

2016 Important Tax-Exempt Fund Information

Federal Tax Treatment

Federal tax law allows dividends from mutual funds that invest in municipal obligations to be considered tax exempt income. Any income distribution that qualifies as a tax exempt interest is reported on your Form 1099-DIV, Box 10. You must report this amount on Line 8b of your 2016 Form 1040. The amount reported in box 11 of Form 1099-DIV must be used in preparing Form 6251 to determine if you are subject to Alternative Minimum Tax. Any income distribution that is taxable income is reported on your Form 1099-DIV, Box 1a. This amount must be reported on Line 9a of Form 1040.

State and Local Tax Treatment

Some of the Federal tax exempt dividends may also be exempt from state and local taxes, depending upon where you file your return. Listed below is the tax exempt percentage of income by state. As state and local tax regulations vary from state to state, not all permit such exclusion. For example, Illinois does not allow a taxpayer to exempt interest paid on Illinois state and local government obligations if the obligations are held by a shareholder in a mutual fund. For more information, please consult your tax advisor. If the tax law of your state provides for the exemption, multiply the amount in Box 10 of Form 1099-DIV by the appropriate percentage below. This amount can be excluded and the remaining balance should be reported on your state tax return.

| State | California Tax Exempt Money Market Fund*(a) | California Tax Exempt Bond Fund* | Municipal High Income Fund** |
|--------------------------------|---|----------------------------------|------------------------------|
| Alabama | 0.00% | 0.11% | 2.75% |
| Alaska | 0.00% | 0.00% | 0.71% |
| Arizona | 0.00% | 0.00% | 1.17% |
| Arkansas | 0.00% | 0.00% | 0.00% |
| California | 97.21% | 98.41% | 11.42% |
| Colorado | 0.00% | 0.00% | 6.20% |
| Connecticut | 0.02% | 1.15% | 0.83% |
| Delaware | 0.00% | 0.00% | 0.70% |
| District of Columbia | 0.00% | 0.00% | 0.00% |
| Florida | 0.00% | 0.00% | 8.43% |
| Georgia | 0.00% | 0.00% | 1.15% |
| Hawaii | 0.00% | 0.00% | 0.45% |
| Idaho | 0.00% | 0.00% | 0.00% |
| Illinois | 0.00% | 0.06% | 6.72% |
| Indiana | 0.00% | 0.00% | 1.91% |
| Iowa | 0.00% | 0.00% | 0.36% |
| Kansas | 0.00% | 0.00% | 0.79% |
| Kentucky | 0.00% | 0.00% | 1.53% |
| Louisiana | 0.00% | 0.00% | 3.08% |
| Maine | 0.00% | 0.00% | 0.04% |
| Maryland | 0.00% | 0.00% | 1.43% |
| Massachusetts | 0.00% | 0.00% | 0.98% |
| Michigan | 0.00% | 0.00% | 3.00% |
| Minnesota | 0.00% | 0.00% | 0.10% |
| Mississippi | 0.00% | 0.00% | 0.00% |
| Missouri | 0.00% | 0.00% | 3.21% |
| ----- | ----- | ----- | ----- |
| Alternative Minimum Tax | 1.86% | 0.00% | 5.27% |

| State | California Tax Exempt Money Market Fund*(a) | California Tax Exempt Bond Fund* | Municipal High Income Fund** |
|------------------------|---|----------------------------------|------------------------------|
| Montana | 0.00% | 0.00% | 0.00% |
| Nebraska | 0.00% | 0.00% | 0.69% |
| Nevada | 0.00% | 0.00% | 0.84% |
| New Hampshire | 0.00% | 0.00% | 0.00% |
| New Jersey | 0.00% | 0.00% | 1.45% |
| New Mexico | 0.00% | 0.00% | 0.31% |
| New York | 1.04% | 0.00% | 5.25% |
| North Carolina | 0.00% | 0.00% | 0.16% |
| North Dakota | 0.00% | 0.00% | 0.19% |
| Ohio | 0.00% | 0.00% | 2.66% |
| Oklahoma | 0.00% | 0.00% | 0.30% |
| Oregon | 0.00% | 0.00% | 0.09% |
| Pennsylvania | 0.00% | 0.00% | 3.64% |
| Rhode Island | 0.00% | 0.00% | 0.31% |
| South Carolina | 0.00% | 0.00% | 0.56% |
| South Dakota | 0.00% | 0.00% | 0.00% |
| Tennessee | 0.00% | 0.00% | 0.52% |
| Texas | 0.31% | 0.00% | 10.64% |
| Utah | 0.01% | 0.00% | 0.00% |
| Vermont | 0.00% | 0.00% | 0.00% |
| Virginia | 0.00% | 0.00% | 2.46% |
| Washington | 0.53% | 0.00% | 0.95% |
| West Virginia | 0.00% | 0.00% | 0.06% |
| Wisconsin | 0.00% | 0.00% | 6.70% |
| Wyoming | 0.88% | 0.00% | 0.00% |
| US Territories & Other | 0.00% | 0.33% | 5.26% |
| | | | |
| | | | |

*For Minnesota residents all of the income distribution by these funds is subject to state income tax.

