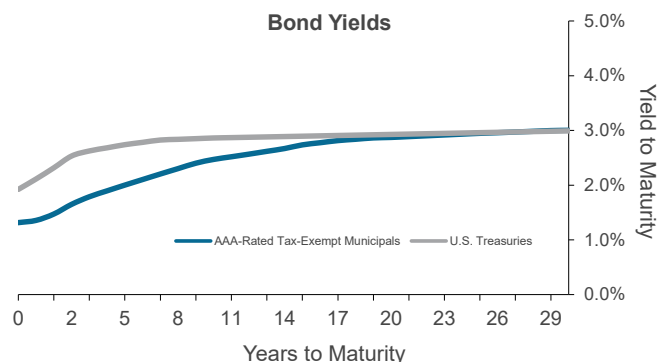
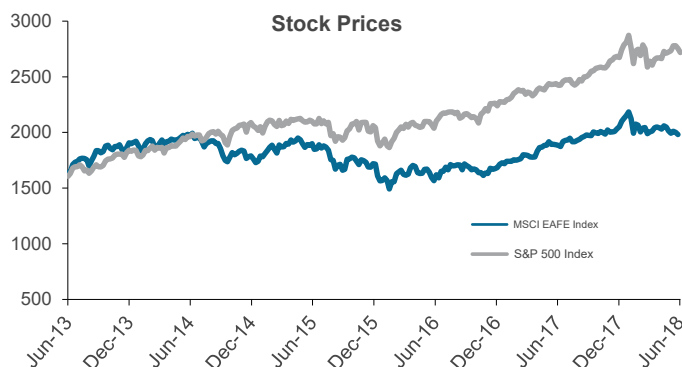


Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending June 30, 2018



Stock Market Commentary

Domestic equity markets rebounded during the second quarter, bringing the year-to-date return into positive territory for the S&P 500, now up 2.6% YTD after gaining 3.4% for the quarter. Reports on year-over-year corporate profit growth, which exceeded 20% overall for S&P 500 companies, boosted markets early in the quarter. However, escalating trade tensions, jitters over rising interest rates and profit-taking pulled markets lower. \$29 billion flowed out of equity mutual funds and exchange-traded funds in the last week of June. Money market funds and short-term fixed-income vehicles received net inflows during this period.

The Russell 1000 Growth index has soared 22.5% over the last year, more than three times the return of the Russell 2000 Value index, primarily driven by strength in Technology stocks. Energy stocks rallied 13.5% during the quarter as tighter global oil supply lifted oil prices. Financials and Industrials were the worst-performing sectors, each falling 3.2% as trade uncertainty pressured Industrial stocks and weak loan growth and flattening of the yield curve pushed bank stocks lower. Small cap stocks, shielded from tariffs and lifted by small business confidence, gained 8.3%. The Real Estate sector resumed strength as reflected in the DJ Wilshire REIT Index, which jumped 10%.

Trade war fears and a strengthening dollar led to a decline of 1.1% for the MSCI Developed EAFE index. China markets were severely impacted, plunging 20%, which drove the MSCI Emerging Markets index down 8%.

STOCK MARKETS

	3 Months	1 Year	3 Years*
Large Stocks			
S&P 500	3.4%	14.4%	11.9%
Russell 1000	3.6%	14.5%	11.6%
Russell 1000 Growth	5.8%	22.5%	15.0%
Russell 1000 Value	1.2%	6.8%	8.2%
Medium and Small Stocks			
S&P 400 Midcap	4.3%	13.5%	10.9%
Russell 2000	7.8%	17.6%	11.0%
Russell 2000 Growth	7.2%	21.8%	10.6%
Russell 2000 Value	8.3%	13.1%	11.2%
International Stocks			
MSCI Developed (EAFE)	-1.1%	7.4%	5.5%
MSCI Emerging Markets	-8.0%	8.2%	5.6%
Real Estate			
DJ Wilshire REIT Index	10.0%	4.2%	7.7%

Bond Market Commentary

Most fixed-income indexes declined over the course of the second quarter as interest rates rose. Investment-grade corporate bonds underperformed most sectors, while high-yield bonds were in positive territory due to shorter duration and higher correlation to economic growth. Investment-grade bond prices are more susceptible to sell-offs caused by debt-leveraged mergers and acquisitions. Following a recent court ruling in which the U.S. Justice Department lost its attempt to block the proposed merger between AT&T and Time Warner, corporate bond portfolio managers became increasingly concerned that potential mega-mergers and acquisitions may now pass antitrust regulators. Typically, mergers and acquisitions are funded with significant amounts of newly issued debt, which heightens default risk and leads to ratings downgrades.

A bright spot for the quarter was in the Treasury Inflation Protected Securities (TIPS) sector. As inflation measures edged up, investors added to TIPS, which finished the quarter with a gain of 0.84%. That gain was enough to offset the first quarter's loss.

