

## Investment Advisory Program

*Disclosure Statement*

*December 16<sup>th</sup>, 2021*

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This investment advisory program brochure provides information about the qualification and business practices of City National Securities, Inc. If you have any questions about the contents of this brochure, please contact us at 800-750-5471. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about the City National Securities, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES-**

- On December 15, 2021, City National Rochdale reinstated Garrett D'Alessandro as chief executive officer. City National Rochdale took this action upon receiving confirmation that the staff of the U.S. Securities and Exchange Commission ("SEC") concluded its investigation of Mr. D'Alessandro and does not intend to recommend an enforcement action against Mr. D'Alessandro. City National Rochdale continues to cooperate in the SEC's ongoing investigation of the firm for alleged violations of the Investment Advisers Act of 1940 arising out of a self-disclosed issue.

The date of the last annual update to this Brochure was January 31, 2021.

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## INTRODUCTION

City National Securities, Inc. (“CNS”) is a subsidiary of City National Bank (“CNB”). CNS and CNB are wholly-owned subsidiaries of RBC USA Holdco Corporation (“Holdco”), which is a wholly-owned subsidiary of Royal Bank of Canada. RBC Global Asset Management (US) is also a wholly owned subsidiary of Holdco and is the investment advisor to the RBC Funds.

CNS offers the City National Securities Investment Advisory Program (the “Program”) designed to help individuals organize and manage their wealth in pursuit of their specific financial goals. The Program is sponsored by CNS, a registered investment advisor and broker/dealer since 2009 and as of December 31, 2020, has over \$1.3 billion of discretionary funds under management.

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 financial advisor (“Financial Advisor”).

CNS has retained City National Rochdale, LLC (“Sub-Advisor”), an SEC Registered Investment Advisor and wholly owned subsidiary of CNB, to provide investment advisory and portfolio management services in a sub-advisor capacity for the Program’s clients. In addition, CNS will establish a custodial account on behalf of each Program client in CNB’s Trust Division. Neither CNS nor any of CNS’ advisory personnel act as portfolio managers of Program Accounts.

## SERVICES, FEES AND COMPENSATION

### 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, which information the Financial Advisors will obtain through discussion with and records gathered from each client. This evaluation will be incidental to the advisory services and will not be 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, CNS and 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 or third party separately managed accounts (“SMAs”), mutual funds and/or exchange traded funds.

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. **The Program is not a CNB product, not guaranteed by the SIPC, and investing in strategies containing securities involves a risk of loss that should be accounted for in the account IPS.**

As part of its investment management responsibilities under the Program, the Sub-Advisor develops and maintains the investment strategies that form the basis for its investment advice. Investment strategies offered under the Program reflect a continuum of risk characteristics ranging from conservative to aggressive growth. Each investment strategy will be fulfilled with mutual funds, exchange traded funds and, in some cases, individual securities/SMAs. The mutual funds in which client accounts may be invested include the City National Rochdale and RBC Funds (“affiliated Mutual Funds”) from which CNS, the Sub-Advisor and their affiliates receive compensation (see the discussion below under “Participation or Interest in Client Transactions”).

The Sub-Advisor periodically reviews the investment strategies, including the portfolio securities, in which Client Accounts are invested in connection with the Program. Generally, the Sub-Advisor has the authority 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.

## Custody Services

CNS will establish a custodial account at CNB for each of the Program clients. As custodian, CNB 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 CNB in the name of the IRA or Plan will be deemed the custodial account for purposes of this Disclosure Statement.

## Investment Restrictions

A client may impose reasonable restrictions on the management of his or her Account, including that particular securities should not be purchased, *but the client may not require that particular securities be purchased*. 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 any restriction is deemed 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.

When deciding whether to impose reasonable restrictions on an Account, clients should be aware that performance of restricted Accounts may differ from Accounts without restrictions, possibly producing lower overall results. Clients are encouraged to contact and consult with their Financial Advisors if they are considering imposing any investment restrictions.

