETHICS

CNS has adopted a written Code of Ethics (the "Code") that establishes various procedures with respect to investment transactions in which CNS' related persons have a beneficial interest that are designed to reduce the potential for conflicts of interest. CNS' employees, officers, and directors are dual employees of CNB, and are also subject to CNB's Code of Ethics.

In order to monitor compliance with its personal trading policy, CNS has adopted a quarterly securities transaction policy for all of its Access Persons. For purposes of the policy, an Access Person's "personal account" generally includes any account (a) in the name of the Access Person, his/her spouse, his/her minor children or other dependents residing in the same household, b) for which the Access Person is a trustee or executor, or c) which the Access Person controls and in which the Access Person or a member of his/her household has a direct or indirect beneficial interest.

The CNS Code generally sets the standard of business that CNS requires of all colleagues associated with the Program, requires these colleagues to comply with applicable federal securities laws, and sets forth provisions regarding personal securities transactions by Access Persons. Additionally, the Code sets forth CNS policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that CNS and each of its colleagues whose responsibilities include the Program have to CNS clients. The Code is circulated at least annually to all colleagues whose responsibilities include the Program, and each of these colleagues must certify in writing at least annually that he or she has received and followed the Code and any amendments thereto. CNS shall provide a copy of its Code to any client or potential client upon request.

#### PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

CNS may purchase or sell, or recommend for purchase or sale, securities for which CNS, its affiliates or their respective officers, directors or employees ("related persons"), directly or indirectly, has a position or interest, or which it or any related person buys for himself or herself. Such transactions also may include trading in securities in a manner that differs from, or

is inconsistent with, the advice given to CNS clients. CNS and CNR have established policies and procedures for CNS and CNR employees and related persons in order to ensure that they meet their fiduciary responsibilities and to prevent improper conduct wherever potential conflicts of interest may exist with respect to a client. CNS or CNR may invest its clients' accounts in portfolios which are similar to the Program portfolios and which invest in the same securities in which Program Accounts are invested under the Program.

### REVIEW OF ACCOUNTS

The Sub-Advisor conducts an initial and annual investment review of all Program Accounts.

### ***NATURE AND FREQUENCY OF REPORTS***

NFS, as custodian, will provide Program clients with Account statements at least quarterly. Account statements will reflect all activity occurring during the period covered by the statement and a list of all securities and cash held in the Account at the end of the period. Account statements will also reflect any dividends or interest payments that have been credited to the Account.

Program clients will also receive quarterly performance measurement reports provided by the Sub-Advisor, City National Rochdale, which recap investment performance for the Account for the period. Performance of Program Accounts will be calculated on a trade date basis, using a time-weighted formula that includes principal market value changes, daily weighted cash flows, as well as income accrued and received. Performance information assumes reinvestment of all dividends and capital gains, unless an Account has been set up otherwise.

As the owner of the securities held in your Account, you have the right to receive documents related to the securities, including mutual fund prospectuses. Under the Terms and Conditions of the Program, you agree to waive your right to receive any security related documents, except as specifically set forth in the Terms and Conditions.

CNS will promptly forward to you all class action elections that are received from issuers of securities which constitute all or any portion of the assets. CNR will not have any authority to agree on your behalf, or CNS to participate, nor render advice, in any class action lawsuit with respect to which you may otherwise be entitled to participate through an investment held in your Account.

### ***CLIENT REFERRALS AND OTHER COMPENSATION***

CNS does not compensate for client referrals.

### ***FINANCIAL INFORMATION***

CNS is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients.