Annual Investment Update

ECONOMIC REVIEW AND OUTLOOK

DECEMBER 31, 2017

Welcome to the start of the tenth year of the bull market. Factors that we will monitor this year include corporate profit growth, interest rates and valuations, as they will likely have an impact on stocks in 2018, yet our overall outlook remains positive. Some key investment themes that we will focus on and put to work are Dividend Growth, Tax Cuts, Domestic Economy and Small Cap. This, along with what we see as a confident consumer, will provide expected returns of 12%-15% in U.S. stocks. We understand the unpredictable market environment and associated risk to our forecast to include uneven economic growth in Europe and BRIC nations, federal budget levels in the U.S., oil price volatility, and geopolitical and terror threats. These factors do raise the likelihood that volatility may be higher in the coming year than in 2017, but with only a modest premium for equities to fair value on the Fisher-based S&P 500 valuation model, we are not particularly worried given the low absolute levels of interest rates. Finally, the Independent Tax Foundation has forecast that tax reform may result in a 3.7% increase in GDP, 2.9% higher wages and an additional 925,000 new full-time jobs.

As always, we are here to guide you through this journey; please reach out to us with your questions, concerns, changes in your financial life and any issues that arise. Best wishes to you from your friends at Perkins Coie Trust Company for a Happy and Healthy New Year!

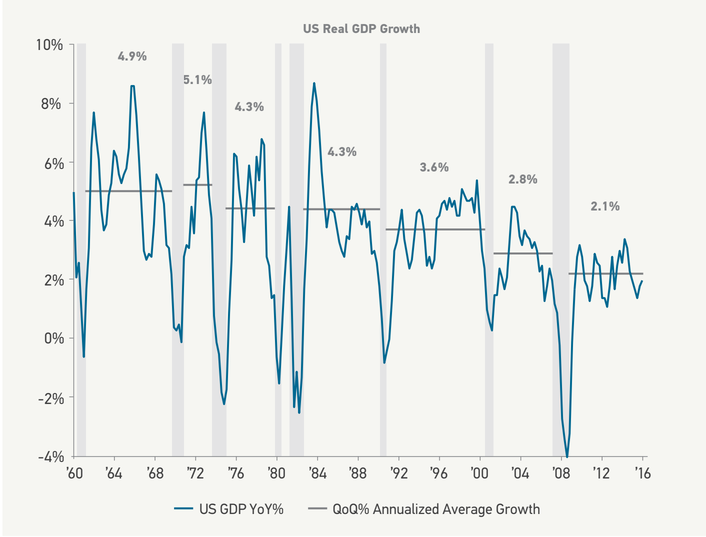
The synchronized global recovery continues. Although we are nearly 10 years into a domestic economic recovery, global growth has solidified over the past twelve months with all major regional economies accelerating for the first time in almost a decade. The pickup in growth was most impressive among commodity exporters, such as Brazil, Mexico, and Russia, but Japan and major developed economies in Europe also performed well. Much of the recent acceleration owes to the continuation of supportive central bank policies around the world and the recent addition of more stimulative fiscal policies, including tax cuts in the U.S. In emerging markets, the slowdown in China has leveled off, and a number of economies that slipped into recession in 2016 are now in recovery.

KEY ECONOMIC RELEASES

EMPLOYMENT	As of	Expected	Actual	Prior Period	12 Months Ago
Unit Labor Costs (3rd Quarter)	DEC	0.2%	-0.2%	0.3%	0.7%
Unemployment Rate	DEC	4.1%	4.1%	4.1%	4.7%
Change in Non-Farm Payrolls	DEC	190K	148K	252K	156K
INFLATION (year over year)	**As of**	**Expected**	**Actual**	**Prior Period**	**12 Months Ago**
Consumer Price Index	NOV	2.2%	2.2%	2.0%	1.7%
CPI Ex Food & Energy	NOV	1.8%	1.7%	1.8%	2.1%
Producer Price Index	NOV	2.8%	3.1%	2.4%	1.9%
HOME PRICES (year over year)	**As of**	**Expected**	**Actual**	**Prior Period**	**12 Months Ago**
S&P/Case Shiller Top 20 Mkts.	OCT	6.3%	6.4%	6.2%	5.1%
MANUFACTURING ACTIVITY	**As of**	**Expected**	**Actual**	**Prior Period**	**12 Months Ago**
Capacity Utilization	NOV	77.2%	77.1%	77.0%	75.0%
Leading Indicators	NOV	0.4%	0.4%	1.2%	0.0%
GDP Annualized (3rd Quarter)	DEC	3.3%	3.2%	3.1%	3.5%

Source: Bloomberg

AVERAGE REAL GROWTH DURING ECONOMIC EXPANSIONS



Source: Bloomberg as of March 31, 2017. Values shown are averages during economic expansions. U.S. real GDP growth quarter-on-quarter annualized.