Clients may fund Accounts by transferring marketable securities already owned into their Program custody account. The Sub-Advisor will have the discretion to hold or sell such securities as it manages the client's Account. Fees

Under the Program, each client pays an asset-based fee in accordance with the fee schedules shown below calculated on the daily average asset value, and is charged monthly in arrears. 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. Clients authorize CNB as custodian to deduct the asset-based fees from their custody account. CNS compensates the Sub-Advisor for investment advisory services it provides to clients in connection with the Program in the amount of 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. However, the client may not obtain investment advisory services from CNS other than through the Program or the separate Asset Allocation Program. The Program fees may be more or less, than fees charged by sponsors of similar programs.

Clients may be able to purchase individual securities and shares of the mutual funds 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.

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. Fees also may differ as a result of the application of prior fee schedules depending upon a Client's Program inception date. Accounts that begin or terminate within a month are billed on a pro rata basis.

### **Financial Advisors' Compensation**

Financial 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 a Financial Adviser relating to a client's participation in the Program may be more or less than the Financial Adviser would receive if the client paid separately for brokerage and other services from CNS. As a result, Financial Advisors may have a financial incentive to recommend one investment program offered by CNS over another. 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.

### **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

The Program is available to individuals, trusts, estates, charitable and not-for-profit organizations and corporations with a minimum of approximately \$250,000 to invest, although CNS may waive this minimum at its sole discretion. The Program is also available to individual retirement accounts and qualified retirement plans (pension and profit sharing plans) established under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). For retirement plans subject to ERISA, CNS acts as an ERISA 3(38) investment manager and for IRAs, CNS acts as an investment fiduciary.

### **PORTFOLIO MANAGER 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 as well as the investment process used by the Sub-Advisor. On at least an annual basis, CNS shall 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 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. CNS may consider replacing or recommend replacing the Sub-Advisor with another manager when appropriate. Potential conflicts of interest caused by this arrangement are discussed under "Participation or Interest in Client Transactions" below.

### **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

As discussed above under "Advisory Services" information obtained from a client regarding the client's current financial position, financial goals, investment timeframes and risk profile, which information the Financial 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 asset allocation for each Program Account.

### **CLIENT CONTACTS AND COMMUNICATIONS**

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

At least monthly, clients will be reminded via a message on their statements received from CNB to notify their Financial 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 a client wishes to contact CNS about his or her Account, the client should contact his or her Financial 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.

Financial Advisors will contact clients at least annually in writing to determine whether there have been any material changes in a client's financial situation, including risk tolerances, 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 Financial 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. CNS and the Sub-Advisor will periodically review client Program Accounts.

In the course of normal business, CNS, the Sub-Advisor, and CNB 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 CNB 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 CNB have adopted privacy policies that will be provided to clients at the time Program Accounts are established.

### **Reports and Documents**

CNB, as custodian, will provide Program clients with monthly account statements, reflecting all activity occurring during the period covered by the statement and a list of all securities held in the Account at the end of the period. With the exception of accounts governed by customized Investment Portfolio Statements, quarterly performance measurement reports recap investment performance 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 & Conditions of the Program, you agree to waive your right to receive any security related documents, except as specifically set forth in the Terms & 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. CNB 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.

### **METHODS OF ANALYSIS, STRATEGIES AND RISK OF LOSS**

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

*Galaxy.* The Sub-Advisor 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 Sub-Advisor 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 Sub-Advisor to view probabilities of success with thousands of simulations. Under long timeframes, the Sub-Advisor believes this tool is a good source in helping select an individual clients' allocation. Past performance is no guarantee of future results.

For a more detailed explanation of the Methods of Analysis used by the program's sub-advisor, please review the City National Rochdale Form ADV part 2A available at [www.sec.gov](http://www.sec.gov) as well as the new account package.

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

For a detailed explanation of the investment risks of the investment strategies employed by City National Rochdale in the management of the Program, please review the City National Rochdale Form ADV Part 2, available at [www.sec.gov](http://www.sec.gov) as well as the new account package.

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

For a detailed explanation of the investment risks of the types of Securities employed by City National Rochdale in the management of the Program, please review the City National Rochdale Form ADV Part 2, available at [www.sec.gov](http://www.sec.gov) as well as the new account package.



