PERKINS COIE
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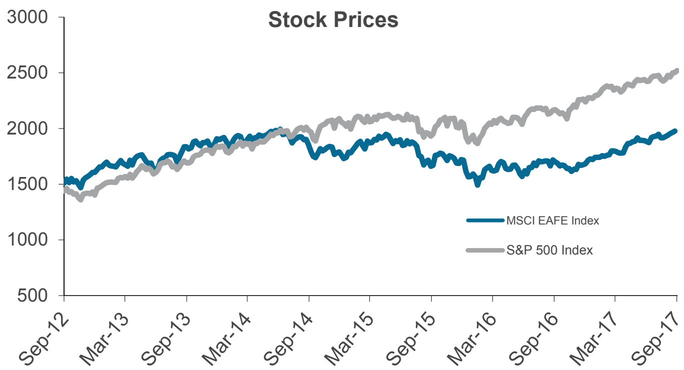
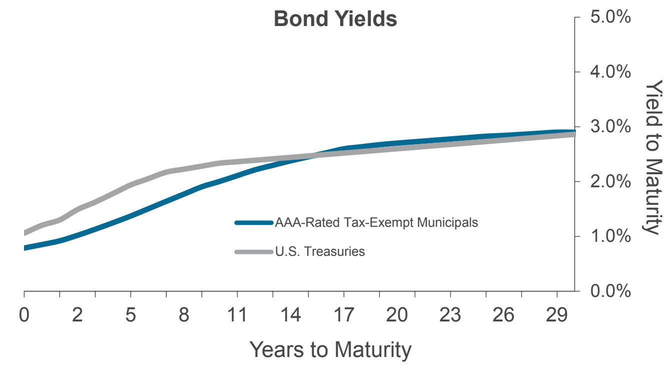
Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending September 30, 2017





Stock Market Commentary

The third quarter of 2017 brought the devastation of multiple hurricanes, escalating tensions with North Korea, the Equifax breach and more White House drama. Yet, investors focused on positive economic and earnings news, as well as the beneficial impact of tax reform, pushing global markets steadily higher with limited volatility.

The S&P 500 advanced another 4.5% for the quarter, bringing its year-to-date return to 14.2%, including dividends. Technology stocks maintained their lead with a quarterly gain of 8.6%, achieving 27.4% year-to-date. A rotation to value stocks during the quarter lifted sagging returns for Energy and Telecom, with each sector pulling in returns of 6.8%. Consumer stocks lagged, with the Staples sector dropping 1.3% and Discretionary stocks rising just 0.8%.

Small cap stocks pulled ahead of large caps during the quarter as optimism for tax policy changes, which could significantly benefit small-sized companies, drove the Russell 2000 up 5.7%.

International stocks saw healthy gains with Emerging Markets expanding nearly 8% during the quarter, as measured by the MSCI Emerging Markets Index. Stocks of developed countries also outperformed. The MSCI EAFE Index advanced 5.5%, led by European stocks on reports of improving jobs and business confidence as well as dissipating political risk.

STOCK MARKETS	3 Months	1 Year	3 Years*
Large Stocks			
S&P 500	4.5%	18.6%	10.8%
Russell 1000	4.5%	18.5%	10.6%
Russell 1000 Growth	5.9%	21.9%	12.7%
Russell 1000 Value	3.1%	15.1%	8.5%
Medium and Small Stocks			
S&P 400 Midcap	3.2%	17.5%	11.2%
Russell 2000	5.7%	20.7%	12.2%
Russell 2000 Growth	6.2%	20.9%	12.2%
Russell 2000 Value	5.1%	20.5%	12.1%
International Stocks			
MSCI Developed (EAFE)	5.5%	19.7%	5.6%
MSCI Emerging Markets	7.9%	22.5%	4.9%
Real Estate			
DJ Wilshire REIT Index	0.4%	-0.8%	9.3%

Bond Market Commentary

Fixed Income Indexes performed well during the third quarter as interest rates remained low. Healthy corporate fundamentals and generally improving credit metrics supported corporate bond prices. Prices also benefited from the market's expectation that the Trump administration may enact revisions to tax policies that will reinvigorate economic growth and boost earnings. Investment-grade corporate bonds gained 1.3% for the quarter, trailing the 2.0% gain for high-yield corporate bonds. Treasuries posted a more modest 0.4% gain during the third quarter. After lagging much of the rest of the fixed income universe earlier this year, TIPS rose 1.7% as inflation expectations bounced off their lows in June in response to an increase in commodity prices.

There were no U.S. high-yield defaults in the month of August, the first time the U.S. high-yield index had a default-free month since June 2014— just before crude oil prices started their long fall from $100 per barrel. Toys 'R' Us, however, gave us a reminder to stay vigilant in the junk bond market. The price of Toys 'R' Us debt due in 2018 plunged from 96 cents on the dollar on September 5, around the time reports of a potential bankruptcy first began circulating, to a low of 20.3 cents on September 18, when the company officially filed for protection. Investors may have misjudged the ability of Toys 'R' Us to continue refinancing its debt.

