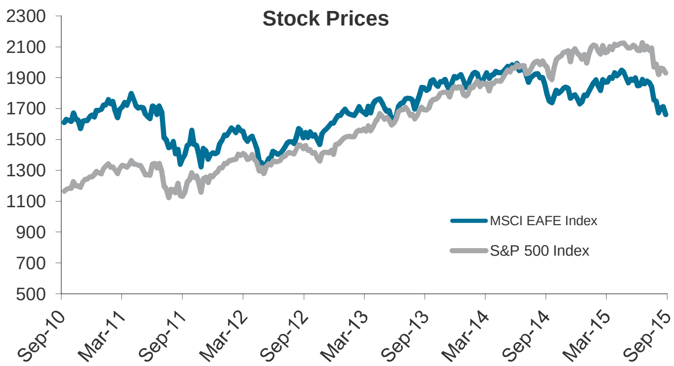
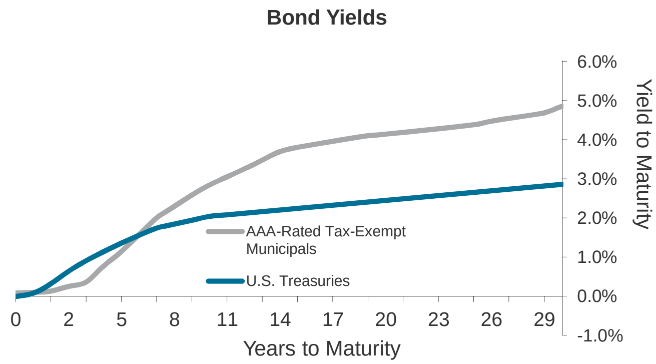
Perkins Coie Trust Company

Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending September 30, 2015





Stock Market Commentary

China's move to devalue its currency in late August set off a wave of selling and renewed volatility across global markets that continued through September. Enduring its worst quarter since 2011, the S&P 500 slid 6.4%, pulling its year-to-date return down to -5.3%. Within Large-Cap, the Utilities sector attracted investors seeking safety, which gained 5.4% during the third quarter. The next strongest sector was Staples, which shed 0.2%. All other sectors fell, with the most severe losses in Energy and Materials, down 17.4% and 16.7%, respectively. The disparity of returns for Growth versus Value widened further. The Russell 1000 Growth Index holds a positive return of 3.2% for the year versus the Russell 1000 Value Index, down 4.4%. With the appetite for risk declining, the smaller the company, the worse the return in the quarter. The S&P 400 Midcap lost 8.5% and the Russell 2000 plunged 11.9%.

With high exposure to China, the MSCI Emerging Markets Index suffered a nearly 18% loss. In developed markets, the MSCI EAFE fell over 10%, wiping out gains achieved in the first half of the year. The Real Estate sector was the bright spot in the quarter, with the DJ Wilshire REIT Index rising 3.1%. As we move into the fourth quarter, the impact of China's slowing growth on the world economy and U.S. profit growth continues to weigh on the markets.

STOCK MARKETS	3 Months	1 Year	3 Years*
Large Stocks			
S&P 500	-6.4%	-0.6%	12.4%
Russell 1000	-6.8%	-0.6%	12.6%
Russell 1000 Growth	-5.3%	3.2%	13.6%
Russell 1000 Value	-8.4%	-4.4%	11.6%
Medium and Small Stocks			
S&P MidCap 400	-8.5%	1.4%	13.1%
Russell 2000	-11.9%	1.2%	11.0%
Russell 2000 Growth	-13.1%	4.0%	12.8%
Russell 2000 Value	-10.7%	-1.6%	9.2%
International Stocks			
MSCI EAFE	-10.2%	-8.1%	6.3%
MSCI Emerging Markets	-17.9%	-19.3%	-5.3%
Real Estate			
DJ Wilshire REIT Index	3.1%	11.8%	9.9%

Bond Market Commentary

Concerns about slowing global growth and a lack of inflation led to gains in the Treasury market. Treasuries were up 2% for the quarter and yields dropped 31 basis points, to 2.04% for 10-year maturities.

High-yield bonds suffered their worst quarter in four years, dropping 4.9%. The decline in this sector of the bond market started with debt issued by energy, and commodity, related companies and then spread to other industries including retail, media, and telecommunications. After raising a record $1.7 trillion in the last five years, speculative-grade companies now have relatively high debt levels and slowing earnings. Spreads between treasuries and investment-grade corporate bond debt also widened during the quarter, a signal that the market may be increasingly concerned about economic growth. Higher borrowing costs can impact corporate profits. Hewlett Packard recently increased the yield on a $15 billion bond issue by 0.50%, adding nearly $75 million per year in interest expense.