**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, fund and/or ETF.

## **DISCIPLINARY INFORMATION**

In 2009, the CNS broker-dealer consented to Financial Industry Regulatory Authority ("FINRA") AWC that it violated NASD Rules 2110, 2210, 2211, 3010 and MSRB Rules G-17, G-21 and Gg-27 in that CNS' communications with the public, including customers and prospective customers, in its marketing and sale of auction rate securities (ARS) was not fair and balanced, did not provide a sound basis for evaluating the facts in regards to the purchase of ARS And did not disclose the potential for illiquidity with an ARS in the event of an unsuccessful auction. Also, FINRA found that CNS failed to provide adequate training to its registered representatives regarding the features and characteristics of ARS and the differences between ARS and other investments.

**Disciplinary Action-** In 2017, FINRA investigated a former CNS registered employee of an affiliated registered investment advisor, Convergent Wealth Advisors ("CWA"), which is 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. As of January 1, 2016, due to changes in the business model and a subsequent sale of the CWA business to an unaffiliated RIA, they no longer have any employees registered with CNS.

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

CNS is an investment adviser and broker-dealer registered with the Securities & Exchange Commission and a member of FINRA.

The primary business of CNS is providing brokerage services to its clients. As a broker-dealer and member of FINRA, CNS is a member of the State of California's Underwriters 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 and 529 plans. CNS also provides equity execution services. CNS currently has more than 100 registered representatives providing brokerage services to individuals, investment companies, pension and profit sharing plans, trusts, estates and charitable organizations and businesses. CNS and its principal executive officers spend approximately 70% of their time on broker-dealer matters.

CNS is a wholly owned subsidiary of CNB. Also, CNB will provide the custody, clearance and settlement services provided under the Program. All securities will be held for the Accounts in the name of CNB or its nominees for the benefit of the clients. CNB will maintain records, on a client-by-client basis, reflecting securities beneficially owned by Program clients. CNB receives fees for such services. These fees are typical of fees received for such services and fee agreement is reviewed on an annual basis.

CNS has retained the Sub-Advisor to provide advisory services to program clients. Among the assets in which the Sub-Advisor may invest, the accounts are the Affiliated Funds. The Sub-Advisor is a wholly owned subsidiary of CNB, and is the advisor to certain portfolios of the Affiliated Mutual Funds. The Sub-Advisor pays CNS compensation relating to accounts' investments in the Affiliated Mutual Funds including the shareholder's service fee. The Affiliated Fund's Investment Management fees may be wholly or partially rebated to the account on a monthly basis as outlined in the Investment Advisory Program Terms and Conditions account agreement. Additionally, the 12b-1 fees (if applicable) will be rebated to the Account on a monthly basis. CNS will provide advance notification of any changes to the affiliated Funds management fee rebate schedule.

Use of the Affiliated Mutual Funds may result in higher or lower fees than would be paid if the Accounts were invested in other vehicles. Additionally, a restriction can be imposed on the investment of the Account in the Affiliated Mutual Funds subject to the investment strategy provisions in the investment advisory program Terms and Conditions.



CNR may automatically sweep cash balances into an affiliated money market fund, the City National Rochdale Government money market fund (CNR Govt. MMF). CNR receives compensation on CNR client assets invested in the CNR Govt. MMF. Interest rates received on Sweep Funds may be lower than the interest rates available if clients make deposits directly with a bank or other depository institution outside of the Program or invests other money market funds or cash equivalents.

CNS Bank Deposit Sweep Program provides you with the ability to improve your cash management capabilities and obtain FDIC insurance coverage subject to applicable FDIC limits, and earn interest on excess deposits. At the end of each Business Day, excess funds are “swept” into a CNB Deposit Account up to \$250,000 as described in this Disclosure Document. Funds that exceed \$250,000 will be invested in the City National Rochdale Government Money Market Fund (CNR Govt. MMF). Conversely, if at the end of a Business Day funds are needed to cover debit transactions in the Account, funds will be swept from the CNB Deposit Account and the CNR Govt. MMF for deposit to your investment Account. The Program may create financial benefits for City National and our affiliates. For more information, please refer to the deposit sweep program disclosure form provided at account opening.

