CITY NATIONAL ROCHDALE®
AN RBC/CITY NATIONAL COMPANY

October 2024

Economic Outlook and Investment Strategy

CAS00012206

Investment Strategy Committee Highlights

Economic Outlook

- Slower US growth expected, but fundamentals are solid and recession is likely to be avoided.
- Expected multiyear Fed rate cut cycle is supportive for economy and financial markets.
- Inflation continues to moderate. Recent data shows encouraging declines in core services measures.
- Consumer spending expected to slow, but wealth effects, labor market strength and real income gains remain supportive.
- Business investment spending expected to be boosted by lowering borrowing costs and improved confidence.
- US elections likely to be close; shouldn't influence near term economic activity but market volatility likely.
- Global outlook supported by global central bank easing cycle, but prospects are divergent across economies.
- Geopolitical risks unlikely to meaningfully impact US economic activity, but we remain watchful.

Investment Strategy

- Expecting more modest returns across asset classes in second half of 2024; remain focused on high quality stocks and bonds.
- Staying focused on US equities; our equity exposure is market weight as fundamentals remain strong.
- Expecting a broadening out in equity market participation among lagging segments, particularly once Fed begins easing.
- For clients seeking additional capital appreciation, mid cap equities appear attractive.
- International equity valuations appear relatively attractive, but risks remain. Selection is key.
- Fed rate cuts are bullish for investors and signal that now may be the time to take advantage of interest rates.
- Municipal bonds in the investment grade and high yield categories offer attractive yields on a tax-adjusted basis.
- High yield corporate bond valuations are high, and while absolute yields are attractive, we prefer higher-quality issuers.
- Alternatives* may provide better risk adjusted returns diversification and private market exposure for those clients that can allocate to illiquid investments.

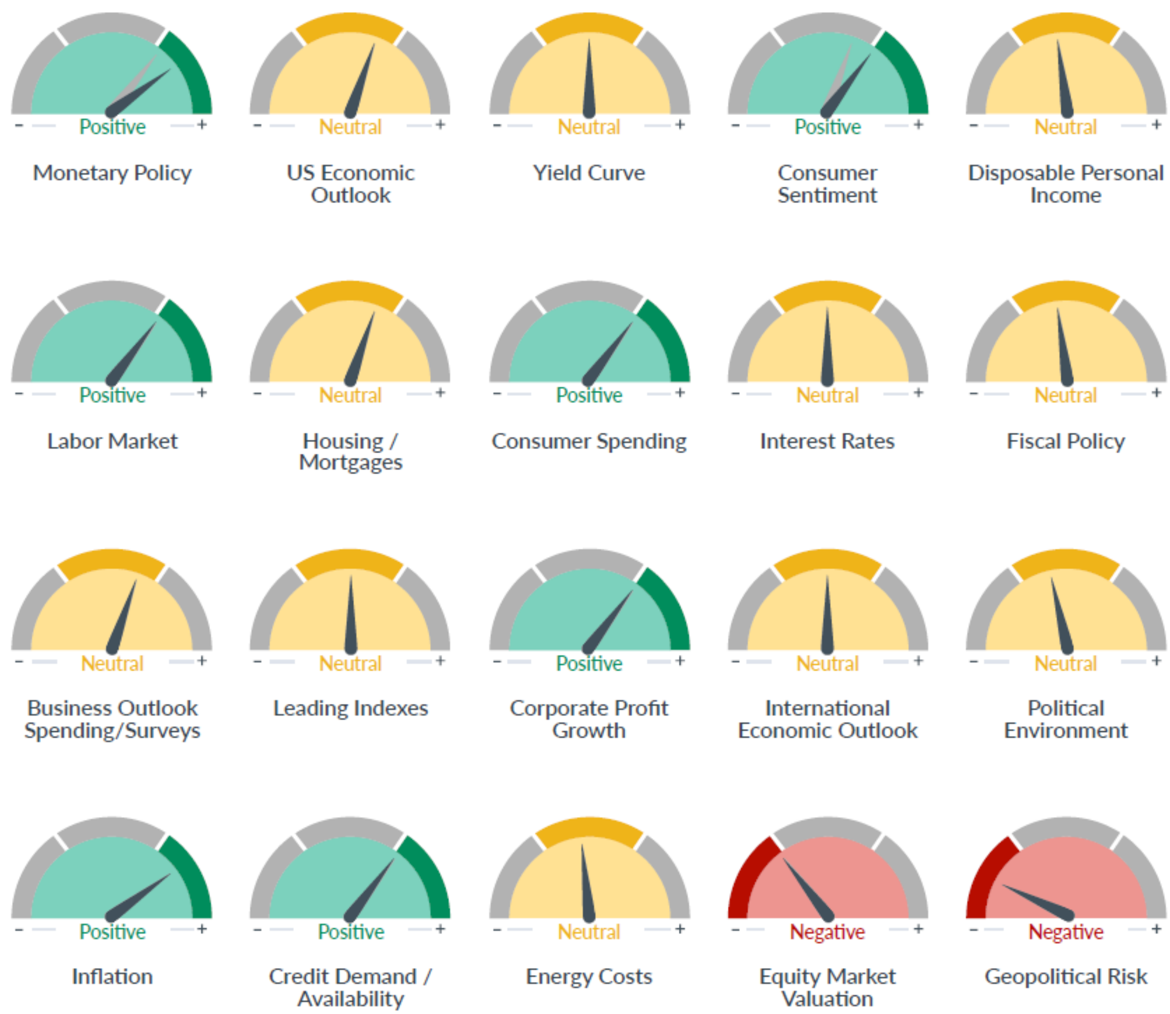
*Alternative investments are speculative, may entail substantial risks and may not be suitable for all investors.
Diversification does not ensure a gain or protect against a loss.
Sources: Bloomberg, CNR Research, as of September 2024.
Information is subject to change and is not a guarantee of future results.

CNR Speedometers® –October 2024

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

- Global outlook divergent, US growth prospects most resilient.
- Cooling inflation paving the way for Federal Reserve easing cycle.
- Slower but positive job and income growth support consumer spending.
- Lower rates and fading post election uncertainty supportive of improved consumer/business sentiment.
- Elevated equity valuations offset by strong corporate profits.
- Geopolitical events remain key risk to outlook.

Impact on Economy and Financial Markets



Impact on investment: ■ Positive ■ Neutral ■ Negative **Timeframe:** ■ Current ■ Change from last month

Source: Proprietary opinions based on CNR Research, as of October 2024. Information is subject to change and is not a guarantee of future results.

Economic Forecasts

- GDP growth to moderate, but economy should remain resilient and avoid recession.
- Corporate profits expected to show improving growth.
- Inflation pressures expected to continue moderating.
- Expecting 75-100 bps of Fed rate cuts in 2024.
- Structural pressures will likely keep longer term Treasury yields higher.

City National Rochdale Forecasts		2023	2024e	2025e
Real Annual GDP Growth		2.5%	1.75% to 2.25%	1.5% to 2.0%
Corporate Profit Growth		1%	9.0% to 12.0%	10% to 14%
Headline CPI Year End		3.3%	2.50% to 3.00%	2.50% to 2.75%
Core CPI Year End		3.9%	2.50% to 3.00%	2.25% to 2.75%
Interest Rates	Federal Funds Rate	5.25% to 5.50%	$\boxed{4.25\% \text{ to } 4.75\%}$	3.75% to 4.25%
	Treasury Note, 10-Yr.	3.88%	$\boxed{3.75\% \text{ to } 4.25\%}$	3.75% to 4.25%

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers.
e: estimate.
Sources: Bloomberg, proprietary opinions based on CNR Research, as of September 2024. Information is subject to change and is not a guarantee of future results.

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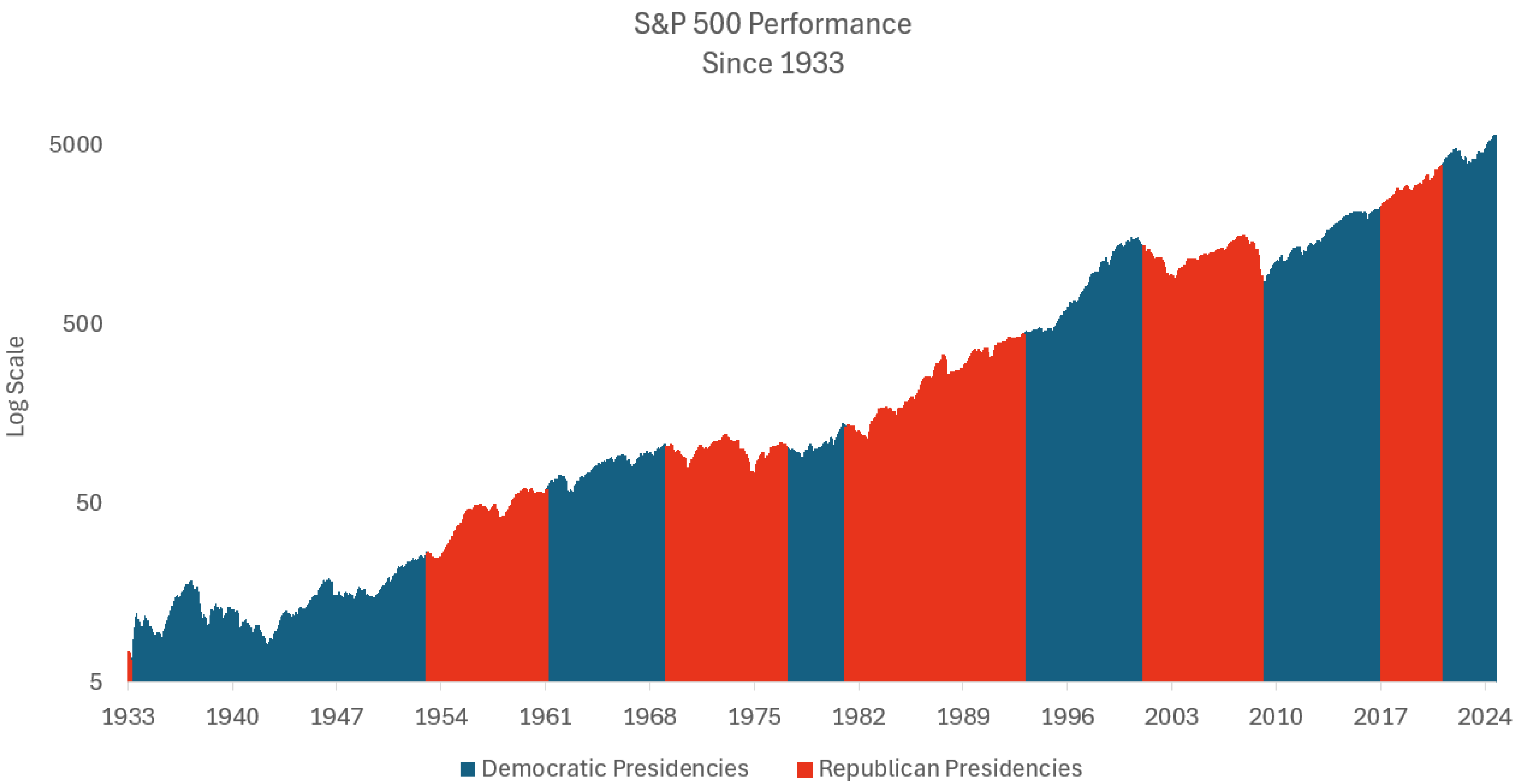
The Stock Market Is Not Partisan

