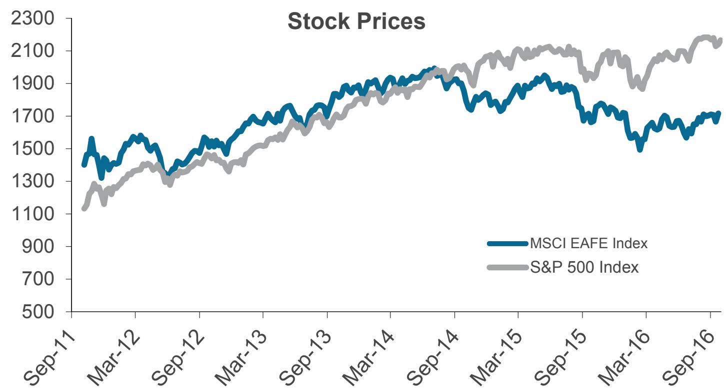
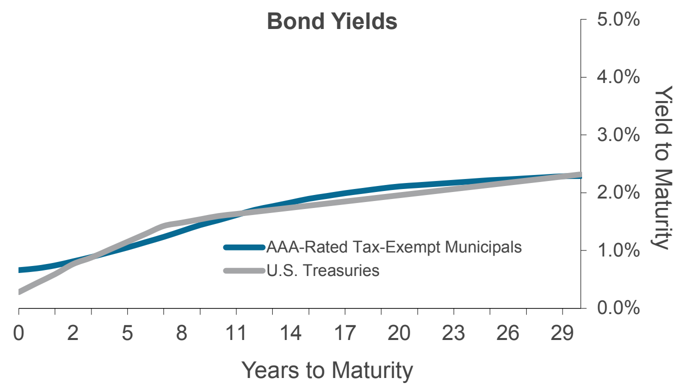
PERKINS COIE
TRUST COMPANY

Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending September 30, 2016





Stock Market Commentary

Investor confidence rebounded in the third quarter immediately following Brexit, driving the S&P 500 to new highs. Comments by the Fed in early September stirred up some volatility and share prices slipped backwards. Not all gains were lost, however, as the S&P 500 delivered a 3.9% total return for the quarter. Cyclical sectors rallied most, with Technology stocks gaining 12.9%, largely driven by earnings results. An improving economic outlook drove Industrials and Financials up 4.6% and 4.1%, respectively. Overvalued defensive sectors pulled back, with Utilities and Telecom each dropping nearly 6% for the quarter. Domestically, small cap stocks outperformed large caps, with the Russell 2000 climbing 9%.

International markets posted solid results as monetary easing continues, including the Bank of Japan maintaining their short-term target. China's economy has shown further improvement boosting Emerging Markets. The MSCI Developed (EAFE) Index gained 6.5% and the MSCI Emerging Markets Index jumped 9%.

The DJ Wilshire REIT Index retreated 1.2% during the quarter as high-dividend sectors lost momentum. Real Estate, recently classified as its own sector in the S&P 500, may draw renewed interest as fund managers rebalance positions.

As we enter the fourth quarter, all eyes will be on the presidential race and fiscal policy. Uncertainly surrounding the election results and whether the Fed will raise interest rates will likely keep market volatility elevated.

STOCK MARKETS	3 Months	1 Year	3 Years*
Large Stocks			
S&P 500	3.9%	15.4%	11.1%
Russell 1000	4.0%	14.9%	10.8%
Russell 1000 Growth	4.6%	13.8%	11.8%
Russell 1000 Value	3.5%	16.2%	9.7%
Medium and Small Stocks			
S&P 400 Midcap	4.1%	15.3%	9.3%
Russell 2000	9.0%	15.5%	6.7%
Russell 2000 Growth	9.2%	12.1%	6.6%
Russell 2000 Value	8.9%	18.8%	6.8%
International Stocks			
MSCI Developed (EAFE)	6.5%	7.1%	1.0%
MSCI Emerging Markets	9.0%	16.8%	-0.6%
Real Estate			
DJ Wilshire REIT Index	-1.2%	17.7%	14.3%

Bond Market Commentary

Interest rates have settled into a narrow range after hitting record lows during the opening days of the quarter. The 10-year Treasury yield closed at 1.6% on September 30, a rate that is higher than most 10-year government debt issued by developed nations. Germany, Switzerland and Japan offer 10-year government bonds with negative yields and the total face value of negative-yielding corporate and sovereign debt across all maturities stands at nearly $12 trillion.

U.S. junk bonds gained 5.6% for the quarter, beating other fixed-income sectors by a wide margin. Surging oil prices are easing concerns about drillers failing, which hurt speculative-grade bond prices earlier this year. Corporate high-grade bonds have had their best year-to-date performance since 2012, with gains of 1.2% for the quarter and 8.9% for the first nine months of 2016. Global central banks' shift toward more stimulative economic policies this year forced investors to aggressively "reach for yield." As a result, investors from around the world poured their money into U.S. corporate credit funds at a record pace. Heavy inflows into U.S. credit were easily absorbed by U.S. corporations, who borrowed record sums of money to pay dividends, repurchase shares, and fund acquisitions. Corporate bond issuance in 2016 is likely to post another record-breaking year, around $1.2 trillion. This would mark the fifth consecutive year of $1.0+ trillion worth of investment-grade bond issuance.