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AT PERKINS COIE TRUST COMPANY, *we believe it is a priority to have a current financial plan, maintain a strategic asset allocation strategy and employ tax awareness in the investment process. We also believe that investors must focus on fundamentals and diversify their portfolios by asset class, style, size and geography to manage market risk. We invite you to contact us to learn how we can help you achieve your financial goals. For more information regarding our trust, investment and planning services, please contact us toll-free at 888.720.8382 or locally at 206.359.6462 or visit our website at trust.perkinscoie.com.*

PERKINS COIE TRUST COMPANY

Annual Investment Update

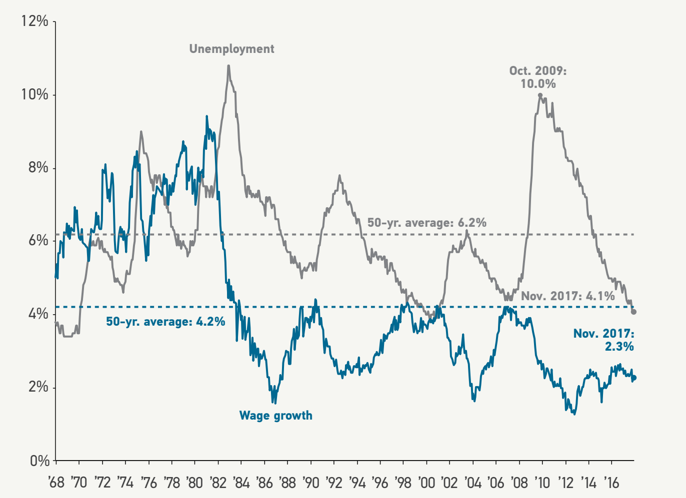
ECONOMIC REVIEW AND OUTLOOK (CONTINUED)

The U.S. may be gaining momentum. GDP growth in the current economic cycle has averaged just 2.1%, consistent with a downward trend in growth since the 1960s. The last two quarters, however, have produced GDP growth over 3%. Inventory building and an increase in net exports helped compensate for impact from numerous hurricanes on manufacturing and consumer spending. Going forward, capital expenditures, which are already on an uptrend, should accelerate as corporations enjoy lower tax rates and the ability to repatriate $2.6 trillion in cash sitting in overseas balance sheets. Companies may seize this window of opportunity to upgrade their technology platforms and purchase new equipment, which should increase productivity and the demand for labor, thereby boosting wages and economic growth.

Dollar posts annual decline. The U.S. dollar snapped a five-year winning streak, dropping 7.5% in 2017 against a basket of 16 other currencies. This was the biggest annual decline since 2007. The euro, on the other hand, gained 14% in 2017, breaking a three-year losing streak against the dollar. Investors favored the euro versus the dollar throughout much of 2017, as faster-than-expected growth in Europe prompted investors to speculate that officials can tighten monetary policy sooner and faster than had previously been expected. Higher interest rates tend to make a currency more attractive to yield-seeking investors.