- The stock market has trended higher regardless of presidential party control.
- Corporate profits, interest rates and the direction of monetary policy are typically much more important.

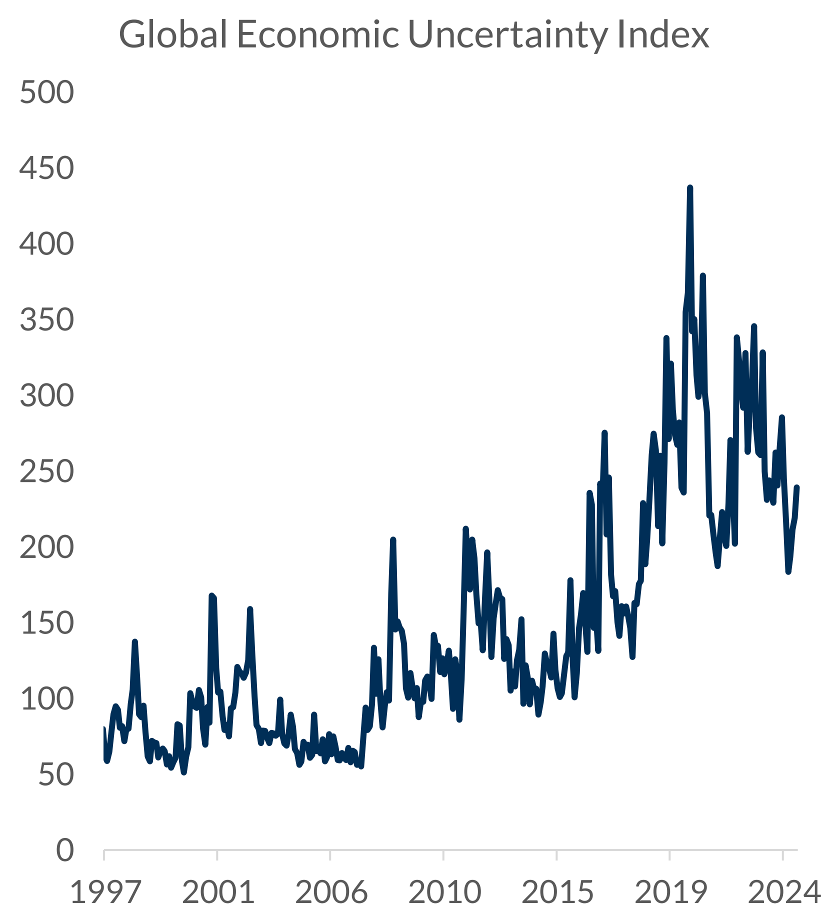


Source: Bloomberg, as of September 2024. Information is subject to change and is not a guarantee of future results. Past performance is not a guarantee of future returns.

Geopolitical Risks Continue to Cloud the Outlook

- Rising global conflicts and tensions are leading to increased economic uncertainty.
- Expect geopolitical considerations to play an increasing role in decision making for nations and corporations.

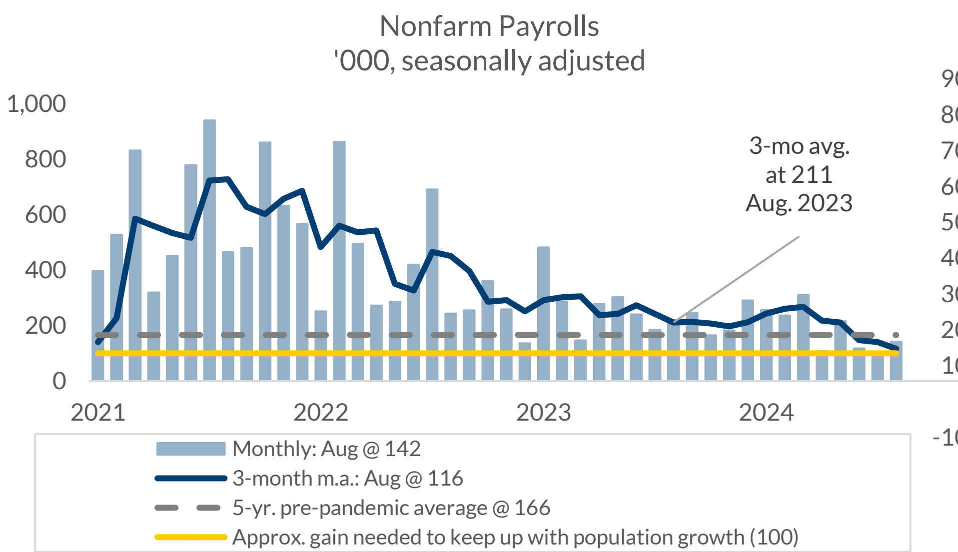
Region	Key Issues
China/ Taiwan	▪ Long term strategic competition with US increasing ▪ Elevated military tensions in South China Sea – Taiwan a potential flashpoint ▪ Watchful for increased tariffs, trade restrictions and supply chain disruptions, especially of chip production
Russia/ Ukraine	▪ No end to conflict in sight, likely to drag on for years ▪ Regional escalation unlikely for now ▪ Watchful for escalation of sanctions, impact on energy prices and EU economic activity
Mideast	▪ Resolution to Israeli-Hamas conflict remains elusive ▪ Risk of further regional escalation is growing ▪ Watchful for impact on oil and greater international entanglement

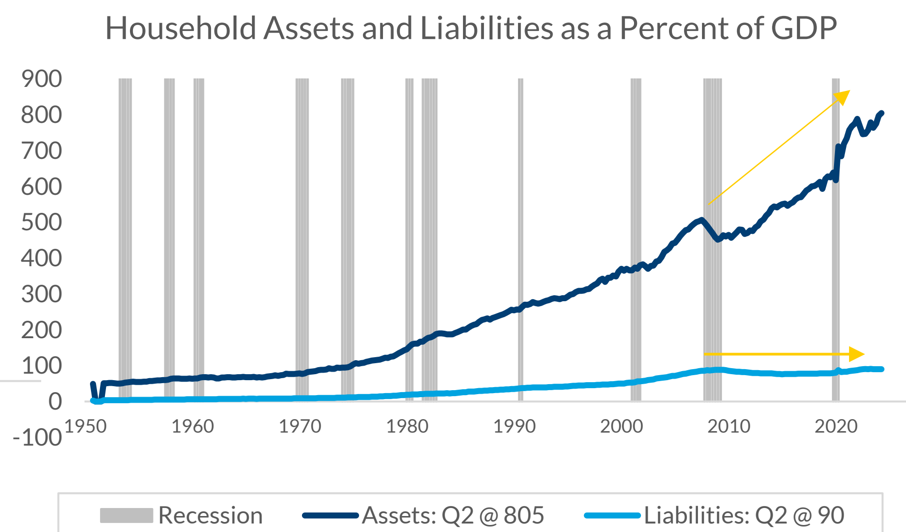


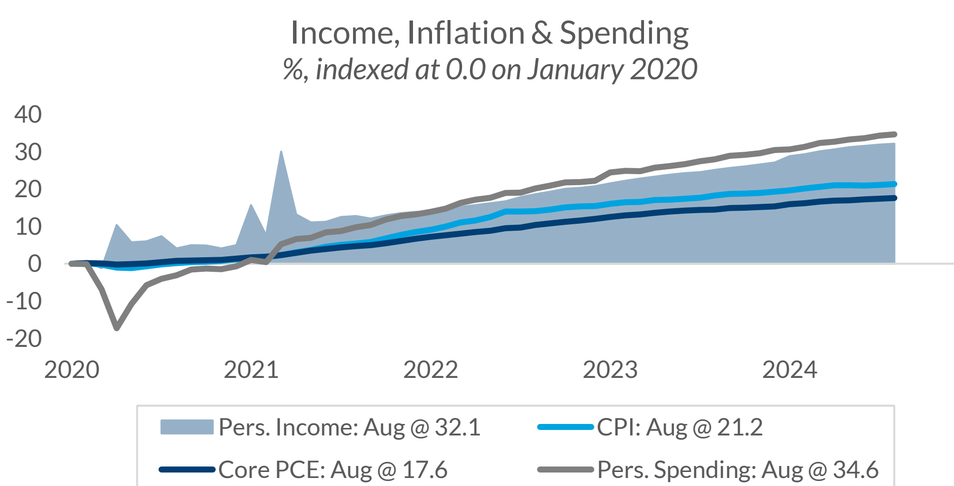
Sources: CNR Research, economicpolicyuncertainty.com, as of September 2024.
Information is subject to change and is not a guarantee of future results.