BOND MARKETS	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	0.8%	0.1%	2.7%
Intermediate Govt./Credit	0.6%	0.2%	2.1%
U.S. Government	0.4%	-1.6%	2.0%
U.S. Credit	1.3%	2.0%	3.9%
High-Yield Bonds	2.0%	8.9%	5.8%
Tax-Free Bonds			
3-Year Municipal	0.5%	1.2%	1.2%
5-Year Municipal	0.7%	1.1%	2.0%
10-Year Municipal	1.1%	0.8%	3.4%

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

TRUST AND ESTATE, INVESTMENT MANAGEMENT AND COMPREHENSIVE PLANNING SERVICES

Perkins Coie Trust Company

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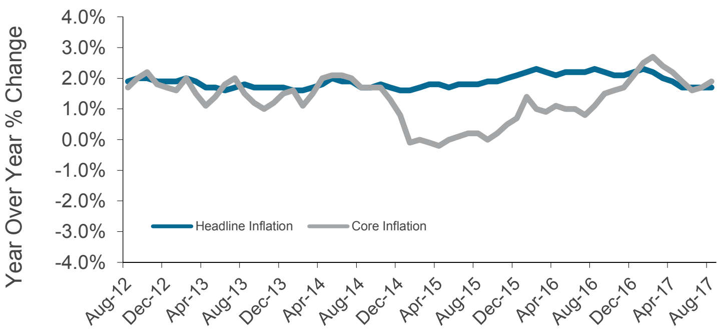
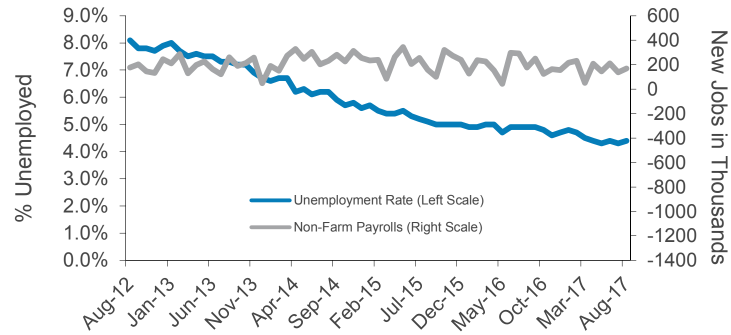
Inflation (CPI)



Employment



Economic Commentary

As widely expected, the Federal Reserve maintained the targeted federal funds rate in a range of 1% to 1.25% in the third quarter and announced that it will initiate its balance sheet normalization program in October. Federal Reserve Chairman Janet Yellen explained, "U.S. economic performance has been good. Steps taken to normalize monetary policy are well justified given the very substantial progress we have seen in the economy." So far, the market has taken in stride the Fed's plans as well as the European Central Bank's hints at tapering its bond purchases next year. However, there is virtually no historical precedent for major central banks actively reducing their balance sheets. There is also uncertainty about the future Fed chair and the composition of the Board of Governors.

The value of goods and services produced by the economy, as measured by GDP, increased at a rate of 3.1% during the second quarter compared to 1.2% in the first quarter. The rise in the rate of economic growth in the second quarter is attributable to increasing personal consumption expenditures, business investment, exports, federal government spending and private inventory investment. Momentum heading into the third quarter may have been disrupted by the arrival of back-to-back destructive hurricanes--these storms will hurt near-term growth by damaging infrastructure and disrupting businesses to the tune of around 1% in the quarter. However, much of the costs will be offset by future reconstruction efforts and new auto purchases. An estimated 1 million cars were destroyed in the two hurricanes.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (2Q)	SEP	0.3%	0.2%	5.4%
Unemployment Rate	SEP	4.4%	4.2%	4.4%
Average Hourly Earnings (YoY)	SEP	2.6%	2.9%	2.7%
Change in Manufact. Payrolls	SEP	10K	-1K	41K
Change in Non-Farm Payrolls	SEP	80K	-33K	169K
INFLATION (year over year)	**As of**	**Expected**	**Actual**	**Prior**
Consumer Price Index	AUG	1.8%	1.9%	1.7%
CPI Ex Food & Energy	AUG	1.6%	1.7%	1.7%
Producer Price Index	AUG	1.8%	1.8%	1.7%
PPI Ex Food & Energy	AUG	1.8%	1.8%	1.6%
HOME PRICES (year over year)	**As of**	**Expected**	**Actual**	**Prior**
S&P/Case Shiller Top 20 Mkts.	JULY	5.7%	5.8%	5.7%
MANUFACTURING ACTIVITY	**As of**	**Expected**	**Actual**	**Prior**
Capacity Utilization	AUG	76.7%	76.1%	76.9%
Leading Indicators	AUG	0.3%	0.4%	0.3%
GDP Annualized (2Q)	SEP	3.0%	3.1%	1.2%
PRODUCTIVITY	**As of**	**Expected**	**Actual**	**Prior**
Non-Farm Productivity (2Q)	SEP	1.3%	1.5%	0.1%
Industrial Production	AUG	0.1%	-0.9%	0.4%

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.