



Kirstin Sandaas
Chief Financial Operating Officer

As we approach the end of a full year of grappling with the COVID-19 pandemic and its effects, we reflect on the challenges of 2020 and the developments in the economy. The 4th quarter of 2020 capped off a volatile year on a high note with major markets appreciating mid-teens percentages. In the US, pre-election uncertainty came off after voters cast their ballots in November electing Joe Biden as the 46th President of the United States. Monetary and fiscal support continue to be a key aspect of the recovery and the expectation is that the incoming administration will support additional stimulus. Furthermore, rapid advances in COVID-19 vaccine development resulted in widespread optimism that a full reopening and recovery could be forthcoming.

Equity markets outside the US experienced a strong rally, particularly those of Latin America and emerging Europe. In the quarter, these two regions, which underperformed the ACWI by nearly 30% in 2020, benefited from increases in the price of commodities and a more constructive economic growth outlook. Interestingly, Chinese markets which account for nearly half the EM Indices, underperformed in the quarter due to economic sanctions, growing frictions between the central government and large corporations, and increased prices for production inputs. A meaningful dichotomy is developing between the commodity-exporting emerging economies and commodity importers, like China, within the EM index.

In developed markets outside the US, investors welcomed a resolution to the years-long Brexit negotiations and further rounds of fiscal and monetary support from the ECB. The recently beaten down markets recovered well in the fourth quarter, with the MSCI EAFE Index outperforming the S&P 500 by 4.0%.

The Balanced Pool maintains a diversified portfolio that includes exposure to global equity markets, alternative investments, and more conservative asset classes such as US Fixed Income. Most of the portfolio benefitted from a strong quarter in equity markets, particularly outside the US. At the end of Q1, the Balanced Pool had fallen nearly -18% but recovered well in a tumultuous year, finishing 2020 with a 12.8% gain. While we are cognizant of ever-changing market conditions, we are optimistic about the possibilities for the Pool to perform well in the years to come.

In addition to our Balanced Pool, we offer other investment options to meet our philanthropists' needs. Details on that performance are on the second page of this letter. We recently announced a restructured Socially Responsible Investment (SRI) Pool, utilizing the OpenInvest platform, which aligns with the three pillars of Seattle Foundation's Blueprint for Impact: A Just Democracy, Equitable Economy, and Resilient Environment. The SRI Pool previously offered a mix of various ESG (environmental, social, governance) drivers with less clear impact investment goals.

Seattle Foundation continues to address the urgent needs facing impacted workers and families, especially as we shift from emergency response to longer term recovery. In October, we published a comprehensive report on our COVID relief efforts to date, which details how the Foundation centered equity in our COVID-19 Response Fund (read more on our blog "[Equity at the Center of Disaster Response](#)"). Since launching our COVID-19 Response Fund on March 9, 2020, we have raised more than \$36.5 million, the majority of which has been distributed to hundreds of nonprofit organizations working on the frontline of the pandemic. The child care sector was hit particularly hard by COVID-19. In response, we launched the [Child Care Initiative](#) under All In WA, supporting hundreds of child care providers across our state. Even before the pandemic, more than half a million of Washington's children lacked access to licensed care. Funds from the Child Care Initiative will provide vital resources to expand access to affordable child care for working parents with the greatest need while also sustaining the industry of child care providers across Washington.

We are thankful for the opportunity to support you in creating powerful, rewarding philanthropy to make Greater Seattle a stronger, more vibrant community for all. If you haven't already, I encourage you to explore our [2019 Impact Report](#), which

continued >

provides a glimpse into our work last year and the many ways it prepared us to address the formidable challenges of 2020. As always, thank you for the opportunity to support you and your philanthropy.

With immense gratitude, I wanted to share that this will be my final letter as Chief Financial Operating Officer of Seattle Foundation. At the end of 2020, I made the decision to retire in order to spend more time with my family. It has been a deep honor to serve Seattle Foundation during this important and critical time. A search for my successor is well underway, and in the meantime, I have passed the baton to Alyssa Farber as our interim Chief Financial Operating Officer. She can be reached at a.farber@seattlefoundation.org.