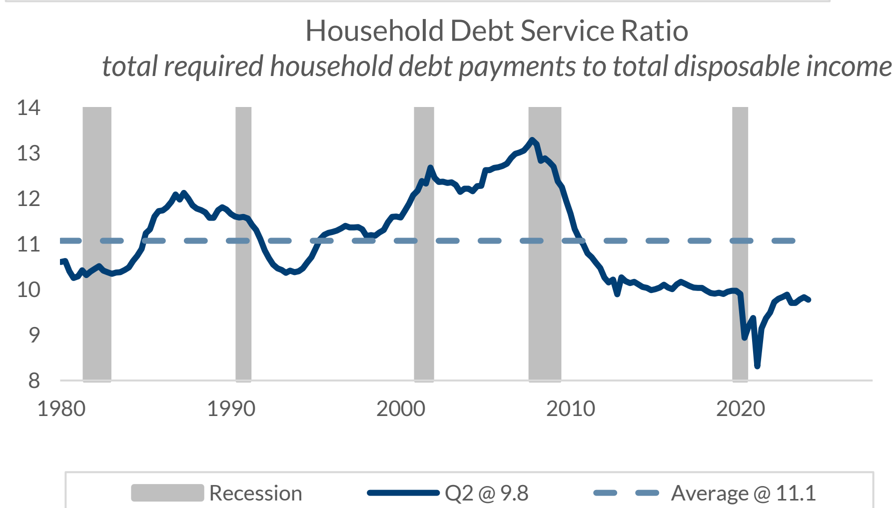
Income & Spending

- The strong economy has created more than 6 million jobs from pre-pandemic levels and robust household income.
- This has created stronger household balance sheets and supported a solid pace of spending.







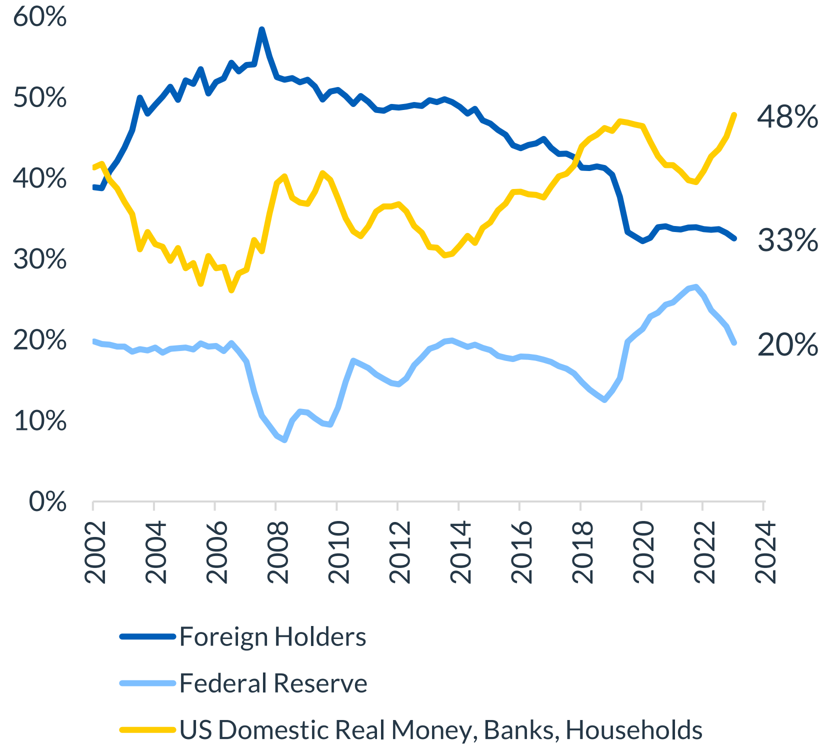


Sources: Chart 1: Bureau of Labor Statistics, as of August 2024. Chart 2: Federal Reserve Bank, Bureau of Economic Analysis, as of Q2 2024. Chart 3: Bureau of Economic Analysis, Bureau of Labor Statistics, as of August 2024. Chart 4: The Federal Reserve, as of July 2024.
Information is subject to change and is not a guarantee of future results.

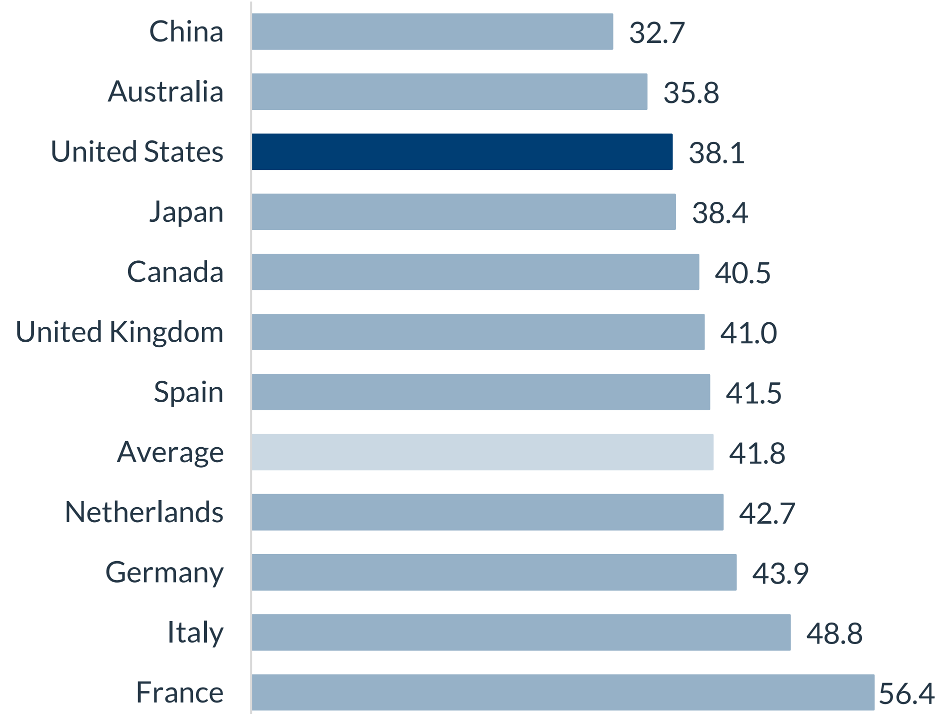
The Federal Debt Is Large, but Manageable for Now

- While large, the deficit for the next 10 years appears to be in line with that of the past 10 years.
- Last year's deficit grew due to lower tax receipts, increased Social Security spending and higher treasury debt yields.
- The rise in federal debt is consistent with that of many other developed countries.

Holders of Treasury Debt Outstanding
By Percent



Government Spending
% of GDP

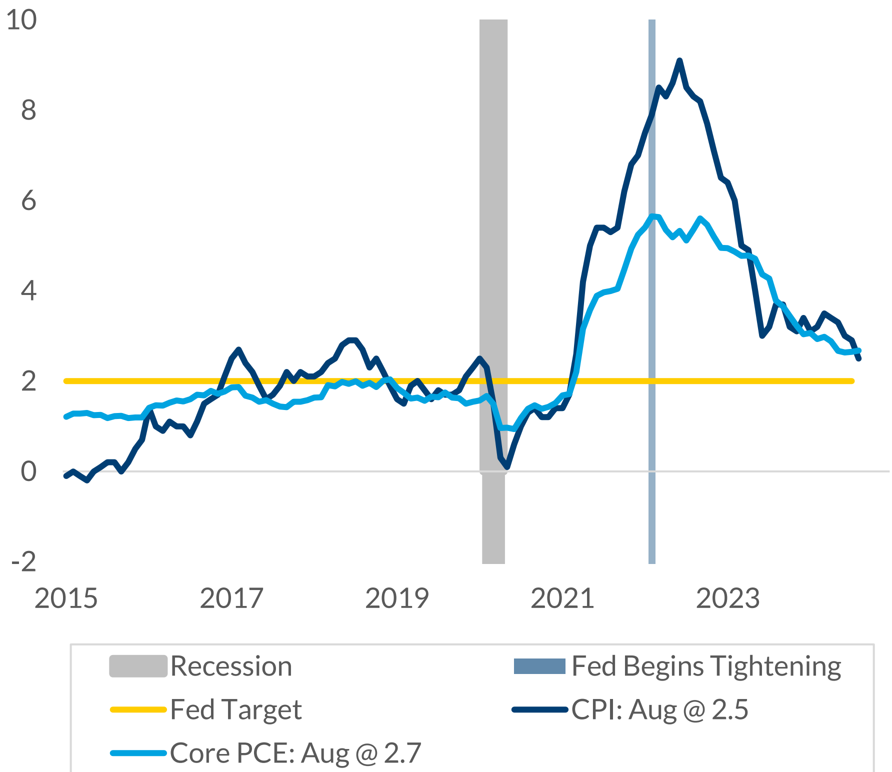


Sources: Bloomberg, as of May 2024; International Monetary Fund, as of Q2 2022.
Information is subject to change and is not a guarantee of future results.

