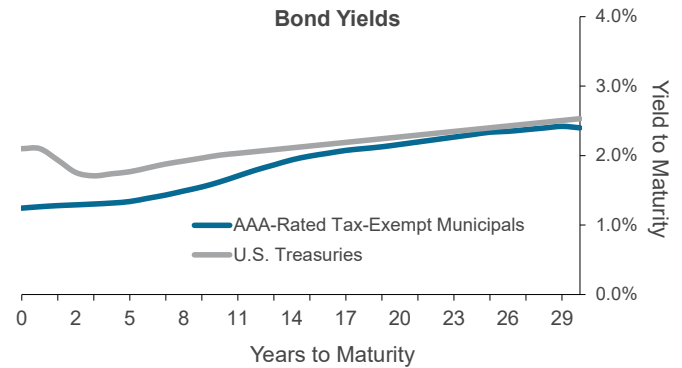
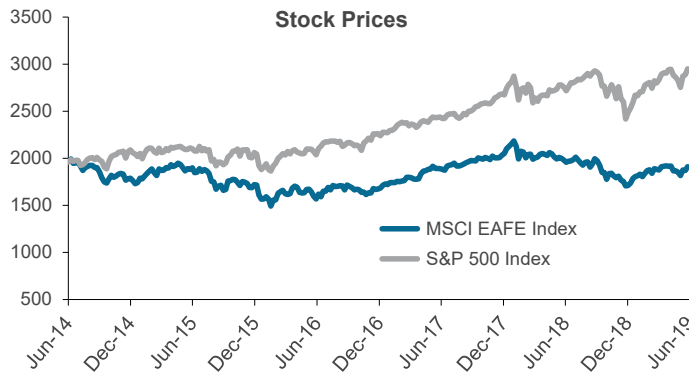


Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending June 30, 2019



Stock Market Commentary

U.S. equity markets extended their run through April, buoyed by the Fed's prior decision to pause on more rate hikes this year. In early May, however, reports of stalling trade talks between China and the U.S. sent the S&P 500 down 6.6% as investors again worried about the implications of extended trade conflict. In a significant reversal, though, following its June 19 meeting, the Fed signaled the possibility of a rate cut this year if conditions warranted it. This eased investor concerns and the S&P 500 ended up 4.3% for Q2 and 18.5% YTD.

During Q2, growth stocks outperformed value stocks, led largely by the technology sector. Although most exposed to China, strong earnings drove the tech sector up 6.1% in Q2 and 27.1% YTD. Energy stocks suffered as the worst-performing sector within the index. Concerns that a brewing trade war could induce a global slowdown caused oil prices to fall and investors to seek safety in large cap companies, which outperformed small cap companies.

The stalled trade deal weighed on Chinese markets, with the Shanghai Composite Index losing 2.4% in Q2. Other emerging markets, such as Brazil and India, saw better performance, and the MSCI Emerging Markets Index returned 0.6%. Financial easing has been supportive of European equities, and the MSCI Europe Index returned 3.3%. Following a robust Q1 driven by strong home sales and low interest rates, the DJ Wilshire REIT Index ended up 0.8%.

STOCK MARKETS

	3 Months	1 Year	3 Years*
Large Stocks			
S&P 500	4.3%	10.4%	14.2%
Russell 1000	4.2%	10.0%	14.2%
Russell 1000 Growth	4.6%	11.6%	18.1%
Russell 1000 Value	3.8%	8.5%	10.2%
Medium and Small Stocks			
S&P 400 Midcap	3.0%	1.3%	10.9%
Russell 2000	2.1%	-3.3%	12.3%
Russell 2000 Growth	2.7%	-0.5%	14.7%
Russell 2000 Value	1.4%	-6.3%	9.8%
International Stocks			
MSCI Developed (EAFE)	3.9%	1.7%	9.7%
MSCI Emerging Markets	0.6%	1.2%	10.7%
Real Estate			
DJ Wilshire REIT Index	0.8%	9.7%	3.7%

Bond Market Commentary

During its June meeting, the Fed held the fed funds rate at its current 2.25-2.50% range but indicated there may be a rate cut coming later this year, signaling expectations of potentially slower growth and lower inflation. Current fed funds futures are pricing in a 100% chance of a cut in July and over a 90% chance of another cut by the end of 2019.

The Fed's announcement sent the U.S. 10-Year Treasury yield under 2%, the lowest it has been since late 2016, as investors sought out the longer-term safety these bonds provide. Many observers view the 10-year yield as the bond market's view on future growth and inflation (organic, not tariff induced), which augurs both measures tempering from current levels.

