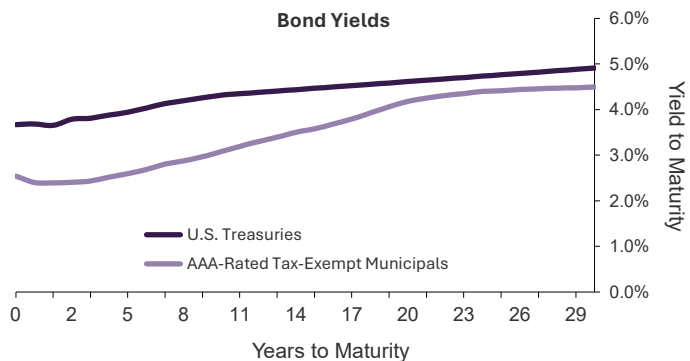
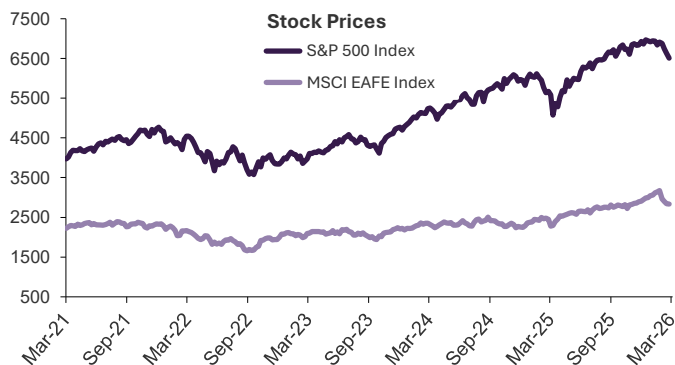


## Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending March 31, 2026



### Stock Market Commentary

Following three years of double-digit returns, U.S. stocks gave up some gains to begin 2026. The year started out positive, but as geopolitical tensions escalated, so did volatility in the markets. While things calmed some in late March, the S&P 500 ultimately ended down 4.4% for the quarter.

The market saw a dramatic sector rotation away from tech, driving the widest performance divergence between the technology and energy sectors in years. Technology companies struggled as investors become increasingly wary of the massive capital expenditures required for artificial intelligence (AI). In contrast, the considerable power demand from data centers translated into a boon for energy companies, which also benefited from an oil-price surge as attacks disrupted shipping through the Strait of Hormuz.

Despite the volatility, U.S. corporations are generally in good shape. Earnings growth and profit margins remain healthy, and estimates are positive for 2026. International and emerging market stocks again outperformed their U.S. counterparts. While uncertainty may remain elevated in the near term, diversification provides different sources of return and can help insulate portfolios from sudden shocks.

#### STOCK MARKETS

	3 Months	1 Year	3 Years*
<b>Large Stocks</b>			
S&P 500	-4.4%	17.8%	18.3%
Russell 1000	-4.2%	17.7%	18.1%
Russell 1000 Growth	-9.8%	18.8%	21.2%
Russell 1000 Value	2.1%	15.8%	14.3%
<b>Medium and Small Stocks</b>			
S&P 400 Midcap	2.5%	17.3%	12.0%
Russell 2000	0.9%	25.8%	13.0%
Russell 2000 Growth	-2.8%	23.6%	12.2%
Russell 2000 Value	5.0%	28.2%	13.8%
<b>International Stocks</b>			
MSCI Developed (EAFE)	-1.1%	22.0%	14.3%
MSCI Emerging Markets	-0.2%	29.6%	14.8%
<b>Real Estate</b>			
DJ Wilshire REIT Index	4.8%	7.4%	9.3%

### Bond Market Commentary

Bond markets faced a turbulent first quarter as the conflict in the Gulf reignited inflation concerns, leading the Federal Reserve (the Fed) to maintain its target rate and dial back hopes for further monetary easing this year. While February saw a brief rally driven by a flight to safer treasury bonds, the closure of the Strait of Hormuz in early March sent energy prices soaring, prompting a sharp reversal in yields with the Bloomberg US Aggregate Bond Index ending flat year-to-date. The effects were felt globally as yields rose, with the Bloomberg Global Aggregate Bond Index returning -1.1%. Like the Fed, many other central banks, including the Bank of Japan, the European Central Bank, and the Swiss National Bank, opted to hold interest rates steady, also citing inflationary pressures and heightened uncertainty due to the ongoing conflict in the Middle East.

Beyond rising global instability, liquidity strains emerged in private credit as a surge in redemption requests caused some firms to restrict withdrawals. These concerns spilled into the public markets, contributing to a wider disparity between corporate and government bond yield and increased credit-quality concern. This further fueled the broader bond market volatility throughout the quarter.

#### BOND MARKETS

	3 Months	1 Year	3 Years*
<b>Taxable Bonds</b>			
Aggregate	0.0%	4.3%	3.6%
Intermediate Govt./Credit	0.0%	4.4%	4.2%
U.S. Government	0.0%	3.3%	2.6%
U.S. Credit	-0.5%	4.8%	4.6%
High-Yield Bonds	-0.5%	7.0%	8.6%
<b>Tax-Free Bonds</b>			
3-Year Municipal	0.5%	3.5%	2.9%
5-Year Municipal	0.0%	4.1%	2.8%
10-Year Municipal	-0.8%	4.8%	2.5%

Source: Bloomberg.