## CONFLICTS OF INTEREST FOR PURCHASES OF AFFILIATED FUNDS

CNS retains affiliate City National Rochdale (“CNR”) as a Sub-Advisor for its advisory programs. As a Sub-Advisor, City National Rochdale has discretion to purchase Affiliated Funds for clients. City National Rochdale earns management fees from Affiliated Funds, City National Rochdale and/or its affiliates earn shareholder servicing fees from Affiliated Funds. City National Rochdale at times will recommend or buy for clients Affiliated Funds, even when similar unaffiliated funds charge lower fees. City National Rochdale’s and its affiliates’ receipt of these fees is a conflict of interest because it has an interest in helping its affiliates earn more fees. While CNS seeks to give clients unbiased, objective investment advice about the selection of funds and share classes for its clients, it also has an interest in earning more fees for itself and its affiliates by recommending or buying for clients Affiliated Funds. CNS seeks to mitigate this conflict by crediting some fees to clients, with a few exceptions, as we discuss above in “Mutual Fund and Interval Fund Fees and Compensation.”, and through disclosure in this brochure. Because we and/or our affiliates keep at least some of these fees, we continue to have a conflict of interest in recommend or buying Affiliated Funds for your account.

A client’s total cost to own some Affiliated Funds will be higher than the cost of owning other, similar unaffiliated funds that are equally appropriate for a client’s account. Higher fees reduce fund performance and therefore account performance.

### Affiliated Fund Fees

As part of ongoing investment management by Sub-Advisor CNR, the following City National Rochdale Funds and Royal Bank of Canada Funds (collectively, the “Affiliated Funds”) may be utilized for client accounts, unless the client requests otherwise. CNS believes that the Affiliated Funds are appropriate investments because they offer a wide variety of investment strategies and objectives and provide professional investment management, diversification, daily liquidity, and convenience.

Assets held in CNS Investment Advisory Program accounts qualify to receive a rebate of all or a portion of the fees charged by Affiliated Funds, outlined as follows. If applicable, fees are rebated on a monthly basis.

City National Rochdale Funds	CNR Fund Investment Management Fees	Fund Investment Management Fee Rebate %	Servicing Fees	12b-1 Fees
Government Money Market – Servicing Class	0.26%	100%	0.25%	N/A
Corporate Bond – Servicing Class	0.40%	100%	0.25%	N/A

California Tax Exempt Bond – Servicing Class	0.27%	100%	0.25%	N/A
Government Bond – Servicing Class	0.43%	100%	0.25%	N/A
Municipal High Income Fund – Servicing Class	0.50%	50%	0.25%	N/A
U.S. Core Equity – Servicing Class	0.40%	100%	0.25%	N/A
Dividend and Income – N Class	0.50%	100%	0.25%	0.25%
Intermediate Fixed Income – N Class	0.40%	100%	0.25%	0.25%
Fixed Income Opportunities – N Class	0.50%*	100%	0.25%	0.25%
Select Strategies Fund	0.50%	0%	0.25%	N/A
Short Term Emerging Markets Debt	0.50%*	0%	0.25%	N/A
Strategic Credit Fund	1.50%*	0%	0.25%	N/A
<b>RBC Funds</b>	<b>RBC Fund Investment Management Fees</b>	<b>Fund Investment Management Fee Rebate %</b>	<b>Servicing Fees</b>	<b>12b-1 Fees</b>
Small Cap Value – Institutional Class	0.80%	50%	0.15%	N/A

\*The Investment Management fee rebate percentage reflected in the table above is applied against the net fee (net of fees paid to third party sub-advisors) paid by the fund to City National Rochdale or RBC Global Asset Management.

City National Rochdale or RBC Global Asset Management rebates all or a portion of the fund level management fees for the Affiliated Funds with the exception of the Select Strategies Fund, the Short-Term Emerging Markets Debt Fund and the Strategic Credit Fund as reflected in the chart above. The fund level management fees are in addition to City National Rochdale's management fees charged for investment management services. ERISA and other tax-deferred retirement accounts will be rebated the entire fund management fee, as well as the 12b-1 Fees, if applicable. CNR applies the fund level management fee rebate to CNR's net management fee after paying the fund's third party sub-advisors. **Shareholder servicing fees are not rebated.**

Investment Management fees are rebated to the account on a monthly basis in arrears. Additionally, 12b-1 Fees, if applicable, will be rebated to the account on a monthly basis for all accounts.