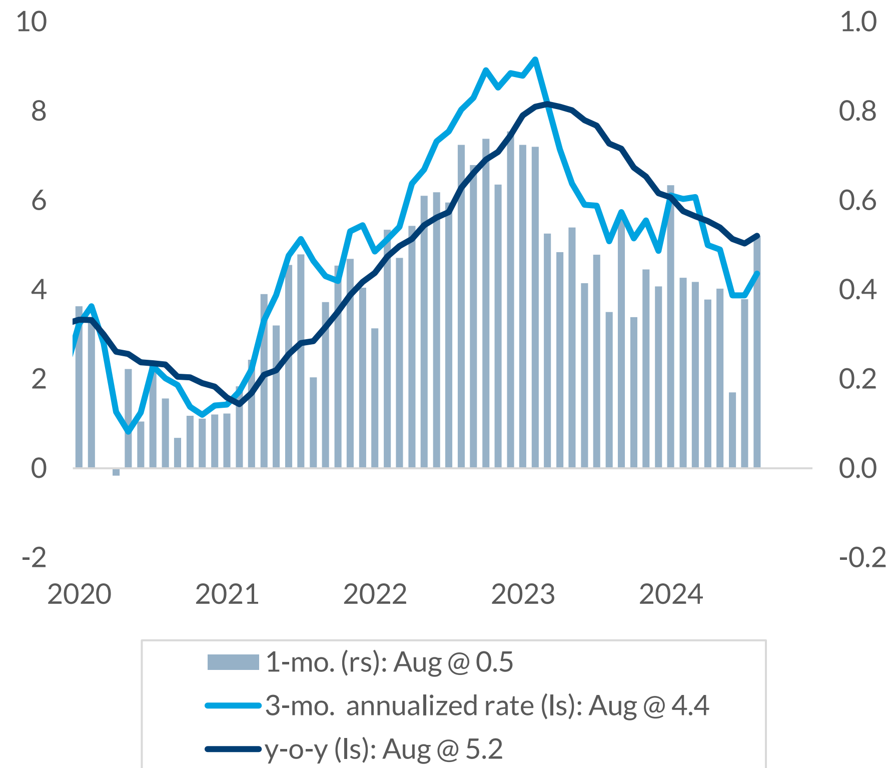
Inflation Expected to Continue to Moderate

- Although the CPI report is the best-known inflation measurement, the PCE price index is the one the Fed follows.
- Both measurements appear to be heading toward the Fed's target rate of 2.0%.
- Housing (Shelter) is the largest component of the inflation measurements and has been the driving force of lower inflation.

Inflation: CPI & Core PCE
% change, y-o-y, seasonally adjusted



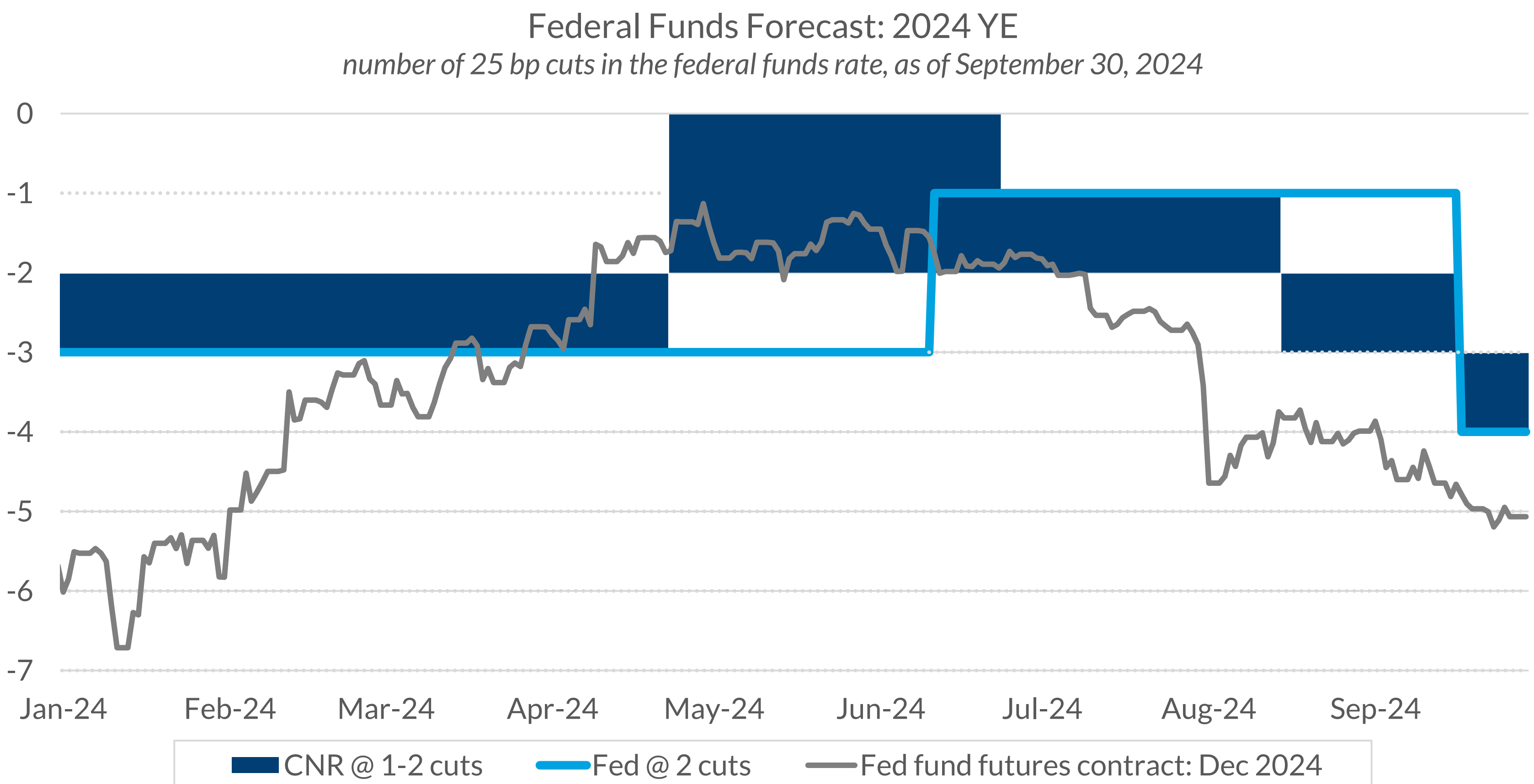
CPI: Shelter
% change, seasonally adjusted



Sources: Bureau of Labor Statistics and Bureau of Economic Analysis, as of August 2024; Bureau of Labor Statistics, as of August 2024.
Information is subject to change and is not a guarantee of future results.

Federal Reserve Looks Set to Begin Slowly Cutting Rates

- In September, the Fed began easing monetary policy by cutting the federal funds rate by 50 basis points.
- The Fed plans another 50 bps reduction this year and 100 bps in cuts next year.
- The Fed views the economy as in “good shape” and plans to lower interest rates to support continued growth.

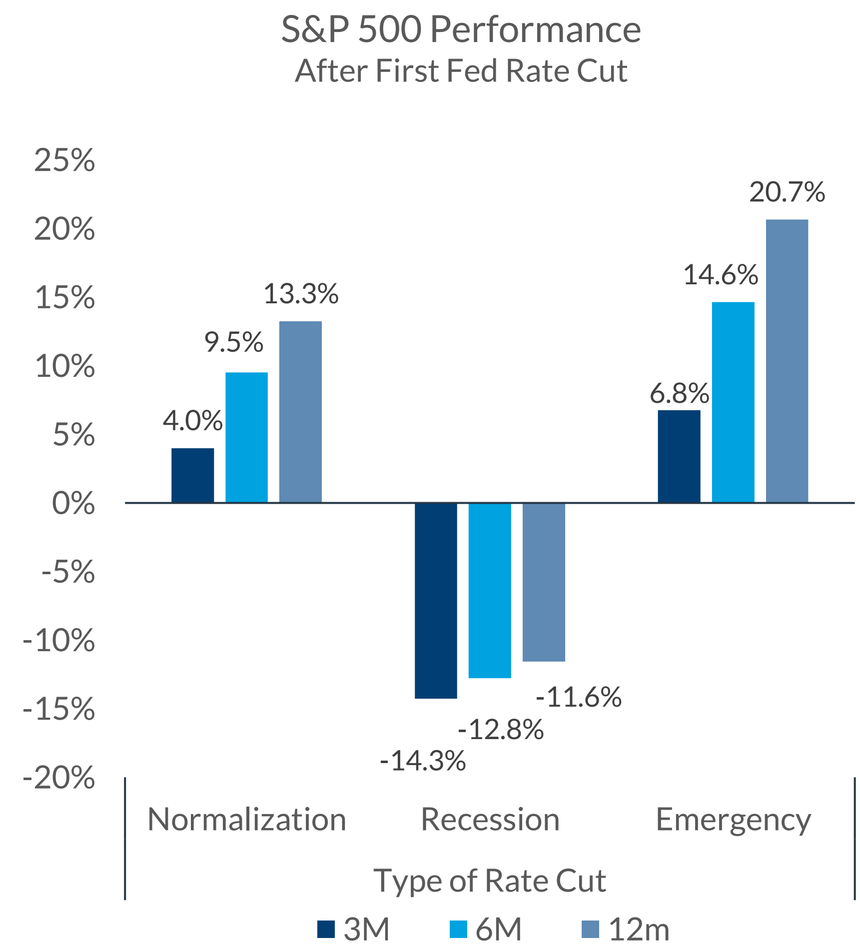


Sources: Federal Reserve Bank, Bloomberg’s WIRP page, CNR Research, as of September 30, 2024.
Information is subject to change and is not a guarantee of future results.

The Stock Market and Fed Rate Cuts

- Stock market performance has historically been influenced by the purpose of Fed rate cuts.
- When the Fed is cutting to normalize rates rather than for recessionary concerns, stocks tend to do well.