Despite economic concerns, demand for U.S. corporate debt remains firm and investment-grade credit, along with longer-term Treasury issues, saw net inflows for the quarter. On the other hand, shorter-term and inflation-protected Treasury funds experienced outflows.

BOND MARKETS

	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	3.0%	2.0%	2.5%
Intermediate Govt./Credit	2.4%	2.1%	1.8%
U.S. Government	3.1%	2.4%	2.1%
U.S. Credit	3.9%	0.9%	2.9%
High-Yield Bonds	3.4%	-3.7%	1.8%
Tax-Free Bonds			
3-Year Municipal	0.8%	1.5%	1.3%
5-Year Municipal	1.1%	2.8%	2.2%
10-Year Municipal	1.9%	4.4%	3.9%

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

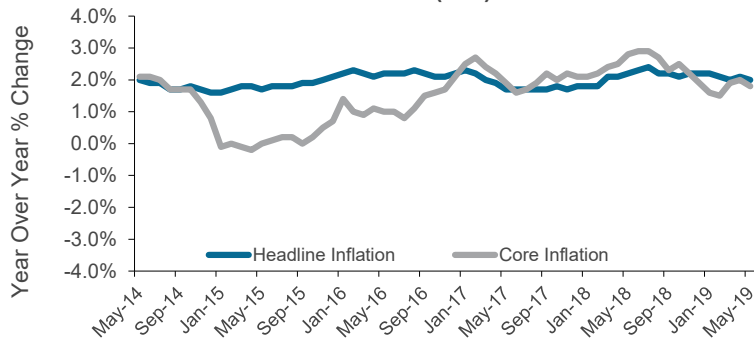
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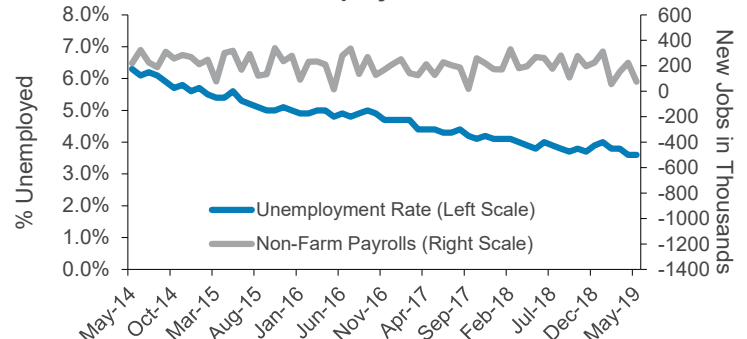
Quarterly Investment Update

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Inflation (CPI)



Employment



Economic Commentary

While the U.S. economy continues to grow with record low unemployment levels and healthy corporate earnings, signs of a potential slowdown are starting to appear.

The U.S. economy added only 75,000 jobs in May, well below consensus expectations and recent job-growth trends. While one slow month does not necessarily mean the trend is reversing, this is something investors and the Fed will be watching closely throughout the rest of the year.

June's Purchasing Managers' Index (PMI) came in at 51.7 versus 52.1 in May—a slight decline but still indicative of an expansion. May was the first month that the tariffs started appearing in the data, and this effect was much more pronounced in June.

Consumer confidence remains high but fell slightly in June as the escalation in trade tensions appears to have shaken that confidence. Furthermore, in mid-June, the Fed announced the potential for interest rate cuts this year, which indicates concerns about low inflation and slower growth in the future.

GDP expectations remain positive, nevertheless, at around 2% for the second quarter and 2.5% for the full year, and a recession does not appear imminent. The outcome of the U.S.-China trade dispute will certainly influence expectations for future global economic growth, positive or negative.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (1Q)	JUN	-0.9%	-1.6%	2.5%
Unemployment Rate	MAY	3.6%	3.6%	3.6%
Average Hourly Earnings (YoY)	MAY	3.2%	3.1%	3.2%
Change in Manufact. Payrolls	MAY	3K	3K	5K
Change in Non-Farm Payrolls	MAY	175K	75K	224K

INFLATION (year over year)	As of	Expected	Actual	Prior
Consumer Price Index	MAY	1.9%	1.8%	2.0%
CPI Ex Food & Energy	MAY	2.1%	2.0%	2.1%
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	2.5%	2.5%	2.6%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	MAY	78.0%	78.1%	77.9%
Leading Indicators	MAY	0.1%	0.0%	0.1%
GDP Annualized (1Q)	JUN	3.2%	3.1%	2.2%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (1Q)	JUN	3.5%	3.4%	1.3%
Industrial Production	MAY	0.2%	0.4%	-0.4%

Source: Bloomberg.

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