Periodically, CNR intends to add funds to the City National Rochdale Funds offering or introduce additional City National Rochdale Interval Funds and RBC Funds. Before we invest your account's assets in one of these

additional funds, we will notify you that we intend to add the fund and send you the fund's prospectus or summary prospectus. City National Rochdale's affiliated broker-dealer, CNR Securities, LLC, may also receive miscellaneous fees for transactions effected in the City National Rochdale Funds and RBC Funds.

Shareholder servicing fees compensate CNS for responding to shareholder inquiries, processing shareholder purchases and redemptions, shareholder account maintenance, transmitting proxies/annual reports and other correspondence from the Funds to shareholders, and for providing office space, equipment, facilities and personnel to provide the aforementioned services. These and other fees are described in detail in the Funds' prospectus or offering documents. These fees reimburse CNB, CNS and CNR Securities for distribution related activities.

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

### **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 the Bank, 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 has to its clients. The Code is circulated at least annually to all colleagues whose responsibilities include the Program, and each of these colleagues at least annually must certify in writing 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 is a registered broker dealer and its principal business is acting as an introducing broker for its clients. CNS has established policies and procedures for CNS employees and related persons in order to ensure that it meets its fiduciary responsibilities and to prevent improper conduct wherever potential conflicts of interest may exist with respect to a client.

CNS offers the Affiliated Mutual Funds to its brokerage clients and may use the Affiliated Mutual Funds for its advisory clients. City National Rochdale, a wholly owned subsidiary of CNB and registered investment adviser acts as the investment adviser to the City National Rochdale Mutual Funds, and RBC Global Asset Management (US) a wholly owned subsidiary of CNB's parent company is the investment advisor to the RBC Funds.

CNR earns management fees from Affiliated Funds, CNS earn shareholder servicing fees from Affiliated Funds. CNR at times will recommend or buy for clients Affiliated Funds, even when similar unaffiliated funds charge lower fees. City National Rochdale's and its affiliates' receipt of these fees is a conflict of interest because it has an interest in helping its affiliates earn more fees. While CNS seeks to give clients unbiased, objective investment advice about the selection of funds and share classes for its clients, it also has an interest in earning more fees for itself and its affiliates by recommending or buying for clients Affiliated Funds. CNS seeks to mitigate this conflict by crediting some fees to clients, with a few exceptions, as we discuss above in "Mutual Fund and Interval Fund Fees and Compensation," and through disclosure in this brochure. Because we and/or our affiliates keep at least some of these fees, we continue to have a conflict of interest in recommend or buying Affiliated Funds for your account. Any 12b-1 fees received from the Affiliated Mutual Funds are rebated to the account monthly.

A client's total cost to own some Affiliated Funds will be higher than the cost of owning other, similar unaffiliated funds that are equally appropriate for a client's account. Higher fees reduce fund performance and therefore

account performance.

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 client accounts. In this circumstance, the prior trading of the Sub-Advisor may cause trades ultimately placed by the Sub-Advisor for the Program clients to be subject to price movements, particularly with large orders or where securities are thinly traded, that may result in the Program clients 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.

### **Brokerage Practices**

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.

### **REVIEW OF ACCOUNTS**

The Sub-Advisor conducts an initial and annual investment review of all Program accounts. In addition, CNB, acting as the custodian, conducts a periodic review of Program accounts for administrative purposes. These reviews are written, however, they are not provided to customers.

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

CNS does not compensate for referrals.

### **FINANCIAL INFORMATION**

Registered investment advisers are required to provide you with certain financial information or disclosures about CNS financial condition. CNS has no financial commitment that impairs its ability to meet contractual commitments to clients.

### **FEE SCHEDULES**

Following are the standard fees for the Program:

#### **INVESTMENT MANAGEMENT**

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

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

1.25% on the first: .....	\$1,000,000
1.00% on the next: .....	\$4,000,000
0.75% on the next: .....	\$5,000,000
0.50% in excess of: .....	\$10,000,000

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

Minimum Annual Fee: .....	\$3,000
Minimum Annual Fee for unique or highly customized mandates: .....	\$12,500.

