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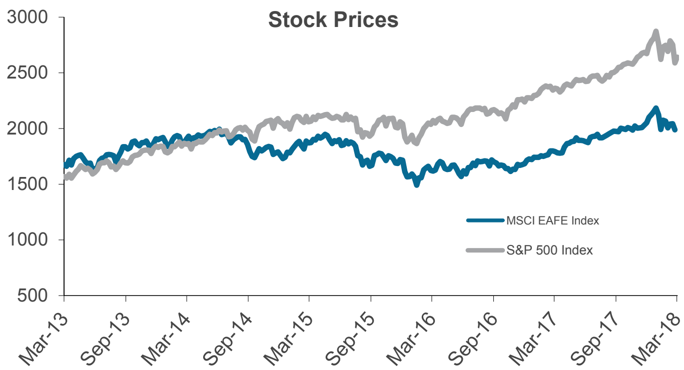
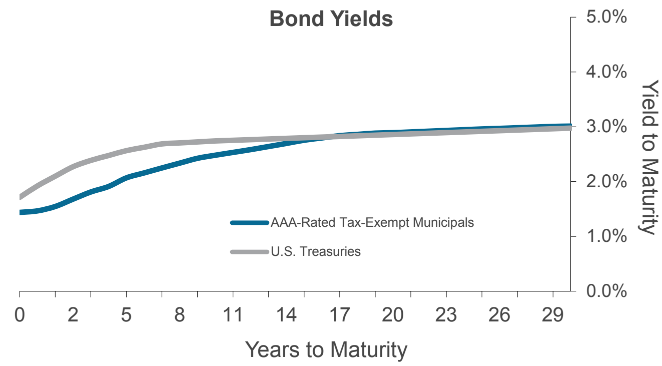
Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending March 31, 2018





Stock Market Commentary

Volatility returned to markets with a vengeance in the first quarter of 2018. After surging nearly 6% in January, the strongest start to the year since 1997, the S&P 500 plummeted by 10% from its high by February 8, triggered by worries of rising inflation and interest rate hikes. The market partially recovered mid-quarter as reports of steady global economic growth and healthy corporate earnings temporarily eased investor concerns. In March, markets were pressured further as threats of global trade wars and Technology sector regulations loomed. Including dividends, the S&P 500 ended the quarter with a 0.8% loss.

Despite a steep correction in March by some of the largest technology stocks impacted by Facebook's announcement of its release of customer data, the sector still led for the quarter, gaining 3.5%. The Consumer Discretionary sector followed with a 3.1% gain. All other sectors lost ground during the quarter with Telecom and Staples hit hardest, falling over 7%. Small cap stocks, relatively shielded from trade war threats, outperformed large cap stocks by 4% in March and the Russell 2000 finished the quarter down just 0.1%.

Developed international markets trailed domestic markets for the quarter with the MSCI EAFE losing 1.4%. However, in emerging markets, improving fundamentals led the MSCI Emerging Markets Index higher by 1.4%. The DJ Wilshire REIT Index turned in the worst performance with a loss of 7.4%, reflecting the impact of rising rates.

STOCK MARKETS	3 Months	1 Year	3 Years*
Large Stocks			
S&P 500	-0.8%	14.0%	10.8%
Russell 1000	-0.7%	14.0%	10.4%
Russell 1000 Growth	1.4%	21.3%	12.9%
Russell 1000 Value	-2.8%	6.9%	7.9%
Medium and Small Stocks			
S&P 400 Midcap	-0.8%	11.0%	9.0%
Russell 2000	-0.1%	11.8%	8.4%
Russell 2000 Growth	2.3%	18.6%	8.8%
Russell 2000 Value	-2.6%	5.2%	7.9%
International Stocks			
MSCI Developed (EAFE)	-1.6%	15.2%	6.1%
MSCI Emerging Markets	1.3%	24.8%	8.8%
Real Estate			
DJ Wilshire REIT Index	-7.4%	-3.7%	0.7%

Bond Market Commentary

The Bloomberg Barclays Municipal Bond Index experienced its biggest first-quarter loss since 1996. The loss occurred despite a drop in new debt sales after a record-setting December. Bond values usually jump in the first few months of the year as investors look to reinvest cash from accumulated income and maturing bonds. Caught in a broader bond-market rout triggered by concerns the Federal Reserve will raise interest rates at a faster-than-expected pace, municipal securities lost 1.1% in the first quarter. Also, demand for municipal bonds from banks and insurance companies declined as tax rates paid by these institutions fell to 21% from 35%.

Corporate bonds, both investment grade and high-yield, suffered losses and experienced significant outflows during the quarter. Investors pulled $6.5 billion from the five largest high-yield exchange-traded funds in the first three months of 2018. March was, in fact, the fifth consecutive month of outflows from high-yield ETFs. Riskier debt becomes less appealing as interest rates rise and volatility returns to the stock markets. The ten-year Treasury yield rose from 2.40% to 2.74% during the quarter, after hitting a high of 2.95% in February. The two-year Treasury yield also jumped from 1.89% to 2.27%. Shorter-term yields have reacted quickly to the Federal Reserve's rate hikes: It raised the Fed Funds rate by 0.25% in March and is expected to raise rates at least two more times in 2018.