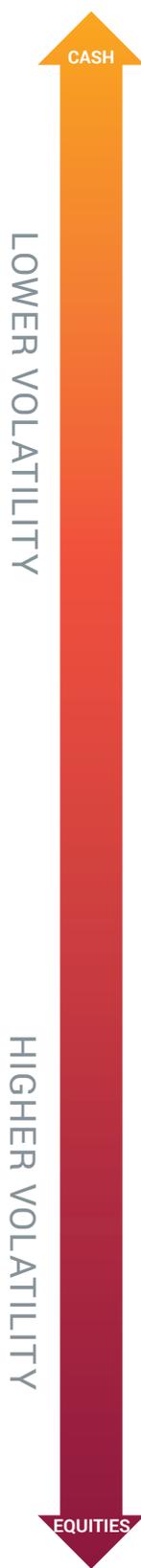
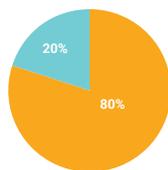
Please don't hesitate to reach out with any questions and comments. I can be reached at 206.515.2105 or k.sandaas@seattlefoundation.org.

I wish you all peace and health.

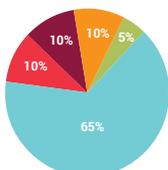
Sincerely,



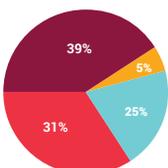
Kirstin Sandaas
Chief Financial Operating Officer

Investment Pool
Target Asset Allocation
Performance

Short-Term Pool
0-2 year giving horizon


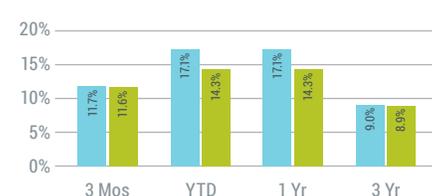
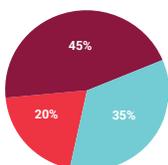
- Fixed Income
- Cash & Equivalents


Intermediate Pool
3-7 year giving horizon


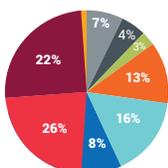
- Domestic Equity
- International Equity
- Fixed Income
- Real Return
- Cash & Equivalents


Index Pool
10+ year giving horizon


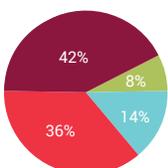
- Domestic Equity
- International Equity
- Fixed Income
- Cash & Equivalents


Socially Responsible Investment Pool
10+ year giving horizon


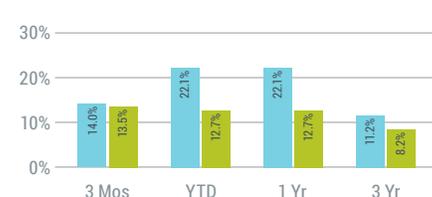
- Domestic Equity
- International Equity
- Fixed Income


Balanced Pool
10+ year giving horizon


- Domestic Equity
- International Equity
- Fixed Income
- Hedge Funds
- Real Return
- Real Estate
- Private Equity
- Cash and Equivalents
- Select Strategies


Growth Pool
10+ year giving horizon


- Domestic Equity
- International Equity
- Fixed Income
- Real Return



Seattle Foundation returns are net of investment management fees. Returns are not net of fees for investment consulting and custodial services. Individual fund performance may vary due to the timing of contributions and grants. The Balanced Pool has a number of private asset investments that periodically provide valuation updates too late to be reflected in this report.

We have standardized our policy to make changes to the investment pool in which your Fund is invested. Seattle Foundation Philanthropic Partners may request a change to their investment pools no more than once in a 12-month period during two windows annually. The current window closes March 31, 2021 and transfers will occur no later than May 31, 2021. Please note endowed funds are solely invested in the Balanced Pool. If you have any questions, please contact your Philanthropic Advisor or our Philanthropic Services team at ps@seattlefoundation.org or 206.515.2111.

Investment Philosophy and Strategy

Effective stewardship of assets is key to Seattle Foundation's ability to fulfill its mission of igniting powerful and rewarding philanthropy to make Greater Seattle a stronger, more vibrant community for all. Reflecting the infinite life of a community foundation, we take a long-term approach to our investment management to maximize the philanthropic resources available over time to meet community needs. Our long-term return objective is to generate annual returns of 4.5% plus inflation over a full market cycle of 10+ years through prudent management of a diversified portfolio.

We are oriented towards a total-return approach to investing, which aims to blend income and capital appreciation to address the challenge of preserving long-term purchasing power while dealing with unanticipated inflation. This approach to investment management is consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as implemented by Washington State.

As a prudent steward, the Foundation has the following main priorities for our Balanced Pool: **maximize total return and protect principal**. In addition to the Balanced Pool, the Foundation offers five other pools for philanthropists with different investment interests (Socially Responsible Investment and Index), risk profiles (Growth) and giving horizons (Intermediate and Short-Term). Outside management for funds larger than \$750,000 is also available.