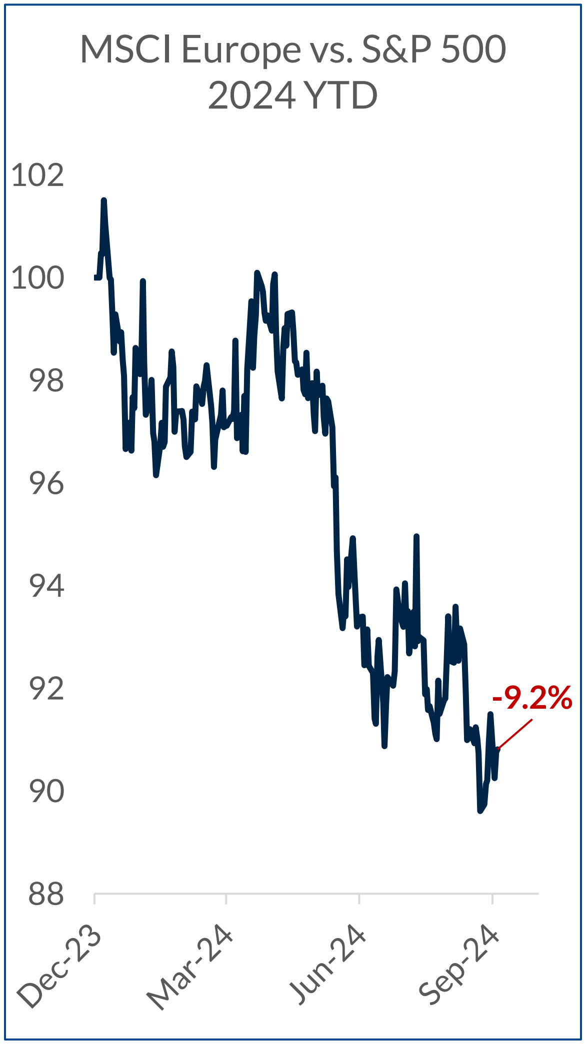
Date of First Cut	Type of Fed Rate Cut	S&P 500 Return		
		3M	6M	12m
9/27/1984	Normalization	-0.7%	7.5%	8.6%
10/22/1987	Emergency	-0.7%	4.8%	13.9%
6/5/1989	Normalization	9.8%	8.9%	14.1%
7/13/1990	Recession	-19.8%	-14.2%	3.5%
7/6/1995	Normalization	5.0%	11.5%	21.4%
9/29/1998	Emergency	18.4%	22.6%	20.9%
1/3/2001	Recession	-18.1%	-9.5%	-14.3%
9/18/2007	Recession	-4.9%	-14.6%	-23.9%
7/31/2019	Normalization	1.9%	10.2%	8.9%
3/3/2020	Emergency	2.6%	16.5%	27.2%
	Average	**-0.7%**	**4.4%**	**8.0%**

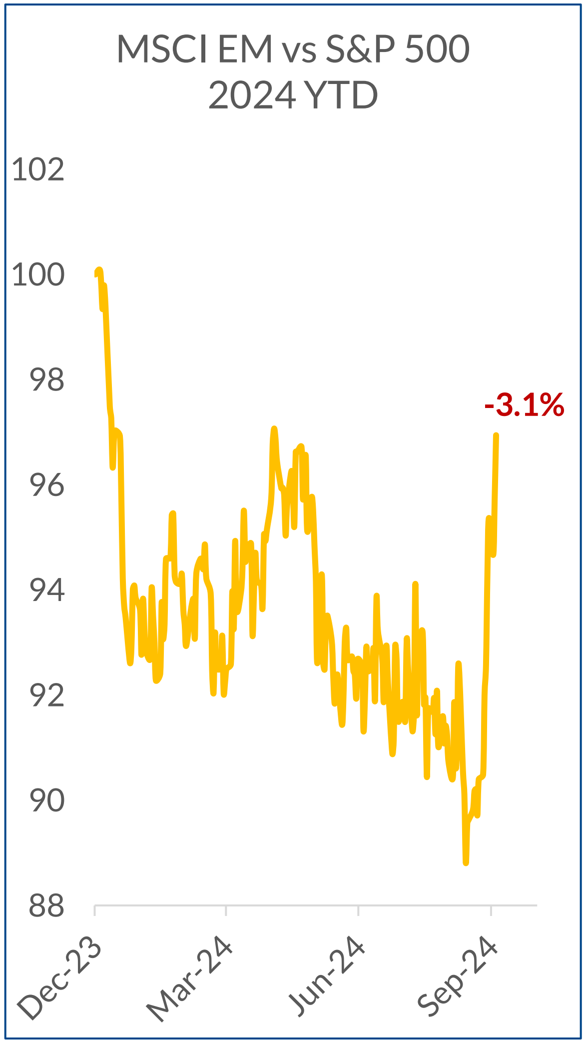


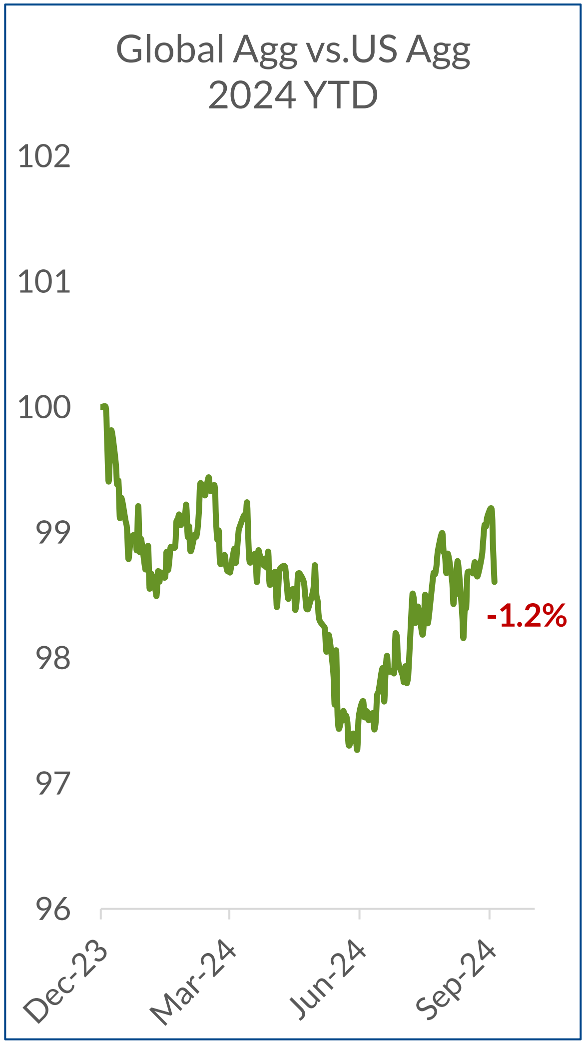
Emergency Cuts = Black Monday (1987), Russian Ruble/LTCM Crisis (1998), COVID (2020)
Sources: FactSet, St. Louis Fed. Information is subject to change and is not a guarantee of future results.

Global Markets Have Underperformed US

- The U.S. market continues to climb compared to international markets.
- At times, international investments have appeared attractive this year, but the opportunities have been fleeting.



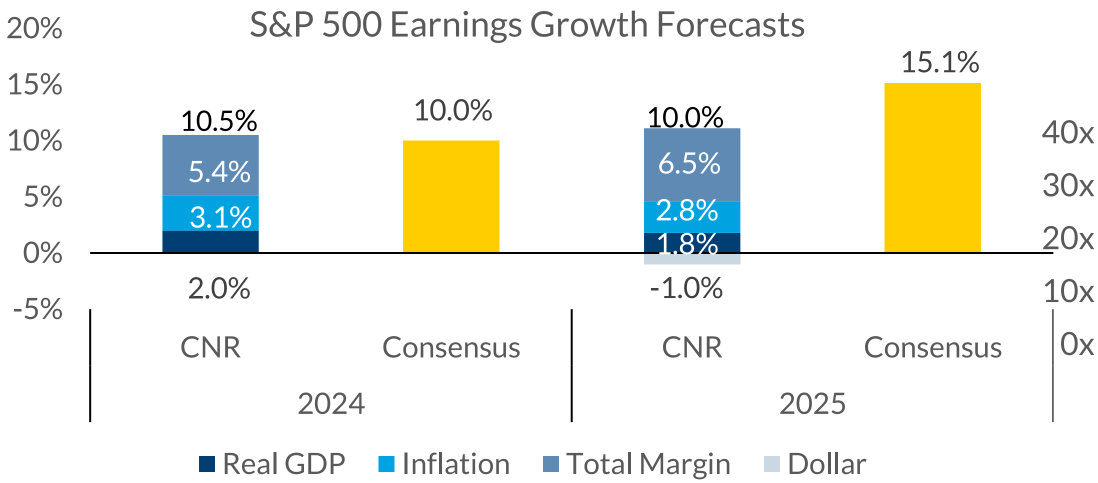


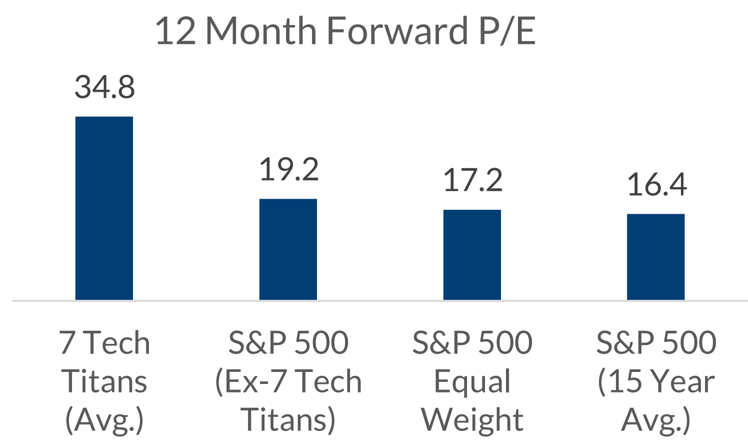


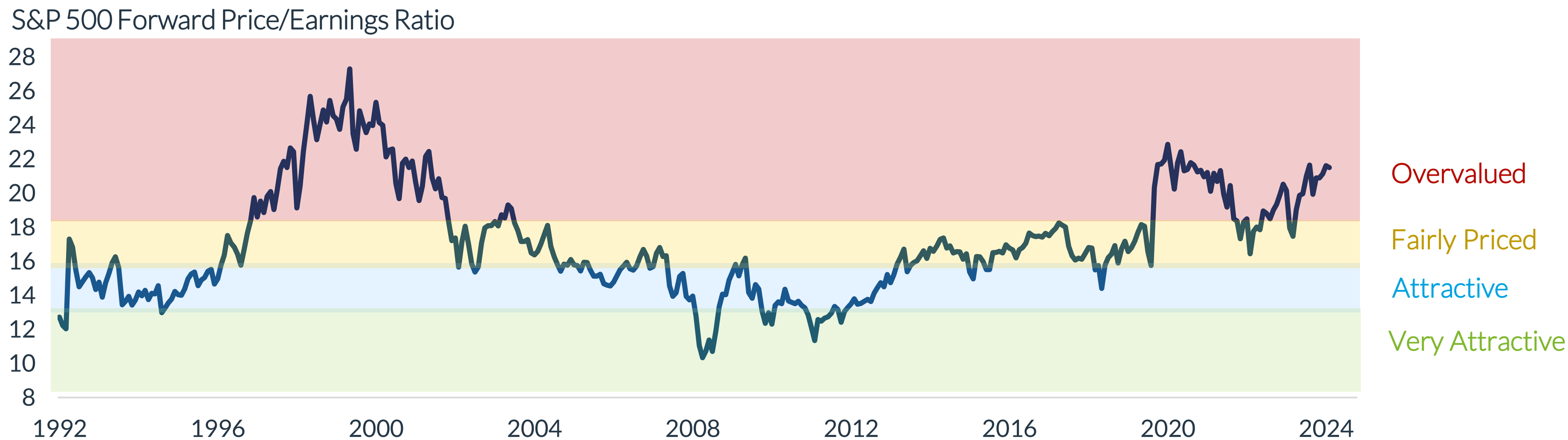
Source: Bloomberg, as of October 2, 2024. Information is subject to change and is not a guarantee of future results.

