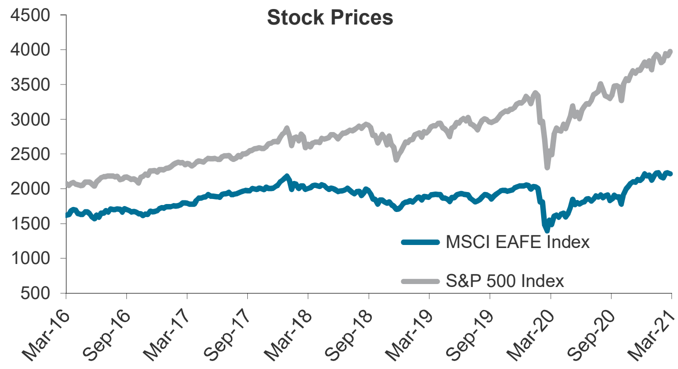
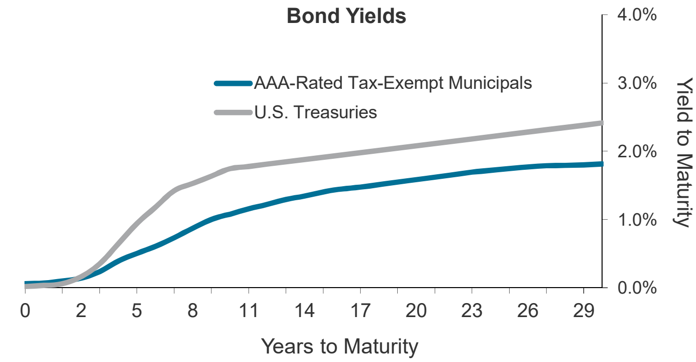
Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending March 31, 2021





Stock Market Commentary

The year 2021 started strong with the S&P 500 index reaching new record highs supported by several contributing tailwinds: accelerating economic growth, improving economic data (i.e., gross domestic product and unemployment), and corporate earnings that came in ahead of expectations. Despite a recent uptick in volatility, the index returned (+6.17%) for the quarter, with the trends of large-cap over small-cap and growth over value beginning to reverse as investors reallocated assets in anticipation of robust growth from a reopened economy.

The energy sector bounced back from struggles in 2020 and performed the best in Q121, up 30.84%, as OPEC members continued coordination on production cuts, and global economic activity gradually improved. Consumer staples was the worst-performing sector (+1.15%), due to interest rate sensitivity and progress on vaccines and stimulus packages that shifted investors toward more cyclical sectors that tend to do well in the initial phases of economic recoveries. Emerging market and developed international stocks gained 2.29% and 3.61% for the quarter, respectively.

Q121 also saw continuing demand for speculative assets, including special purpose acquisition companies (SPACs). More companies are opting to bypass the traditional IPO process and gain a public listing via a SPAC merger due to the lower regulatory and scrutiny hurdles. SPAC-led deals announced in the first quarter of 2021 amounted to $166 billion, exceeding all of 2020.

STOCK MARKETS	3 Months	1 Year	3 Years*
Large Stocks			
S&P 500	6.2%	56.3%	16.8%
Russell 1000	5.9%	60.6%	17.3%
Russell 1000 Growth	0.9%	62.7%	22.8%
Russell 1000 Value	11.2%	56.1%	10.9%
Medium and Small Stocks			
S&P 400 Midcap	13.5%	83.4%	13.4%
Russell 2000	12.7%	94.8%	14.7%
Russell 2000 Growth	4.9%	90.2%	17.1%
Russell 2000 Value	21.2%	97.0%	11.5%
International Stocks			
MSCI Developed (EAFE)	3.6%	45.3%	6.6%
MSCI Emerging Markets	2.3%	58.4%	6.5%
Real Estate			
DJ Wilshire REIT Index	10.0%	36.6%	7.5%

Bond Market Commentary

A year after one of the most volatile periods in bond market history, bonds again experienced a rough first quarter. This time, however, was due to rapidly expanding expectations for economic growth as the COVID-19 vaccine rolled out and an additional stimulus package, the American Rescue Plan (ARP), was passed by Congress. While a positive economic outlook is generally a good thing, growth can bring inflation, which weighs on bond prices. The rise in the 10-year Treasury yield was rapid—the largest rate of change to start a year since 1962—leading to the U.S. bond market's 3.4% decline for the quarter.

Though the passage of the ARP included aid that erased almost all states' deficits, municipal bonds were down -0.6%, as inflation fears overwhelmed the good news for state and local budgets. As of the end of the first quarter, the 10-year breakeven inflation rate, which represents expectations for inflation over the next decade, stood at 2.37%, having moved up from just under 2% three months earlier. This signifies the bond market's highest forecast for U.S. inflation since 2013.

While longer-term interest rates rose along with inflation expectations, short-term interest rates remain pinned near zero by the Federal Reserve.

