Quarterly Investment Update

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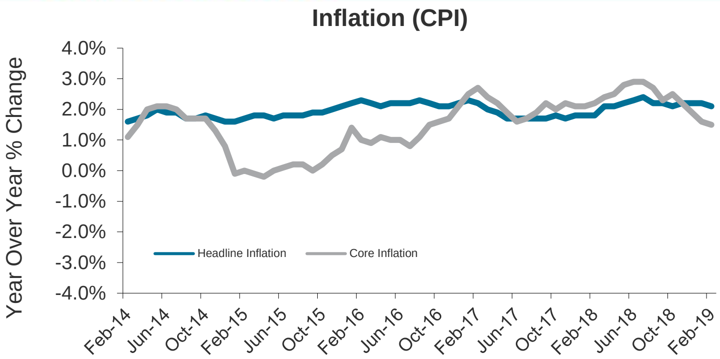

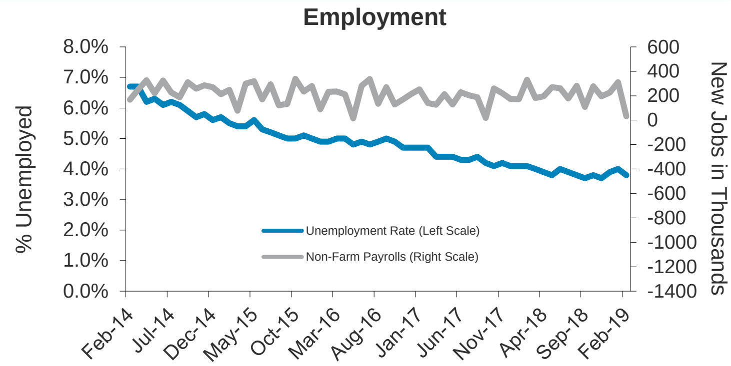

Economic Commentary

Although there are no signs apparent of an imminent recession in the U.S. or other major global economies, there is some uncertainty whether this is a brief period of moderating global growth or an extended slowdown.

In the U.S., slower growth was evident among several recent economic releases, including a 19-month low for service sector growth; an 18-month low for ADP private sector job growth (missing estimates by -22%); and the first decline among durable goods orders in four months with a drop of 1.6%. The U.S. inflation rate also dropped unexpectedly. Slowing economic growth portends lower earnings growth, which happens to coincide, or perhaps is, in large part, the result of the U.S./China trade dispute.

The actions and comments from the Federal Reserve have been perplexing. The Fed raised the overnight lending rate in December, and signaled the possibility of two increases in 2019, citing economic growth and inflation creeping higher as reasons. In January, the Fed held rates steady, but also indicated no rate hikes this year and lowered their forecast for growth and inflation, an about-face from the month prior. The bond market picked up on the message and is also signaling an increased potential for future economic weakness. These two factors have raised speculation the Fed's next move will be to lower, not raise, interest rates.

However, recent economic data from China and Europe has been encouraging. which could be an indication global growth might not be slowing as much as anticipated. Furthermore, if a mutually beneficial deal resolves the U.S./China trade dispute, expectations could quickly change again.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (4Q)	MAR	1.7%	2.0%	1.6%
Unemployment Rate	MAR	3.8%	3.8%	3.8%
Average Hourly Earnings (YoY)	MAR	3.4%	3.2%	3.4%
Change in Manufact. Payrolls	MAR	10K	-6K	1K
Change in Non-Farm Payrolls	MAR	177K	196K	33K

INFLATION (year over year)	As of	Expected	Actual	Prior
Consumer Price Index	FEB	1.6%	1.5%	1.6%
CPI Ex Food & Energy	FEB	2.2%	2.1%	2.2%
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	3.8%	3.6%	4.1%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	FEB	78.5%	78.2%	78.3%
Leading Indicators	FEB	0.1%	0.2%	-0.1%
GDP Annualized (4Q)	MAR	2.3%	2.2%	3.4%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (4Q)	MAR	1.5%	1.9%	1.8%
Industrial Production	FEB	0.4%	0.1%	-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.

