



Kirstin Sandaas
Chief Financial Operating Officer

Over the past three months, the many complexities of 2020 continued to unfold as people throughout our community and country adapted to new developments in the economy and society at large. The third quarter revealed a number of encouraging bright spots, and it also laid bare the mounting inequities. While everyone is experiencing the impacts of this year, we are not experiencing them equally – many communities, especially communities of color, are hit harder by the pandemic and its implications.

The economic recovery we saw in the third quarter provides an apt visual of this persistent trend. Its K-shape shows how many companies have rebounded to pre-COVID performance levels while others are facing further layoffs, debt payments they cannot make, and, inevitably, bankruptcy. In the United States, unemployment has recovered from its March highs, but remained at 7.9% in September.

Monetary and fiscal support have helped prop up equity markets and return them to positive territory, and global equities, as measured by the MSCI ACWI benchmark, are up 1.4% YTD through Sept. 30.

Most surprising is the separation of winners and losers in the market. Looking at the S&P500, the top five positions—held by Google, Microsoft, Facebook, Apple and Amazon—are up 44% for the year; the remaining 495 stocks of the index are collectively down 1%.

Globally we have witnessed a similar boom-or-bust scenario. China's growth seems to improve daily while many European countries are stagnant as positive COVID cases rise. The markets have reflected this situation in different ways with the S&P500 (U.S. stocks) gaining 5.6% through Sept. 30, while Non-U.S. Stocks (MSCI EAFE) are down 7.1%.

Given the significant events of this fall, including a spike in COVID cases and the U.S. election, volatility in equity markets is likely to continue. As we have seen in past election cycles, the outcomes can have an impact on multiple industries and countries. Our Investment Committee and Investment Consultant, Crewcial Partners, are monitoring these elements closely. Our investment principles, described in our Investment Policy Statement, continue to guide our approach, which remains steady despite market uncertainty.

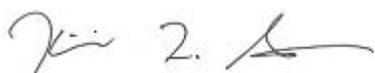
The Balanced Pool maintains a diversified portfolio that includes exposure to each of the equity markets described above, as well as more conservative asset classes such as U.S. Fixed Income. As equity markets continued to recover in Q3, some non-equity areas of the portfolio lagged, though we saw significant improvement overall. At the end of Q1, the Balanced Pool had fallen nearly 18% but has since substantially recovered; the portfolio is down 0.3% through Sept. 30. Pool objectives are aligned with time horizons, with the Balanced Pool targeted toward real returns of 4.5% over a market cycle. The Balanced Pool returned 7.0% against the 6.8% target benchmark over the past 10 years, which approximates a market cycle. Performance data about our other investment pools are shown in the accompanying charts.

As we work to address urgent and evolving community needs, Seattle Foundation is focused on both immediate relief and long-term solutions. In August we released "[The Case for Investing in King County's Black-Led Organizations](#)," a report produced in collaboration with Byrd Barr Place and Cardea Services that presents findings from 10 months of research into the priority issues, strengths, and challenges facing local Black-led organizations. To address the digital divide affecting many students and their families, a [Digital Equity Initiative](#) took shape as part of [All In WA](#), supporting academic achievement by providing access to devices and hardware, hot spots, and tech support. This fall, the [COVID-19 Response Fund](#) will make another \$10 million in grants. We are also standing up a new fund to focus on reimagining a more equitable, inclusive future and look forward to sharing more about that soon.

If you haven't already, I encourage you to explore our [2019 Impact Report](#), which 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. Together, even in these most trying times, we are making Greater Seattle a stronger, more vibrant community for all.

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.

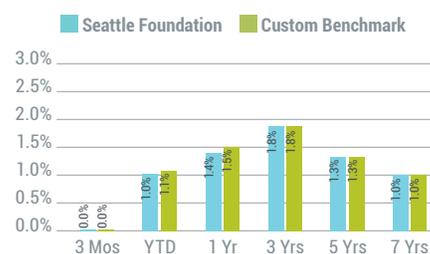
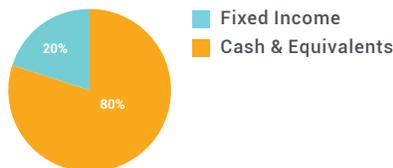
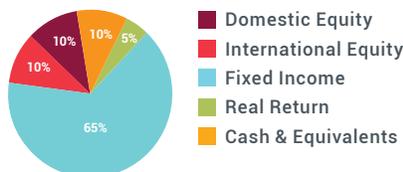
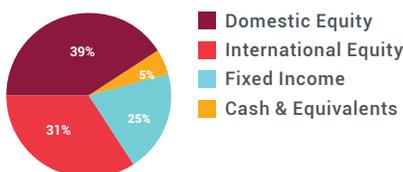
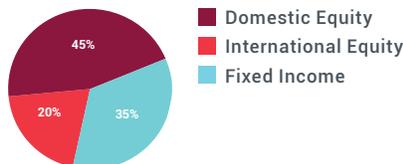
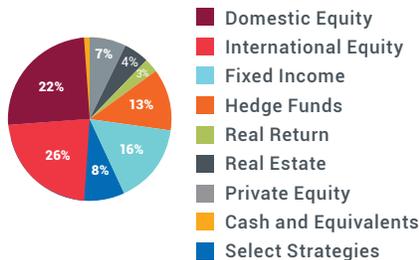
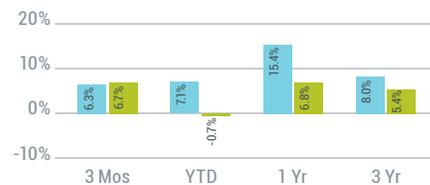
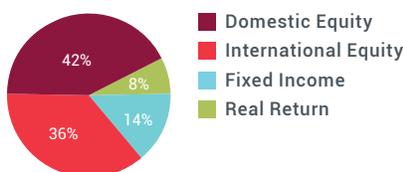
Sincerely,



Kirstin Sandaas
Chief Financial Operating Officer

LOWER VOLATILITY

HIGHER VOLATILITY


Investment Pool
Target Asset Allocation
Performance
Short-Term Pool
 0-2 year giving horizon

Intermediate Pool
 3-7 year giving horizon

Index Pool
 10+ year giving horizon

Socially Responsible Investment Pool
 10+ year giving horizon

Balanced Pool
 10+ year giving horizon

Growth Pool
 10+ year giving horizon


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 LL.M. 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.