Equity Risk/Reward Conditions Appear Modestly Positive

- Focusing on fundamentals is key.
- Improving non-tech earnings expected to support solid corporate profit growth, but 2025 expectations bar is high.
- Equity valuations appear more reasonable for broader market.







Sources: FactSet, CNR Research, as of September 30, 2024.
Indices are unmanaged, and one cannot invest directly in an index. Information is subject to change and is not a guarantee of future results.

Sector Performance

Asset Class	2017	2018	2019	2020	2021	2022	2023	YTD 09/30/24
S&P 500	21.8%	-4.4%	31.5%	18.4%	28.7%	-18.1%	26.3%	22.1%
S&P 500 Growth	27.5%	0.0%	31.1%	33.5%	32.0%	-29.4%	30.0%	28.2%
S&P 500 Value	15.4%	-9.0%	31.9%	1.4%	24.9%	-5.2%	22.2%	15.4%

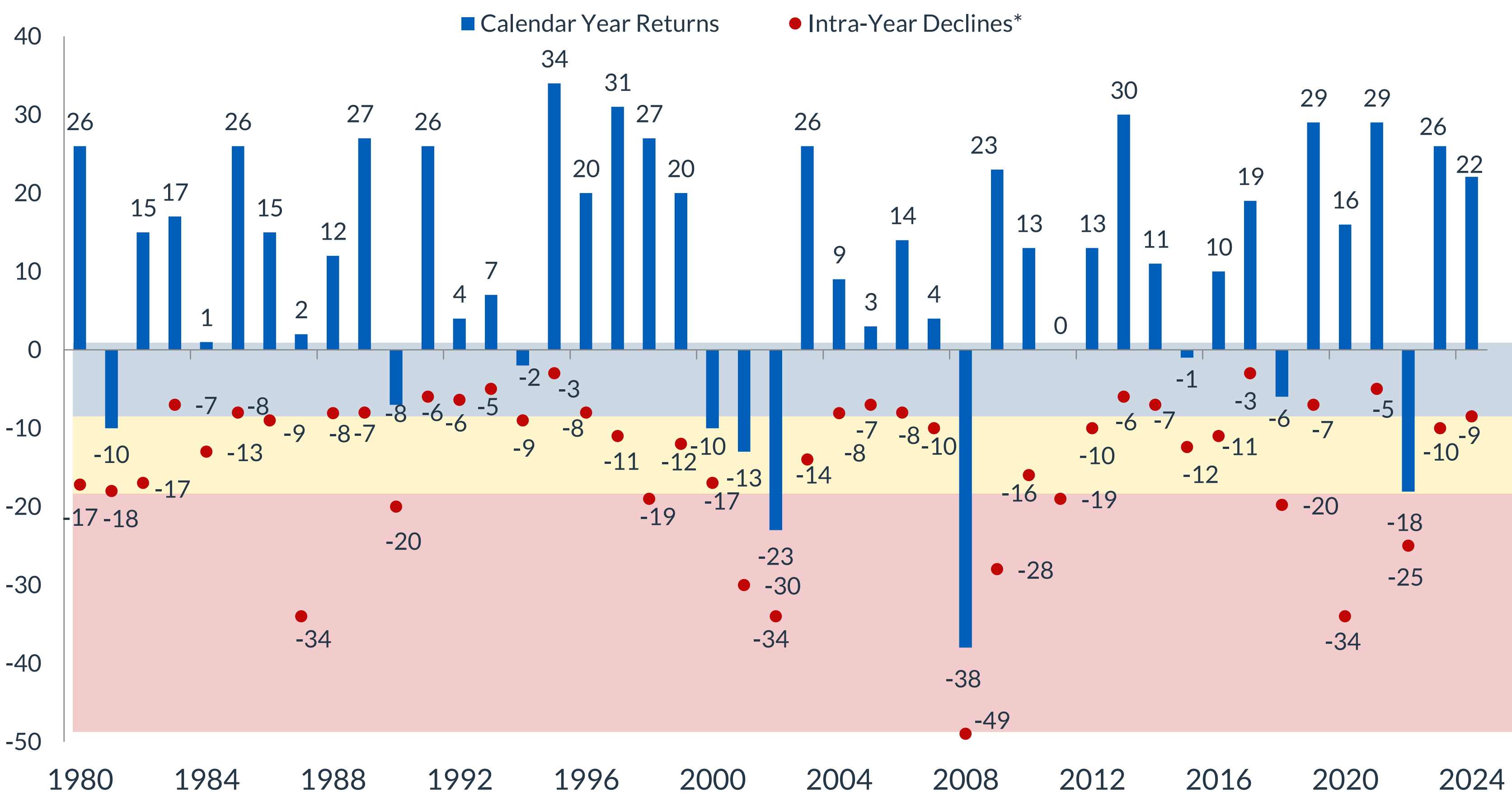
S&P 500 Sectors	2017	2018	2019	2020	2021	2022	2023	YTD 09/30/24	S&P Weight 09/30/24
Communication Services	-1.25%	-12.53%	32.69%	23.61%	21.57%	-39.89%	55.80%	28.81%	8.86%
Consumer Discretionary	22.98%	0.83%	27.94%	33.30%	24.43%	-37.03%	42.41%	13.91%	10.11%
Consumer Staples	13.49%	-8.38%	27.61%	10.75%	18.63%	-0.62%	0.52%	18.74%	5.89%
Energy	-1.01%	-18.10%	11.81%	-33.68%	54.64%	65.72%	-1.33%	8.36%	3.31%
Financials	22.18%	-13.03%	32.13%	-1.69%	35.04%	-10.53%	12.15%	21.91%	12.91%
Health Care	22.08%	6.47%	20.82%	13.45%	26.13%	-1.95%	2.06%	14.35%	11.60%
Industrials	21.03%	-13.29%	29.37%	11.06%	21.12%	-5.48%	18.13%	20.20%	8.51%
Information Technology	38.83%	-0.29%	50.29%	43.89%	34.53%	-28.19%	57.84%	30.31%	31.70%
Materials	23.84%	-14.70%	24.58%	20.73%	27.28%	-12.27%	12.55%	14.14%	2.23%
Real Estate	10.85%	-2.22%	29.01%	-2.17%	46.19%	-26.13%	12.36%	14.31%	2.34%
Utilities	12.11%	4.11%	26.35%	0.48%	17.67%	1.57%	-7.08%	30.63%	2.53%

Source: S&P, as of September 30, 2024.
Past performance is no guarantee of future results. Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

Short-Term Volatility Is Normal

- Corrections are a normal part of market movements.
- The breadth and depth of this pullback are likely to add more time to an ultimate recovery.

S&P 500 Return (%)



Sources: Bloomberg, CNR Research, as of September 30, 2024.
*Intra-year declines are the largest declines within the calendar year.
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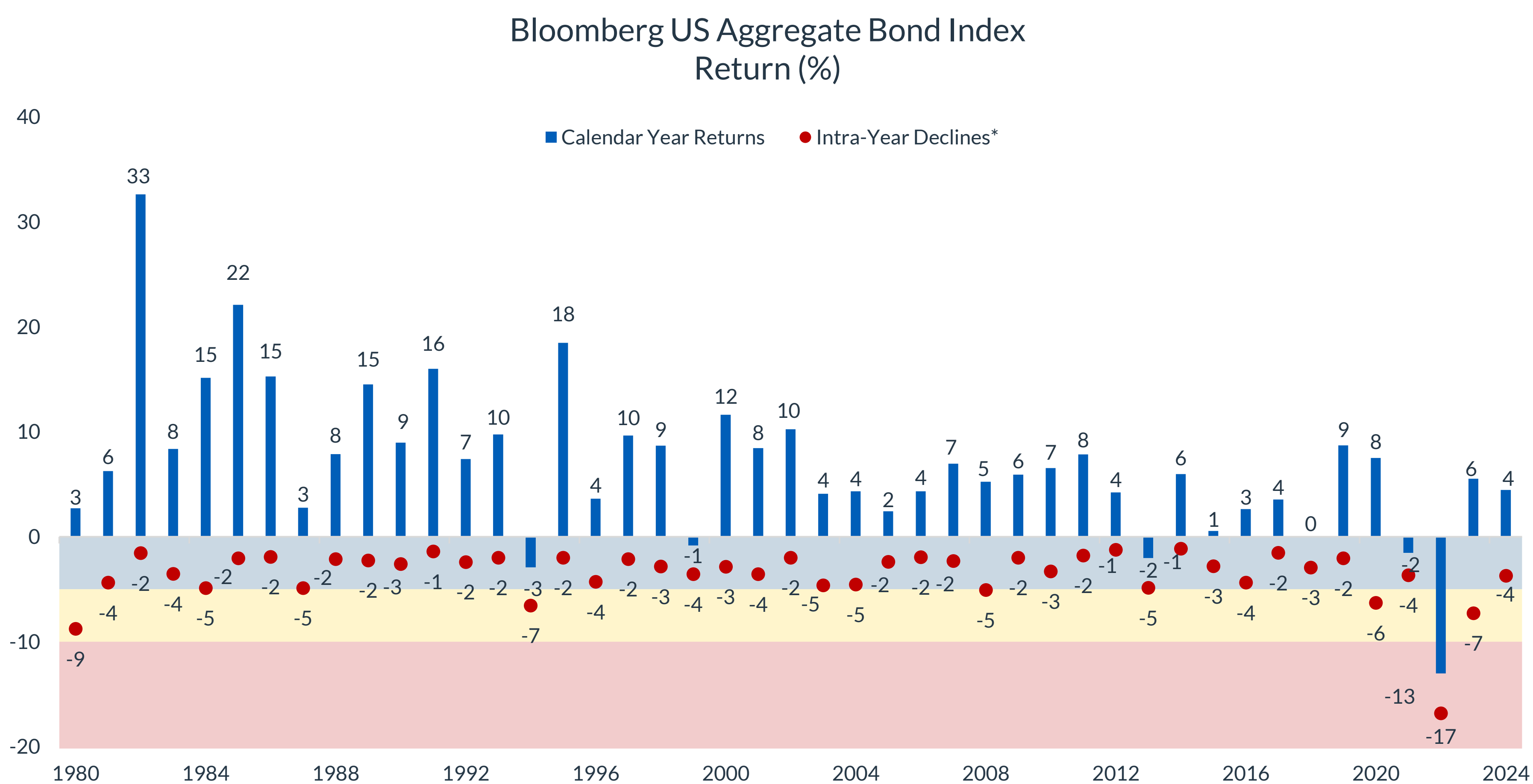
Short-Term Bond Market Volatility Is Not Normal