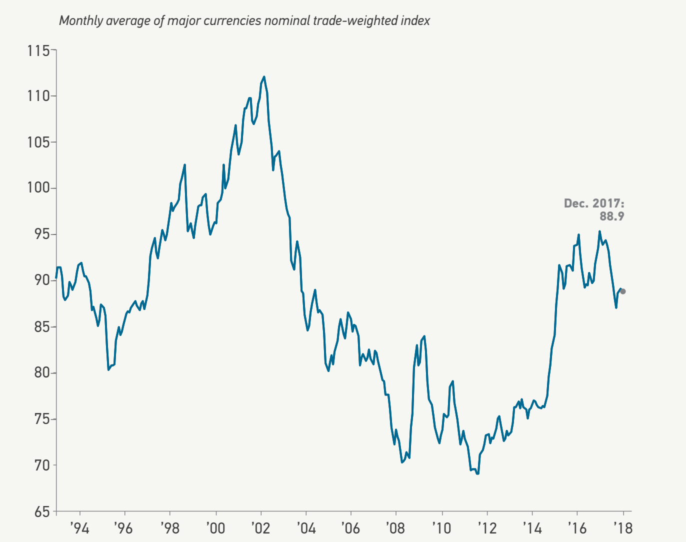
Keeping an eye on inflation. In a recent Bloomberg survey, four of the world's largest fixed income managers, Fidelity, Goldman Sachs, J.P. Morgan, and PIMCO, issued warnings for possibly higher-than-expected inflation over the next few years. For now, price pressures are benign, even as U.S. economic growth exceeds 3%. For example, the core consumer price index, which excludes energy and food prices, was up just 1.7% in November. Many factors have held inflation in check over the past decade. Businesses, coming out of a long period of economic uncertainty and global instability, were slow to spend capital. Prices of goods haven't risen because the post-recession period coincided with an aggressive shift to e-commerce and price comparison. Economists have incorrectly forecasted rising inflation for years, but there is reason to believe this year could be different. Admittedly, only a small increase in inflation would be enough to generate an inflation scare in 2018. An increase in the core rate from 1.7% to over 2% could be enough to cause a selloff in longer-term bonds and high-yielding equities. Strains on prices are already evident higher up the supply chain. The producer price index, which measures the prices that goods and services producers receive, rose 3.1% on a year-over-year basis in November, the fastest rate since January 2012. Wages also seem to be reacting to a tight labor market, rising at an annual rate above 2.5%, faster than since the end of the recession. We expect wage inflation to rise to at least 3.5% over the next year or so. Some exposure to inflation-protected securities (TIPS), commodities funds, and short-duration fixed income vehicles is warranted.

UNEMPLOYMENT AND WAGES



Source: BLS, FactSet, J.P. Morgan Asset Management

U.S. DOLLAR INDEX



Source: J.P. Morgan Asset Management

Annual Investment Update

BOND MARKET REVIEW AND OUTLOOK

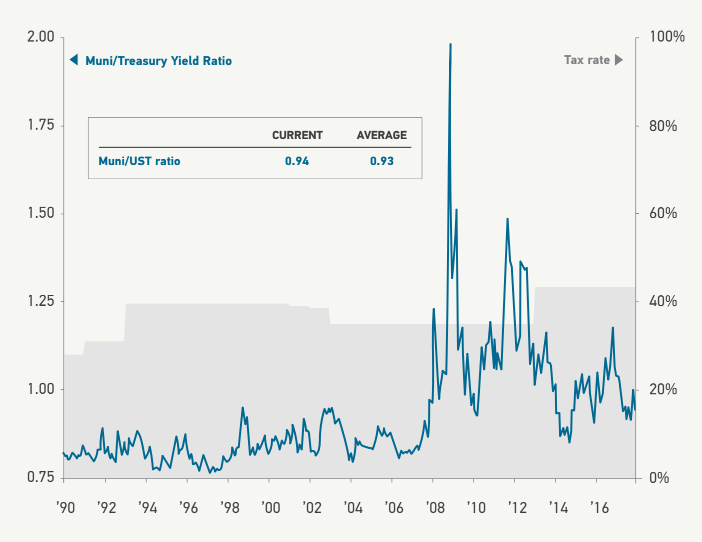
DECEMBER 31, 2017

Tax reform bill could shake up the municipal bond market. Republicans passed historic tax reform legislation that will reduce marginal tax rates for corporations and many American households. The new tax bill maintains the seven tax brackets, but reduces rates across the income spectrum. Although most taxpayers will see a tax cut under the plan, the reduction is minimal and unlikely to change behavior among municipal investors. Retail investors own two-thirds of the municipal market, so their participation is important in offsetting any slump in demand from corporations receiving a much larger tax reduction. The tax bill will lower the corporate tax rate from 35% to 21%. Banks have been the fastest-growing buyers of municipal bonds in recent years, so fears have increased about tax reform impact on the municipal bond market. Property and casualty insurers have reduced demand for tax-exempt bonds of late, but these buyers still make up another 9% of the market and will see diminished value in the sector at lower rates. However, the crossover tax rate, or the rate at which an investor would be indifferent between a municipal and taxable bond, suggests continued value in municipals at the lower corporate tax rate. For example, the tax rate need only exceed 15% for 10-year AAA-rated municipal yields (taxable equivalent) to exceed yields on 10-year Treasury bonds.

