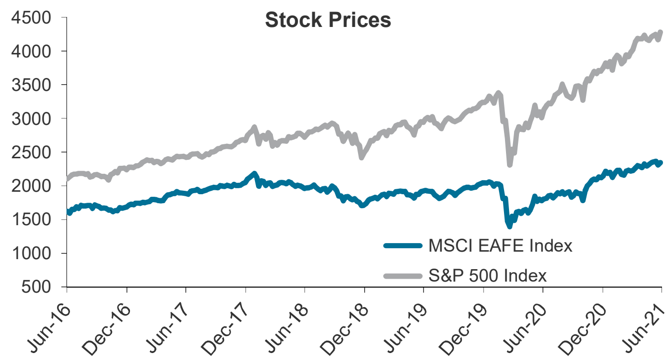
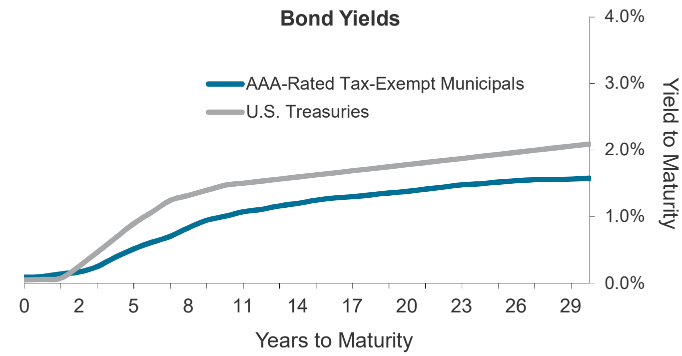
PERKINS COIE
TRUST COMPANY

Quarterly Investment Update

WORTH KNOWING®

For the Quarter Ending June 30, 2021





Stock Market Commentary

Thanks in part to vaccine rollouts, reopening, and monetary stimulus, the U.S. economy looks to be back on track. Along with the recovering economy, solid corporate balance sheets and robust corporate earnings growth led equity markets upward during the second quarter of 2021. The S&P 500 hit another all-time high and gained 8.55% for the quarter.

Global markets also improved, with developed international and emerging market stocks up 5.35% and 5.08%, respectively. In the United States, every sector turned in positive performance in the first half of the year, though first quarter's laggards were generally the leaders in 2Q21. Growth stocks leapt to the forefront, while value stocks faded as investors came to believe that the inflation and supply-chain issues may indeed be "transitory." The S&P 500 Value Index (SVX) still outperformed on a year-to-date (YTD) basis, returning 16.29%. REITs was the best-performing sector, up 13.24%, representing a strong rebound after a difficult 2020. The utilities sector trailed the overall market by -0.41% for the quarter, as the economy continues to expand. Strong demand for homes and continued low interest rates have fueled the U.S. housing market for more than a year, and home prices are expected to remain elevated.

Speculative excesses remain in areas such as cryptocurrencies, special purpose acquisition companies (SPACs), and "meme" stocks traded by retail investors. Regardless of the volatility associated with these speculative assets, 2021 appears to be positioning itself as a strong year for the broader global and U.S. equity markets.

STOCK MARKETS	3 Months	1 Year	3 Years*
Large Stocks			
S&P 500	8.5%	40.8%	18.6%
Russell 1000	8.5%	43.1%	19.1%
Russell 1000 Growth	11.9%	42.5%	25.1%
Russell 1000 Value	5.2%	43.7%	12.4%
Medium and Small Stocks			
S&P 400 Midcap	3.6%	53.2%	13.1%
Russell 2000	4.3%	62.0%	13.5%
Russell 2000 Growth	3.9%	51.3%	15.9%
Russell 2000 Value	4.6%	73.2%	10.2%
International Stocks			
MSCI Developed (EAFE)	5.4%	33.0%	8.9%
MSCI Emerging Markets	5.0%	40.9%	11.3%
Real Estate			
DJ Wilshire REIT Index	11.8%	39.9%	8.1%

Bond Market Commentary

Bonds performed better during the second quarter than they had in the first quarter, rising 0.98% as measured by the Bloomberg Barclays Intermediate Government Credit Index. Interest rates fell, inflation expectations moderated, and a strong economy gave investors comfort to continue to invest in improving balance sheets.

Yields, as measured by the 10-year U.S. treasury, drifted lower after their sharp increase in the first quarter, closing out the second quarter at 1.47%. Yields on the short end of the yield curve remain anchored near zero by an accommodative Federal Reserve monetary policy, though some members of the Federal Reserve have begun to discuss the possibility of eventually tapering monetary stimulus.

Yields on the long end of the curve fell as inflation expectations eased and the market gained a clearer picture of the economy reopening and its impact on supply chains. Unsurprisingly, consumer prices fell significantly when everything closed in March and April of 2020 due to the pandemic. As we anniversary those price lows and as additional direct fiscal stimulus to consumers is unlikely, the inflation data may struggle to remain meaningfully above the long-term targets of the Federal Reserve. In fact, the markets are already pricing long-term inflation to fall back to 2.34%.