PERKINS COIE TRUST COMPANY

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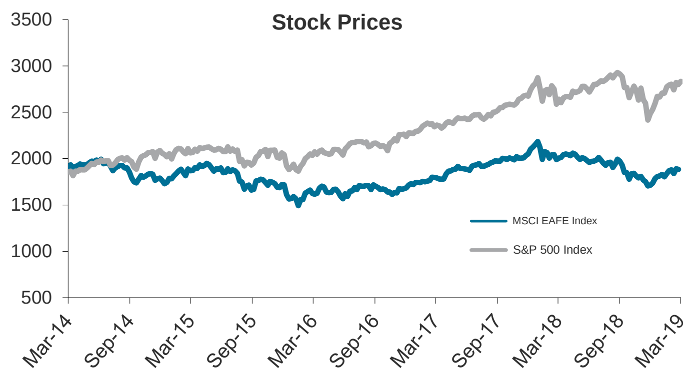
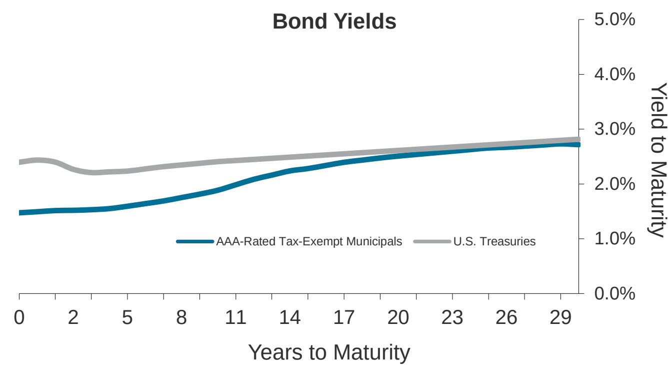
For the Quarter Ending March 31, 2019





Stock Market Commentary

Equity markets resumed optimism in 1Q 2019 on prospects for a trade resolution with China and the decision by the Fed to pause on additional rate hikes. The S&P 500 rebounded a hefty 13.6%, nearly erasing the loss of the prior quarter.

Growth stocks outperformed value as Technology shares rallied 19.9% on positive earnings news. The Real Estate and Industrials sectors jumped over 17% and Energy stocks gained 16.4% as oil prices rose based on improved supply and demand dynamics. All other sectors had positive returns. The lowest-returning sector, Healthcare, lost momentum after last year's gains but still rose 6.6%. Small cap stocks, up 14.6%, outperformed large caps during the quarter but slid in March on weaker manufacturing data and anticipated rising labor costs, which could weigh on profits.

Improving confidence in Europe overtook Brexit concerns as well as a stronger dollar, pushing the MSCI EAFE index higher by 10.2%. Emerging markets also gained nearly 10% as investors put cash to work in riskier assets. Strong home sales and continued low interest rates boosted returns for the DJ Wilshire REIT index, up 15.7%.

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STOCK MARKETS	3 Months	1 Year	3 Years*
Domestic Stock Market Indices			
S&P 500	13.6%	9.5%	13.5%
Russell 1000	14.0%	9.3%	13.5%
Russell 1000 Growth	16.1%	12.7%	16.6%
Russell 1000 Value	11.9%	5.7%	10.5%
S&P 400 Midcap	14.5%	2.6%	11.3%
Russell 2000	14.6%	2.0%	12.9%
Russell 2000 Growth	17.1%	3.8%	14.9%
Russell 2000 Value	11.9%	0.1%	10.9%
International Stocks			
MSCI Developed (EAFE)	10.2%	-3.2%	7.9%
MSCI Emerging Markets	9.9%	-7.4%	10.7%
Real Estate			
DJ Wilshire REIT Index	15.7%	19.7%	5.3%

Bond Market Commentary

The shape of the U.S. Treasury yield curve has changed dramatically from 4Q 2018 through 1Q 2019. The continued flattening of the yield curve is shown in the table included here, which details the change in yields among U.S. Treasury issues through the end of 1Q 2019.

The yield decline among intermediate- and long-term bonds sent prices higher, while short-term bond yields climbed, eventually causing the yield curve to invert during the quarter. The Fed's recent behavior is the direct cause for the yield curve inversion. After increasing short-term interest rates in December, while longer-term rates remained steady, causing the curve to flatten, the decision to hold short-term rates steady in January, led to a decline in longer-term yields, eventually leading to inversion. An inversion of the U.S. Treasury yield curve has been a reliable indicator of an impending recession in the next 6-18 months. But, the inversion was shallow, which may mitigate recession concerns. Regardless, it seems likely the next move from the Fed will be to lower rates, not raise them.

BOND MARKETS	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	2.9%	5.7%	6.2%
Intermediate Govt./Credit	2.3%	3.2%	5.1%
U.S. Government	2.1%	4.2%	1.1%
U.S. Credit	4.9%	4.9%	3.5%
High-Yield Bonds	7.3%	5.9%	8.6%
Tax-Free Bonds			
3-Year Municipal	1.3%	3.0%	1.3%
5-Year Municipal	2.1%	4.4%	1.8%
10-Year Municipal	3.2%	6.3%	2.8%

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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