BOND MARKETS	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	-1.5%	1.2%	1.2%
Intermediate Govt./Credit	-1.0%	0.4%	0.9%
U.S. Government	-1.2%	0.4%	0.5%
U.S. Credit	-2.1%	2.6%	2.2%
High-Yield Bonds	-0.9%	3.8%	5.2%
Tax-Free Bonds			
3-Year Municipal	0.1%	0.4%	0.8%
5-Year Municipal	-0.6%	0.7%	1.3%
10-Year Municipal	-1.6%	2.3%	2.1%

Sources: Bloomberg, Municipal Market Data, Vanguard, Lipper.
The bond indexes above are produced by Barclays Capital.
Returns include the reinvestment of interest and dividends.
**Returns are annualized.*

To receive this Quarterly Investment Update by email, request our composite performance history, or request descriptions of the indexes and other information included in this report, please contact us at investmentnewsletters@perkinscoie.com .

For more information, please visit Trust.PerkinsCoie.com

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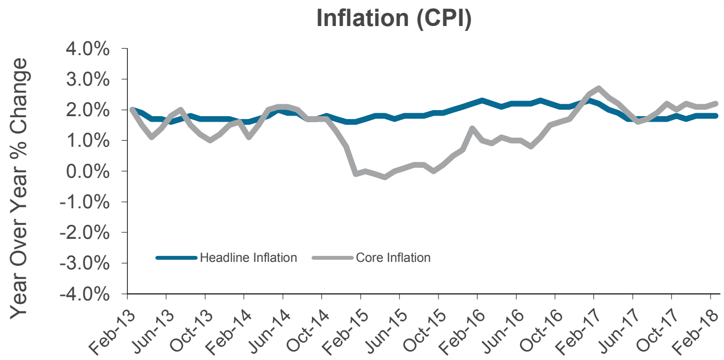

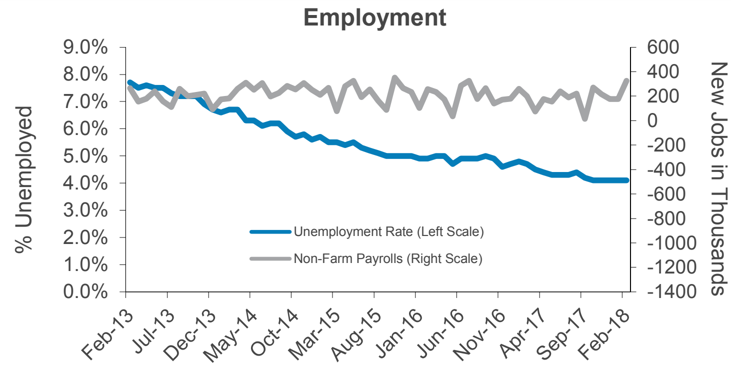

Economic Commentary

Inflation, in the form of rising wages and consumer prices, upset a sublime market environment early in the first quarter. These numbers have pulled back somewhat in recent weeks, though anxiety remains high. The core Consumer Price Index gained 1.8% in February, below January's reading and below the Federal Reserve's 2% target. Year-over-year wage growth was 2.6% in the month of February, following a higher than expected 2.9% in January. Some wage gains are to be expected considering the historically low unemployment rate of 4.1%—the lowest rate in the U.S. since 2000. The corporate tax cut passed at the end of last year could spur corporations to spend as much as $1.5 trillion on business investment and higher worker wages.

The U.S. economy appears to be generating positive momentum, aided by housing and capital expenditures. Consumer spending continues to be supportive of above-trend economic growth. Household balance sheets are in great shape and net worth has been climbing. Despite recent market volatility, political uncertainty, and rising inflation, consumer confidence remains at historic highs.

Fears surrounding trade policy have added to market volatility and to concern about the impact of a potential trade war on global growth. The U.S. announced tariffs on steel and aluminum and on an additional $150 billion of Chinese exports over intellectual property violations and trade imbalance. The economic impact may be less than anticipated, especially given the changes already made to the initial proposal to exempt certain countries from the tariffs.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (4Q)	MAR	2.1%	2.5%	-0.1%
Unemployment Rate	MAR	4.0%	4.1%	4.1%
Average Hourly Earnings (YoY)	MAR	2.7%	2.7%	2.6%
Change in Manufact. Payrolls	MAR	22K	22K	32K
Change in Non-Farm Payrolls	MAR	185K	103K	326K

INFLATION (year over year)	As of	Expected	Actual	Prior
Consumer Price Index	FEB	2.2%	2.2%	2.1%
CPI Ex Food & Energy	FEB	1.8%	1.8%	1.8%
Producer Price Index	FEB	1.8%	1.8%	1.7%
PPI Ex Food & Energy	FEB	1.8%	1.8%	1.6%

HOME PRICES (year over year)	As of	Expected	Actual	Prior
S&P/Case Shiller Top 20 Mkts.	JAN	6.2%	6.4%	6.3%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	FEB	77.7%	78.1%	77.4%
Leading Indicators	FEB	0.5%	0.6%	0.8%
GDP Annualized (4Q)	MAR	2.7%	2.9%	3.2%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (4Q)	MAR	-0.1%	0.0%	2.7%
Industrial Production	FEB	0.4%	1.1%	-0.3%

Source: Bloomberg.

At Perkins Coie Trust Company, we believe that maintaining a long-term asset allocation and tax-intelligent strategy is an important priority. We seek attractively valued investment opportunities in high-quality stocks, bonds and mutual funds across a full spectrum of geographic regions, sectors and specific industries. By diversifying portfolios and focusing on fundamentals, we strive to manage market risk. We stand ready to assist you in meeting your objectives. For more information regarding trustee and investment services, please contact us toll-free at (888) 720-8382, locally at (206) 359-6462 or on the web at www.trust.perkinscoie.com.