Supply and demand conditions remain favorable for municipal bond prices. Inflows to muni bond mutual funds have remained strong in 2018 while new issue supply is down 17% year-to-date, compared to 2017.

BOND MARKETS

	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	-0.2%	-0.4%	1.7%
Intermediate Govt./Credit	0.0%	-0.6%	1.2%
U.S. Government	0.1%	-0.6%	1.0%
U.S. Credit	-0.9%	-0.6%	2.9%
High-Yield Bonds	1.0%	2.6%	5.5%
Tax-Free Bonds			
3-Year Municipal	0.6%	0.5%	1.1%
5-Year Municipal	0.9%	0.3%	1.6%
10-Year Municipal	0.9%	0.9%	2.8%

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.

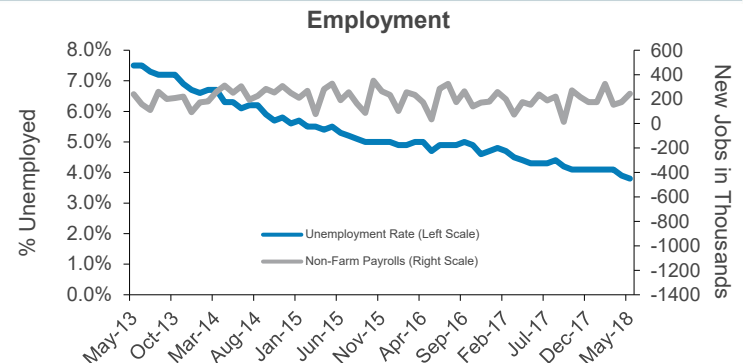
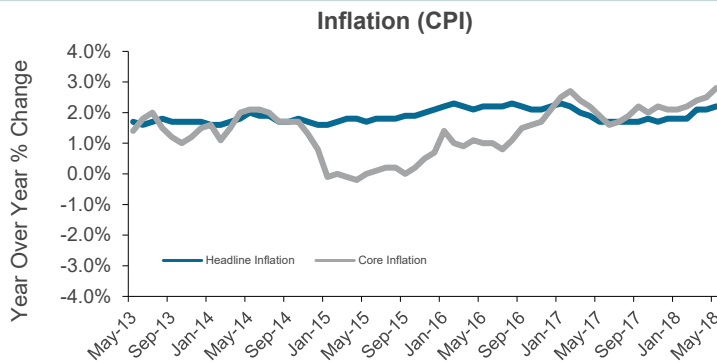
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Quarterly Investment Update

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Economic Commentary

The U.S. administration's trade policies remain a critical focus for investors. To date, the threat of tariffs and their limited implementation have not harmed strong economic fundamentals or global growth. However, they have created uncertainty in the sectors of the U.S. economy that could face rising input costs or see foreign sales decline as a result of retaliatory measures on U.S. goods. The Federal Reserve has recently commented on their concern that tensions between the U.S. and its trading partners could hurt the broader economy, citing that uncertainty could eventually have negative effects on business sentiment and investment spending. Concern about the future impact of tariffs is warranted, but recent surveys indicate positive sentiment among business owners and manufacturers. The Institute of Supply Manufacturers (ISM) manufacturing and non-manufacturing surveys are showing improving strength. Also, the National Association of Manufacturers released their Second Quarter Outlook Survey on June 20 and reported that manufacturers' optimism was at the highest level ever recorded in the 20-year-old survey. Business owners' current top concern is the ability to attract and retain a quality workforce.

Oil prices have rallied this year, recently trading at over \$73 per barrel, due to supply concerns stemming from Libya and Iran and smaller than expected production increases announced by Saudi Arabia and Russia. Oil prices are likely to stay elevated for the year, adding inflationary stress to oil-importing countries. In the U.S., however, this will likely have only a temporary effect given the supply of domestic production.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (1Q)	JUN	2.8%	2.9%	2.1%
Unemployment Rate	JUN	3.8%	4.0%	3.8%
Average Hourly Earnings (YoY)	JUN	2.8%	2.7%	2.7%
Change in Manufact. Payrolls	JUN	15K	36K	19K
Change in Non-Farm Payrolls	JUN	195K	213K	244K

INFLATION (year over year)	As of	Expected	Actual	Prior
Consumer Price Index	MAY	2.8%	2.8%	2.5%
CPI Ex Food & Energy	MAY	2.2%	2.2%	2.1%
Producer Price Index	MAY	2.8%	3.1%	2.8%
PPI Ex Food & Energy	MAY	2.5%	2.6%	2.7%

HOME PRICES (year over year)	As of	Expected	Actual	Prior
S&P/Case Shiller Top 20 Mkts.	APR	6.8%	6.6%	6.7%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	MAY	78.1%	77.9%	78.1%
Leading Indicators	MAY	0.4%	0.2%	0.4%
GDP Annualized (1Q)	JUN	2.2%	2.0%	2.9%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (1Q)	JUN	0.6%	0.4%	0.3%
Industrial Production	MAY	0.2%	-0.1%	0.9%

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.

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