The tax bill preserves the tax exemption for private activity bonds and bonds issued for sports stadiums. Private activity bonds, which comprise as much as 25% of the market according to Moody's, are an important vehicle for not-for-profit issuers like hospitals and universities to access low-cost financings. The preservation of this market also will help ensure that the Trump administration's lofty infrastructure plan has a functional framework in which municipal issuers can participate.

Lessons from a severe hurricane season. Hurricanes Harvey, Irma, and Maria took a devastating toll on citizens and communities in 2017. While their impact on municipal credit is likely to be somewhat muted, neither S&P nor Moody's has ever recorded a bond default resulting directly from a natural disaster; note, however, that credit deterioration is possible. The rating agencies have assigned negative credit outlooks to many smaller borrowers, primarily utility districts, in the regions affected by the hurricanes. Recall that in the year following Hurricane Katrina, the city of New Orleans saw its population drop by more than half, sales tax revenues fell by 20%, and the regional economy contracted over 7% in real terms. The city avoided default, but it experienced significant credit deterioration.

MUNICIPAL AND TREASURY BOND YIELDS AND THE TAX RATE

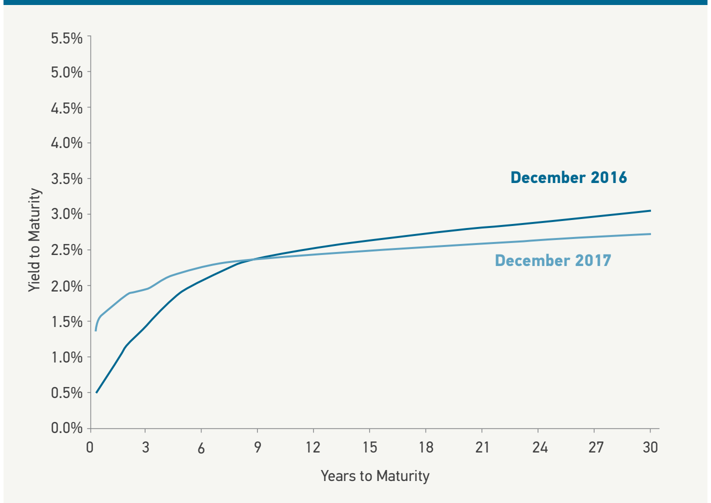


Source: J.P. Morgan Asset Management

BOND MARKET RETURNS	Latest Quarter	12 Months	Last 3 Years
Bloomberg-Barclays Intermed. Gov/Credit	-0.2%	2.1%	1.8%
Bloomberg-Barclays 10-Year Municipal	0.5%	5.8%	3.1%
Bloomberg-Barclays High Yield	0.5%	7.5%	6.4%
Merrill Lynch 90-Day T-Bill	0.3%	0.9%	1.2%
Treasury Infl. Protected Sec.	0.9%	3.0%	1.9%

Source: Bloomberg, Vanguard, Bank of America, Merrill Lynch

U.S. TREASURY YIELD CURVE COMPARISON

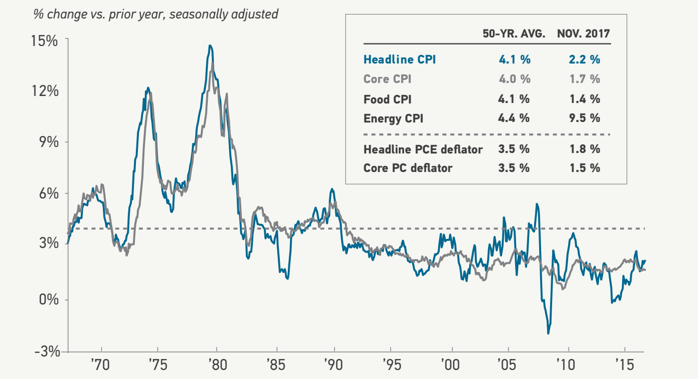


Source: Bloomberg

BOND MARKET REVIEW AND OUTLOOK (CONTINUED)