The bond indexes above are produced by Bloomberg.

Returns include the reinvestment of interest and dividends.

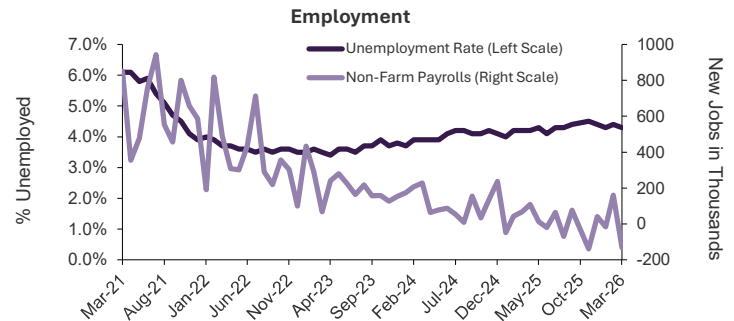
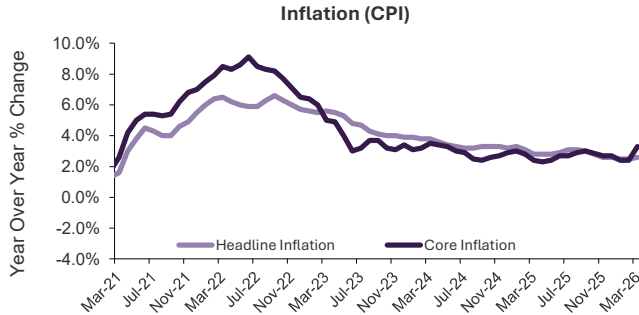
\*Returns are annualized.

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 [PCTCInvestments@perkinscoie.com](mailto:PCTCInvestments@perkinscoie.com).

Trust and Estate, Investment Management and Comprehensive Planning Services

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

For the Quarter Ending March 31, 2026



**Economic Commentary**

The first quarter of 2026 marked a resilient yet cautious expansion as the economy absorbed the shock of surging global energy prices. In its March meeting, the Fed projected 2026 GDP growth at an annualized 2.4%, reflecting continued corporate investment in generative AI and domestic energy infrastructure.

Despite corporate investment providing a buffer for volatility, geopolitical tensions continued to hit consumers directly. Crude-oil prices approached \$100 per barrel in March, pushing gasoline above \$4 per gallon. The energy shock created a drag on first-quarter activity, offsetting some of the household boost many expected from “One Big Beautiful Bill” tax refunds. The University of Michigan’s Consumer Sentiment Index, a measure of consumer confidence, still indicated some pessimism; however, the reading showed a positive trend, with March improving to 55.5 from 51.0 in November 2025.

As unemployment held at 4.3%, policymakers shifted more attention toward inflation, which rose a little but remained relatively stable. The Fed’s favorite inflation indicator—the Personal Consumption Expenditures price index—dropped slightly to 3.0%. Core inflation showed tentative cooling, but higher energy and transportation costs kept headline inflation above the 2% target. Overall, momentum persisted despite higher energy costs, with business investment supporting growth of the U.S. economy.

**Key Economic Releases**

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (4Q)	MAR	3.6%	4.4%	-1.8%
Unemployment Rate	MAR	4.4%	4.3%	4.4%
Average Hourly Earnings (YoY)	MAR	3.7%	3.5%	3.8%
Change in Manufact. Payrolls	MAR	-5K	15K	-6K
Change in Non-Farm Payrolls	MAR	65K	178K	-133K

INFLATION (year over year)	As of	Expected	Actual	Prior
Consumer Price Index	MAR	3.4%	3.3%	2.4%
CPI Ex Food & Energy	MAR	2.7%	2.6%	2.5%
Producer Price Index	MAR	3.0%	3.4%	2.9%
PPI Ex Food & Energy	MAR	0.3%	0.7%	0.5%

HOME PRICES (year over year)	As of	Expected	Actual	Prior
S&P/Case Shiller Top 20 Mkts.	JAN	1.4%	1.2%	1.4%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	MAR	76.2%	76.3%	76.3%
Leading Indicators	JAN	-0.1%	-0.1%	-0.2%
GDP Annualized (4Q)	APR	0.7%	0.5%	4.4%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (4Q)	MAR	0.1%	1.8%	5.2%
Industrial Production	FEB	0.1%	0.2%	0.7%

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](http://www.trust.perkinscoie.com).

This report is based on information obtained from sources that we believe to be reliable, but we do not guarantee its accuracy or completeness. Opinions and estimates may be changed or withdrawn without notice. The information and opinions contained in this report should not be considered as recommendations to buy or sell any security or commodity. Investments are not guaranteed, and past performance is not a guarantee of future results.

Trust and Estate, Investment Management and Comprehensive Planning Services  
Perkins Coie Trust Company LLC is a Washington state-chartered trust company.