Corporate debt, including high-yield debt, had a good quarter, with the strong economic growth and subsequent strong corporate earnings giving the market.

BOND MARKETS	3 Months	1 Year	3 Years*
Taxable Bonds			
Aggregate	1.8%	-0.3%	5.3%
Intermediate Govt./Credit	1.0%	0.2%	4.7%
U.S. Government	1.7%	-3.1%	4.7%
U.S. Credit	3.3%	3.0%	7.4%
High-Yield Bonds	2.7%	15.4%	7.4%
Tax-Free Bonds			
3-Year Municipal	0.3%	1.5%	2.7%
5-Year Municipal	0.5%	2.2%	3.7%
10-Year Municipal	1.1%	3.7%	5.3%

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 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.

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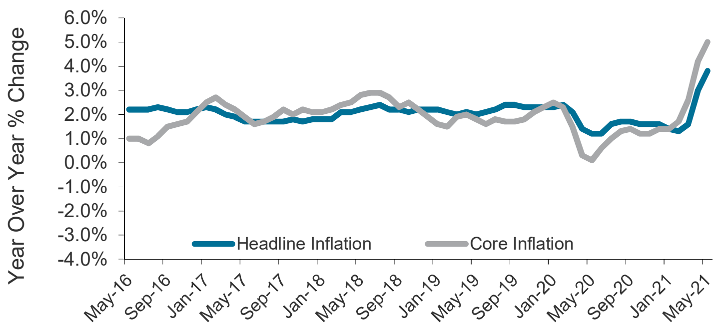

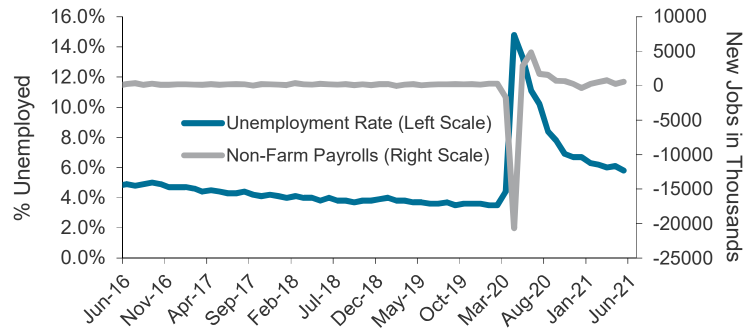

Economic Commentary

The U.S. economy experienced a robust second quarter as it emerged from the COVID-19 pandemic. From manufacturing, to housing, to consumer confidence, many indicators showed continued strength. As of the end of June, expectations are for the economy to grow more than 6% for the full year 2021, which, if realized, would be the highest growth rate in over thirty years. During the second quarter, the unemployment rate fell to 5.9%, as many workers returned to recently reopened workplaces. The quick pace of reopening along with significant demand created labor shortages across the economy, particularly in retail and hospitality. As of the end of April, job openings were at a record high of 9.3 million.

We expect the continued vaccine rollout, return of childcare options, and lapsing unemployment benefits in some states ahead of the federal September deadline will aid in bringing people back to work. The considerable demand for labor is likely to put upward pressure on wages in the meantime.

Throughout the pandemic, Chairman Powell has consistently said the Fed is willing to let inflation run above its 2% target in exchange for a decline in unemployment. The second quarter saw pockets of price increases, particularly for energy and transportation-related items, such as gasoline and used vehicles. While inflation is likely to be elevated in the near term, we believe deflationary trends such as declining population growth, globalization, increasing productivity, and technological advancements remain intact and should keep inflation from rising meaningfully over the long term.

Key Economic Releases

EMPLOYMENT	As of	Expected	Actual	Prior
Unit Labor Costs (2Q)	JUN	-0.4%	1.7%	5.6%
Unemployment Rate	JUN	5.6%	5.9%	5.8%
Average Hourly Earnings (YoY)	JUN	3.6%	3.6%	1.9%
Change in Manufact. Payrolls	JUN	25K	15K	39K
Change in Non-Farm Payrolls	JUN	720K	850K	583K

INFLATION (year over year)	As of	Expected	Actual	Prior
Consumer Price Index	MAY	4.7%	5.0%	4.2%
CPI Ex Food & Energy	MAY	3.5%	3.8%	3.0%
Producer Price Index	MAY		8.7%	9.5%
PPI Ex Food & Energy	MAY		2.9%	2.2%

HOME PRICES (year over year)	As of	Expected	Actual	Prior
S&P/Case Shiller Top 20 Mkts.	APR	14.7%	14.9%	13.4%

MANUFACTURING ACTIVITY	As of	Expected	Actual	Prior
Capacity Utilization	MAY	75.1%	75.2%	74.9%
Leading Indicators	MAY	1.3%	1.3%	1.3%
GDP Annualized (2Q)	JUN	6.4%	6.4%	4.3%

PRODUCTIVITY	As of	Expected	Actual	Prior
Non-Farm Productivity (2Q)	JUN	5.5%	5.4%	-3.8%
Industrial Production	MAY	0.7%	0.8%	0.1%

Source: Bloomberg.

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