Investment Committee

The Investment Committee, a standing committee of the Board of Trustees, is charged with overseeing the investment activities of the Foundation. This includes advising the Board of Trustees on the investment policy, asset allocation strategies to meet the return objectives, and monitoring portfolio performance. The committee consists of 10 members selected for their investment expertise and judgment.

Steve Hill, CHAIR, BOARD MEMBER

Mr. Hill is the former director of the **Department of Retirement Systems and Health Care Authority** and former Senior Vice President of Human Resources at **Weyerhaeuser**. His investment committee experience includes service on the Washington State Investment Board, Consumer Reports (Finance Chair), Washington State University Endowment, and the Weyerhaeuser Pension committee. Mr. Hill received a B.S. from the University of California at Berkeley and an MBA from the University of California at Los Angeles.

Allyson Tucker, VICE CHAIR, BOARD MEMBER

Ms. Tucker is the Chief Investment Officer with the **Washington State Investment Board** (WSIB), one of the nation's largest institutional investors, currently managing over \$110 billion comprised of defined benefit and defined contribution retirement funds, deferred compensation funds, insurance and other funds. Ms. Tucker received a B.A. in accounting from the University of Washington.

Debra Somberg, BOARD MEMBER

Ms. Somberg is founder of **NewView**, a nonprofit organization unlocking the power of tri-sector engagement to build innovative and successful business models that tackle social problems in new and sustainable ways. She also currently serves as Chair-Elect on the board of BECU, a \$25 billion financial cooperative, on the board of The Port Blakely Companies and the National Advisory Board of Stanford University's Public Service Center. Previously, Debra co-managed Maveron LLC, a venture capital firm focused on the consumer with \$500+ million under management. Debra graduated from Stanford University, phi beta kappa, and received an MBA from Harvard Business School.

Tom Alberg

Mr. Alberg is a co-founding member of **Madrona Investment Group** and currently serves as a director for several portfolio companies including Impinj, SNUPI and Mercent. Mr. Alberg received his undergraduate degree from Harvard College, graduating cum laude, and his law degree from Columbia Law School, where he was an editor of the Columbia Law Review.

Joseph Boateng

Mr. Boateng joined **Casey Family Programs** as its first Chief Investment Officer in 2007 and is responsible for overseeing the foundation's \$2.2 billion endowment. Before joining Casey, he was a member of the Johnson & Johnson Investment Committee, responsible for managing over \$17 billion. Mr. Boateng received his MBA from University of California Los Angeles and is an alumnus of the Said Business School at Oxford.

Alan Heuberger

Mr. Heuberger is a portfolio manager with **BMGI** and currently oversees a number of investment areas including private assets and fixed income. He has served on various investment committees in the Greater Seattle area, including College Success Foundation, The Overlake School and YMCA of Greater Seattle. He received a B.A. in economics and mathematics from Claremont McKenna College and is a Chartered Financial Analyst.

Stanley B. McCammon

Mr. McCammon is President & CEO of **Joshua Green Corporation** (JGC), a private investment company holding a diversified portfolio, and is a trustee of the Joshua Green Foundation. Prior to joining JGC, he was President of Orca Bay Capital Corporation, CEO of Orca Bay Sports & Entertainment and co-founder in Orca Bay Partners. Mr. McCammon is a graduate of the University of Nebraska School of Business, and the University of Nebraska and New York University law schools, holding J.D. and LLM degrees.

Daniel Regis

Mr. Regis is currently the General Partner of **Regis Investments, LP**. Prior experience includes Chairman of the Advisory Board for Fluke Venture Partners, Managing Director of Digital Partners and President of Kirlan Venture Capital, Inc. and Managing Partner of its venture funds. Mr. Regis also spent more than 30 years with Price Waterhouse LLP, including Managing Partner of the Seattle and Northwest Group of offices. Mr. Regis received a B.S. from Seattle University.

Garth Reistad

Mr. Reistad is the Deputy Chief Investment Officer at the **University of Washington**, where he has over 20 years of experience. Prior to joining the University, he worked at Bank of America in San Francisco. Mr. Reistad received an M.A. in Economics from Columbia University. He serves on the Investment Committee for Seattle University.

Anthony C. Smith

Mr. Smith serves as Deputy Chief Investment Officer for the **Seattle City Employees' Retirement System (SCERS)** where he works closely with SCERS' CIO in the oversight of the SCERS \$2.8 billion pension portfolio. His investment career covers roles in trading, portfolio management, servicing, marketing and new business development. Mr. Smith received a B.A. in finance from Seattle University and an M.B.A. from the Kellogg School of Management at Northwestern University.