- Three years of negative returns in fixed income are unprecedented; near term volatility should remain elevated.
- Maintaining focus on quality and neutral duration relative to appropriate benchmarks.



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*Intra-year declines are the largest declines within the calendar year.
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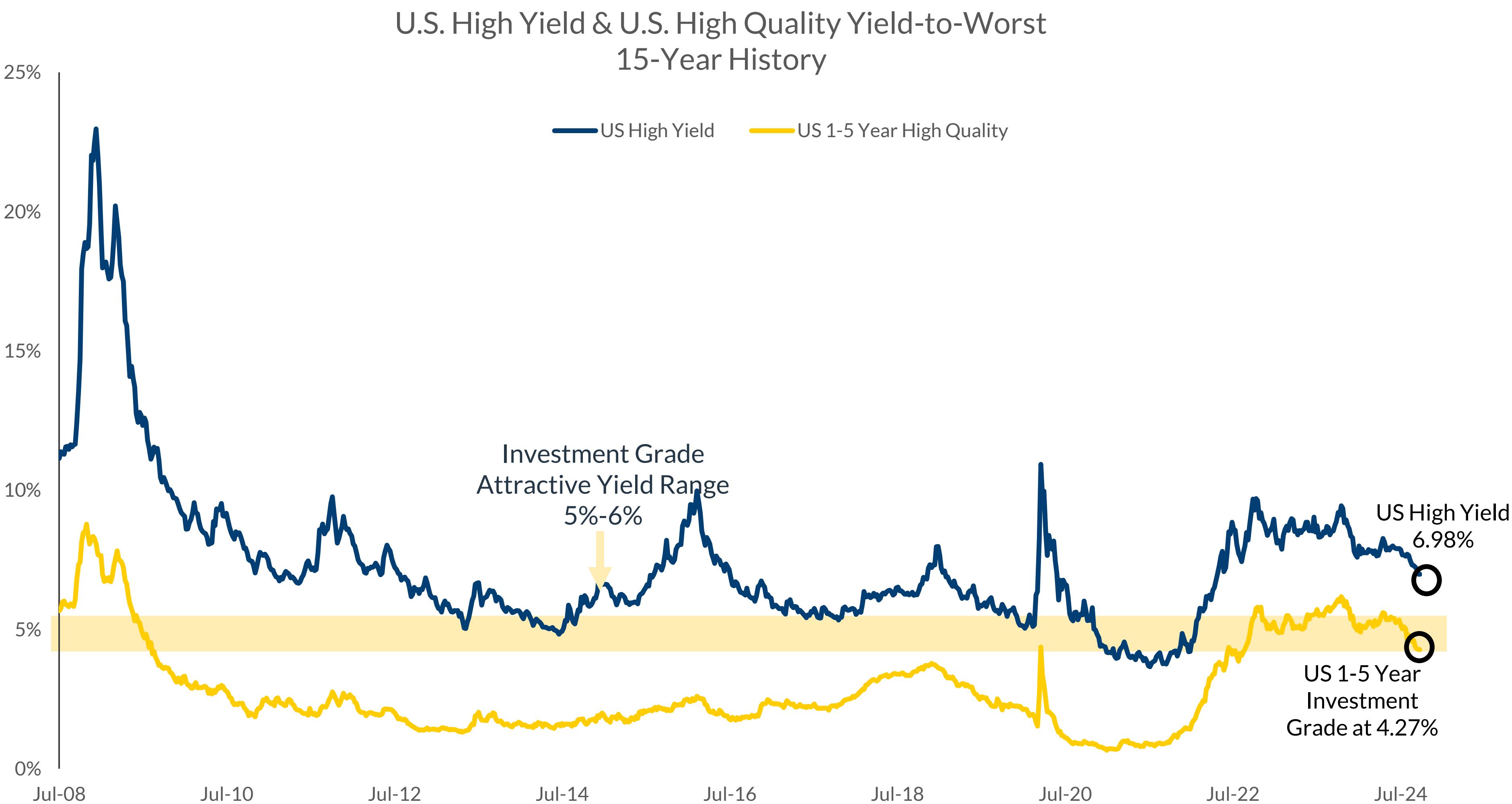
Attractive Investment Grade Yield

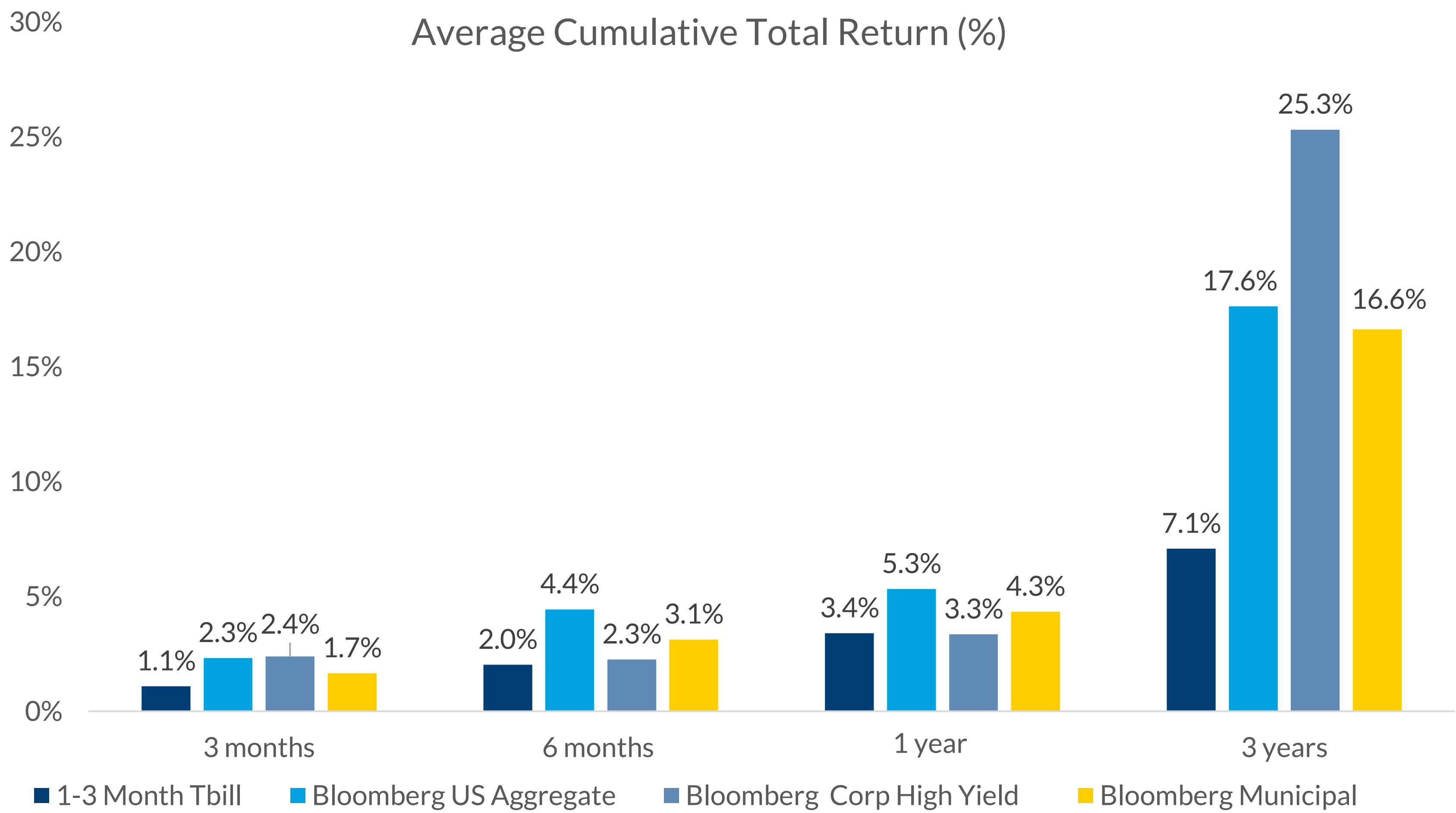
The First Time in 15 Years



Sources: Bloomberg, CNR Research, as of September 27, 2024.
Past performance is no guarantee of future results.
Indices used: HY: Bloomberg US Corporate High Yield Total Return Index Value Unhedged USD 1-5y. IG: Bloomberg US Corporate 1-5 Year Total Return Index Value Unhedged USD. Refer to the index definitions for more information.

