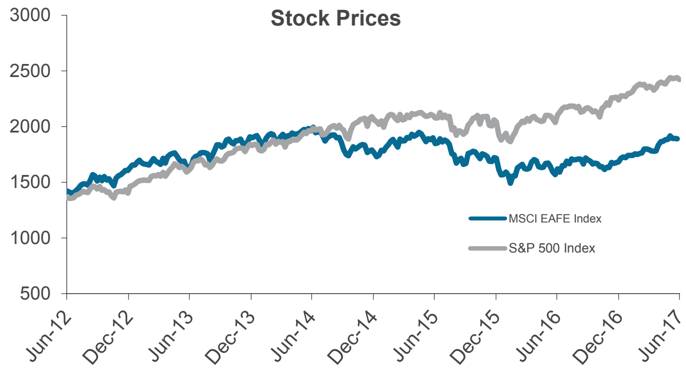
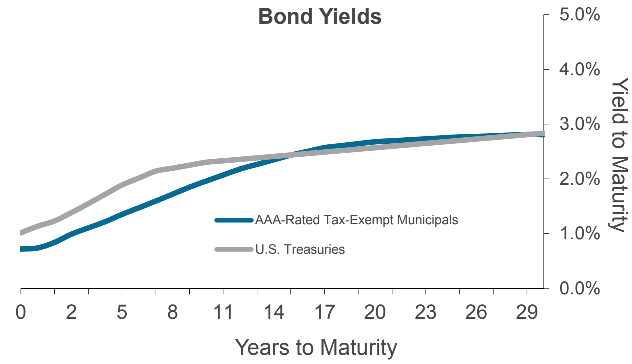
PERKINS COIE TRUST COMPANY

Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending June 30, 2017





Stock Market Commentary

Global markets continued to rally throughout the second quarter of 2017. International stocks in both developed and developing markets saw healthy gains of 6.3%, as measured by both the MSCI EAFE and MSCI Emerging Markets indices. Drivers of strong international performance included strengthening economic fundamentals worldwide, improvement in corporate earnings for European companies aided by accommodative monetary policies and growth in exports for Japan. A weaker US dollar also contributed to the gains.

In the face of a rate hike by the Federal Reserve, the S&P 500 delivered a respectable quarterly total return of 3.1%, which has climbed to 9.3% year-to-date. The strongest performing sector during the quarter was Healthcare, up 7.1%, as valuations and delay in the passage of the healthcare bill drew investors back into these stocks. Industrials rose 4.7% and Financials, up 4.2%, eked just ahead of Technology (+4.1%) in the final week of the quarter when banks passed their stress tests. The poorest performance during the quarter came from Telecom, which fell 7%, as rising competiton is knocking down pricing for telecom services. The Energy sector lost 6.4% on falling oil prices as global over-supply remained a concern.

Value shares were outpaced by Growth shares as two of the top-performing sectors, Technology and Healthcare, both constitute a sizable portion of the Russell Growth indices. The DJ Wilshire REIT Index produced a moderate return of 1.6%.

STOCK MARKETS	3 Months	1 Year	3 Years*
Large Stocks			
S&P 500	3.1%	17.9%	9.6%
Russell 1000	3.1%	18.0%	9.2%
Russell 1000 Growth	4.7%	20.4%	11.1%
Russell 1000 Value	1.3%	15.5%	7.3%
Medium and Small Stocks			
S&P 400 Midcap	2.0%	18.6%	8.5%
Russell 2000	2.5%	24.6%	7.3%
Russell 2000 Growth	4.4%	24.4%	7.6%
Russell 2000 Value	0.7%	24.8%	7.0%
International Stocks			
MSCI Developed (EAFE)	6.3%	20.9%	1.7%
MSCI Emerging Markets	6.3%	23.7%	1.1%
Real Estate			
DJ Wilshire REIT Index	1.6%	-2.4%	8.0%

Bond Market Commentary

The Federal Reserve's rate hike in June gave a boost to money market rates, but longer-dated rates held steady due to waning expectations for growth and inflation. Despite weakening fundamentals and greater levels of risk, investors continued to search for yield in credit markets, driving prices higher. An example of this behavior was seen in the high demand for a recently issued 100-year bond from Argentina, which offered a yield of nearly 8%. Argentina has defaulted eight times in its 200 year history. US credit, high-yield and long maturity municipal bonds all posted strong returns during the quarter. The US trailing 12-month speculative grade corporate default rate rose to 3.8% in June from 3.6% the previous month, with the highest numbers of defaults coming from the Energy sector. The Energy sector has an estimated high-yield default rate of 18.6% versus just 2.1% for the rest of the high-yield market.

The state of Illinois has just endured a record-setting two straight years without a spending plan. S&P has warned that starting a new fiscal year without a budget that reduces a chronic structural deficit could trigger a downgrade to junk status. The good news is that Illinois, the nation's fifth largest state, has the capacity to pay its debt obligations, and the state government is moving ahead with a plan to increase revenue by raising the state income tax.