No bear market for bonds in 2017. In a "risk-on" year, high yield and investment grade corporate bonds outperformed, and all sectors in the bond market posted positive returns. High yield bonds gained nearly 7% in 2017, and Treasuries provided a positive return of around 2%. After a sharp rise late in 2017 on the passage of the tax reform bill, the 10-year Treasury yield retreated to end the year at 2.41%. Despite a considerably more robust economy in 2017, the 10-year yield ended below its 2016 close of 2.48%, as inflation expectations remained muted and demand for Treasuries was healthy amid low international yields. We look for at least two quarter-point hikes in the federal funds rate in 2018, and possibly a third if the economy remains strong. Yields on long-term U.S. Treasury bonds have remained stubbornly low, suggesting little conviction among bond investors that a lengthy span of modest economic growth and trivial wage gains is on the verge of changing. Another source of demand for bonds is the aging baby boomer population. The population of U.S. residents age 65 or older has grown more than 40% since 2000, to 49.2 million. Investors typically increase bond holdings as they approach retirement.

CPI AND CORE CPI



Source: BLS, FactSet, J.P. Morgan Asset Management

STOCK MARKET REVIEW AND OUTLOOK

DECEMBER 31, 2017

Global market returns were robust in 2017. For a year filled with devastating natural disasters, heightened geopolitical tensions, ongoing challenges in Washington and stretched stock valuations, few would have imagined global markets could yield such robust returns in 2017. The S&P 500 finished the year with a stellar 21.8% gain, supported by a double-digit rebound in earnings growth and passage of the Tax Cuts and Jobs Act. Even hardier returns were seen in international markets based on an accommodative central bank, strengthening corporate balance sheets, improvement in commodities markets, and a weaker dollar. The MSCI EAFE index surged 25.7% and the MSCI Emerging Markets index rose an astounding 37.3%. After leading in 2016, smaller company stocks took a back seat but still posted a healthy 14.6% gain, as measured by the Russell 2000 index.

STOCK MARKET RETURNS	Latest Quarter	12 Months	Last 3 Years
S&P 500	6.6%	21.8%	11.4%
Russell 1000 Growth	7.9%	30.2%	13.8%
Russell 1000 Value	5.3%	13.6%	8.6%
S&P 400 MidCap	6.2%	16.2%	11.1%
Russell 2000	3.3%	14.6%	9.9%
MSCI Developed (EAFE)	4.3%	25.7%	8.4%
MSCI Emerging Markets	7.4%	37.3%	9.1%
Alternative Asset Returns			
Bloomberg Commodity	4.4%	0.7%	-5.5%
MSCI World Real Estate	4.6%	15.6%	6.6%

Source: Bloomberg

STOCK MARKET REVIEW AND OUTLOOK (CONTINUED)

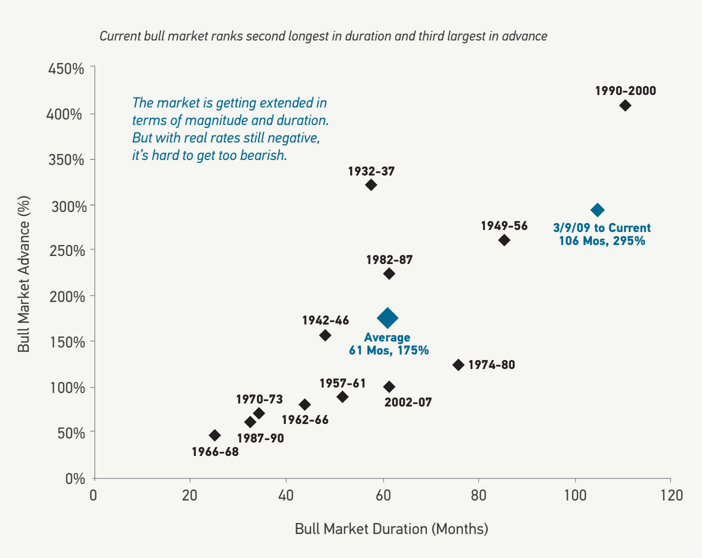
The bull market enters its 10th year on low volatility. Since 1928, the current bull market is the second longest in duration at 106 months and has had the third highest advance of 295%. Compared to the greatest bull market that occurred between 1990-2000, the current median valuation of the top 50 stocks at 19.7x, while high, is far less stretched than the median P/E in March of 2000 at 31x. Volatility reached further lows this year. The S&P 500 saw only four days of negative returns over 1% and its intra-year decline, the largest drop from peak to trough, was only -3%. The average intra-year decline since 1980 has been -14%. These slight pullbacks were short-lived as investors eagerly put more cash to work. The last market correction of 10% occurred nearly two full years ago.