BOND MARKETS	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	-3.4%	0.7%	4.7%
Intermediate Govt./Credit	-1.9%	2.0%	4.4%
U.S. Government	-4.1%	-4.3%	4.1%
U.S. Credit	-4.5%	7.9%	5.9%
High-Yield Bonds	0.8%	23.7%	6.8%
Tax-Free Bonds			
3-Year Municipal	0.1%	3.5%	2.8%
5-Year Municipal	-0.3%	5.1%	3.9%
10-Year Municipal	-0.6%	5.4%	5.2%

Source: Bloomberg.
The bond indexes above are produced by Bloomberg.
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

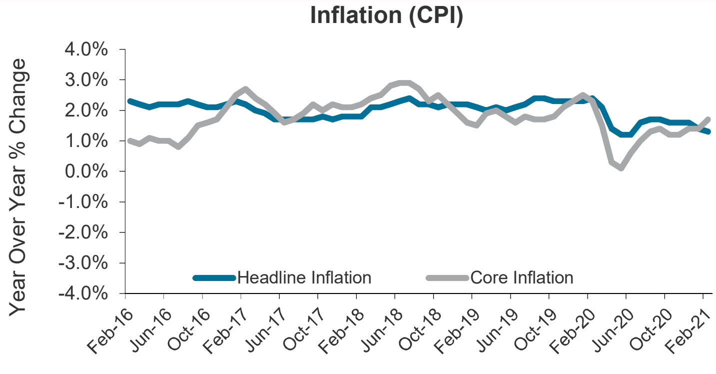
TRUST AND ESTATE, INVESTMENT MANAGEMENT AND COMPREHENSIVE PLANNING SERVICES

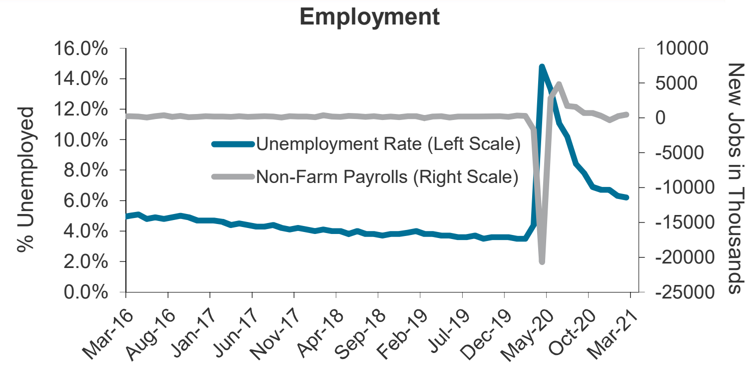
Perkins Coie Trust Company LLC is a Washington state-chartered trust company.

PERKINS COIE TRUST COMPANY

Quarterly Investment Update

WORTH KNOWING®





Economic Commentary

The first quarter of 2021 saw the transition of power of the presidency and the Senate in the United States. This was followed quickly by the passage of a $1.9 trillion stimulus package that included direct checks to citizens and increased jobless benefits, as well as state and local funding. The additional stimulus, in conjunction with rapidly increasing vaccination rates, led economists to upgrade their growth forecasts for the U.S. economy from just over 4% to 5.7% estimated growth for the full year, the highest rate since 1984.

While increased growth spurred increased inflation expectations, the Federal Reserve is still focused on the level of unemployment and believes any near-term increases in inflation will be temporary. There are still more than 18 million people throughout the country collecting unemployment insurance, well above the pre-pandemic level of 2.1 million. The job market continues to add employees each week, but the data has been extremely volatile, with roughly 700,000 people losing jobs per week while another 850,000 find jobs. This employment turnover is nearly triple the pre-pandemic rates. While some inflation is to be expected due to supply shocks from the pandemic, sustainable inflation historically requires full employment. Throughout the quarter, Fed Chair Jerome Powell reiterated his belief that we are still far from meeting the conditions needed to raise the fed funds rate—specifically, full employment and inflation above the 2% target.

Economic momentum continues to build as vaccines roll out faster than initially projected and people resume their daily activities. Economists predict a sustained economic recovery to support markets through 2021.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (4Q)	MAR	6.6%	6.0%	-7.0%
Unemployment Rate	MAR	6.0%	6.0%	6.2%
Average Hourly Earnings (YoY)	MAR	4.5%	4.2%	5.2%
Change in Manufact. Payrolls	MAR	35K	53K	18K
Change in Non-Farm Payrolls	MAR	660K	916K	468K

INFLATION (year over year)	As of	Expected	Actual	Prior
Consumer Price Index	FEB	1.7%	1.7%	1.4%
CPI Ex Food & Energy	FEB	1.4%	1.3%	1.4%
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	11.2%	11.1%	10.2%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	FEB	75.5%	73.8%	75.5%
Leading Indicators	FEB	0.3%	0.2%	0.5%
GDP Annualized (4Q)	MAR	4.1%	4.3%	33.4%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (4Q)	MAR	-4.7%	-4.2%	5.1%
Industrial Production	FEB	0.3%	-2.2%	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.