BOND MARKETS	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	1.5%	-0.3%	2.5%
Intermediate Govt./Credit	0.9%	-0.2%	1.9%
U.S. Government	1.2%	-2.2%	2.0%
U.S. Credit	2.4%	1.8%	3.4%
High-Yield Bonds	2.2%	12.7%	4.5%
Tax-Free Bonds			
3-Year Municipal	0.5%	0.4%	1.1%
5-Year Municipal	1.3%	0.4%	2.0%
10-Year Municipal	2.4%	-0.4%	3.6%

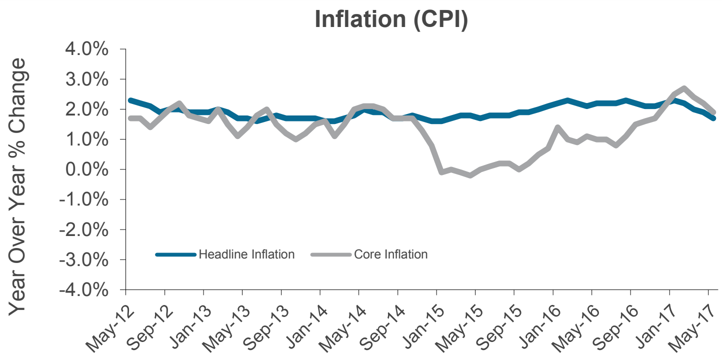
Sources: Bloomberg, Municipal Market Data, Vanguard, Lipper.
The bond indexes above are produced by Barclays Capital.
Returns include the reinvestment of interest and dividends.
**Returns are annualized.*

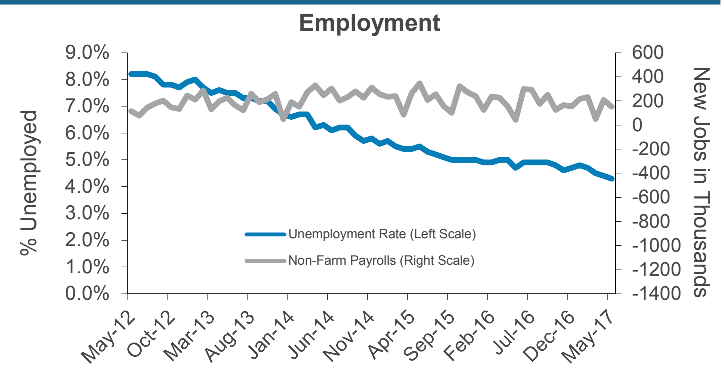
To receive this Quarterly Investment Update by email, request our composite performance history, or request descriptions of the indexes and other information included in this report, please contact us at investmentnewsletters@perkinscoie.com.

PERKINS COIE
TRUST COMPANY

Quarterly Investment Update

WORTH KNOWING®





Economic Commentary

The US dollar has lost 5.6% in 2017 against a basket of major currencies due to investor belief that economies around the world are surpassing domestic growth. A strong dollar generally indicates relative economic strength. Investors had driven the currency to a 14-year high after the November presidential election on hopes that plans for a tax overhaul, deregulation and fiscal stimulus would boost economic growth. Instead, these plans have repeatedly hit political roadblocks while US growth and inflation have begun to soften.

The CPI release for May fell below expectations for a third consecutive month and showed that headline and core inflation are each below the Federal Reserve's 2% target on a year-over-year basis. A large drop in energy prices was a main contributor to the monthly decrease in the headline index. The Fed will discount such energy-driven weakness in overall inflation as transitory and will focus on broadening price pressure in the service sector. Oil prices fell back into bear-market territory in June as US producers ramped up production. US oil production is up 7.3%, to 9.3 million barrels a day, since OPEC announced plans to cut output in November. Global oil production has actually fallen this year. Oil finished the quarter at $46 per barrel after hitting a high of $54 in April.

The long-running economic expansion is showing some signs of fatigue, including downticks in housing starts and building permits. US light vehicle sales also continued their slump last month, falling to the lowest annual rate since 2014. This year has seen banks tighten vehicle-related credit standards. Other consumer-related spending remains strong due to a low unemployment rate and slow but steady improvement in wages.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (1Q)	JUN	2.4%	2.2%	1.3%
Unemployment Rate	JUN	4.3%	4.4%	4.3%
Average Hourly Earnings (YoY)	JUN	2.6%	2.5%	2.4%
Change in Manufact. Payrolls	JUN	5K	1K	-2K
Change in Non-Farm Payrolls	JUN	178K	222K	152K

INFLATION (year over year)	As of	Expected	Actual	Prior
Consumer Price Index	MAY	2.0%	1.9%	2.2%
CPI Ex Food & Energy	MAY	1.9%	1.7%	1.9%
Producer Price Index	MAY	1.8%	1.8%	1.7%
PPI Ex Food & Energy	MAY	1.8%	1.8%	1.6%

HOME PRICES (year over year)	As of	Expected	Actual	Prior
S&P/Case Shiller Top 20 Mkts.	APR	5.9%	5.7%	5.9%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	MAY	76.8%	76.6%	76.7%
Leading Indicators	MAY	0.3%	0.3%	0.2%
GDP Annualized (1Q)	JUN	1.2%	1.4%	2.1%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (1Q)	JUN	-0.1%	0.0%	1.8%
Industrial Production	MAY	0.2%	0.0%	1.1%

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.