BOND MARKETS	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	0.5%	5.2%	4.0%
Intermediate Govt./Credit	0.2%	3.5%	2.8%
U.S. Government	-0.3%	4.0%	3.3%
U.S. Credit	1.2%	8.3%	5.4%
High-Yield Bonds	5.6%	12.7%	5.3%
Tax-Free Bonds			
3-Year Municipal	-0.3%	1.2%	1.4%
5-Year Municipal	0.0%	3.0%	2.9%
10-Year Municipal	-0.1%	6.0%	5.6%

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 .

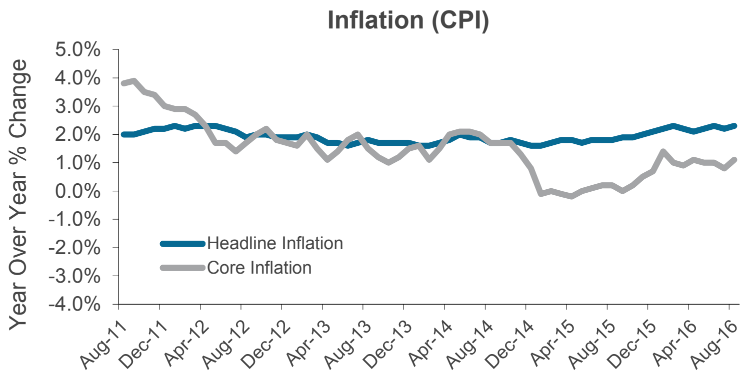
For more information, please visit Trust.PerkinsCoie.com

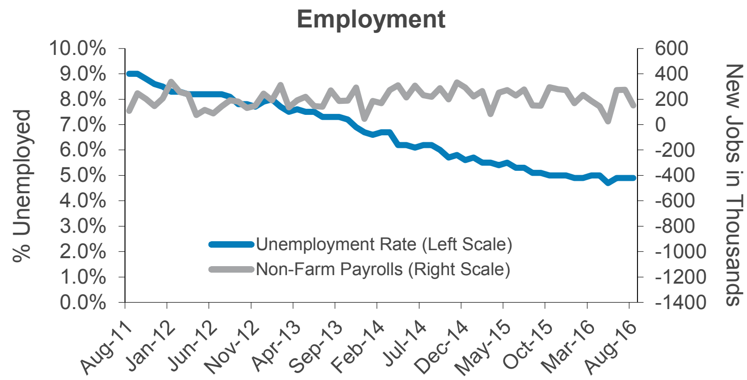
TRUST AND ESTATE, INVESTMENT MANAGEMENT AND COMPREHENSIVE PLANNING SERVICES

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

Quarterly Investment Update

WORTH KNOWING®





Economic Commentary

Federal Reserve policymakers decided not to raise the federal funds target rate at their September meeting. It was the sixth time this year that U.S. central bankers opted to hold steady. The Fed looks at a number of data points in determining whether to raise rates, including employment, wage growth, inflation and the housing market, but may also be looking at global economic growth and the upcoming election. It is anticipated that the Fed will raise rates at their December meeting but will be cautious with further rate hikes, given the fragile state of the global economy.

Consumer prices in the U.S. rose more than expected in August on higher shelter and healthcare costs, indicating that inflation continues to move toward the Fed's goal. The increase in healthcare costs, including health insurance, was the biggest in one month since 1990. Excluding volatile food and energy costs, the core CPI rose 0.3% for the month and 2.3% year over year. Major energy component indexes were mixed, with increases for natural gas and electricity offsetting declines in gasoline and fuel oil.

Oil prices surged during the last week of the quarter after the Organization of the Petroleum Exporting Countries (OPEC) agreed to limit output for the first time in eight years, although no quotas were formally set. OPEC has stubbornly maintained production at high levels despite a plunge in oil prices since mid-2014. The agreement, which is scheduled to be ratified at OPEC's next official meeting on November 30, may have been necessitated by Saudi Arabia's tattered finances. The kingdom has the highest budget deficit among the world's 20 biggest economies; however, it remains to be seen whether countries including Iraq, Iran, and Nigeria would participate in any cuts, and American producers are also likely to step into the void OPEC would create. The U.S. has increased its production by 19.4% since 2013, compared to an increase in global oil production of just 6.4%.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (2Q)	SEP	2.1%	4.3%	-0.2%
Unemployment Rate	AUG	4.8%	4.90%	4.90%
Average Hourly Earnings (YoY)	AUG	2.5%	2.4%	2.7%
Change in Manufact. Payrolls	AUG	-4K	-14K	6K
Change in Non-Farm Payrolls	AUG	180K	151K	275K

INFLATION (year over year)	As of	Expected	Actual	Prior
Consumer Price Index	AUG	1.0%	1.1%	0.8%
CPI Ex Food & Energy	AUG	2.2%	2.3%	2.2%
Producer Price Index	AUG	0.1%	0.0%	-0.2%
PPI Ex Food & Energy	AUG	1.3%	1.2%	0.8%

HOME PRICES (year over year)	As of	Expected	Actual	Prior
S&P/Case Shiller Top 20 Mkts.	JULY	5.1%	5.0%	5.1%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	AUG	75.7%	75.5%	75.9%
Leading Indicators	AUG	0.0%	-0.2%	0.5%
GDP Annualized (2Q)	SEP	1.3%	1.4%	0.8%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (2Q)	SEP	-0.6%	-0.6%	-0.6%
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 www.trust.perkinscoie.com.