#### **CONSERVATIVE GROWTH & INCOME**

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

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

0.80% on the first: .....	\$ 1,000,000
0.65% on the next: .....	\$ 4,000,000
0.40% on the next: .....	\$ 5,000,000

0.30% in excess of: .....\$10,000,000

**Account Minimums:**

Minimum Annual Fee:..... \$3,000

Minimum Annual Fee for unique or highly customized mandates: \$10,000.

**FIXED INCOME**

**Annual Fees on Market Value:**

**Assets under Management:**

0.50% on the first:.....\$5,000,000

0.40% on the next: .....\$5,000,000

0.30% on excess of .....\$10,000,000

**Account Minimums:**

Investment Type	Investment Strategy	Minimum Fee	Minimum Account Size
Taxable or Tax Exempt	Multi Strategy	\$3,000	\$250,000
Taxable	Short Intermediate - Standard	\$3,000	\$500,000
Tax Exempt	Short Intermediate – Standard	\$6,000	\$1,000,000
Taxable or Tax Exempt	Intermediate – Standard	\$6,000	\$1,000,000
Taxable or Tax Exempt	Any Strategy – Customized	\$12,000	\$2,000,000

**LIQUIDITY MANAGEMENT**

**Taxable Strategy - Annual Fees on Market Value:**

Minimum Account Size: ..... \$5,000,000

Minimum Annual Fee: ..... \$10,000

**Assets under Management:**

.20% on the first:..... \$10,000,000

.15% on the next:..... \$10,000,000

.10% in excess of:..... \$20,000,000

**Tax-Exempt Strategy - Annual Fees on Market Value:**

Minimum Account Size:..... \$5,000,000

Minimum Annual Fee: ..... \$7,500

**Assets under Management:**

.15% on the first:..... \$5,000,000

.10% on the next:..... \$10,000,000

.08% in excess of:..... \$15,000,000

**Qualified Retirement Plans and IRAs:**

**Transaction Fees:**

Set-Up/Renewal of a Note..... \$ 50.00

Incoming or Outgoing Payment on Note..... 7.50

Set-Up/Close Out of Unique Asset ..... 200.00

Disbursements (includes 1099R) ..... 7.50

Insurance Policies (Holding Fee)..... 7.50/year

**Mutual Funds 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 clients will receive.

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 advisor 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 sales charge. Fund level advisory fees received by City National Rochdale may be partially or wholly rebated to the account on a monthly basis as outlined in the Affiliated Fund Fee section above. Additionally, 12b-1 fees (included as a portion of the Shareholder and Other Service fees above), if applicable, will be rebated to the Account on a monthly basis.

#### **Closed-End and Private Investment Fund Fees and Compensation:**

Clients invested in closed-end funds and private investment funds will bear a proportionate share of the fees and expenses of any fund in which their assets are invested. City National Rochdale or an affiliate advises and/or renders other services to the Closed-end Funds and the Offshore Fund. The fund fees and expenses are in addition to CNS’s asset-based fees reflected in the above fee schedules. These closed-end and private fund fees and expenses typically include investment advisory, administrative, transfer agent, custodial, legal, audit and other customary fees and expenses. Certain Closed-end Funds also pay servicing fees to CNS or an affiliate. CNS has a material conflict of interest in recommending to clients that they invest in closed- end and private fund that pay it and/or its affiliate’s fees. This is because CNS has a financial incentive to recommend funds based on the fees its affiliates will earn rather than on a client’s needs. The client is encouraged to read the prospectuses or offering documents of the funds in which the account assets are invested for a more complete explanation of these fees and expenses.

#### **Other Fees**

CNS’s investment management fees are exclusive of brokerage commissions, transaction fees, and other related costs that clients will pay. Clients will incur other charges imposed by brokers, and other third parties such as fees charged by managers, 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 exchange-traded funds (“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’s fee. The subadvisor, CNR shall receive a fee for managing their Funds and CNR 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.

City National Rochdale receives investment management fees from the 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.