Technology stocks were the clear leaders while Energy and Telecom stocks lagged. Technology stocks posted a spectacular return of 38.8% as investors sought companies with high-quality profit growth at reasonable valuations. The Tech sector alone contributed to 40% of the S&P 500's performance. All other sectors except Telecom and Energy had double-digit gains in 2017. In the face of regulatory uncertainty, Telecom stocks lost 1.3% and Energy, the leading sector of 2016, reversed course and fell 1%. Growth stocks, led by Technology, outperformed Value stocks by 17 percentage points, the largest spread since 2009.

International stocks remain relatively attractive. At year end, the S&P 500 reached a valuation of 18.2x forward earnings versus 16.9x at the end of 2016. Even with the increase in S&P 500 earnings over the year, this was a significant jump. This market multiple may be difficult to sustain in the coming year as the Federal Reserve continues down the path of normalizing interest rates. International stocks remain relatively more attractive at 14.3x forward earnings and a dividend yield of 3.1%, as measured by the MSCI ACWI ex-US index. The current yield of the S&P 500 is two-thirds that level, at 2.0%. Further, the earnings recovery is in the earlier stages for Europe and Japan.

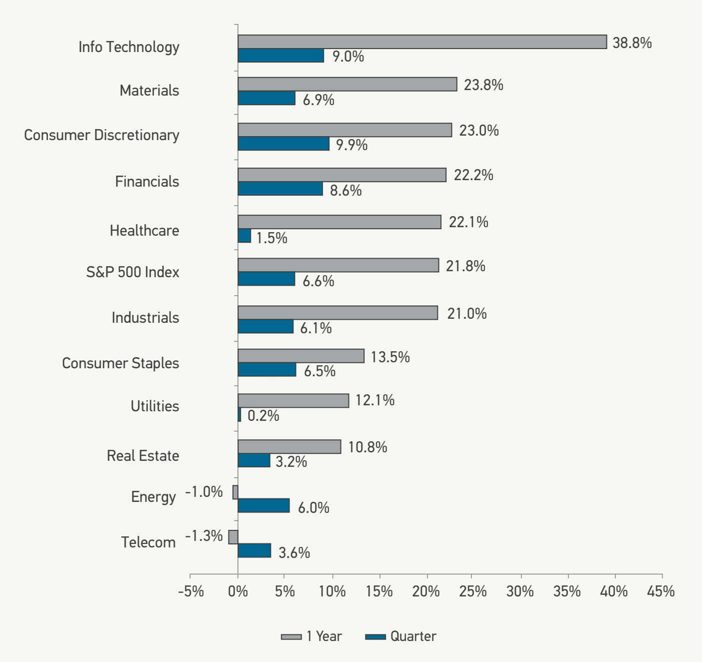
The bull market has the capacity to continue in 2018. Since 1960, market peaks have occurred at levels well over fair value, with overvaluation at peaks averaging over 21%. According to Argus Research, the market is only moderately overvalued and stocks are still favored over bonds based on relative yields (the real yield on AAA bonds versus the S&P Earnings/Price yield.) The passage of the Tax Cuts and Jobs Act, while difficult to forecast the true impact,