Municipal bonds gained about 1.2% for the quarter. The riskiest segments of the municipal market, including long-duration and high-yield, had the largest gains.

BOND MARKETS	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	1.2%	2.9%	1.7%
Intermediate Govt./Credit	0.9%	2.7%	1.4%
U.S. Government	1.7%	3.7%	1.3%
U.S. Credit	0.5%	1.5%	2.0%
High-Yield Bonds	-4.9%	-3.4%	3.5%
Tax-Free Bonds			
3-Year Municipal	0.8%	1.1%	1.2%
5-Year Municipal	1.2%	1.9%	1.8%
10-Year Municipal	2.0%	3.5%	3.1%

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 .

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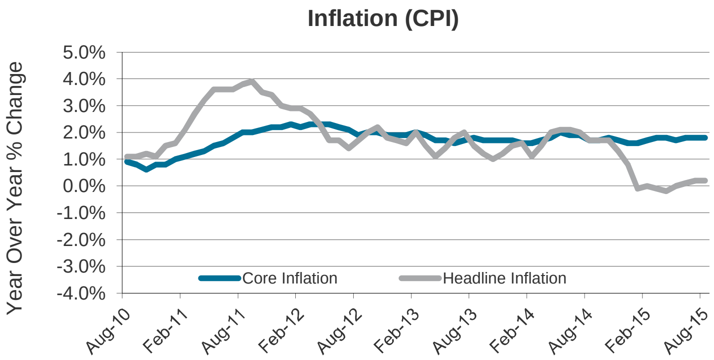

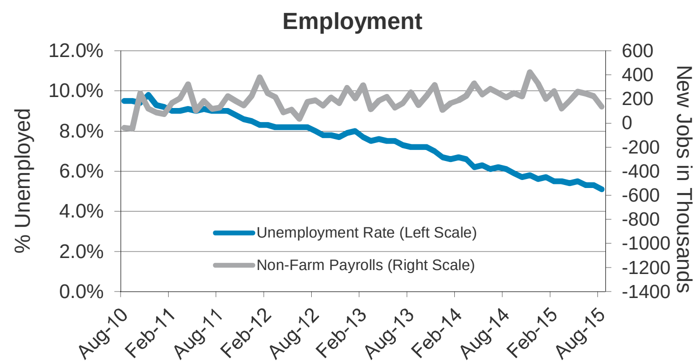

Economic Commentary

The biggest headline in economics during the third quarter was essentially a non-event; The Federal Reserve voted to keep interest rates near zero at the conclusion of its September meeting citing concerns over "developments abroad." The Fed's decision not to hike rates because of fears about the global economy adds a new dimension to monetary policy. While the US economy continues to show signs of strength, slowing growth in China coupled with high volatility in Chinese and other developing countries stock markets now appears to be on the Fed's radar.

Nothing on the latest payroll report would indicate that the economy is heating up. September jobs data showed a loss of momentum, with a gain of just 142,000 jobs. The six-month trend is still high at 205,000, but the September report came in well below most economists forecasts. Companies in the Mining, Manufacturing, and Energy sectors are being hurt by a strong dollar and slowing growth overseas, while the Retail Trade, Food Service and Technology sectors are still growing at a solid pace.

Recently released GDP data for the second quarter showed a surprisingly strong reading of 3.9%. The US economy is not overly dependent on either manufacturing or exports, as it derives over 85% of domestic growth from a combination of household consumption and government spending. The strong dollar and low energy prices are both positive for consumer spending.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (2Q)	SEP	-1.2%	-1.4%	2.3%
Unemployment Rate	SEP	5.10%	5.10%	5.10%
Average Hourly Earnings (YOY)	SEP	2.4%	2.2%	2.2%
Change in Manufact. Payrolls	SEP	0K	-9K	-18K
Change in Non-Farm Payrolls	SEP	200K	142K	136K

INFLATION (year-over-year)	As of	Expected	Actual	Prior
Consumer Price Index (CPI)	AUG	0.2%	0.2%	0.2%
CPI Ex Food & Energy	AUG	1.9%	1.8%	1.8%
Producer Price Index (PPI)	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	5.2%	5.0%	4.9%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	AUG	77.8%	77.6%	78.0%
Leading Indicators	AUG	0.2%	0.1%	-0.2%
GDP Annualized (2Q)	SEP	3.7%	3.9%	0.6%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (2Q)	SEP	2.8%	3.3%	-1.1%
Industrial Production	AUG	-0.2%	-0.4%	0.6%

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 Trust.PerkinsCoie.com.