Historical Fixed Income Performance Post-Rate Cut

- Historically, extending duration can enhance forward returns in bond portfolios as the Fed cuts rates.
- Despite structural pressures on interest rates, we believe now is a good time to purchase longer maturities.



Source: Bloomberg. Data represents the average performance of the Bloomberg 1-3 Month Tbill Index, Bloomberg US Aggregate Index, Bloomberg High Yield Index and the Bloomberg Municipal Index over 3-month, 6-month, 1-year and 3-year time periods following the first Federal Reserve rate cut with start dates of 7/31/2019, 9/18/2007, 1/3/2001 and 7/6/1995.
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Strategy Insights – October 2024

Core Equity

- We believe more moderate returns ahead are likely with higher volatility, especially as Election Day approaches.
- Market focus is likely to shift more to fundamentals from AI excitement — improving earnings is key to a continued rally.
- Valuations are elevated, particularly in growth and tech related areas, but appear more reasonable for broader market.
- Fed easing cycle expected to be a tailwind for the market, especially lagging and more cyclical segments.

Equity Income

- Fed easing cycle and prospects for lower interest rates are supportive of forward returns.
- Valuations remain reasonable from a historical perspective.
- Steady dividend growth can provide potential hedge against inflation for income needs.
- Defensive characteristics may exhibit lower volatility than the broader market in a potential market correction.

Core Fixed Income

- Attractive absolute yields could strengthen return potential and enhance cash flow generation.
- Extending duration could add value to investor portfolios, particularly for longer-maturity strategies.
- Technical indicators reflect a market more in balance between supply and demand, thus potential opportunity.
- Credit conditions remain sound, in our view, and should keep risk compensation in check amid a moderating economy.

Opportunistic Fixed Income/Alternatives*

- Most markets are carrying significant current yields, presenting broad opportunities, in our view.
- We believe high current income opportunities will help offset potential market volatility.
- Underlying market fundamentals continue to appear strong and supportive of positive returns.
- Addition of asset classes such as private credit and CLOs could diversify portfolios and contribute to higher potential.

Source: CNR Research, as of October 2024. Information is subject to change and is not a guarantee of future results.
*Alternative investments are speculative, may entail substantial risks and may not be suitable for all investors.

Index Definitions

The Standard & Poor's 500 Index (S&P 500) is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity and industry group representation to represent US equity performance.

The Bloomberg Barclays US Corporate High Yield Index is an unmanaged, US-dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of $150 million.

Bloomberg US 1-15 Yr. Municipal Bond Index consists of a broad selection of investment grade general obligation and revenue bonds of maturities ranging from one year to 17 years.

Bloomberg Tax-Exempt HY is market value-weighted and designed to measure the performance of US dollar-denominated high-yield municipal bonds issued by US states, the District of Columbia, US territories and local governments or agencies.

A consumer price index (CPI) measures changes in the price level of a market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

The Bloomberg Barclays US Intermediate Corporate Bond Index is a measure of the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers that have between 1 and up to, but not including, 10 years to maturity. The maturity range of the bonds included in the index is between 1 to 9.9999 years.

The Dow Jones US Select Dividend Index aims to represent the US's leading stocks by dividend yield.

Bloomberg Municipal Bond Inter-Short 1-10 year – Subset of the Bloomberg Municipal Bond Index and measures the performance of investment grade municipal bonds with the effective maturity between 1 and 10 years

Bloomberg Municipal Bond California Inter-Short: Subset of the Bloomberg Municipal Bond Index and measures the performance of California state investment grade municipal bonds with the effective maturity between 1 and 10 years

Bloomberg Municipal Bond New York Inter-Short: Subset of the Bloomberg Municipal Bond Index and measures the performance of New York state investment grade municipal bonds with the effective maturity between 1 and 10 years

The Nasdaq 100 Index is a collection of the 100 largest, most actively traded companies listed on the Nasdaq stock exchange.

Index Definitions

MSCI EAFE Index. The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization weighted index that is designed to measure developed equity market results, excluding the US and Canada.

The MSCI EM Asia Index is a stock market index that tracks the performance of large and mid cap companies in eight emerging Asian countries. The index is a subset of the MSCI Emerging Markets Index, which covers 25 countries with fast-growing economies

Bloomberg US 6M Treasury Bill Index: The 6 Month Treasury Bill Rate is the yield received for investing in a US government issued treasury bill that has a maturity of 6 months.

Bloomberg Tax-Exempt HY is market value-weighted and designed to measure the performance of US dollar-denominated high-yield municipal bonds issued by US states, the District of Columbia, US territories and local governments or agencies.

The Bloomberg US Municipal Bond Index measures the performance of investment grade, US dollar-denominated, long-term tax-exempt bonds.

The Bloomberg Barclays US Corporate High Yield Bond Index is a measure of the USD-denominated, high yield, fixed-rate corporate bond market.

The Bloomberg US Aggregate Bond Index measures the performance of investment grade, US dollar-denominated, fixed-rate taxable bonds.

Bloomberg US 1-15 Yr. Municipal Bond Index consists of a broad selection of investment grade general obligation and revenue bonds of maturities ranging from one year to 17 years.

Bloomberg US EQ:FI 60:40 Index is designed to measure cross-asset market performance in the US.

The Russell 2000 Index is a stock market index that measures the performance of the 2,000 smaller companies included in the Russell 3000 Index. The Russell 2000 is managed by London's FTSE Russell Group, widely regarded as a bellwether of the U.S. economy because of its focus on smaller companies in the U.S. market.

The S&P 500® Value measures constituents from the S&P 500 that are classified as value stocks based on three factors: the ratios of book value, earnings and sales to price.

The S&P 500® Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

The Bloomberg US Treasury 20+ Year Index measures the performance of US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with a maturity greater than 20 years.

The World Uncertainty Index is a measure that tracks uncertainty across the globe by text mining the country reports of the Economist Intelligence Unit. The index is available for 143 countries.

Definitions

The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending.

6M T-Bills: The 6 Month Treasury Bill Rate is the yield received for investing in a US government issued treasury bill that has a maturity of 6 months.

Employment Index: US jobs with the exception of farmwork; unincorporated self-employment; and employment by private households, the military, and intelligence agencies.

A consumer price index (CPI) measures changes in the price level of a market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

A collateralized loan obligation (CLO) is a single security backed by a pool of debt.

A leveraged loan is a type of loan that is extended to companies or individuals that already have considerable amounts of debt or poor credit history.

Muni Bond: A municipal bond is a debt security issued by a state, municipality or county to finance its capital expenditures, including the construction of highways, bridges or schools. These bonds can be thought of as loans that investors make to local governments.

Liquidity Management: The liquidity index calculates the days required to convert a company's trade receivables and inventory into cash.

Investment Grade Municipal Bonds: Investment-grade municipal bonds are debt securities, issued by state and local governments carrying the lowest credit risk that a bond issuer may default. Investment Grade Municipal Bonds: Bloomberg Municipal Bond Inter-Short 1-10 Year Total Return Index.

Investment Grade Corporate Bonds: Investment grade corporate bonds are low-risk bonds. Because they are bonds, they are not tied to equity. Instead, they are like debt notes issued by a corporation. Investment Grade Corporate Bonds: Bloomberg Intermediate Corporate Bond Index.

The “core” Personal Consumption Expenditures (PCE) price index is defined as prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation.

Municipal bonds (or “munis”) are a fixture among income-investing portfolios. Investors who want higher returns can invest in high yield municipal bonds.

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country’s borders in a specific time period.

CNR Speedometers® are indicators that reflect forecasts of a 6 to 9 month time horizon. The colors of each indicator, as well as the direction of the arrows represent our positive/negative/neutral view for each indicator. Thus, arrows directed towards the (+) sign represents a positive view which in turn makes it green. Arrows directed towards the (-) sign represents a negative view which in turn makes it red. Arrows that land in the middle of the indicator, in line with the (0), represents a neutral view which in turn makes it yellow. All of these indicators combined affect City National Rochdale’s overall outlook of the economy.

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Important Information

The views expressed represent the opinions of City National Rochdale, LLC (CNR) which are subject to change and are not intended as a forecast or guarantee of future results. Stated information is provided for informational purposes only, and should not be perceived as personalized investment, financial, legal or tax advice or a recommendation for any security. It is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness. While CNR believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and management's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based-on assumptions which may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements.

All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met, and investors may lose money. Diversification may not protect against market risk or loss. Past performance is no guarantee of future performance.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

CNR is free from any political affiliation and does not support any political party or group over another.

Bonds are subject to interest rate risks and will decline in value as interest rates rise.

HY: Investing in securities that are not investment grade offers a higher yield but also carries a greater degree of risk of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments.

Equity investing strategies & products. There are inherent risks with equity investing. These risks include, but are not limited to stock market, manager or investment style. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Fixed Income investing strategies & products. There are inherent risks with fixed income investing. These risks include, but are not limited to, interest rate, call, credit, market, inflation, government policy, liquidity or junk bond risks. When interest rates rise, bond prices fall. This risk is heightened with investments in longer-duration fixed income securities and during periods when prevailing interest rates are low or negative.

High yield securities. Investments in below-investment-grade debt securities, which are usually called “high yield” or “junk bonds,” are typically in weaker financial health. Such securities can be harder to value and sell, and their prices can be more volatile than more highly rated securities. While these securities generally have higher rates of interest, they also involve greater risk of default than do securities of a higher-quality rating.

Municipal securities. The yields and market values of municipal securities may be more affected by changes in tax rates and policies than similar income-bearing taxable securities. Certain investors' incomes may be subject to the Federal Alternative Minimum Tax (AMT), and taxable gains are also possible. Investments in the municipal securities of a particular state or territory may be subject to the risk that changes in the economic conditions of that state or territory will negatively impact performance. These events may include severe financial difficulties and continued budget deficits, economic or political policy changes, tax base erosion, state constitutional limits on tax increases and changes in the credit ratings.

Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect investments. Alternative investments are speculative and involve a high degree of risk.

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