S&P 500 HISTORICAL BULL MARKETS - 1928 TO PRESENT



Source: Strategas

S&P 500 RETURNS BY SECTOR



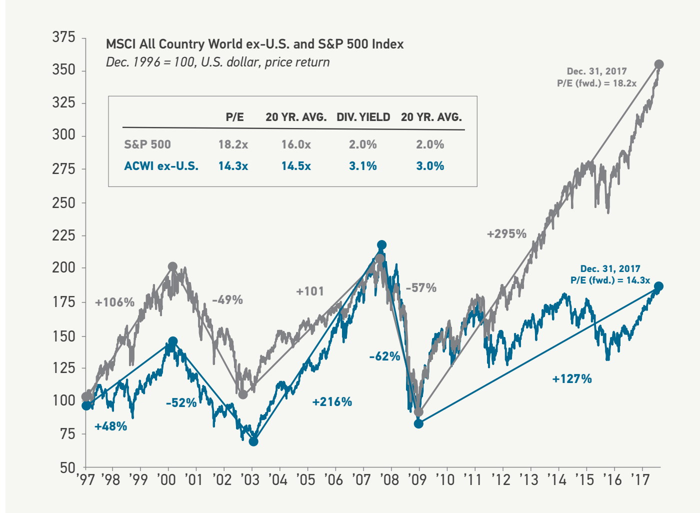
Source: Strategas

Annual Investment Update

STOCK MARKET REVIEW AND OUTLOOK (CONTINUED)

will be a clear positive as lower corporate tax rates and repatriation promote increased capital spending, hiring, higher dividend payouts, and share buybacks. Household tax cuts should lift consumer spending, particularly for lower-income households. Value stocks have the opportunity to gain ground as regulations ease for energy and financial companies. A steepening yield curve could also benefit the financial sector. Global technology companies may face greater scrutiny regarding privacy and antitrust issues, which may negatively impact the sector. With continued market momentum as we enter the new year and the S&P 500 approaching loftier valuations, volatility could gain steam on any unsettling news or surprising market data. Reviewing and rebalancing one's portfolio in alignment with long-term objectives remains critical.

U.S. AND INTERNATIONAL EQUITIES AT INFLECTION POINTS



MSCI, Standard & Poor's, FactSet, J.P. Morgan Asset Management

CROSSWORD PUZZLE

ACROSS

1 Commonly referred to as fixed-income securities.

6 The increase in the value of an asset or investment—like a stock or real estate—above its original purchase price.

9 A grade designating a bond's credit quality.

10 Markets of developing countries (such as India).

DOWN

2 The difference between your assets and liabilities.

3 Also called equities or shares.

4 The process by which you choose what proportion of your portfolio you'd like to dedicate to various asset classes, based on your goals, personal risk tolerance, and time horizon.

5 The process of buying or selling securities over time in order to maintain your desired asset allocation.

7 The last name of the new Federal Reserve Chair.

8 A measurement of U.S. economic growth.

INVESTMENT TERMS

Answers: 1 Bonds; 2 Net Worth; 3 Stocks; 4 Asset Allocation; 5 Rebalancing; 6 Capital Gains; 7 Powell; 8 GDP; 9 Rating; 10 Emerging Markets

Annual Investment Update

INVESTMENT MANAGEMENT SERVICES

Perkins Coie Trust Company offers investment management services for trusts and estates, personal investment portfolios, individual retirement accounts, private foundations and endowments.

PATRICK A. CASEY, CTFA, is President and Chief Executive Officer of Perkins Coie Trust Company. He has over 30 years of experience in the financial services industry advising private clients in the areas of banking, trust and investment management, and wealth planning. He graduated from St. John's University with a Bachelor of Science in finance and received his MBA in management from Fairleigh Dickinson University. Patrick is a Certified Trust and Financial Advisor. He is involved with the Fred Hutch Planned Giving Advisory Committee and is a member of the Seattle Estate Planning Council.

KEVIN M. YLVISAKER, CFA, CAIA, is Chief Investment Officer of Perkins Coie Trust Company and is responsible for fixed-income strategy. Kevin has over 20 years of experience in portfolio management, research and analysis. He has extensive experience managing portfolios for high-net-worth clients, foundations and institutional clients. Kevin obtained his MBA from the University of Washington and holds a Bachelor of Business Administration in finance from Pacific University. He is a Chartered Financial Analyst charterholder and a member of the CFA Institute and the CFA Society of Seattle.

SANDRA K. JONES, CFP®, CIMA®, is Senior Investment Officer of Perkins Coie Trust Company and is responsible for equity strategy. Sandra has over 20 years of investment experience managing portfolios for individuals, trusts and not-for-profit organizations. She graduated from the University of Washington with a Bachelor of Arts in Business Administration. Sandra is a Certified Financial Planner™, Certified Investment Management Analyst®, and a member of the Financial Planning Association.