**For California and Minnesota residents all of the income distribution by the fund is subject to state income tax.

(a) The California Tax Exempt Money Market Fund liquidated on October 3, 2016.

Note: each investor's tax situations are unique to their specific circumstances; therefore, City National Rochdale Fund representatives are not able to provide specific tax strategies or advice. Investors should contact their tax professional for clarification regarding such inquiries.

2016 IMPORTANT TAX REPORTING INFORMATION

This letter contains important tax information specific to your City National Rochdale Funds. Please consult your tax advisor and refer to this letter when preparing your 2016 tax return. We believe we have provided the detail necessary to complete your 2016 tax returns. However, if you require further information, please call our Investor Services Representatives toll free at 1-888-889-0799.

Qualified Dividend Income

Qualified dividend income (“QDI”) is taxed at the lower long-term capital gain rates. The mutual fund may pass through any QDI it receives from stocks in the fund’s portfolio. QDI is reported to you on Form 1099-DIV, Box 1b. The QDI amount in Box 1b will only apply to you if you have held the fund for more than 60 days during the 121-day period beginning 60 days before the fund’s ex-dividend date of the distribution. To assist you in determining whether you have met this holding period requirement, the ex-dividend dates for our equity funds are listed in the chart below.

Please keep in mind that due to the beneficial tax rate changes affecting both qualifying dividends and capital gains, you will need to complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040 to compute your taxes.

| City National Rochdale Fund | Dates for Ordinary Income (OI) and Short Term Capital Gain Distribution (ST) |
|---------------------------------|--|
| Intermediate Fixed Income Fund | (OI) March 24, June 24, September 26, December 23 |
| Multi-Asset Fund* | (OI) March 24, June 24, August 12 |
| Dividend and Income Fund | (OI) March 24, June 24, September 26, December 23 |
| Emerging Markets Fund | (OI) December 23 |
| Fixed Income Opportunities Fund | (OI) March 24, June 24, September 26, December 23 |
| U.S. Core Equity Fund | (OI) March 24, June 24, September 26, December 23 |

The reduced tax rate on dividends does not apply to bond, tax exempt or money market investments.

*The Multi-Asset Fund liquidated on September 29, 2016.

Foreign Tax Credit and Foreign Source Income

The Emerging Markets Fund qualified for and elected to pass through foreign tax credits to its shareholders. Accordingly, you are entitled to claim a foreign tax credit or take an itemized deduction on your federal income tax return for your share of the taxes indicated in Box 6 of your 2016 Form 1099-DIV. Refer to IRS Publication 514, Foreign Tax Credit for Individuals, for additional information.

To be eligible to claim a foreign tax credit, you must have held your shares for more than 15 days within a 31 day period. The 31-day period begins 15 days before the shares become ex-dividend date. The ex-dividend date for the fund potentially impacted by this provision is December 23, 2016. Thus the 31-day period began on December 8, 2016 and ended on January 7, 2017. If you are unable to use the foreign tax credit, you still may be able to claim the amount as an itemized deduction.

Note: each investor’s tax situations are unique to their specific circumstances; therefore, City National Rochdale Fund representatives are not able to provide specific tax strategies or advice. Investors should contact their tax professional for clarification regarding such inquiries.

The following information is provided to assist you when preparing your 2016 state tax return.

Important State Tax Information

United States Government Interest

Please check with your state or local tax office or your tax advisor to determine whether your state allows you to exclude some or all of the income you earn from mutual funds that invest in direct U.S. government obligations. If so, multiply the income percentage listed in the chart below by the amount in Box 1a of your Form 1099-DIV to determine the amount of exempt interest.

| City National Rochdale Fund | U.S. Government Interest |
|--|---------------------------------|
| Government Money Market Fund | 73.18% |
| Prime Money Market Fund ¹ * | 2.80% |
| California Tax Exempt Money Market Fund ^{1**} | 0.00% |
| Government Bond Fund ¹ | 52.48% |
| Corporate Bond Fund ¹ | 0.00% |
| California Tax Exempt Bond Fund ¹ | 0.00% |
| Municipal High Income Fund ¹ | 0.00% |
| High Yield Bond Fund ¹ | 0.00% |
| Intermediate Fixed Income Fund ¹ | 4.26% |
| Fixed Income Opportunities Fund ¹ | 0.00% |
| Multi-Asset Fund ^{1***} | 13.76% |
| Dividend and Income Fund ¹ | 0.00% |
| Emerging Markets Fund ¹ | 0.00% |
| U.S. Core Equity Fund ¹ | 0.00% |

¹Due to certain statutory limitations, shareholders of these funds that are residents of California, Connecticut or New York are not permitted to exclude the portion of ordinary income that represents direct U.S. Government obligations from their state income taxes. Please consult your tax advisor if you have any questions with this.

* The Prime Money Market Fund liquidated on August 31, 2016.

** The California Tax Exempt Money Market Fund liquidated on October 3, 2016.

*** The Multi-Asset Fund liquidated on September 29, 2016.

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