TORRIE NAGENDRAN is an Investment Administrator with Perkins Coie Trust Company, and she supports the Investment Team in all aspects of investment management including trade execution, investment research and analysis, performance measurement, investment compliance, and client reporting. Prior to joining Perkins Coie Trust Company, Torrie was an Analyst in the Patent group of Perkins Coie LLP. Torrie graduated from Bradley University with a Bachelor of Science.

INVESTMENT PROCESS

1. **LEARN** CLIENT GOALS & NEEDS
2. **ESTABLISH** CLIENT INVESTMENT OBJECTIVE & STRATEGY
3. **DETERMINE** ASSET ALLOCATION STRATEGY
4. **CONSTRUCT** & MONITOR INVESTMENT PORTFOLIO
5. **REVIEW** & REASSESS CLIENT NEEDS

TRUST COMPANY SERVICE

The investment process at Perkins Coie Trust Company is always client-driven.

We meet routinely with clients to ensure that we incorporate changing life-cycle needs into our investment strategies.

Annual Investment Update

PERKINS COIE
TRUST COMPANY

Trust & Estate Planning Group

Keep your estate plan current:
Changes in your own life can make a difference.

We want to be sure your estate is planned and updated so that your wishes are fulfilled. The laws governing estates and trusts are constantly changing, and nearly every year there are modifications at the state or federal level that can impact your planning. Changes in your own life can also make a difference.

We have put together a list of events that may affect your estate planning. If any of these events has occurred since you executed your estate planning documents, please contact our office so that together we can review your existing plan and advise you concerning any necessary or suggested updates.

- Inheritance or gift received
- Health problems or serious illness
- Marriage of a family member
- Dissolution (divorce) or marital separation
- Birth or adoption
- Death or disability of a family member
- Real property purchase outside your state of residence

Changes in the following:

- Estate values significantly increase or decrease
- Income or nature of income
- Asset ownership or business interests, including incorporation or partnership formation
- Employment status
- State residency
- Life insurance coverage or insurability
- Executor, trustee or guardian appointees

The preceding list is not intended to be comprehensive, and other events, including changes in the law, may occur that would necessitate a review of your estate plan.

THE FOLLOWING IS A BRIEF SUMMARY OF THE FEDERAL ESTATE AND GIFT LAWS FOR 2018

FEDERAL ESTATE AND GIFT TAX EXCLUSION

The current exclusion from the federal estate tax and the federal gift tax is $11,180,000, an increase from $5,490,000 in 2017. This increase, resulting from the passage of the Tax Cuts and Jobs Act of 2017, allows taxpayers to make significant additional gifts in 2018. The effective tax rate for transfers above this threshold remains 40%.

ANNUAL EXCLUSION GIFTS

In 2018, each person (donor) now has an annual exclusion from the application of the federal gift tax of $15,000 in value of assets per recipient (donee) per calendar year. Note that this amount is indexed for inflation and is rounded to the nearest multiple of $1,000.

There is no limitation on the number of donees. Annual exclusion gifts are not included in the donor's federal estate and federal gift tax exemption. The gifts must be completed by December 31 to qualify for the calendar year exclusion.

INCOME TAX BASIS OF TRANSFERRED ASSETS

Gifts are favored under the income tax law—property received by way of gift or inheritance is not includible in a donee's income and generally has no adverse tax consequences. However, a donor should be aware of the differences between the income tax basis treatment of assets that are given and the assets that are inherited at death.

When assets are given, the donor's income tax basis in the given property is transferred to the donee. When assets are transferred at death, the income tax basis of inherited property is generally the fair market value at the time of the decedent's death. As a matter of overall strategy, donors commonly make lifetime gifts of cash or slightly appreciated property and retain highly appreciated assets until death or use such assets to make charitable gifts.

MAJOR CHANGES IN 2017

The Tax Cuts and Jobs Act of 2017 noted above (the "Act") was signed into law by President Trump on December 22, 2017, and became effective on January 1, 2018. The Act effectively doubled the lifetime gift and estate tax exclusion to $11,180,000, adjusted for inflation. However, under the Act, the gift and estate tax exclusion will revert back to the inflation-adjusted $5,490,000 after December 31, 2025, so taxpayers may have a limited window to use the increased gift exclusion.

WANT TO KNOW MORE?

If you have any questions about giving strategies or other issues that may have an impact on your estate planning, please contact your attorney at Perkins Coie.